

Financial Statements

Shoreham Village Senior Citizens Association

March 31, 2021

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Shoreham Village Senior Citizens Association Statement of Operations

Year ended March 31	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenues			
Long-term care (Note 3)	\$ 7,753,401	\$ 8,965,820	\$ 7,600,844
Commercial services	<u>-</u>	<u>30,211</u>	<u>30,661</u>
	<u>7,753,401</u>	<u>8,996,031</u>	<u>7,631,505</u>
Expenditures			
Administrative expenses (Note 4)	496,428	519,680	468,150
Resident care expenses (Note 5)	4,425,766	5,404,518	4,304,190
Dietetic services expenses (Note 6)	965,047	1,059,477	882,103
Environmental services expenses (Note 13)	655,144	799,311	642,482
Facility services expenses (Note 14)	499,786	548,586	537,782
Program support expenses (Note 15)	309,134	332,700	303,555
Commercial services (Note 16)	<u>-</u>	<u>23,073</u>	<u>22,027</u>
	<u>7,351,305</u>	<u>8,687,345</u>	<u>7,160,289</u>
Excess of revenues over expenditures before other expenses	<u>402,096</u>	<u>308,686</u>	<u>471,216</u>
Other expenses			
Amortization	366,000	379,318	381,486
Interest	<u>24,096</u>	<u>25,561</u>	<u>29,205</u>
	<u>390,096</u>	<u>404,879</u>	<u>410,691</u>
(Deficiency) excess of revenues over expenditures	<u>\$ 12,000</u>	<u>\$ (96,193)</u>	<u>\$ 60,525</u>

Shoreham Village Senior Citizens Association

Statement of Changes in Net Assets

Year ended March 31

2021			
	Unrestricted	Internally restricted	Total
Balance, beginning of year	\$ 156,408	\$ 240,779	\$ 397,187
Deficiency of revenues over expenditures	(96,193)	-	(96,193)
Transfers	(4,508)	4,508	-
Balance, end of year	\$ 55,707	\$ 245,287	\$ 300,994
2020			
	Unrestricted	Internally restricted	Total
Balance, beginning of year	\$ 98,899	\$ 237,763	\$ 336,662
Excess of revenues over expenditures	60,525	-	60,525
Transfers	(3,016)	3,016	-
Balance, end of year	\$ 156,408	\$ 240,779	\$ 397,187

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Shoreham Village Senior Citizens Association

Statement of Financial Position

March 31

2021

2020

Assets

Current

Cash and cash equivalents (Note 7)	\$ 1,172,181	\$ 1,619,269
Accounts receivable (Note 8)	125,600	110,385
Inventory	43,494	38,158
Prepaid expenses	6,958	3,713
Residents' trust funds held in trust	<u>13,610</u>	<u>7,167</u>
	1,361,843	1,778,692

Property and equipment (Note 9)	<u>1,942,514</u>	<u>1,985,084</u>
	\$ 3,304,357	\$ 3,763,776

Liabilities

Current

Accounts payable and accrued liabilities (Note 10)	\$ 866,014	\$ 794,248
Deferred revenue	100,817	300,578
Residents' funds held in trust	13,610	7,167
Current portion of long-term debt (Note 11)	<u>126,546</u>	<u>128,106</u>
	1,106,987	1,230,099

Long-term debt (Note 11)	480,984	607,530
Deferred revenue - capital projects	127,332	211,183
Deferred contributions	1,285,990	1,315,707
Employee future benefits (Note 12)	<u>2,070</u>	<u>2,070</u>
	3,003,363	3,366,589

Fund balances

Surplus	55,707	156,408
Internally restricted	<u>245,287</u>	<u>240,779</u>
	300,994	397,187
	\$ 3,304,357	\$ 3,763,776

Contingent liabilities (Note 20)

