

LOCH LOMOND VILLA FOUNDATION INC.

Financial Statements

Year Ended June 30, 2017

LOCH LOMOND VILLA FOUNDATION INC.

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Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Directors of Loch Lomond Villa Foundation Inc.

We have audited the accompanying financial statements of Loch Lomond Villa Foundation Inc., which comprise the statement of financial position as at June 30, 2017 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and 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 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.

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 the auditor's 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, the auditors 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 qualified audit opinion.

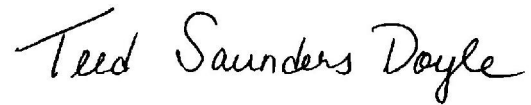
Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenditures, current assets and net assets.

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Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Loch Lomond Villa Foundation Inc. as at June 30, 2017 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.

A handwritten signature in black ink that reads "Teed Saunders Doyle". The signature is written in a cursive, flowing style.

Saint John, New Brunswick
September 12, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

LOCH LOMOND VILLA FOUNDATION INC.

Statement of Financial Position

June 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 367,441	\$ 209,535
Marketable securities <i>(Note 4)</i>	7,576	6,761
Accounts receivable	900	3,000
Harmonized sales tax recoverable	2,808	4,735
Donated art work	7,300	-
Prepaid expenses	1,173	1,108
	<u>387,198</u>	<u>225,139</u>
CAPITAL ASSETS <i>(Note 5)</i>	<u>18,617</u>	<u>19,871</u>
	<u>\$ 405,815</u>	<u>\$ 245,010</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 22,914	\$ 12,463
NET ASSETS		
General fund	<u>382,901</u>	<u>232,547</u>
	<u>382,901</u>	<u>232,547</u>
	<u>\$ 405,815</u>	<u>\$ 245,010</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

LOCH LOMOND VILLA FOUNDATION INC.

Statement of Revenue and Expenditures

For the Year Ended June 30, 2017

	2017	2016
REVENUE		
Chase the Ace fundraiser	\$ 425,784	\$ 29,440
Donations	119,277	151,124
Fundraising dinner	85,429	110,958
Grants	3,437	3,431
Investment income	2,854	1,992
Other fundraisers	2,140	5,100
	<u>638,921</u>	<u>302,045</u>
EXPENDITURES		
Fundraising <i>(Schedule 1)</i>	280,738	69,674
Management and administration <i>(Schedule 1)</i>	106,815	78,285
	<u>387,553</u>	<u>147,959</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE DONATIONS TO LOCH LOMOND VILLA, INC.	251,368	154,086
DONATIONS TO LOCH LOMOND VILLA, INC. <i>(Note 6)</i>	<u>(101,829)</u>	<u>(171,359)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE NET UNREALIZED GAIN	149,539	(17,273)
NET UNREALIZED GAIN	<u>815</u>	<u>302</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 150,354</u>	<u>\$ (16,971)</u>

LOCH LOMOND VILLA FOUNDATION INC.

Statement of Changes in Net Assets

Year Ended June 30, 2017

	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 232,547	\$ 249,518
Excess (deficiency) of revenue over expenditures	<u>150,354</u>	<u>(16,971)</u>
NET ASSETS - END OF YEAR	<u>\$ 382,901</u>	<u>\$ 232,547</u>

LOCH LOMOND VILLA FOUNDATION INC.

Statement of Cash Flows
Year Ended June 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 150,354	\$ (16,971)
Items not affecting cash:		
Amortization of capital assets	1,254	898
Net unrealized gain on marketable securities	(815)	(302)
	<u>150,793</u>	<u>(16,375)</u>
Changes in non-cash working capital:		
Accounts receivable	2,100	11,380
Harmonized sales tax recoverable	1,927	(1,456)
Donated art work	(7,300)	-
Prepaid expenses	(65)	-
Accounts payable	10,451	5,571
Deferred revenue	-	(53,000)
	<u>7,113</u>	<u>(37,505)</u>
Cash flow from (used by) operating activities	<u>157,906</u>	<u>(53,880)</u>
INVESTING ACTIVITY		
Purchase of capital assets	-	(18,604)
INCREASE (DECREASE) IN CASH FLOW	157,906	(72,484)
CASH - BEGINNING OF YEAR	209,535	282,019
CASH - END OF YEAR	\$ 367,441	\$ 209,535

LOCH LOMOND VILLA FOUNDATION INC.

