

Langs Farm Village Association
Non-consolidated Financial Statements
For the year ended March 31, 2013

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Independent Auditor's Report

To the Board of Directors of Langs Farm Village Association

We have audited the accompanying financial statements of Langs Farm Village Association, which comprise the non-consolidated balance sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, the non-consolidated statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor considers 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 fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenditures, current assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Langs Farm Village Association as at March 31, 2013, March 31, 2012, and April 1, 2011 and the results of its operations, its changes in fund balances and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP


Chartered Accountants, Licensed Public Accountants

Cambridge, Ontario
May 27, 2013

Langs Farm Village Association Non-consolidated Balance Sheet

March 31 March 31 April 1
2013 2012 2011

Assets	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total	(Schedule 1) Total	(Schedule 2) Total
Current								
Cash (Note 3)	\$ 1,137,944	\$ -	\$ -	\$ -	\$ 812,287	\$ 1,950,231	\$ 1,097,089	\$ 1,494,880
Short-term investments (Note 4)	-	-	89,030	44,858	193,884	327,772	324,526	321,791
Accounts receivable (Note 5)	236,053	-	-	-	-	236,053	549,635	1,138,235
Prepaid expenses	35,015	-	-	-	-	35,015	27,252	19,388
Recoverable deposit	-	200,000	-	-	-	200,000	205,000	205,000
	1,409,012	200,000	89,030	44,858	1,006,171	2,749,071	2,203,502	3,179,294
Due from Langs Community Development Corporation (Note 6)	459,822	4,827,539	-	-	-	5,287,361	459,822	459,822
Due from MOHLTC - North Dumfries Capital	-	208,032	-	-	-	208,032	208,032	208,032
Property and equipment (Note 7)	-	1,349,856	-	-	-	1,349,856	14,203,973	5,713,685
Assets held for sale (Note 7)	-	782,359	-	-	-	782,359	782,359	-
	\$ 1,868,834	\$ 7,367,786	\$ 89,030	\$ 44,858	\$ 1,006,171	\$10,376,679	\$ 17,857,688	\$ 9,560,833
Liabilities and Fund Balances								
Current								
Accounts payable and accrued liabilities	\$ 917,682	\$ -	\$ -	\$ -	\$ -	\$ 917,682	\$ 995,339	\$ 1,637,239
Due to MOHLTC (Note 8)	706,267	-	-	-	-	706,267	966,758	2,185,254
Due to MOHLTC, Ontario Midwifery Program	696,038	-	-	-	-	696,038	185,248	13,416
Deferred revenue (Note 9)	484,182	-	-	-	-	484,182	279,226	1,212,087
Current portion of long-term debt	-	200,000	-	-	-	200,000	5,000,000	-
Inter-fund balance (Note 10)	(1,031,429)	1,348,692	-	-	(317,263)	-	-	-
	1,772,740	1,548,692	-	-	(317,263)	3,004,169	7,426,571	5,047,996
	-	4,666,667	-	-	-	4,666,667	-	-
Long-term debt (Note 11)	1,772,740	6,215,359	-	-	(317,263)	7,670,836	7,426,571	5,047,996
Fund balances								
Internally restricted	-	1,152,427	89,030	44,858	1,323,434	2,609,749	10,346,497	4,423,244
Unrestricted	96,094	-	-	-	-	96,094	84,620	89,593
	96,094	1,152,427	89,030	44,858	1,323,434	2,705,843	10,431,117	4,512,837
	\$ 1,868,834	\$ 7,367,786	\$ 89,030	\$ 44,858	\$ 1,006,171	\$10,376,679	\$ 17,857,688	\$ 9,560,833

On behalf of the Board:  Director

The accompanying notes are an integral part of these financial statements.