On behalf of the Board

_____ Director

_____ Director

Shoreham Village Senior Citizens Association

Statement of Cash Flows

Year ended March 31

2021

2020

Increase (decrease) in cash and cash equivalents

Operating

(Deficiency) excess of revenues over expenditures	\$ (96,193)	\$ 60,525
Items not affecting cash		
Amortization	379,318	381,486
Amortization of deferred capital contributions	<u>(142,911)</u>	<u>(63,065)</u>
	140,214	378,946
Change in non-cash working capital items		
Accounts receivable	(15,215)	29,868
Inventory	(5,336)	(3,864)
Prepaid expenses	(3,245)	(1,430)
Residents' trust funds held in trust	(6,443)	(3,113)
Accounts payable and accrued liabilities	71,766	78,079
Deferred revenue	(199,761)	251,370
Residents' funds held in trust	6,443	3,113
	<u>(11,577)</u>	<u>732,969</u>

Financing

Repayment of long-term debt	(128,106)	(188,844)
Deferred revenue - capital projects	(83,851)	(82,046)
Deferred capital contributions received	113,194	1,096,973
Employee future benefits	-	(15,000)
	<u>(98,763)</u>	<u>811,083</u>

Investing

Purchase of property and equipment	<u>(336,748)</u>	<u>(435,691)</u>
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(Decrease) increase in cash and cash equivalents (447,088) 1,108,361

Cash and cash equivalents

Beginning of year	<u>1,619,269</u>	<u>510,908</u>
End of year	<u>\$ 1,172,181</u>	<u>\$ 1,619,269</u>

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

1. Nature of operations

Shoreham Village Senior Citizens Association (the "Association"), incorporated under the Province of Nova Scotia's Societies Act, operates a home for the aged under the name Shoreham Village in Chester, Nova Scotia.

The association is a registered charity for income tax purposes and is, therefore, exempt from income taxes under Section 149 of the Income Tax Act (Canada).

2. Significant accounting policies

Basis of presentation

The Association has prepared these financial statements in accordance with Canadian accounting standards for not for profit organizations.

Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, including bank overdrafts, and term deposits with a maturity period of one year or less at the date of acquisition.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Property and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

Cost includes the purchase price and other acquisition costs such as installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges.

Where constructed by the Association, the cost also includes direct construction or development costs, such as materials and labour, as well as overhead costs directly attributable to the construction or development activity.

The cost incurred to enhance the service potential of an item of property and equipment (betterment) is also included in the cost of an asset.

When the long term service potential of an item of property and equipment of the Association is impaired, the excess of its net carrying amount over any residual value is recognized as an expense in the statements of operations. Any write downs recognized are not reversed.

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

2. Significant accounting policies (continued)

Property and equipment (continued)

Amortization is taken on each item of property and equipment, with the exception of Land, using the following rates:

Buildings	5-30 years Straight-line
Furniture and equipment	5 years Straight-line
Vehicles	5 years Straight-line
Roadways	10 years Straight-line
Well	10 years Straight-line

Revenue recognition

The Association follows the deferral method of accounting for contributions which includes long-term care contributions and commercial services. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Bequests, donations and memoriam's are recognized as revenue of the donation fund (part of the internally restricted fund) when received.

Unrestricted investment income is recognized as revenue when earned.

Pension expense and obligation

The Association offers a multi-employer defined benefit pension plan to employees under the Nova Scotia Health Employees' Pension Plan. Due to the nature of the plan, the Association does not have sufficient information to account for the plan as a defined benefit plan. Therefore the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period when the Association is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in accounts payable and accrued liabilities on the balance sheet.

The Association offers a RRSP plan to employees; the pension expense is equal to the association's share of the amount of contributions to the plan on behalf of the employees.

Contributed services

The work of the Association is dependent on the voluntary services. The value of donated services is not recognized in these statements.

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

2. Significant accounting policies (continued)

Accounting estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Some items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts.

