

FINANCIAL STATEMENTS
For
THE OTTAWA ROTARY HOME
For year ended
MARCH 31, 2015

**THE OTTAWA ROTARY HOME
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the members of

THE OTTAWA ROTARY HOME

We have audited the accompanying financial statements of The Ottawa Rotary Home, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Ottawa Rotary Home as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
May 29, 2015.

THE OTTAWA ROTARY HOME
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (note 4)	\$ 468,186	\$ 320,683
Short-term investments (note 4)	82,358	81,623
Accounts receivable	52,620	73,383
Government remittances receivable	22,884	16,318
Prepaid expenses	8,650	-
Due from Ottawa Rotary Home Foundation (note 5)	<u>9,164</u>	<u>20,514</u>
	643,862	512,521
 LAND LEASE (note 6)	 12,713	 13,019
 CAPITAL ASSETS (note 7)	 <u>6,937,209</u>	 <u>7,100,706</u>
	 <u>\$ 7,593,784</u>	 <u>\$ 7,626,246</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	\$ 175,157	\$ 167,950
Government remittances payable	44,015	40,409
Deferred contributions for adult respite - overnight (note 5)	<u>125,000</u>	<u>-</u>
	344,172	208,359
 DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 9)	 <u>5,426,002</u>	 <u>5,614,608</u>
	<u>5,770,174</u>	<u>5,822,967</u>
 NET ASSETS		
Invested in capital assets	1,511,207	1,486,098
Unrestricted	<u>312,403</u>	<u>317,181</u>
	<u>1,823,610</u>	<u>1,803,279</u>
	 <u>\$ 7,593,784</u>	 <u>\$ 7,626,246</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

THE OTTAWA ROTARY HOME
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2015

	2015			2014
	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 1,486,098	\$ 317,181	\$ 1,803,279	\$ 1,781,541
Excess of revenue over expenses	-	20,331	20,331	21,738
Purchase of capital assets	42,342	(42,342)	-	-
Amortization of deferred contributions related to capital assets	188,606	(188,606)	-	-
Amortization of capital assets	<u>(205,839)</u>	<u>205,839</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,511,207</u>	<u>\$ 312,403</u>	<u>\$ 1,823,610</u>	<u>\$ 1,803,279</u>

(See accompanying notes)

**THE OTTAWA ROTARY HOME
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
Revenue		
Program grants - Government of Ontario (note 10 and 12)	\$ 3,038,662	\$ 2,957,487
Fee for service	225,618	243,066
Other service	135,349	134,152
Community Services Planning Table	29,640	-
Interest and other	8,840	12,358
	<u>3,438,109</u>	<u>3,347,063</u>
Expenses		
Salaries, benefits and subcontractors	2,878,118	2,814,691
Purchased services	62,468	47,612
Professional fees	2,824	2,699
Community Services Planning Table	29,640	-
Food	75,595	72,539
Supplies	30,657	40,598
Training	12,196	22,034
Travel	8,837	9,015
Repairs and maintenance	141,845	130,431
Vehicle	11,867	18,736
Office	47,982	36,719
Insurance	26,918	23,378
Utilities	57,601	51,366
Telephone	13,276	12,742
Interest	415	4,928
	<u>3,400,239</u>	<u>3,287,488</u>
Excess of revenue over expenses before amortization	37,870	59,575
Amortization of deferred contributions related to capital assets	188,606	187,155
Amortization of capital assets	(205,839)	(203,691)
Amortization of land lease	(306)	(306)
Amortization of capital assets under capital lease	<u>-</u>	<u>(20,995)</u>
Excess of revenue over expenses	<u>\$ 20,331</u>	<u>\$ 21,738</u>

(See accompanying notes)