Langs Farm Village Association Non-consolidated Statement of Operations

For the year ended March 31

2013 2012

	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total	Total
Revenue							
MOHLTC funding	\$ 7,026,575	\$ -	\$ -	\$ -	\$ -	\$ 7,026,575	\$ 6,408,492
Other government funding	355,139	-	-	-	-	355,139	5,867,735
Grants and donations	286,043	291,301	-	-	-	577,344	915,628
Rental income	320,419	-	-	-	-	320,419	118,587
Fundraising	4,686	-	-	-	-	4,686	12,079
Program fees	24,236	-	-	-	-	24,236	18,469
Admin fees and recoveries	-	-	-	-	192,263	192,263	48,592
Interest (Note 13)	7,567	184,732	-	-	-	192,299	7,802
Gain on disposal of capital assets	-	-	-	-	-	-	7,460
	8,024,665	476,033	-	-	192,263	8,692,961	13,404,844
Expenditures							
Amortization	-	202,972	-	-	-	202,972	411,162
Building - related party expenses	-	211,301	-	-	-	211,301	-
Honorarium	940	-	-	-	-	940	770
Medical supplies	30,080	-	-	-	-	30,080	38,689
Non-recurring costs	3,581	-	-	-	-	3,581	17,180
Occupancy costs	-	-	-	-	-	-	43,012
Office and administration	307,765	-	13,905	-	-	321,670	274,347
Professional fees	51,477	-	-	-	-	51,477	32,474
Program expenses	547,914	-	-	-	-	547,914	-
Rent and utilities (Note 13)	822,768	-	-	-	-	822,768	391,027
Repairs and maintenance	61,626	-	-	-	-	61,626	86,321
Salaries and benefits	5,985,395	-	-	-	-	5,985,395	5,518,947
Special events	7,390	-	-	-	-	7,390	20,625
Staff training and travel	69,255	-	-	-	-	69,255	89,982
Supplies and materials	-	-	-	-	-	-	373,112
Loss on disposal of donated assets	-	-	-	-	-	-	69,222
Interest on long-term debt	-	184,731	-	-	-	184,731	119,694
	7,888,191	599,004	13,905	-	-	8,501,100	7,486,564
Excess (deficiency) of revenues over expenditures before Midwifery TPA	136,474	(122,971)	(13,905)	-	192,263	191,861	5,918,280
Midwifery transfer payment agency							
Revenue	2,671,360	-	-	-	-	2,671,360	2,294,102
Expenditures	(1,975,317)	-	-	-	-	(1,975,317)	(2,108,850)
Amount recoverable from (refundable to) the Ministry of Health and Long-Term Care (MOHLTC)	(696,043)	-	-	-	-	(696,043)	(185,252)
	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ 136,474	\$ (122,971)	\$ (13,905)	\$ -	\$ 192,263	\$ 191,861	\$ 5,918,280

The accompanying notes are an integral part of these financial statements.

Langs Farm Village Association
Non-consolidated Statement of Changes in Fund Balances

For the year ended March 31						2013	2012
	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total	Total
Balance, beginning of year	\$ 84,620	\$ 9,192,533	\$ 102,935	\$ 44,858	\$ 1,006,171	\$ 10,431,117	\$ 4,512,837
Excess (deficiency) of revenues over expenditures for the year	136,474	(122,971)	(13,905)	-	192,263	191,861	5,918,280
Inter-fund transfer (Note 14)	(125,000)	-	-	-	125,000	-	-
Transfer of building (Note 13)	-	(7,917,135)	-	-	-	(7,917,135)	-
Balance, end of year (Note 15)	\$ 96,094	\$ 1,152,427	\$ 89,030	\$ 44,858	\$ 1,323,434	\$ 2,705,843	\$ 10,431,117

The accompanying notes are an integral part of these financial statements.

