

**ORANGE MEMORIES CARE HOME INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Orange Memories Care Home Inc.:

### Opinion

We have audited the financial statements of Orange Memories Care Home Inc., which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net financial 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 organization as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 organization 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 opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

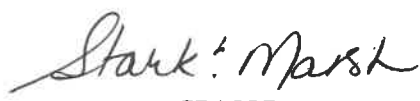
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization'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 organization 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.

  
CPA LLP  
Chartered Professional Accountants

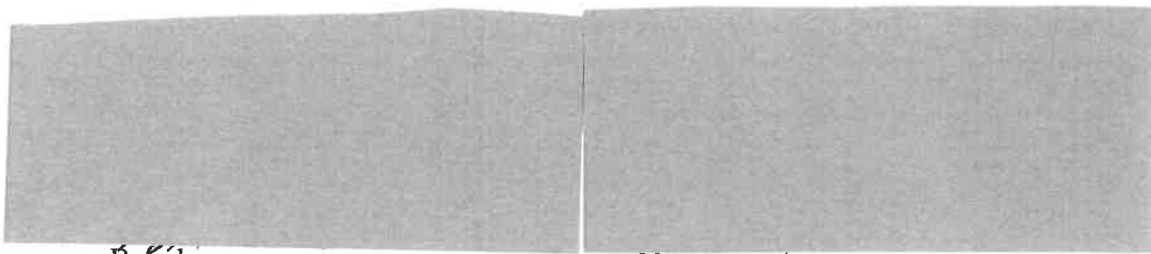
Swift Current, Saskatchewan  
March 11, 2020

The Board's management is responsible for the preparation and presentation of the accompanying financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Board is also responsible for recommending the appointment of the external auditors.

Stark & Marsh CPA LLP, an independent firm of chartered professional accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Board

Management

**Original on file is signed**

**ORANGE MEMORIES CARE HOME INC.**

**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2019**

**Statement 1**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$ 36,025	\$ -
Accounts receivable	\$ 6,310	\$ 6,310
<b>Total Financial Assets</b>	<u>42,336</u>	<u>6,310</u>
<b>LIABILITIES</b>		
Bank indebtedness - Note 5	-	12,510
Accounts payable	60,257	44,635
<b>Total Liabilities</b>	<u>60,257</u>	<u>57,145</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(17,921)</u>	<u>(50,835)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets - Schedule 1	62,765	71,484
Prepays	118	1,391
<b>Total Non-Financial Assets</b>	<u>62,883</u>	<u>72,875</u>
<b>Accumulated Surplus</b>	<u>\$ 44,962</u>	<u>\$ 22,040</u>

**ORANGE MEMORIES CARE HOME INC.**

**STATEMENT OF OPERATIONS**  
**For the period ending December 31, 2019**

**Statement 2**

	<b>2019 Budget</b>	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>		
<b>Revenues</b>			
Rental fees	\$ 997,140	\$ 987,648	\$ 933,021
Grant revenue - Note 5	50,000	70,208	90,000
Meal revenue	26,400	11,837	13,950
Donation revenue	-	-	565
Other income	3,960	4,813	3,623
Interest revenue	-	1,062	544
	<u>1,077,500</u>	<u>1,075,568</u>	<u>1,041,703</u>
<b>Expenses</b>			
Advertising	3,600	3,159	2,172
Amortization	-	8,719	20,915
Building maintenance	21,116	35,175	41,942
Food and kitchen	62,000	67,026	64,533
Housekeeping supplies	3,000	4,710	3,844
Insurance	9,500	8,742	9,464
Interest and bank charges	4,400	2,206	4,350
Integrated care	53,786	40,976	50,032
Medical supplies	8,000	6,740	7,929
Miscellaneous expense	-	343	491
Office	11,407	7,789	11,667
Professional fees	9,100	10,471	9,012
Program expenses	1,200	530	1,202
Training, travel and meals	5,900	4,488	5,849
Utilities	58,820	62,074	61,975
Wages and benefits	790,556	789,496	790,071
	<u>1,042,385</u>	<u>1,052,646</u>	<u>1,085,448</u>
<b>Surplus (Deficit) of Revenues over Expenses</b>	<u>35,115</u>	<u>22,922</u>	<u>(43,745)</u>
<b>Accumulated Surplus, Beginning of Year</b>		<u>22,040</u>	<u>65,785</u>
<b>Accumulated Surplus, End of Year</b>		<u>\$ 44,962</u>	<u>\$ 22,040</u>

