

Financial Statements of

**DISTRICT OF PARRY SOUND
(WEST) BELVEDERE HEIGHTS
HOME FOR THE AGED**

Year ended December 31, 2017

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Financial Statements Index

Year ended December 31, 2017

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Management's Responsibility for the Financial Statements

The accompanying financial statements of District of Parry Sound (West) Belvedere Heights Home For The Aged (the "Home") are the responsibility of the Home's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Home's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

The audit committee meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Home. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Home's financial statements.



Marsha Rivers
Chief Executive Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the District of Parry Sound (West) Belvedere Heights Home For the Aged

We have audited the accompanying financial statements of District of Parry Sound (West) Belvedere Heights Home For The Aged which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising 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 public sector accounting standards 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.

Auditors' 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 our 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, we consider 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, these financial statements present fairly, in all material respects, the financial position of the District of Parry Sound (West) Belvedere Heights Home For The Aged as at December 31, 2017 and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Home taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 23, 2018

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED


Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash and bank - operating	\$ 1,711,839	\$ 1,127,134
Cash and bank - capital	118,095	118,498
Cash and bank - life lease	98,628	149,328
Guaranteed investment certificates	545,493	543,117
Accounts receivable	130,848	112,833
	2,604,903	2,050,910
Financial liabilities		
Accounts payable and accrued liabilities	886,835	619,241
Payable to Ministry of Health and Long-Term Care (note 4)	292,657	171,772
Deferred revenue	7,667	8,261
Long-term debt (note 5)	1,953,745	2,331,087
	3,140,904	3,130,361
Net debt	(536,001)	(1,079,451)
Non-financial assets		
Tangible capital assets (note 7)	5,526,893	6,377,122
Prepaid expenses	49,263	54,099
	5,576,156	6,431,221
Accumulated surplus (note 6)	\$ 5,040,155	\$ 5,351,770

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:


Director

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Budget (note 9)	2017	2016
Revenue:			
Ministry of Health and Long-Term Care - current	\$ 4,358,710	\$ 4,431,602	\$ 4,546,277
Ministry of Health and Long-Term Care - capital	381,540	381,540	382,586
Life Lease sales	-	841,500	934,900
User charges	2,250,470	2,310,493	2,276,136
Participating municipalities	1,472,680	1,472,678	1,392,616
Interest earned	-	11,317	12,806
Life Lease maintenance fees	103,584	103,584	100,128
Miscellaneous	56,965	85,233	148,698
Total revenue	8,623,949	9,637,947	9,794,147
Expenses:			
Current Fund Operations (Schedule)	7,964,827	7,962,437	7,828,424
Capital Fund Operations (Schedule)	998,505	995,397	1,050,854
Life Lease Operations (Schedule)	103,584	962,917	1,090,838
Reserve Fund Operations (Schedule)	-	28,811	33,759
Total expenses	9,066,916	9,949,562	10,003,875
Annual deficit	(442,967)	(311,615)	(209,728)
Accumulated surplus, beginning of year	5,351,770	5,351,770	5,561,498
Accumulated surplus, end of year	\$ 4,908,803	\$ 5,040,155	\$ 5,351,770

The accompanying notes are an integral part of these financial statements.

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Statement of Change in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual deficit	\$ (311,615)	\$ (209,728)
Acquisition of tangible capital assets	(80,265)	(512,965)
Amortization of tangible capital assets	930,494	977,142
	538,614	254,449
Acquisition of prepaid expenses	(49,263)	(54,099)
Use of prepaid expenses	54,099	24,633
Change in net financial assets	543,450	224,983
Net debt, beginning of year	(1,079,451)	(1,304,434)
Net debt, end of year	\$ (536,001)	\$ (1,079,451)

The accompanying notes are an integral part of these financial statements.