Langs Farm Village Association Non-consolidated Statement of Cash Flows

For the year ended March 31	2013	2012
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 191,861	\$ 5,918,280
Items not involving cash		
Amortization	202,972	411,162
Loss on disposal of capital assets donated	-	69,222
Gain on sale of property and equipment	-	(7,460)
	<u>394,833</u>	<u>6,391,204</u>
 Changes in non-cash working capital balances		
Accounts receivable	313,582	588,600
Prepaid expenses	(7,763)	(7,864)
Accounts payable and accrued liabilities	(77,657)	(641,900)
Due to MOHLTC	250,299	(1,046,664)
Deferred revenue	204,956	(67,567)
Deferred revenue - capital project	-	(865,294)
Recoverable deposit	5,000	-
	<u>1,083,250</u>	<u>4,350,515</u>
 Cash flows from investing activities		
Purchase of property and equipment	(265,989)	(9,753,031)
Proceeds from sale of property and equipment	-	7,460
Proceeds on sale of short-term investments	324,526	321,791
Purchase of short-term investments	(327,772)	(324,526)
	<u>(269,235)</u>	<u>(9,748,306)</u>
 Cash flows from financing activities		
Increase in amount due from Langs Community Development Corporation	172,460	-
Proceeds on bank loan	-	5,000,000
Repayment on bank loan	(133,333)	-
	<u>39,127</u>	<u>5,000,000</u>
 Increase (decrease) in cash during the year	853,142	(397,791)
Cash, beginning of year	<u>1,097,089</u>	<u>1,494,880</u>
Cash, end of year	<u>\$ 1,950,231</u>	<u>\$ 1,097,089</u>
 Non-cash transactions (Note 13):		
Transfer of building to LCDC at carrying value	<u>\$ 12,917,135</u>	<u>\$ -</u>
Note receivable from LCDC as partial consideration	<u>\$ 5,000,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

1. Summary of Significant Accounting Policies

Nature of Operations	The organization is a registered charity incorporated without share capital under the laws of Ontario to provide community, health and social services to the neighbourhood.																								
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.																								
Fund Accounting	<p>The organization follows the principles of fund accounting.</p> <p>The Operating Fund accounts for the organization's program delivery and administrative activities.</p> <p>The Capital Fund reports the assets, liabilities, revenues and expenditures related to the organization's capital assets.</p> <p>The Operating Reserve Fund represents funds that have been restricted by the Board of Directors to offset certain future costs such as pay equity and to offset unexpected operating deficits.</p> <p>The Program Expansion Reserve Fund represents funds that have been restricted by the Board of Directors to finance future program expansions.</p> <p>The Capital Reserve Fund represents funds that have been restricted by the Board of Directors to finance future building and renovation costs.</p>																								
Property and Equipment	<p>Property and equipment include capital assets that are stated at cost. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Computer hardware</td><td>-</td><td>33 %</td><td>straight-line basis</td></tr><tr><td>Computer software</td><td>-</td><td>50 %</td><td>straight-line basis</td></tr><tr><td>Equipment</td><td>-</td><td>20 %</td><td>declining balance basis</td></tr><tr><td>Leasehold improvements</td><td>-</td><td>20 %</td><td>straight-line basis</td></tr><tr><td>Vehicles</td><td>-</td><td>10 %</td><td>straight-line basis</td></tr><tr><td>Buildings</td><td>-</td><td>3 %</td><td>straight-line basis</td></tr></table>	Computer hardware	-	33 %	straight-line basis	Computer software	-	50 %	straight-line basis	Equipment	-	20 %	declining balance basis	Leasehold improvements	-	20 %	straight-line basis	Vehicles	-	10 %	straight-line basis	Buildings	-	3 %	straight-line basis
Computer hardware	-	33 %	straight-line basis																						
Computer software	-	50 %	straight-line basis																						
Equipment	-	20 %	declining balance basis																						
Leasehold improvements	-	20 %	straight-line basis																						
Vehicles	-	10 %	straight-line basis																						
Buildings	-	3 %	straight-line basis																						

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

1. Summary of Significant Accounting Policies (continued)

**Impairment of Long-Lived
Assets**

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

Income Taxes

The organization is a registered charity and therefore is not subject to income taxes.

Revenue Recognition

Langs Farm Village Association is a multi-funded organization with the majority of funding coming from the Ministry of Health and Long-Term Care/Local Health Integration Network. Annual Reconciliation Reports are submitted to the Ministry of Health and Long-Term Care/Local Health Integration Network by the organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Revenue related to delivery of specific programs is recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. Restricted contributions are recognized as revenue in the appropriate restricted fund. Where there is no appropriate restricted fund, restricted contributions are recognized under the deferral method in the Operating fund.

Investment income is recognized as it is earned in the Operating fund.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

1. Summary of Significant Accounting Policies (continued)

Contributed Services & Materials

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

2. First-time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective April 1, 2012, the organization adopted the requirements of the new accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the non-consolidated financial statements for the year ended March 31, 2012, the comparative information presented in these non-consolidated financial statements for the year ended March 31, 2011 and in the preparation of an opening ASNPO non-consolidated balance sheet at the date of transition of April 1, 2011.