**THE OTTAWA ROTARY HOME
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 20,331	\$ 21,738
Adjustments for:		
Amortization of capital assets	205,839	203,691
Amortization of land lease	306	306
Amortization of capital assets under capital lease	-	20,995
Amortization of deferred contributions related to capital assets	<u>(188,606)</u>	<u>(187,155)</u>
	37,870	59,575
Changes in level of:		
Accounts receivable	20,763	(14,029)
Prepaid expenses	(8,650)	4,770
Due from Ottawa Rotary Home Foundation	11,350	42,668
Government remittances receivable	(6,566)	12,030
Accounts payable and accrued liabilities	7,207	30,390
Government remittances payable	<u>3,606</u>	<u>5,318</u>
	<u>65,580</u>	<u>140,722</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposition of short-term investments	81,623	80,814
Purchase of short-term investments	(82,358)	(81,623)
Purchase of capital assets	<u>(42,342)</u>	<u>(9,702)</u>
	<u>(43,077)</u>	<u>(10,511)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Repayment of obligation under capital lease	-	(17,253)
Increase in deferred contributions related to adult respite - overnight	125,000	-
Increase in deferred contributions related to capital assets	<u>-</u>	<u>42,768</u>
	<u>125,000</u>	<u>25,515</u>
INCREASE IN CASH	147,503	155,726
CASH, BEGINNING OF YEAR	<u>320,683</u>	<u>164,957</u>
CASH, END OF YEAR	<u>\$ 468,186</u>	<u>\$ 320,683</u>

(See accompanying notes)

THE OTTAWA ROTARY HOME
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. NATURE OF OPERATIONS

The Ottawa Rotary Home ("Home"), incorporated without share capital under the Business Corporations Act of Ontario, operates Respite Care and adult residential programs to improve the quality of life of caregivers and individuals with disabilities through a family centered approach that is responsive to individual needs and offered in a dynamic and flexible way. Funding is provided by the Government of Ontario Ministries of Children and Youth Services and of Community and Social Services. The Home is a registered charity and, as such, is exempt from income taxes and may issue tax receipts to donors.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Home follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions with respect to the purchase of capital assets that are amortized are deferred and amortized to revenue on the same basis as the related capital asset is amortized to expense. Restricted contributions with respect to the purchase of capital assets that are not amortized are recognized as direct increases in net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Fee for service income is recognized in the year in which it is received and investment income is recorded when it is earned.

Community Services Planning Table and Other service revenue are recognized in the year in which the service is performed if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and other revenue is recognized when received.

Measurement of financial instruments

Cash and investments are measured at fair value at the balance sheet date.

All other financial instruments are measured at amortized cost at the balance sheet date.

Capital assets

Capital assets are stated at acquisition cost. When the Home receives capital asset contributions, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

Amortization is based on the estimated useful life of the asset using straight-line method at the following rates:

Building	40 years
Furniture and equipment	10 years
Vehicle	5 years

THE OTTAWA ROTARY HOME
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Contributed services

Members contribute many hours each year to assist the Home. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Management makes accounting estimates when determining the estimated useful life of the Home's capital assets and the related amortization expense, the net realizable value of accounts receivable and amounts due from Ottawa Rotary Home Foundation, and in the determination of significant accrued liabilities. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Home is exposed to various risks through its financial instruments. The following analysis provides a measure of the Home's risk exposure and concentrations at March 31, 2015.

The Home does not use derivative financial instruments to manage its risks.

Credit risk

The Home is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Home's maximum exposure to credit risk is the carrying value of its cash, investments and its accounts receivable. The Home's cash is deposited with a Canadian chartered bank and investments are government issued as a result management believes the risk of loss on those items to be remote. The Home manages the credit risk of accounts receivable by reviewing monthly aged accounts receivable balances and following up on outstanding amounts.

Liquidity risk

Liquidity risk is the risk that the Home cannot meet a demand for cash or fund its obligations as they become due. The Home meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Home's financial instruments are all denominated in Canadian dollars and the Home transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

THE OTTAWA ROTARY HOME
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Home manages its interest rate risk exposure through its investment in guaranteed investment certificates which provides fixed rates of interest. As such, the Home's exposure to interest rate risk is minimal.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Home is not exposed to other price risk.

Changes in risk

There have been no changes in the Home's risk exposures from the prior year.

4. SHORT-TERM INVESTMENTS

Short-term investments at March 31, 2015 are comprised of the following Guaranteed Investment Certificates ("GIC"):

<u>Maturity date</u>	<u>Interest rate</u>	<u>Amount</u>
June 4, 2015	0.90 %	\$ 30,988
June 4, 2015	0.90 %	30,988
October 21, 2015	1.00 %	<u>20,382</u>
		<u>\$ 82,358</u>

In addition to the amounts noted above which were invested in GIC's, the Home's cash balance at year end includes \$102,110 (2014 - \$100,943) which is held in a high-interest savings account. As at March 31, 2015, the interest rate on this account was 1.18% (2014 - 1.20%).