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- Cash and cash equivalents
- Accounts receivable
- Residents' funds held in trust
- Accounts payable and accrued liabilities
- Deferred revenue
- Long term debt

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Association is in the capacity of management in which case they are accounted for in accordance with financial instruments.

Financial assets and financial liabilities are subsequently measured according to the following methods:

<i>Financial instrument</i>	<i>Subsequent measurement</i>
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Residents' funds held in trust	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

The Association removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. Long-term care

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Department of Health and Wellness	\$ 5,973,754	\$ 7,126,888	\$ 5,812,758
Resident Contributions	1,646,161	1,654,686	1,607,460
Other	54,670	86,710	117,561
Deferred contributions	78,816	97,536	63,065
	<u>\$ 7,753,401</u>	<u>\$ 8,965,820</u>	<u>\$ 7,600,844</u>

4. Administrative expenses

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Advertising	\$ 600	\$ 92	\$ 302
Bad debts	-	-	357
Bank charges	5,400	5,248	6,674
Consulting	239,204	235,507	210,072
Employee development	1,200	-	1,175
In-home ceremonies	13,200	11,083	11,381
Information technology	26,220	48,744	18,663
Legal and audit	15,840	23,873	20,932
Memberships	13,320	8,054	10,723
Office supplies and postage	25,147	33,486	39,365
Salaries and benefits	124,797	131,716	125,075
Telecommunications	20,100	16,760	19,400
Travel	11,400	5,117	4,031
	<u>\$ 496,428</u>	<u>\$ 519,680</u>	<u>\$ 468,150</u>

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

5. Resident care expenses

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Contracted services	\$ 38,400	\$ 357,513	\$ 233,813
Drugs	8,395	7,831	5,982
Employee development	-	3,000	10,154
Equipment maintenance	16,807	16,725	10,245
Incontinent system	52,000	71,201	63,168
Salaries and benefits	4,254,364	4,754,885	3,906,016
Supplies	55,800	168,509	63,096
Travel	-	17,224	822
Woundcare		7,630	10,894
	\$ 4,425,766	\$ 5,404,518	\$ 4,304,190

6. Dietetic services expenses

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Equipment maintenance	\$ 15,600	\$ 3,886	\$ 14,627
Food and beverages	288,069	308,118	285,171
Salaries and benefits	638,375	717,826	560,716
Supplies and small wares	23,003	29,647	21,589
	\$ 965,047	\$ 1,059,477	\$ 882,103

7. Cash and cash equivalents

The Association has an authorized operating bank overdraft of \$50,000. Any outstanding balance bears interest at prime + 1.00% per annum. A general assignment of book debts and a floating charge over all other assets owned by the association and an unlimited guarantee by Shoreham Village Senior Citizens Apartments Association, have been given to the Bank of Nova Scotia as collateral security for loans. As at March 31, 2021, the Association's operating bank overdraft balance was \$nil (2020 - \$nil).

8. Accounts receivable

	2021	2020
Trade accounts receivable	\$ 69,964	\$ 72,414
HST recoverable	56,532	36,831
DHW receivable - accrued benefit liability	-	2,070
Allowance for doubtful accounts	(896)	(930)
	\$ 125,600	\$ 110,385

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

9. Property and equipment

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land, including grounds improvements	\$ 201,972	\$ -	\$ 201,972	\$ 201,972
Buildings	5,240,883	3,958,075	1,282,808	1,283,361
Furniture and equipment	2,518,939	2,061,205	457,734	496,009
Vehicles	82,464	82,464	-	-
Roadways	70,375	70,375	-	-
Well	135,551	135,551	-	3,742
	<u>\$ 8,250,184</u>	<u>\$ 6,307,670</u>	<u>\$ 1,942,514</u>	<u>\$ 1,985,084</u>

10. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Trade payables	\$ 345,727	\$ 310,638
Wage accrual	172,862	154,265
Employee benefits accrued	224,971	218,769
Government remittances	60,510	58,313
Other payables	61,944	52,263
	<u>\$ 866,014</u>	<u>\$ 794,248</u>