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities		
Operations		
Annual deficit	\$ (311,615)	\$ (209,973)
Item not involving cash:		
Amortization of tangible capital assets	930,494	977,142
	618,879	767,169
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(18,015)	26,148
Decrease (increase) in prepaid expenses	4,836	(29,464)
Increase (decrease) in accounts payable and accrued liabilities	267,594	(619,938)
Increase in payable to Ministry of Health and Long-Term Care	120,885	152,350
Increase (decrease) in deferred revenue	(594)	3,284
	993,585	299,549
Cash flows from financing activities:		
New financing obtained	-	300,000
Repayment of long-term debt	(377,342)	(333,332)
	(377,342)	(33,332)
Cash flows from investing activities:		
Addition to tangible capital assets	(80,265)	(512,965)
Increase (decrease) in cash	535,978	(246,748)
Cash, beginning of year	1,938,077	2,184,825
Cash, end of year	\$ 2,474,055	\$ 1,938,077
Cash consists of:		
Cash and bank - operating	\$ 1,711,839	\$ 1,127,134
Cash and bank - capital	118,095	118,498
Cash and bank - life lease operations	(41,461)	21,239
Cash and bank - life lease maintenance reserve	140,089	128,089
Guaranteed Investment Certificates	545,493	543,117
	\$ 2,474,055	\$ 1,938,077

The accompanying notes are an integral part of these financial statements.

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of District of Parry Sound (West) Belvedere Heights Home for The Aged (the "Home") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Home are as follows:

(a) Accrual basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Deposits:

Deposits represent deposits received on Seniors Life Lease units. These amounts will be recognized as part of the proceeds on the sale of the life leases in the year the unit is sold.

(c) Ministry of Health and Long-Term Care:

The Ministry of Health and Long-Term Care undertakes a financial review of the Home's operations from time to time. Adjustments to the financial statements, if any, as a result of these reviews are accounted for in the period when notification is received from the Ministry.

(d) Reserves and Reserve Funds:

Certain amounts, as approved by the Home, are set aside in reserves and reserves funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are adjusted to the respected fund when approved.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value is amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	20
Furniture, fixtures and equipment	5 - 10
Computers	5 - 10
Machinery	5 - 10
Medical supplies	5 - 10

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Participating municipalities:

The participating municipalities are as follows:

Town of Parry Sound
Township of the Archipelago
Township of Carling
Township of McDougall
Township of McKellar
Township of McMurrich/Monteith
Township of Seguin
Township of Whitestone

3. Structural compliance funding:

Under the terms of the development agreement with the Ministry of Health and Long-Term Care, the Home has a long-term funding contract to receive funding in the amount of \$7,631,105 for the Redevelopment Project, of which \$5,154,549 has been received by year end. The amount of \$381,540 (2016 - \$382,540) was received in the current year and the balance will be received in monthly payments over the next 90 months.

The agreement is subject to termination by the Ministry if the Home is unable to complete the project, breaches any term or condition of the agreement or ceases to operate.

4. Payable to Ministry of Health and Long-Term Care:

	2017	2016
Payable to Ministry of Health and Long-Term Care	\$ 292,657	\$ 171,772

The amount recorded as payable for 2017 will be subject to final review by the Ministry.

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Notes to Financial Statements

Year ended December 31, 2017

5. Long-term debt:

	2017	2016
Canadian Imperial Bank of Commerce, payable in monthly blended payments of \$26,697, interest at 3.0% per annum, matures June 25, 2023	\$ 1,601,755	\$ 1,869,693
Bank of Nova Scotia, capital lease payable in monthly payments of \$4,772, interest at 2.99% per annum, matures June 4, 2020	137,773	190,065
Bank of Nova Scotia, capital lease payable in monthly payments of \$5,384.86, interest at 3.06% per annum, matures June 26, 2021	214,217	271,329
	\$ 1,953,745	\$ 2,331,087

As security for the Canadian Imperial Bank of Commerce loan, each of the eight participating municipalities have provided the bank with a guarantee (with supporting borrowing by-law resolution) for a portion of the loan, based on equalized assessment.

