St. Andrew's Place, Sudbury
Financial Statements
For the year ended December 31, 2021

Contents

To the Board of Directors of St. Andrew's Place, Sudbury:

Opinion

We have audited the financial statements of St. Andrew's Place, Sudbury ("the Place"), which comprise the statement of financial position as at December 31, 2021, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the the Place as at December 31, 2021, 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Place in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Other Matter

The financial statements of the St. Andrew's Place, Sudbury for the year ended December 31, 2020 were audited by McLelland Crawford Topp LLP of Sudbury, Ontario, Canada, prior to its merger with MNP LLP. McLelland Crawford Topp LLP expressed an unqualified opinion on those statements on April 3, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Place’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Place or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Place’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Place's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Place's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Place to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Sudbury, Ontario — Chartered Professional Accountants

Licensed Public Accountants

St. Andrew's Place, Sudbury
Statement of Financial Position
As at December 31, 2021

	2021	*2020*
Assets		
Current		
Cash	**395,095**	212,595
Accounts receivable *(Note 4)*	**53,734**	74,758
Prepaid expenses	**30,061**	-
	478,890	287,353
Tangible capital assets *(Note 5)*	**7,338,751**	7,442,215
	7,817,641	7,729,568
Liabilities		
Current		
Accounts payable and accrued liabilities	**109,363**	229,093
Tenant deposits payable	**94,822**	96,841
Rent deposits	**29,408**	27,741
	233,593	353,675
Subsequent events *(Note 6)*		
Commitments *(Note 7)*		
Net Assets		
Externally restricted *(Note 8)*	**583,587**	583,587
Unrestricted *(Note 8)*	**7,000,461**	6,792,306
	7,584,048	7,375,893
	7,817,641	7,729,568

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

St. Andrew's Place, Sudbury
Statement of Revenue and Expenses
For the year ended December 31, 2021

	2021	*2020*
Revenue		
Unit rentals - Social housing	**1,397,169**	1,381,947
Unit rentals - Commercial *(Note 9)*	**231,347**	227,682
Other residential revenue	**20,562**	12,857
Commercial HST non-profit allowance	**11,464**	12,198
Commercial miscellaneous rentals *(Note 9)*	**5,697**	6,707
	1,666,239	1,641,391
Expenses		
Utilities	**309,098**	295,471
Municipal taxes	**256,725**	233,333
Subcontracted salaries and benefits	**202,448**	196,693
Repairs, maintenance and cleaning	**196,765**	204,665
Management fees	**77,069**	75,130
Insurance	**33,570**	48,631
Bad debts	**31,179**	12,638
Office and general	**12,604**	12,830
Professional fees	**12,387**	22,973
Advertising	**1,153**	653
Bank charges and interest	**309**	1,925
	1,133,307	1,104,942
Excess of revenue over expenses before amortization	**532,932**	536,449
Amortization of tangible capital assets	**(324,773)**	(294,075)
Excess of revenue over expenses	**208,159**	242,374

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended December 31, 2021

	2021	*2020*
Net assets, beginning of year	**7,375,893**	7,133,519
Excess of revenue over expenses	**208,159**	242,374
Net assets, end of year	**7,584,052**	7,375,893

The accompanying notes are an integral part of these financial statements

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**208,159**	242,374
Amortization	**324,773**	294,075
	532,932	536,449
Changes in working capital accounts		
Accounts receivable	**21,024**	(34,395)
Prepaid expenses	**(30,064)**	46,534
Accounts payable and accrued liabilities	**(119,730)**	110,279
Tenant deposits payable	**(2,020)**	4,423
Rent deposits	**1,667**	1,866
	403,809	665,156
Investing		
Increases in tangible capital assets	**(221,309)**	(785,256)
Increase (decrease) in cash resources	**182,500**	(120,100)
Cash resources, beginning of year	**212,595**	332,695
Cash resources, end of year	**395,095**	212,595

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

St. Andrew's Place, Sudbury ("the Place”) was incorporated without share capital and is a registered charity and thus is exempt from income taxes under section 149(l)(1) of the Canadian Income Tax Act (“the Act”).