11. Long-term debt

	<u>2021</u>	<u>2020</u>
Operating loans and mortgages		
HNS mortgage payable bearing interest at 2.86% per annum, repayable in monthly blended payments of \$6,026. The loan was repaid in full during the year.	\$ -	\$ 6,012
HNS mortgage payable bearing interest at 3.71% per annum, repayable in monthly blended payments of \$2,148. The loan matures March 31, 2023, and is secured by a sixth charge mortgage upon land and building.	49,508	72,987

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

11. Long-term debt (continued)

	2021	2020
Capital loans and mortgages		
Royal Bank mortgage payable bearing interest at 3.59% per annum, repayable in monthly blended payments of \$10,034. The loan matures March 31, 2026, and is secured by a first charge mortgage upon land and building.	558,022	656,637
	607,530	735,636
Less current portion	126,546	128,106
Due beyond one year	\$ 480,984	\$ 607,530
Estimated principal repayments are as follows:		
2022	\$ 126,546	
2023	131,161	
2024	109,724	
2025	113,699	
2026	117,817	

12. Employee benefit liability

Effective March 31, 2015, the retiring allowance was discontinued. Service up to March 31, 2015 is included in determination of the retiring allowance amount, in addition an early payout option was offered. For those who did not elect to defer their payout, the accrued benefit obligation is equal to their retirement allowance payment. The actuarial liability of the retirement allowance entitlements as at March 31, 2021 is \$2,070 (2020 - \$2,070).

13. Environmental services expenses

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Furnishings	\$ 17,880	\$ 51,779	\$ 10,476
Garbage removal	6,000	5,481	5,349
Salaries and benefits	585,064	677,914	571,539
Supplies	46,200	63,956	55,118
Transportation	-	181	-
	\$ 655,144	\$ 799,311	\$ 642,482

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

14. Facility services expenses

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Cable television	\$ 8,388	\$ 8,329	\$ 10,269
Electricity	116,900	120,415	115,748
Heating oil	1,200	-	-
Insurance	24,600	24,294	22,072
Landscaping and snow removal	36,000	34,708	32,014
Pest control	1,200	1,112	1,210
Propane gas	24,000	21,905	24,286
Property taxes	60,000	60,858	60,074
Repairs and maintenance	100,211	137,441	136,028
Salaries and benefits	112,867	128,686	111,984
Supplies	14,420	10,838	24,097
	\$ 499,786	\$ 548,586	\$ 537,782

15. Program support expenses

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Consulting	\$ 19,200	\$ 19,200	\$ -
Contracted services	39,120	39,536	64,174
Salaries and benefits	237,134	266,472	232,230
Supplies	7,200	7,492	7,151
Travel	6,480	-	-
	\$ 309,134	\$ 332,700	\$ 303,555

16. Commercial services

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Commercial services	\$ -	\$ 18,178	\$ 18,840
Bus	-	4,895	3,187
	\$ -	\$ 23,073	\$ 22,027

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

17. Group RRSP and pension plan

The Association contributes to two pension plans on behalf of its employees. The first is a group registered retirement savings plan in which the Association pays 9.22% of the employees earnings.

The second plan is a multi employer defined benefit plan administered by the Nova Scotia Health Employees' Pension Plan Trustees in which the Association pays 9.22% of the employees' earnings up to the yearly maximum pensionable earnings. The most recent actuarial valuation was at July 1, 2020 and showed the following results for the entire plan (in thousands):

Accrued benefit obligation	\$ 10,829,879
Funding excess	2,566,954
Market value of assets	9,673,027

The Association bears no direct financial liability for any unfunded liability of the plan as the responsibility lies with the plan Trustees.

The amount contributed to the plans for the year ended March 31, 2021 was \$358,167 (2020-\$316,270) and was expensed by the Association.