**ORANGE MEMORIES CARE HOME INC.**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)  
For the period ending December 31, 2019**

**Statement 3**

	<b>2019 Budget (unaudited)</b>	<b>2019</b>	<b>2018</b>
<b>Surplus (deficit)</b>	\$ 35,115	\$ 22,922	\$ (43,745)
Amortization of tangible capital assets	-	8,719	20,915
<b>Surplus of capital expenses over expenditures</b>	<u>35,115</u>	<u>31,641</u>	<u>(22,830)</u>
<b>Increase (Decrease) in Net Financial Assets (Debt)</b>	<u>35,115</u>	<u>31,641</u>	<u>(22,830)</u>
Use of prepaids		1,273	-
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	-	<u>1,273</u>	-
<b>Net Financial Assets (Debt) - Beginning of Year</b>	<u>(50,835)</u>	<u>(50,835)</u>	<u>(28,005)</u>
<b>Net Financial Assets (Debt) - End of Year</b>	<u>\$ (15,720)</u>	<u>\$ (17,921)</u>	<u>\$ (50,835)</u>

**ORANGE MEMORIES CARE HOME INC.**

**STATEMENT OF CASH FLOW**  
**For the period ending December 31, 2019**

**Statement 4**

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus	\$ 22,922	\$ (43,745)
Amortization	8,719	20,915
	<u>31,641</u>	<u>(22,830)</u>
Change in assets/liabilities		
Accounts receivable	(0)	(5,135)
Accounts payable	15,622	21,032
Prepaid expense	1,273	-
	<u>48,536</u>	<u>(6,933)</u>
<b>Net cash from (used for) operations</b>	<b>48,536</b>	<b>(6,933)</b>
<b>Capital:</b>		
Acquisition of capital assets	-	-
<b>Net cash from (used for) capital</b>	<u>-</u>	<u>-</u>
	<u>48,536</u>	<u>(6,933)</u>
<b>Increase (Decrease) in cash resources</b>	<b>48,536</b>	<b>(6,933)</b>
<b>Cash - Beginning of year</b>	<b>\$ (12,510)</b>	<b>(5,577)</b>
<b>Cash (Bank indebtedness) - End of year</b>	<b>\$ 36,025</b>	<b>\$ (12,510)</b>



## ORANGE MEMORIES CARE HOME INC.

### NOTES TO THE FINANCIAL STATEMENTS

For the period ending December 31, 2019

Orange Memories Care Home Inc. (the "organization") was created as a personal care home pursuant under *The Personal Care Homes Act* and was continued under:

Bylaw No. 661/2013 of the Town of Rosetown on December 16, 2013;

#### 1. Significant accounting policies

- a) **Basis of Presentation:** The financial statements are prepared in accordance with Canadian public sector accounting standards.
- b) **Net Financial Assets:** Net Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- c) **Non-financial Assets:** Tangible capital and other non-financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge liabilities unless they are sold.
- d) **Revenue Recognition:** Revenue consists primarily of rent fees from residents, and is recognized when earned. Grant revenue is recognized when earned.
- e) **Measurement Uncertainty:** The preparation of the financial statements in accordance 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 date of the financial statements and the reported amounts of revenues and expenses during the period then ended. Actual results could differ from those estimates.