Notes to Financial Statements

Year Ended June 30, 2017

1. DESCRIPTION OF BUSINESS

Loch Lomond Villa Foundation Inc. (the "organization") is incorporated under the Business Corporations Act of New Brunswick. The organization's principal business activity is to raise funds to improve the quality of life for the residents and families of the Loch Lomond Villa, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Cash and Cash Equivalents

The organization considers cash on hand, short term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Marketable Securities

Fair values of investments are determined using year end quoted market prices.

The organization has an investment policy in place to administer the governance of these investments. As at June 30, 2017, the investments were in compliance with the policy.

Donated Art Work

Donated art work is valued at the lower of average cost and net realizable value.

Capital Assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a diminishing balance method at the following rates:

Office equipment	20%
Computer equipment	20%
Donor plaque	5%

The organization regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired are not amortized until they are placed into use.

Revenue Recognition

Loch Lomond Villa Foundation Inc. follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned. Other revenue is recognized on an accrual basis, and when collection is reasonably assured.

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LOCH LOMOND VILLA FOUNDATION INC.

Notes to Financial Statements

Year Ended June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, these types of contributed services are not recognized in the financial statements. The organization receives services and materials from donors. When a value is readily available, the organization records it as an in-kind contribution at the fair value at the date of the contribution. During the year, the organization recognized \$37,250 (2016 - \$25,576) as revenue in exchange for goods and services received at fair values determined by the donor.

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenditures. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement Uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the recoverability of marketable securities; and
- the allowance for doubtful accounts.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of June 30, 2017.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is subject to credit risk through accounts receivable. The organization maintains a provision for potential credit losses, and minimizes credit risk through ongoing credit management..

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, accounts payable and other obligations.

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LOCH LOMOND VILLA FOUNDATION INC.

Notes to Financial Statements

Year Ended June 30, 2017

3. FINANCIAL INSTRUMENTS (continued)

Currency Risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk as it does not hold accounts in U.S. dollars.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is not exposed to interest rate risk as it does not have any interest bearing debt.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in quoted shares.

4. MARKETABLE SECURITIES

	2017	2016
Canadian Tire Corporation, Ltd (<i>market value \$3,292</i>)	\$ 2,163	\$ 2,163
Bank of Montreal (<i>market value \$4,284</i>)	3,231	3,231
	5,394	5,394
Net unrealized gain	2,182	1,367
	\$ 7,576	\$ 6,761

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Office equipment	\$ 1,582	\$ 1,323	\$ 259	\$ 324
Computer equipment	2,304	1,177	1,127	1,409
Donor plaque	18,603	1,372	17,231	18,138
	\$ 22,489	\$ 3,872	\$ 18,617	\$ 19,871

6. DONATIONS TO LOCH LOMOND VILLA INC.

	2017	2016

(continues)

LOCH LOMOND VILLA FOUNDATION INC.

Notes to Financial Statements

Year Ended June 30, 2017

6. DONATIONS TO LOCH LOMOND VILLA INC. (continued)

	2017	2016
Loch Lomond Villa, Inc.		
Equipment	\$ 57,895	\$ -
Music therapy program	27,600	22,170
Trishaw	7,000	-
Fall prevention program	2,187	-
Sign for Village art gallery	1,926	-
Recreation and entertainment	1,825	-
Its never to late fund	1,036	-
Resident needs fund	600	1,270
Bursary fund	500	500
Staff appreciation	500	-
Maple House Donation	300	328
Bingo	250	550
Telegraph Journal	138	-
Seniors Dream program	73	318
Miscellaneous	-	72
Solarium	-	120,000
Swing	-	8,758
Senior outreach program	-	265
	<u>\$ 101,830</u>	<u>\$ 154,231</u>

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

LOCH LOMOND VILLA FOUNDATION INC.

**Schedule of Expenditures
Year Ended June 30, 2017**

(Schedule 1)

	2017	2016
Fundraising		
Chase the Ace fundraiser	\$ 238,344	\$ 15,723
Fundraising dinner <i>(Note 2)</i>	38,456	50,224
Stewardship	3,938	3,727
	\$ 280,738	\$ 69,674
 Management and administration		
Salaries and wages	\$ 70,549	\$ 58,397
Office	15,698	8,240
Professional fees	8,713	3,461
Advertising and promotion	5,365	2,562
Interest and bank charges	3,268	2,676
Insurance	1,298	1,280
Miscellaneous	671	771
Amortization	1,253	898
	\$ 106,815	\$ 78,285