The organization issued non-consolidated financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO did not require any adjustments to the previously reported net assets, excess (deficiency) of revenue over expenditures or cash flows of the organization.

The following exemptions were used at the date of transition to Canadian accounting standards for not-for-profit organizations:

Business combinations

The organization elected not to apply, Section 1582, Business combinations retrospectively to past business combinations prior to the date of transition.

Related party transactions

The organization elected to not restate assets or liabilities related to transactions with related parties when the related party transactions occurred prior to the date of transition to ASNPO.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

3. Cash

The organization's bank accounts are held at one chartered bank. The bank accounts earn interest at a nominal rate.

The organization's demand facility is available to a maximum of \$300,000 and is available at the discretion of the Bank. The demand facility bears interest at bank prime plus 0.5% and is payable monthly. This facility was not in use at year end.

All bank facilities are secured by a general security agreement providing a first ranking security interest on all properties of the organization, a guarantee and postponement of claim in the amount of \$7,000,000 from Langs Community Development Corporation (LCDC), an organization under common control, and a collateral mortgage in the amount of \$7,000,000 constituting a first fixed charge on the lands and improvements on the building owned by LCDC.

4. Short-term Investments

	2013	2012
Guaranteed investment certificates - interest rates at 0.8%, maturing in January 2014	\$ 327,772	\$ 324,526

5. Accounts Receivable

	2013	2012
Trade	\$ 144,796	\$ 176,597
Accrued interest	640	789
HST/GST recoverable	90,617	372,249
	<u>\$ 236,053</u>	<u>\$ 549,635</u>

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

6. Due from Langs Community Development Corporation

Langs Farm Village Association (the "Organization") controls Langs Community Development Corporation ("LCDC"). LCDC is a not-for-profit organization without share capital established for the purposes of acquiring land and building for a multi-purpose facility that can be leased or sold. LCDC's application for charitable status is in process. LCDC prepares its own financial reports that are consistent with the financial policies of the Organization (e.g. fiscal year, spending limitations, signing authorities). LCDC has not been consolidated in the Organization's financial statements. A financial summary of the unaudited and unconsolidated entity at March 31, 2013 and March 31, 2012 and the years then ended are as follows:

	Financial Position	
	2013	2012
Total assets	\$ 13,417,377	\$ 615,213
Total liabilities	\$ 5,313,968	\$ 459,822
Total net assets	8,103,409	155,391
	<u>\$ 13,417,377</u>	<u>\$ 615,213</u>
	Results of Operations	
	2013	2012
Total revenue	\$ 218,220	\$ -
Total expenditures	(204,831)	(8,898)
Excess (deficiency) of revenue over expenditures	<u>\$ 13,389</u>	<u>\$ (8,898)</u>

Included in the total liabilities is a loan totaling \$5,287,361 (2012 - \$459,822) owing to the Organization, which bears interest at prime plus 1% and has no specific repayment terms.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

7. Property and Equipment

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
<i>Cambridge:</i>				
Computer hardware	\$ 364,658	\$ 329,604	\$ 344,171	\$ 306,713
Computer software	110,326	109,013	109,147	96,596
Equipment	500,681	133,684	430,677	50,685
Leasehold improvements	808,961	731,167	784,349	686,304
Vehicles	62,034	35,497	62,034	29,294
Building (Note 13)	-	-	13,153,731	219,102
	<u>1,846,660</u>	<u>1,338,965</u>	<u>14,884,109</u>	<u>1,388,694</u>
<i>North Dumfries:</i>				
Building	835,755	34,024	678,555	11,309
Computer hardware	12,666	10,385	8,612	8,295
Equipment	80,986	42,837	75,038	34,043
	<u>929,407</u>	<u>87,246</u>	<u>762,205</u>	<u>53,647</u>
	<u>\$ 2,776,067</u>	<u>\$ 1,426,211</u>	<u>\$ 15,646,314</u>	<u>\$ 1,442,341</u>
Net book value		<u>\$ 1,349,856</u>		<u>\$ 14,203,973</u>