The Place owns and operates a multi purpose facility providing residential housing to seniors, worship and amenity areas for St. Andrew's United Church (the "Church") and commercial occupancy for businesses.

Impact on operations of COVID-19 (coronavirus)
In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Place was impacted by the pandemic due to the gathering restrictions that were implemented.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Place as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Change in accounting policy

Financial instruments

Financial instruments in a related party transaction, risk disclosures and other amendments

Effective January 1, 2021 (hereafter referred to as the “initial date of application”), the Place adopted the Accounting Standards Board’s revised recommendations for the measurement and disclosure of financial instruments in a related party transaction, as well as revisions to risk disclosures, in Section 3856 *Financial Instruments.* The revised standard provides additional guidance and requirements for the measurement of financial instruments originated/acquired or issued/assumed in a related party transaction (“related party financial instruments”).

Revised Section 3856 clarifies that an entity must provide relevant entity-specific information to enable users to evaluate the nature and extent of each type of risk arising from financial instruments. The amendments remove the requirement to separately disclose the risks arising from derivatives from the risks arising from other financial instruments.

Revised Section 3856 requires the following related party financial instruments to be initially measured at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Place may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. If the election is not made, these instruments are subsequently measured at amortized cost. Subsequently, investments in equity instruments quoted in an active market and derivatives instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are measured at fair value. All other financial instruments arising in a related party transaction are subsequently measured using the cost method.

Previously, the Place initially measured related party financial instruments at either the carrying amount or exchange amount in accordance with Section 3840 *Related Party Transactions.* Subsequent to initial recognition, related party financial instruments were measured in accordance with extant Section 3856.

2. Change in accounting policies *(Continued from previous page)*

Transition

The Place applied the changes in accounting policies resulting from the adoption of revised Section 3856 retrospectively and prior periods have been restated. Financial instruments exchanged in a related party transaction that do not exist at the date of initial application and were impaired or modified in the immediately preceding fiscal year have not been restated in accordance with Section 3856. In addition, the following transitional provisions were applied to related party financial instruments that exist at the date of initial application:

- The cost of a financial instrument that has repayment terms is determined using the undiscounted cash flows, excluding interest and dividend payments, of the instrument less any impairment, as at the beginning of the earliest comparative period presented in these financial statements
- The cost of a financial instrument that does not have repayment terms is deemed to be the carrying amount of the instrument in the financial statements of the entity less any impairment, at the beginning of the earliest comparative period presented in these financial statements
- Fair value of a financial instrument that is an investment in debt or equity instruments that are quoted in active market; a debt instrument where inputs significant to the determination of fair value of the instrument are observable; or, a derivative contract, is determined at the beginning of the earliest comparative period presented in these financial statements.

The retrospective application of this change in accounting policy did not have a material impact on the results of operations and financial condition of the Place.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Financial instruments

The Place recognizes financial instruments when it becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Place may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Place has made such an election during the year.

The Place subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by public price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Place’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of revenue and expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Significant accounting policies *(Continued from previous page)*

Related party financial instruments

The Place initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Place may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Place has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Place subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in the statement of revenue and expenses.

Financial asset impairment

The Place assesses impairment of all its financial assets measured at cost or amortized cost. The Place groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. When there is an indication of impairment, the Place determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Place reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Place reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Place reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the assets at the statement of financial position date.

Any impairment, which is not considered temporary, is included in the current year of the statement of revenue and expenses.

3. Significant accounting policies *(Continued from previous page)*

The Place reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of revenue and expenses in the year the reversal occurs.

The Place is of the opinion that no permanent impairment exists at this time or in the foreseeable future.

Measurement uncertainty (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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accrued liabilities are estimates based on historical charges for unbilled goods and services at year-end.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	**Rate**
Building and improvement	declining balance	4 %
Furniture and equipment	straight line	10 years

Long-lived assets

Long-lived assets consists of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Place writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Place’s ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Place determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

Revenue recognition

The Place follows the deferral method of accounting for contributions. 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.

Rental revenues are recognized straight line on the basis of occupancy at the beginning of each month if collection is reasonably assured.

Other residential revenues are recognized when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions, in the form of non-depreciable tangible assets are accounted for as a direct increase in net assets.