Principal payments required to retire the outstanding long-term debt are as follows:

2018	\$ 388,850	
2019	400,708	
2020	384,117	
2021	334,077	
2022	311,241	
2023 and subsequent years	134,752	

6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2017	2016
Surplus:		
Capital Fund Operations	\$ 3,643,478	\$ 4,174,345
Capital Fund Life Lease	(45,684)	(16,452)
Current fund	1,058,827	826,459
Reserves	383,534	367,418
	\$ 5,040,155	\$ 5,351,770

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Notes to Financial Statements

Year ended December 31, 2017

7. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 374,500	-	-	374,500
Buildings	14,688,505	59,707	-	14,748,212
Furniture, fixtures and equipment	1,244,461	20,558	-	1,265,019
Computers	120,751	-	-	120,751
Machinery	1,273,912	-	-	1,273,912
West Side Park	363,000	-	-	363,000
Medical supplies	161,280	-	-	161,280
Total	\$ 18,226,409	80,265	-	18,306,674

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Buildings	9,566,999	-	734,884	10,301,883
Furniture, fixtures and equipment	1,119,917	-	40,010	1,159,927
Computers	130,576	-	10,392	140,968
Machinery	802,550	-	123,934	926,484
West Side Park	81,675	-	18,150	99,825
Medical supplies	147,570	-	3,124	150,694
Total	\$ 11,849,287	-	930,494	12,779,781

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 374,500	374,500
Buildings	5,121,506	4,446,329
Furniture, fixtures and equipment	124,544	105,092
Computers	(9,825)	(20,217)
Machinery	471,362	347,428
West Side Park	281,325	263,175
Medical supplies	13,710	10,586
Total	\$ 6,377,122	5,526,893

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Notes to Financial Statements

Year ended December 31, 2017

7. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 374,500	-	-	374,500
Buildings	14,531,951	156,554	-	14,688,505
Furniture, fixtures and equipment	1,240,071	4,390	-	1,244,461
Computers	118,179	2,572	-	120,751
Machinery	924,463	349,449	-	1,273,912
West Side Park	363,000	-	-	363,000
Medical supplies	161,280	-	-	161,280
Total	\$ 17,713,444	512,965	-	18,226,409

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Buildings	8,837,522	-	729,477	9,566,999
Furniture, fixtures and equipment	1,091,730	-	28,187	1,119,917
Computers	112,058	-	18,518	130,576
Machinery	624,081	-	178,469	802,550
West Side Park	63,525	-	18,150	81,675
Medical supplies	143,229	-	4,341	147,570
Total	\$ 10,872,145	-	977,142	11,849,287

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 374,500	374,500
Buildings	5,694,429	5,121,506
Furniture, fixtures and equipment	148,341	124,544
Computers	6,121	(9,825)
Machinery	300,382	471,362
West Side Park	299,475	281,325
Medical supplies	18,051	13,710
Total	\$ 6,841,299	6,377,122

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Notes to Financial Statements

Year ended December 31, 2017

8. Pension agreements:

The Home made contributions to OMERS (the "Plan"), which is a multi-employer Plan, on behalf of all permanent, full-time and part-time members of its staff. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contributions required on account of current service for 2017 of \$427,565 (2016 - \$425,721) is included in the current fund operations.

9. Budget figures:

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Revenue fund budgets are affected on an ongoing basis as various government programs become available to the Home. As such, the budgets are not directly comparable with current year actual amounts and Accumulated Surplus and Changes in Net Debt.

10. Segment disclosures:

Segmented information has not been provided as it has been determined that such disclosures would not provide any additional relevant information to users.