In 2012, the organization committed to selling their North Dumfries portable, which includes the HVAC system. As a result, no amortization was recorded on the portable for the 2012 or 2013 fiscal years. The asset continues to be held for sale at the end of the 2013 fiscal year. The organization expects to sell the portable in the 2014 fiscal year and as such, these assets have been reported separately on the balance sheet as Assets Held for Sale.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

8. Due to Ministry of Health and Long-Term Care (MOHLTC)

	2013	2012
Approved Community Health Centre funding	\$ 4,758,884	\$ 4,312,554
Eligible expenses - Community Health Centre	4,604,780	4,299,965
Balance due to MOHLTC	154,104	12,589
Approved Diabetes Education program funding	1,658,440	1,652,440
Eligible expenses - MOH Diabetes Education program	1,574,921	1,283,970
Balance due to MOHLTC	83,519	368,470
Approved Diabetes Self-Management program funding	279,400	296,300
Eligible expenses - MOH Diabetes Self-Management program	268,356	187,569
Balance due to MOHLTC	11,044	108,731
Approved Diabetes Regional Coordination program funding	685,195	678,100
Eligible expenses - MOH Diabetes Regional Coordination program	578,517	636,988
Balance due to MOHLTC	106,678	41,112
Balance due for year	355,345	530,902
Repaid during the year	-	(1,007,522)
Due for 2011/2012	966,758	2,185,254
Recovered during year	(615,836)	(741,876)
	<u>\$ 706,267</u>	<u>\$ 966,758</u>

9. Deferred Revenue

Deferred revenue consists of unearned rental revenue and funding received from community sponsors which relates to the next fiscal year or funding for specific expenditures to be incurred in the next fiscal year.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

10. Inter-fund Balance

The inter-fund loan is interest free, unsecured and due on demand.

11. Long-term Debt

	<u>2013</u>	<u>2012</u>
Royal Bank term loan bearing interest rate of Prime plus 1% per annum, repayable in equal monthly principal payments of \$16,667, maturing July 2017.	\$ 4,866,667	\$ 5,000,000
Less amounts due within one year	<u>(200,000)</u>	<u>(5,000,000)</u>
	<u>\$ 4,666,667</u>	<u>\$ -</u>

The bank loan above is secured by a general security agreement providing a first ranking security interest on all properties of the organization, a guarantee and postponement of claim in the amount of \$7,000,000 from LCDC.

Principal repayments for the next four years are as follows:

2014	\$ 200,000
2015	200,000
2016	200,000
2017	<u>4,266,667</u>
	<u>\$ 4,866,667</u>

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

12. Commitments

The organization has entered into leases for one of its premises and various equipment expiring between 2014 and 2017.

The future minimum annual lease payments are as follows:

2014	\$ 133,100
2015	134,300
2016	139,200
2017	68,800
	<u>\$ 475,400</u>

13. Related Party Transactions

During the year, the organization entered into the following related party transactions:

Effective April 1, 2012, the Organization approved the transfer of its construction costs relating to the new building to Langs Community Development Corporation (LCDC) at its carrying value of \$12,917,135. As partial consideration, LCDC issued a Note Payable to the Organization in the amount of \$5,000,000 which has no fixed repayment terms and bears interest at Prime plus 1% per annum. The net carrying value of \$7,917,135 was reported on the Non-Consolidated Statement of changes in Fund Balances as a charge against the Capital Fund.

	<u>2013</u>
Interest income accrued on the balance due from LCDC	<u>\$ 184,731</u>
Rent expense charged for occupancy of the building due to LCDC	<u>\$ 246,588</u>

The interest income and rent expense were recorded at the exchange amount which approximates fair value of comparable services.

14. Inter-fund Transfer

The Board approved the following inter-fund transfer:

- \$125,000 transferred from the Operating Fund to the Capital Reserve Fund for recording of internal restrictions on net assets.

