

**FINANCIAL STATEMENTS**  
**For**  
**THE OTTAWA ROTARY HOME**  
**For year ended**  
**MARCH 31, 2016**

**THE OTTAWA ROTARY HOME**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

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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, 2016 and the statements of operations, 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, 2016 and the results of its operations, the changes in its net assets 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  
June 9, 2016.

**THE OTTAWA ROTARY HOME**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 491,410	\$ 468,186
Short-term investments	-	82,358
Accounts receivable	103,162	52,620
Government remittances receivable	24,218	22,884
Prepaid expenses	26,266	8,650
Due from Ottawa Rotary Home Foundation (note 4)	<u>7,085</u>	<u>9,164</u>
	652,141	643,862
<b>LAND LEASE (note 5)</b>	12,407	12,713
<b>TANGIBLE CAPITAL ASSETS (note 6)</b>	<u>6,810,171</u>	<u>6,937,209</u>
	<u>\$ 7,474,719</u>	<u>\$ 7,593,784</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 7)	\$ 113,697	\$ 175,157
Government remittances payable	12,915	44,015
Deferred contributions for adult respite - overnight (note 4)	<u>179,091</u>	<u>125,000</u>
	305,703	344,172
<b>DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS (note 8)</b>	<u>5,237,396</u>	<u>5,426,002</u>
	<u>5,543,099</u>	<u>5,770,174</u>
<b>NET ASSETS</b>		
Invested in tangible capital assets	1,572,775	1,511,207
Unrestricted	<u>358,845</u>	<u>312,403</u>
	<u>1,931,620</u>	<u>1,823,610</u>
	<u>\$ 7,474,719</u>	<u>\$ 7,593,784</u>

Approved by the Board:

 ..... Director

 ..... Director

(See accompanying notes)

**THE OTTAWA ROTARY HOME**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2016**

	2016		2015
	Invested in tangible capital assets	Unrestricted	Total
Balance, beginning of year	\$ 1,511,207	\$ 312,403	\$ 1,823,610
Excess of revenues over expenses	-	108,010	108,010
Purchase of tangible capital assets	81,173	(81,173)	-
Amortization of deferred contributions related to tangible capital assets	188,606	(188,606)	-
Amortization of tangible capital assets	<u>(208,211)</u>	<u>208,211</u>	<u>-</u>
Balance, end of year	<u>\$ 1,572,775</u>	<u>\$ 358,845</u>	<u>\$ 1,931,620</u>

(See accompanying notes)

**THE OTTAWA ROTARY HOME  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program grants - Government of Ontario (note 9 and 11)	\$ 3,067,154	\$ 3,038,662
Fee for service (note 4)	535,664	225,618
Other service	137,981	135,349
Training	27,203	4,400
Community Services Planning Table	20,624	25,240
Interest and other	<u>15,382</u>	<u>8,840</u>
	<u>3,804,008</u>	<u>3,438,109</u>
<b>Expenses</b>		
Salaries, benefits and subcontractors	3,107,244	2,878,118
Purchased services	65,617	65,292
Community Services Planning Table	20,624	25,240
Food	84,760	75,595
Supplies	39,954	30,657
Training	20,302	12,196
Travel	8,867	8,837
Repairs and maintenance	140,163	141,845
Vehicle	18,363	11,867
Office	58,297	52,797
Insurance	27,142	26,918
Utilities	69,283	57,601
Telephone	<u>15,471</u>	<u>13,276</u>
	<u>3,676,087</u>	<u>3,400,239</u>
<b>Excess of revenues over expenses before amortization</b>	127,921	37,870
<b>Amortization of deferred contributions related to tangible capital assets</b>	188,606	188,606
<b>Amortization of tangible capital assets</b>	(208,211)	(205,839)
<b>Amortization of land lease</b>	<u>(306)</u>	<u>(306)</u>
<b>Excess of revenues over expenses</b>	<u>\$ 108,010</u>	<u>\$ 20,331</u>

(See accompanying notes)

