

ORANGE MEMORIES CARE HOME INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

ORANGE MEMORIES CARE HOME INC.

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INDEPENDENT AUDITOR'S REPORT

To 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, 2021, and the statements of operations, net financial assets and changes in cash flow 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, 2021, 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)

Auditor's Responsibility for the Audit of the Financial Statements (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 9, 2022

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

ORANGE MEMORIES CARE HOME INC.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

Statement 1

	<u>2021</u>		<u>2020</u>
ASSETS			
Financial Assets			
Cash	\$ 56,905	\$	99,220
Accounts receivable - Note 3	12,210		44,907
Total Financial Assets	<u>69,115</u>		<u>144,127</u>
LIABILITIES			
Accounts payable	16,684		12,058
Wages and vacation payable	4,366		45,488
Security deposits	-		-
	<u>21,050</u>		<u>57,546</u>
Total Liabilities	21,050		57,546
NET FINANCIAL ASSETS (DEBT)	<u>48,065</u>		<u>86,581</u>
Non-Financial Assets			
Tangible capital assets - Schedule 1	38,997		49,963
Prepays	-		-
Total Non-Financial Assets	<u>38,997</u>		<u>49,963</u>
Accumulated Surplus	<u>\$ 87,062</u>	\$	<u>136,544</u>

The accompanying notes and schedule are an integral part of these statements

ORANGE MEMORIES CARE HOME INC.

STATEMENT OF OPERATIONS
For the period ending December 31, 2021

Statement 2

	2021 Budget	2021	2020
	(unaudited)		
Revenues			
Rental fees	\$ 775,000	737,130	\$ 863,215
CEWS wage subsidies	85,000	120,838	81,204
Municipal grants - Note 6	140,000	50,000	132,000
Other grant revenue	-	7,275	1,386
Donation revenue	-	3,775	2,125
Other income	3,500	3,450	4,675
Meal revenue	8,000	1,235	6,363
Interest revenue	700	440	543
	<u>1,012,200</u>	<u>924,143</u>	<u>1,091,511</u>
Expenses			
Advertising	2,500	2,237	1,922
Amortization	-	8,224	12,802
Building maintenance	27,000	62,372	25,053
Food and kitchen	64,000	50,176	59,340
Housekeeping supplies	5,500	6,588	7,457
Insurance	15,900	16,699	11,994
Interest and bank charges	1,100	1,275	1,115
Loss on disposal of assets	-	2,742	-
Medical supplies	12,000	12,435	23,644
Miscellaneous expense	-	-	100
Office	5,000	6,348	5,711
Professional fees	9,300	8,085	9,247
Program expenses	1,500	850	1,883
Training, travel and meals	1,000	9,481	1,775
Utilities	52,800	46,522	51,379
Wages and benefits	813,000	739,591	786,507
	<u>1,010,600</u>	<u>973,625</u>	<u>999,929</u>
Surplus (Deficit) of Revenues over Expenses	1,600	(49,482)	91,582
Accumulated Surplus, Beginning of Year	136,544	136,544	44,962
Accumulated Surplus, End of Year	<u>\$ 138,144</u>	<u>87,062</u>	<u>\$ 136,544</u>

The accompanying notes and schedule are an integral part of these statements

ORANGE MEMORIES CARE HOME INC.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

For the period ending December 31, 2021

Statement 3

	2021 Budget (unaudited)	2021	2020
Surplus (deficit)	\$ 1,600	(49,482)	\$ 91,582
Amortization of tangible capital assets	-	8,224	12,802
Loss (gain) on the disposal of tangible capital assets	-	2,742	-
Surplus of capital expenses over expenditures	-	10,966	12,802
Use of prepaids		-	118
Surplus (Deficit) of expenses of other non-financial over expenditures	-	-	118
Increase (Decrease) in Net Financial Assets (Debt)	1,600	(38,516)	104,502
Net Financial Assets (Debt) - Beginning of Year	86,581	86,581	(17,921)
Net Financial Assets (Debt) - End of Year	\$ 88,181	48,065	\$ 86,581

The accompanying notes and schedule are an integral part of these statements

ORANGE MEMORIES CARE HOME INC.