The Home's investment policy requires investment in low risk securities as defined by the policy. The policy authorizes the Executive Director to transfer funds to and from the investment account and assigns oversight responsibility of the investments to the Board of Directors.

THE OTTAWA ROTARY HOME
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

5. CONTRIBUTIONS FROM THE OTTAWA ROTARY HOME FOUNDATION

The Ottawa Rotary Home Foundation ("Foundation") is a separately incorporated charity with the objective of undertaking fundraising activities to provide financial support and assistance to the Home or for financial assistance to physically disabled children and adults. The results of the Foundation are not consolidated with the results of the Home.

The amount due from the Foundation is non-interest bearing and has no specified terms of repayment.

The amounts received from the Ottawa Rotary Home Foundation are summarized as follows:

	<u>2015</u>	<u>2014</u>
Revenues:		
Adult respite - overnight (included in fee for service)	\$ 25,000	\$ 35,000
Donations (included in interest and other)	<u>3,614</u>	<u>2,275</u>
	28,614	37,275
Deferred contributions:		
Contributions for Leitrim campus	-	34,252
Contributions for adult respite - overnight	<u>125,000</u>	<u>-</u>
	<u>\$ 153,614</u>	<u>\$ 71,527</u>

6. LAND LEASE

Land at 30 Rochester Street is leased on a net basis from Canada Mortgage and Housing Corporation for a period of 75 years, from June 15, 1981 to June 14, 2056. The total rent for the lease period is \$23,100 which was paid in advance. Accumulated amortization as at March 31, 2015 is \$10,387 (2014 - \$10,081). The Home is responsible for utility services and all other costs in respect of the land and building.

7. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land	\$ 1,340,000	\$ -	\$ 1,340,000	\$ -
Building	6,707,101	1,291,988	6,700,137	1,124,324
Furniture and equipment	470,723	296,727	435,345	261,252
Vehicle	<u>118,475</u>	<u>110,375</u>	<u>118,475</u>	<u>107,675</u>
	8,636,299	<u>\$ 1,699,090</u>	8,593,957	<u>\$ 1,493,251</u>
Accumulated amortization	<u>1,699,090</u>		<u>1,493,251</u>	
	<u>\$ 6,937,209</u>		<u>\$ 7,100,706</u>	

8. CREDIT CARDS LIMITS

The Home has authorized lines of credit totaling \$20,000 through the use of two corporate credit cards, of which \$2,990 was utilized as at March 31, 2015 (\$15,193 as at March 31, 2014) and has been included in accounts payable and accrued liabilities.

THE OTTAWA ROTARY HOME
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2015

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions received from the Ontario Ministry of Community and Social Services (MCSS) and from donors, with which the capital assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of the year	\$ 5,614,608	\$ 5,758,995
Add: Contributions for Leitrim Campus - Foundation (note 5)	-	34,252
Contributions for Leitrim Campus - Other	-	8,516
Less: Amortization to revenue	<u>(188,606)</u>	<u>(187,155)</u>
Balance, end of year	<u>\$ 5,426,002</u>	<u>\$ 5,614,608</u>

10. ECONOMIC DEPENDENCE

The Ottawa Rotary Home depends primarily on the Government of Ontario for financial support.

11. COMMITMENTS

The Home has entered into a lease agreement expiring in July 2020 which calls for lease payments of \$2,381 per year for the rental of printing equipment.

12. PROGRAM REVENUES AND EXPENSES

The terms and conditions of the Government of Ontario funding provide that the Home must reimburse any excess of grants paid to it over those expenses approved for the programs. Furthermore, any losses are the responsibility of the Home.

The financial results of each program are:

<u>Program</u>	<u>Service Code</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net loss</u>
Children's Respite Program	9255	\$ 756,030	\$ 756,548	\$ (518)
DS Community Participation Srvs and Supports	9131	77,298	77,926	(628)
DS Caregiver Respite Services	9130	183,273	183,978	(705)
DS Prof and Specialized Services	9132	118,000	118,794	(794)
Adult Residential Service	8847	1,484,959	1,485,681	(722)
Repairs and Maintenance - Development Services	8848	5,000	5,000	-
Children's Complex Special Needs	A510	319,300	319,672	(372)
CSN Individualized Placement Funding	A545	<u>94,802</u>	<u>95,155</u>	<u>(353)</u>
		<u>\$ 3,038,662</u>	<u>\$ 3,042,754</u>	<u>\$ (4,092)</u>