**THE OTTAWA ROTARY HOME  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 108,010	\$ 20,331
Adjustments for:		
Amortization of tangible capital assets	208,211	205,839
Amortization of land lease	306	306
Amortization of deferred contributions related to tangible capital assets	<u>(188,606)</u>	<u>(188,606)</u>
	127,921	37,870
Changes in level of:		
Accounts receivable	(50,542)	20,763
Prepaid expenses	(17,616)	(8,650)
Due from Ottawa Rotary Home Foundation	2,079	11,350
Government remittances receivable	(1,334)	(6,566)
Accounts payable and accrued liabilities	(61,460)	7,207
Government remittances payable	<u>(31,100)</u>	<u>3,606</u>
	<u>(32,052)</u>	<u>65,580</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposition of short-term investments	82,358	81,623
Purchase of short-term investments	-	(82,358)
Purchase of tangible capital assets	<u>(81,173)</u>	<u>(42,342)</u>
	<u>1,185</u>	<u>(43,077)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in deferred contributions related to adult respite - overnight	<u>54,091</u>	<u>125,000</u>
<b>INCREASE IN CASH</b>	23,224	147,503
<b>CASH, BEGINNING OF YEAR</b>	<u>468,186</u>	<u>320,683</u>
<b>CASH, END OF YEAR</b>	<u>\$ 491,410</u>	<u>\$ 468,186</u>

(See accompanying notes)

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2016**

**1. NATURE OF OPERATIONS**

The Ottawa Rotary Home ("the Home"), incorporated without share capital under the Business Corporations Act of the province of Ontario. The Home 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 tangible capital assets that are amortized are deferred and amortized to revenue on the same basis as the related tangible capital asset is amortized to expense. Restricted contributions with respect to the purchase of tangible 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 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 date of the statement of financial position.

All other financial instruments are measured at amortized cost at the date of the statement of financial position.

*Tangible capital assets*

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

Amortization is recorded at 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, 2016**

**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 tangible 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 estimation 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, 2016.

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 and its accounts receivable. The Home's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item 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. For the year ended March 31, 2016 the Home believes that all significant accounts are collectible and as such has provided no amounts for doubtful accounts (2015 - \$nil)

*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, 2016**

**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. 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>2016</u>	<u>2015</u>
Revenues:		
Adult respite - overnight (amount of deferred contributions recognized and included in fee for service)	\$ 95,909	\$ 25,000
Other donations (included in interest and other)	<u>1,558</u>	<u>3,614</u>
	<u>\$ 97,467</u>	<u>\$ 28,614</u>
Deferred contributions for adult respite - overnight:		
Balance, beginning of the year	\$ 125,000	\$ -
Contributions received in the year	151,558	153,614
Amounts used in operations	<u>(97,467)</u>	<u>(28,614)</u>
	<u>\$ 179,091</u>	<u>\$ 125,000</u>

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2016**

**5. 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, 2016 is \$10,693 (2015 - \$10,387). The Home is responsible for utility services and all other costs in respect of the land and building.

**6. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2016</u>		<u>2015</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	1,459,665	6,707,101	1,291,988
Furniture and equipment	470,723	334,560	470,723	296,727
Vehicle	<u>199,648</u>	<u>113,076</u>	<u>118,475</u>	<u>110,375</u>
	8,717,472	<u>\$ 1,907,301</u>	8,636,299	<u>\$ 1,699,090</u>
Accumulated amortization	<u>1,907,301</u>		<u>1,699,090</u>	
	<u>\$ 6,810,171</u>		<u>\$ 6,937,209</u>	

**7. CREDIT CARDS LIMITS**

The Home has authorized lines of credit totaling \$20,000 through the use of two corporate credit cards, of which \$8,531 was utilized as at March 31, 2016 (\$2,990 as at March 31, 2015) and has been included in accounts payable and accrued liabilities.

**8. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS**

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

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 5,426,002	\$ 5,614,608
Less: Amortization to revenue	<u>(188,606)</u>	<u>(188,606)</u>
Balance, end of year	<u>\$ 5,237,396</u>	<u>\$ 5,426,002</u>

**9. ECONOMIC DEPENDENCE**

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

**10. 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.

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2016**

**11. 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	\$ 756,261	\$ (231)
DS Community Participation Srvs and Supports	9131	87,987	88,368	(381)
DS Caregiver Respite Services	9130	161,073	161,934	(861)
DS Prof and Specialized Services	9132	121,563	122,150	(587)
Adult Residential Service	8847	1,526,399	1,526,708	(309)
Children's Complex Special Needs	A510	319,300	319,903	(603)
CSN Individualized Placement Funding	A545	<u>94,802</u>	<u>95,423</u>	<u>(621)</u>
		<u>\$ 3,067,154</u>	<u>\$ 3,070,747</u>	<u>\$ (3,593)</u>

**12. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.