Restricted contributions in the form of government subsidies contributed towards the enhancement of existing or the acquisition of new depreciable tangible assets are deferred and amortized over the life of the related asset.

3. **Significant accounting policies** *(Continued from previous page)*

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of revenue and expenses when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Place's operations and would otherwise have been purchased.

The work of the Place is dependent on the voluntary services of many members and others. Since these services are not normally purchased by the Place and because of the difficulty in determining their fair market value, these donated services are not recognized in these financial statements. The amount of volunteer hours is not tracked by the Place and is therefore not determinable.

4. **Accounts receivable**

	2021	*2020*
Accounts receivable	**58,740**	42,482
Harmonized Sales Tax (HST) rebate	**20,950**	42,339
Other receivables	**1,684**	1,650
	81,374	86,471
Allowance for doubtful accounts	**(27,640)**	(11,713)
	53,734	74,758

5. **Tangible capital assets**

	Cost	***Accumulated amortization***	***2021 Net book value***	*2020 Net book value*
Land	**200,000**	**-**	**200,000**	200,000
Building	**11,993,880**	**4,954,090**	**7,039,790**	7,132,125
Furniture and equipment	**629,268**	**530,307**	**98,961**	110,090
	12,823,148	**5,484,397**	**7,338,751**	7,442,215

6. **Subsequent event**

In January 2022, the Place and St. Andrew's United Church ("the Church") announced the signing of a Covid Pandemic Relief Subsidy Agreement. The terms of the agreement coincide with a 5-year lease extension agreement entered into in December 2021. The subsidy begins on January 1, 2022. The terms of the agreement state the Place will provide the Church a monthly subsidy in the amount of 90% of base rent charged under the aforementioned Place/Church lease agreement, covering the five (5) years ending December 31, 2026.

Commencing at the end of the second year of the current lease (December 31, 2023), the Place will reassess its financial position and ability to maintain the relief subsidy. Should continuation of the subsidy become an issue, the Place will provide the Church with six months notice with its intent to renegotiate the amount of the relief subsidy, or to eliminate it altogether if necessary.

7. Commitments

The Place has an energy services agreement with Toromont Industries Ltd. to provide the heating and hot water requirements of the multi purpose facility.

The agreement is for a twenty year initial term, which commenced November 2019, with the option to renew for two additional ten year terms. The annual cost is based on heating and hot water usage, and is therefore not determinable.

On December 10, 2021 the Place extended its property management agreement with Luxor Management Inc. The term of the agreement is for 3 years, running from January 1, 2022 to December 31, 2024. Management fees are charged based on 4.5% of gross monthly revenues and 3.5% of certain construction projects requiring property management oversight.

8. Net Assets

	2021	*2020*
Externally Restricted		
Land, donated by the church	**200,000**	200,000
Cash, donated by the church	**383,587**	383,587
	583,587	583,587
Unrestricted	**7,000,461**	6,792,306
	7,584,048	7,375,893

Restricted net assets:
The land and cash donated to the Place by the Church, represents the original church land prior to it's demolition and an initial contribution to begin construction of the Place on the same property. It was accounted for as a direct increase in restricted net assets.
Unrestricted net assets:
In April 2020, the Place formally requested and was granted, a full discharge from the "Special Subsidy Agreement", having fully complied with all of the conditions of the fifteen year agreement. In July 2020, the full discharge was received and the property title cleared. As a result, the "Special Provincial Subsidy" amount of $3,993,618, was included in unrestricted net assets.

9. Related party transactions

The Place is a corporation whose Board of Directors is made up a majority of the members of St. Andrew's United Church.

The Place renewed and extended the lease of its premises to the Church at an annual rental of $16,800 for 2021 (plus any applicable HST), which is included in Unit rentals - Commercial in the statement of revenue and expenses.

The Place received occupancy rental and parking revenue from the Church in the amount of $1,656 (plus any applicable HST), which is included in Commercial miscellaneous rentals.

These transactions are in the normal course of operations and are measured at the exchange values which is the amount of consideration established and agreed to by the related parties.

10. Financial instruments

The Place, as part of its operations, carries a number of financial instruments. It is management's opinion that the Place is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

11. Comparative figures

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