**STATEMENT OF CASH FLOW
For the period ending December 31, 2021**

Statement 4

	<u>2021</u>	<u>2020</u>
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit) of revenues over expenses	\$ (49,482)	\$ 91,582
Add back non-cash items:		
Loss (gain) on disposal of tangible capital assets	2,742	-
Amortization	8,224	12,802
	<u>(38,516)</u>	<u>104,384</u>
Change in assets/liabilities		
Accounts receivable	32,697	(38,597)
GST receivable	-	-
Prepaid expense	-	118
Accounts payable	4,626	(7,660)
Wages and vacation payable	(41,122)	5,449
Security deposits	-	(500)
Cash provided by operating transactions	<u>(42,315)</u>	<u>63,194</u>
Change in cash during the year	(42,315)	63,194
Cash - Beginning of year	\$ 99,220	36,026
Cash - End of year	<u>\$ 56,905</u>	<u>\$ 99,220</u>

The accompanying notes and schedule are an integral part of these statements

ORANGE MEMORIES CARE HOME INC.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending December 31, 2021

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 of the organization are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada).
- 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, allowances for doubtful accounts, and the amounts recorded as accrued liabilities.

ORANGE MEMORIES CARE HOME INC.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending December 31, 2021

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>
General Assets	
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, 2021:

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, 2021

3. Accounts receivable

Accounts receivable include the following amounts:

	<u>2021</u>	<u>2020</u>
Government of Canada (CEWS subsidy)	\$ -	\$ 36,471
Town of Rosetown - donations	12,210	8,436
	<u>\$ 12,210</u>	<u>\$ 44,907</u>

4. Operating line of credit

Orange Memories Care Home Inc. maintains a letter of credit at the Prairie Centre Credit Union with a limit of \$65,000 and an interest rate of 6.35% with no amounts drawn at December 31, 2021.

5. Contractual obligations

Orange Memories has entered into an agreement with Black & McDonald Limited for maintenance services at the facility. The maintenance agreement goes from May 1, 2022 until April 30, 2025 for \$6,706 per year plus applicable taxes.

6. 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.

The Town of Rosetown provides grants to Orange Memories Care Home Inc. as needed to cover operating requirements. These grants total \$50,000 for the year ended December 31, 2021 (2020 - \$132,000) and are recorded as grant revenue on the statement of operations.

The Town contributes water utility services at no charge to the organization as is their policy regarding properties owned by the municipality. The contributed utilities expense has not been reflected in the financial statements as the fair value cannot be reasonably estimated.

7. Subsequent events

After year end, Orange Memories Care Home Inc. received a grant of \$25,000 from the CN Community Board which is planned to be used to enhance the grounds of the care home by building a gazebo and walking path.

ORANGE MEMORIES CARE HOME INC.

SCHEDULE OF TANGIBLE CAPITAL ASSETS

December 31, 2021

Schedule 1

	Buildings	Activities Equipment	Equipment	Hairdressing Equipment	Kitchen Equipment	Medical Equipment	Office Equipment	Total	2020
Asset Cost									
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	-	-	(4,570)	-	-	-	-	(4,570)	-
Closing Asset Costs	6,524	2,031	1,245	1,800	21,984	82,419	11,082	127,085	131,655
Accumulated Amortization Cost									
Opening Accumulated Amortization Costs	870	1,625	2,768	720	21,254	49,589	4,866	81,692	68,890
Add: Amortization taken	218	406	305	180	146	6,235	734	8,224	12,802
Less: Accumulated amortization on disposals	-	-	(1,828)	-	-	-	-	(1,828)	-
Closing Accumulated Amortization Costs	1,088	2,031	1,245	900	21,400	55,824	5,600	88,088	81,692
Net Book Value	\$ 5,436	-	-	900	584	26,595	5,482	\$ 38,997	\$ 49,963