Significant areas requiring the use of estimates relate to the determination of the useful lives of tangible capital assets for amortization purposes and the amounts recorded as accrued liabilities.

ORANGE MEMORIES CARE HOME INC.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending December 31, 2019

1. Significant accounting policies (continued)

- f) **Impairment of Long-lived Assets:** A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.
- g) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line balance method of amortization. The organization chooses to start to amortize the tangible capital assets in the year following the year of purchase. The organization's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Lives</u>
<i>General Assets</i>	
Buildings	30 years
Activities Equipment	5-10 years
Equipment	5-15 years
Hairdressing Equipment	5-10 years
Kitchen Equipment	5-10 years
Medical Equipment	2-10 years
Office Equipment	5-10 years

2. Financial Instruments

The organization is exposed to various risks through its financial instruments. The following comments help describe the nature of these risks as of December 31, 2019:

Fair value of financial assets and liabilities

The organization has financial instruments consisting of accounts receivable, accounts payable, and accrued liabilities. The carrying value of these financial instruments approximates fair value due to their short terms to maturity.

**ORANGE MEMORIES CARE HOME INC.**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ending December 31, 2019**

**3. Contractual Obligations**

Orange Memories Care Home Inc. has discontinued a management agreement with Integrated Life Care Inc. Starting on January 1, 2018, Integrated Life Care Inc. was responsible for the day to day operations of Orange Memories Care Home Inc. for which they earned fees of 5% of gross revenues collected with a minimum of \$3,500 per month. The agreement was terminated May 31, 2019.

Orange Memories has also entered into an agreement with Black & McDonald Limited for maintenance services at Orange Memories Care Home. The Maintenance agreement goes from February 1, 2019 until Jan. 31, 2021 for \$6,050 per year.

**4. Related Parties**

The organization is controlled by the Town of Rosetown. Transactions with the Town of Rosetown are in the normal course of operations and are settled on normal trade terms.

**5. Bank Indebtedness**

The Town of Rosetown provides grants to Orange Memories Care Home Inc. as needed to cover operating requirements. These grants are recorded as grant revenue on the statement of operations. Orange Memories Care Home Inc. maintains a letter of credit with a limit of \$65,000 and no amounts drawn at December 31, 2019.

ORANGE MEMORIES CARE HOME INC.

SCHEDULE OF TANGIBLE CAPITAL ASSETS  
For the period ending December 31, 2019

Schedule 1

	Buildings	Activities Equipment	Equipment	Hairdressing Equipment	Kitchen Equipment	Medical Equipment	Office Equipment	Total	2018
<b>Asset Cost</b>									
Opening asset costs	\$ 6,524	2,031	5,815	1,800	21,984	82,419	11,082	\$ 131,655	\$ 131,655
Additions during the year									
Disposals and write-downs during the year									
<b>Closing Asset Costs</b>	<b>6,524</b>	<b>2,031</b>	<b>5,815</b>	<b>1,800</b>	<b>21,984</b>	<b>82,419</b>	<b>11,082</b>	<b>131,655</b>	<b>131,655</b>
<b>Accumulated Amortization Cost</b>									
Opening Accumulated Amortization Costs	434	812	1,662	360	12,753	41,202	2,948	60,171	39,256
Add: Amortization taken	217	406	554	180	4,251	2,152	959	8,719	20,915
Less: Accumulated amortization on disposals									
<b>Closing Accumulated Amortization Costs</b>	<b>651</b>	<b>1,218</b>	<b>2,216</b>	<b>540</b>	<b>17,004</b>	<b>43,354</b>	<b>3,907</b>	<b>68,890</b>	<b>60,171</b>
<b>Net Book Value</b>	<b>\$ 5,873</b>	<b>813</b>	<b>3,599</b>	<b>1,260</b>	<b>4,980</b>	<b>39,065</b>	<b>7,175</b>	<b>\$ 62,765</b>	<b>\$ 71,484</b>