

St. Andrew's Place, Sudbury
Financial Statements
December 31, 2022

St. Andrew's Place, Sudbury
Contents

For the year ended December 31, 2022

	<i>Page</i>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Revenue and Expenses and Changes in Net Assets.....	2
Statement of Cash Flows.....	3
Notes to the Financial Statements.....	4

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, 2022, and the statements of revenue and expenses and 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, 2022, 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.

Basis for Opinion

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.

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, and/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.

Sudbury, Ontario

March 20, 2023

MNP LLP

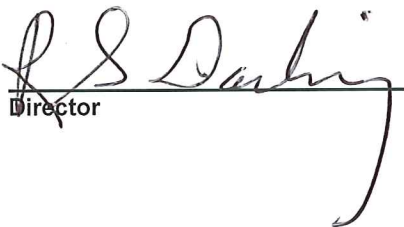
Chartered Professional Accountants

Licensed Public Accountants

St. Andrew's Place, Sudbury
Statement of Financial Position
As at December 31, 2022

	2022	2021
Assets		
Current		
Cash	718,671	395,095
Accounts receivable (Note 3)	58,668	53,734
Prepaid expenses	35,823	30,061
	813,162	478,890
Tangible capital assets (Note 4)	7,201,442	7,340,151
	8,014,604	7,819,041
Liabilities		
Current		
Accounts payable and accrued liabilities	153,041	109,362
Tenant deposits payable	100,068	94,819
Prepaid rent	32,027	29,408
	285,136	233,589
Subsequent event (Note 5)		
Commitments (Note 6)		
Net Assets		
Externally restricted (Note 7)	583,587	583,587
Unrestricted (Note 7)	7,145,881	7,001,865
	7,729,468	7,585,452
	8,014,604	7,819,041

Approved on behalf of the Board


 Director


 Director

St. Andrew's Place, Sudbury
Statement of Revenue and Expenses and Changes in Net Assets
For the year ended December 31, 2022

	2022	2021
Revenue		
Unit rentals - Social housing <i>(Note 8)</i>	1,417,006	1,397,169
Unit rentals - Commercial <i>(Note 9)</i>	230,042	231,347
Other residential revenue	21,234	20,562
Commercial HST non-profit allowance	12,826	11,464
Commercial miscellaneous rentals <i>(Note 9)</i>	11,021	5,697
Other commercial revenue	5,741	-
	1,697,870	1,666,239
Expenses		
Utilities	365,075	309,098
Municipal taxes	263,981	256,725
Repairs, maintenance and cleaning	226,909	196,765
Subcontracted salaries and benefits	213,688	202,448
Management fees	79,515	77,069
Insurance	37,226	33,570
Professional fees	33,612	12,387
Office and general	15,811	12,604
Advertising	1,465	1,153
Bank charges and interest	1,235	309
Bad debts (recovery)	(465)	31,179
	1,238,052	1,133,307
Excess of revenue over expenses before amortization	459,818	532,932
Amortization of tangible capital assets	(315,802)	(323,373)
Excess of revenue over expenses	144,016	209,559
Net assets, beginning of year	7,585,452	7,375,893
Net assets, end of year	7,729,468	7,585,452

The accompanying notes are an integral part of these financial statements

St. Andrew's Place, Sudbury
Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
<hr/>		
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	144,016	209,559
Amortization	315,802	323,373
	<hr/>	<hr/>
	459,818	532,932
Changes in working capital accounts		
Accounts receivable	(4,934)	21,024
Prepaid expenses	(5,762)	(30,061)
Accounts payable and accrued liabilities	43,679	(119,733)
Tenant deposits payable	5,249	(2,020)
Prepaid rent	2,619	1,667
	<hr/>	<hr/>
	500,669	403,809
Investing		
Purchase of tangible capital assets	(177,093)	(221,309)
	<hr/>	<hr/>
Increase in cash resources	323,576	182,500
Cash resources, beginning of year	395,095	212,595
	<hr/>	<hr/>
Cash resources, end of year	718,671	395,095
	<hr/>	<hr/>

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.

2. 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 not 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.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and tenant deposits payable.

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.

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

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 current year excess of revenue over expenses.

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 tangible 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.

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

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 up to their residual value.

	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 is 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 periodically 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.

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.

St. Andrew's Place, Sudbury
Notes to the Financial Statements
For the year ended December 31, 2022

3. Accounts receivable

	2022	2021
Accounts receivable	60,054	58,740
Harmonized Sales Tax (HST) rebate	26,254	20,950
Other receivables	-	1,684
	86,308	81,374
Allowance for doubtful accounts	(27,640)	(27,640)
	58,668	53,734

4. Tangible capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	200,000	-	200,000	200,000
Building	12,106,124	5,238,828	6,867,296	7,042,517
Furniture and equipment	694,118	559,972	134,146	97,634
	13,000,242	5,798,800	7,201,442	7,340,151

5. Subsequent event

On January 25, 2023, the Board of Directors agreed to proceed with planned renovations to the East Wing Corridors for a quoted amount of \$511,203 including HST.

6. 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 an initial twenty year 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.

The Place also has a property management agreement with Luxor Management Inc. The term of the agreement is for three 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.

7. Net Assets

	2022	2021
Externally Restricted	583,587	583,587
Unrestricted	7,145,881	7,001,865
	7,729,468	7,585,452

Externally restricted net assets:

St. Andrew's United Church donated land and monies to launch the development of the Place property and therefore the original seed contribution was shown as a direct increase in restricted net assets. The cash donation that went to the building is included in externally restricted because the building has a residual value that will never be depreciated.

8. Government funding

Included in unit rentals - social housing are subsidies totaling \$214,938 from Greater Sudbury Housing Corporation and subsidies totaling \$30,723 from the Canadian Mental Health Association.

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.

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.

The annual rental rate for the Church of \$16,800, less the relief subsidy of \$15,120, 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 \$8,190 (2021 - \$1,656), 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.