18. Contractual obligations

Lease commitments

The Association holds a lease for office equipment under a long term lease that expires in 2025. Under the lease, the association is required to pay \$747.50 per quarter.

The Association's total future minimum lease payments under operating lease commitments over the remainder of the lease are as follows:

2022	\$ 2,990
2023	2,990
2024	2,990
2025	2,990
2026	2,243

Other contracts

The Association entered into a fee for service management contract with Northwood Support Services Incorporated (Northwood) on March 14, 2016. Under the terms of the agreement, Northwood provides operational support to the Association in a manner consistent with the Association's Board of Directors Policies, By Laws, and Strategic Priorities, an alignment with the Association's Mission, Vision, and Values. Either party may, at any time and without cause, give the other party twelve (12) months' written notice of termination of the contract.

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

19. Contingent liabilities

The Association has a contingent liability for accumulated sick leave. Employees earn sick leave credits at the rate of two eight-hour days per month and shall accumulate sick leave to a maximum of 24 days. Sick leave benefits are a form of insurance for employees against loss of earnings due to sickness and are not automatic entitlements. Any unused sick leave benefits shall be cancelled on termination of employment. The amount of this potential liability cannot be reasonably estimated and sick leave is expensed in the statement of operations as employees utilize the entitlement.

20. Related party transactions

On June 1, 2011, the Association entered into a shared well water agreement with Shoreham Village Senior Citizens Apartments Association for wells, pump house and water distribution system situated on the properties of both parties, to be used by the parties in accordance with the agreement. Each party shall pay a proportionate share of all expenses for the operation, maintenance, removal and replacement of pre-existing improvements of the wells, pump house and water distribution system. Each respective share has been determined by each party's water consumption. The Association is responsible for 65% and Shoreham Village Senior Citizens Apartments Association is responsible for 35% of the total cost of repairs and maintenance on said wells, pump house, circulating pumps, water conditioning system and water pipes to/from all wells.

21. Public Sector Compensation Disclosure Act

Under the Public Sector Compensation Disclosure Act of Nova Scotia, public sector bodies are required to report compensation paid or provided to any person equalling or exceeding \$100,000 during the fiscal year. No person received \$100,000 or more in annual compensation during the year.

22. Financial instruments

The main risks the Association is exposed to through its financial instruments are credit risk and interest rate risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable. The Association provides credit to its clients in the normal course of its operations.

Shoreham Village Senior Citizens Association

Notes to the Financial Statements

March 31, 2021

22. Financial instruments (continued)

(b) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term debt, fixed-rate instruments subject the Association to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

23. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

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**Shoreham Village Senior Citizens Association
Supplementary Financial Information - Appendix I
Department of Health Summary**

Unaudited

Year Ended March 31

	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
DHW funding	5,973,754	6,578,046	5,772,927
Accommodation charges	1,646,161	1,624,614	1,601,518
Insurers of First Resort	-	29,606	-
Private per diems	-	549,309	45,774
Other	54,670	86,710	117,561
Total Revenue	7,674,585	8,868,285	7,537,780
Expenditures			
Salaries			
Administration	98,400	102,958	94,529
Direct Care	3,442,024	3,880,753	3,200,040
Program Support	190,162	212,525	183,310
Dietary	510,275	588,392	450,710
Environmental	469,175	548,471	453,382
Maintenance	90,202	101,807	87,428
Benefits	1,152,363	1,242,593	1,038,160
Operations & Maintenance			
Administration	432,351	451,956	408,327
Direct Care	193,002	668,578	418,869
Program Support	14,280	7,584	7,453
Dietary	311,072	337,947	306,760
Environmental	46,200	63,956	55,118
Maintenance	401,799	456,751	434,177
Capital	311,280	311,851	350,642
	7,662,585	8,976,122	7,488,905
(Deficiency) excess of revenues over expenditures	12,000	(107,837)	48,875