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Current Fund Operations
Schedule of Revenue and Expenses

Year ended December 31, 2017, with comparative information for 2016

	Budget (note 9)	2017	2016
Revenue:			
Ministry of Health and Long-Term Care	\$ 4,358,710	\$ 4,426,286	\$ 4,491,082
Ministry of Health and Long-Term Care - One time	-	5,316	55,195
Participating municipalities	1,472,680	1,472,678	1,392,616
User charges	2,250,470	2,310,493	2,276,136
Interest earned	-	11,132	12,641
Miscellaneous	56,965	51,705	108,952
	8,138,825	8,277,610	8,336,622
Expenses:			
Program and support services	443,382	446,866	452,482
Dietary services	664,738	657,875	668,450
Raw food	308,000	319,779	304,835
Nursing/personal direct care	3,898,093	3,850,304	3,664,560
Nursing and personal care, administration	697,328	737,097	708,005
Housekeeping services	340,871	336,850	320,370
Laundry services	112,438	102,487	98,664
Building and property operation and maintenance	920,458	768,237	857,050
General and administrative	566,433	734,151	746,586
Board meetings	13,086	8,791	7,422
	7,964,827	7,962,437	7,828,424
Annual surplus	173,998	315,173	508,198
Current fund balance, beginning of year	-	826,459	785,469
Transfer to capital fund	-	(82,805)	(467,208)
Current fund balance, end of year	\$ 173,998	\$ 1,058,827	\$ 826,459

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Capital Fund Operations
Schedule of Revenue and Expenses

Year ended December 31, 2017, with comparative information for 2016

	Budget (note 9)	2017	2016
Revenue:			
Ministry of Health and Long-Term Care	\$ 381,540	\$ 381,540	\$ 382,586
Interest earned	-	185	165
	381,540	381,725	382,751
Expenses:			
Interest on long-term debt	68,011	64,903	73,712
Amortization of tangible capital assets	930,494	930,494	977,142
	998,505	995,397	1,050,854
Annual deficit	(616,965)	(613,672)	(668,103)
Capital fund balance, beginning of year	-	4,174,345	4,329,483
Transfer from current fund	-	82,805	467,208
Transfer from resident reserve	-	-	45,757
Capital fund balance, end of year	\$ (616,965)	\$ 3,643,478	\$ 4,174,345

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Life Lease Operations
Schedule of Revenue and Expenses

Year ended December 31, 2017, with comparative information for 2016

	Budget (note 9)	2017	2016
Revenue:			
Maintenance fees	\$ 103,584	\$ 103,584	\$ 100,128
Sales	-	841,500	934,900
Miscellaneous	-	402	1,010
	103,584	945,486	1,036,038
Expenses:			
Maintenance	37,721	56,288	96,479
Operating	65,863	65,129	56,243
Capital	-	841,500	938,116
	103,584	962,917	1,090,838
Annual surplus (deficit)	-	(17,431)	(54,800)
Life Lease balance, beginning of year	-	(16,452)	50,593
Transfer to reserves	(12,000)	(12,000)	(12,000)
Transfer from (to) gift fund	-	199	(245)
Life Lease balance, end of year	\$ (12,000)	\$ (45,684)	\$ (16,452)

DISTRICT OF PARRY SOUND (WEST)

BELVEDERE HEIGHTS HOME FOR THE AGED

Reserve Fund Operations Schedule of Revenue and Expenses

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Donations	\$ 33,126	\$ 38,736
Expenses:		
Resident	28,811	33,759
Annual surplus	4,315	4,977
Reserves balance, beginning of year	367,418	395,953
Transfer from life lease operations	11,801	12,245
Transfer to capital fund operations	-	(45,757)
Reserves balance, end of year	\$ 383,534	\$ 367,418
Analyzed as follows:		
Resident reserve	\$ 46,057	\$ 41,742
Building renovations reserve	76,701	76,701
Life Lease maintenance reserve	140,089	128,089
Life Lease gift fund	46	245
Capital reserve	120,641	120,641
	\$ 383,534	\$ 367,418