Langs Farm Village Association Notes to Non-consolidated Financial Statements

March 31, 2013

15. Reserve Fund Balances

Included in the reserve fund balances, are sub-funds as shown below:

	2013	2012
Operating Fund	\$ 96,094	\$ 84,620
Capital Fund	\$ 1,152,427	\$ 9,192,533
Operating Reserves		
General Operating Reserve	\$ 45,124	\$ 45,124
30th Anniversary Book	1,982	15,887
Reserve - Facility	41,924	41,924
	\$ 89,030	\$ 102,935
Program Expansion Reserve	\$ 44,858	\$ 44,858
Capital Reserves		
Land and Building	\$ 1,319,535	\$ 1,002,272
Community Van Reserve	3,899	3,899
	\$ 1,323,434	\$ 1,006,171

Some of the current year's surplus under Operating Fund may be a subject to a recovery by the Ministry of Health and Long Term Care.

16. Registered Retirement Savings/Pension Plan

The organization made contributions to a registered retirement savings plan match program during the year for designated employees. The amount contributed to the plan in fiscal 2013 was \$33,006 for current service (2012 - \$48,244). These payments are included as an expenditure in the statement of operations under salaries and benefits.

In February 2010, the Board of Directors approved a change in the organization's pension plan to HOOPP. All new employees are required to join HOOPP and existing members had the option of changing to HOOPP or continuing with the registered retirement savings plan match program. The amount contributed to HOOPP in fiscal 2013 was \$361,999 (2012 - \$284,783) for current service. These payments are included as an expenditure in the statement of operations under salaries and benefits.

HOOPP is a multi-employer defined benefit pension plan. The member organizations are unable to identify their share of the underlying assets and liabilities. As a result, the benefit plan has been accounted for following the recommendations for defined contribution plans.

Langs Farm Village Association

Notes to Non-consolidated Financial Statements

March 31, 2013

17. Financial Instrument Risk and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks are as follows:

(a) General Objective, Policies and Processes:

The Board and management are responsible for the determination of the organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the organization measures and monitors risk through the preparation and review of monthly reports by management. This risk has not changed from prior year.

(b) Credit Risk:

Financial instruments which are potentially exposed to credit risk include cash, accounts receivable and due from Langs Community Development Corporation. Management considers its exposure to credit risk attributable to cash to be trivial as the organization holds cash deposits at one major Canadian chartered bank. Accounts receivable are not concentrated and therefore bear only low to moderate risk; the carrying amount of accounts receivable represents the maximum credit risk exposure.

(c) Interest Rate Risk:

The organization is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the organization invests in various income vehicles backed by a chartered bank. This risk has not changed from prior year.

(d) Liquidity Risk:

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. The organization has taken steps to ensure that it has sufficient working capital available to meet its obligations. This risk has not changed from prior year.

Langs Farm Village Association
Schedule 1 - Non-consolidated Balance Sheet

March 31, 2012

Assets

	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total
Current						
Cash	\$ 266,528	\$ 1,123	\$ -	\$ -	\$ 829,438	\$ 1,097,089
Short term investments	-	-	102,935	44,858	176,733	324,526
Accounts receivable	549,635	-	-	-	-	549,635
Prepaid expenses	27,252	-	-	-	-	27,252
Recoverable deposit	-	205,000	-	-	-	205,000
	843,415	206,123	102,935	44,858	1,006,171	2,203,502
Due from Langs Community Development Corporation	459,822	-	-	-	-	459,822
Due from Ministry of Health and Long-Term Care (MOHLTC) - North Dumfries Capital	-	208,032	-	-	-	208,032
Property and equipment	-	14,203,973	-	-	-	14,203,973
Assets held for sale	-	782,359	-	-	-	782,359
	\$ 1,303,237	\$ 15,400,487	\$ 102,935	\$ 44,858	\$ 1,006,171	\$ 17,857,688

Liabilities and Fund Balances

Current						
Bank loan	\$ -	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 5,000,000
Accounts payable and accrued liabilities	577,845	417,494	-	-	-	995,339
Due to MOHLTC	966,758	-	-	-	-	966,758
Due to MOHLTC Ontario Midwifery Program	185,248	-	-	-	-	185,248
Deferred revenue	279,226	-	-	-	-	279,226
Inter-fund balance	(790,460)	790,460	-	-	-	-
	1,218,617	6,207,954	-	-	-	7,426,571
Fund balances						
Internally restricted	-	9,192,533	102,935	44,858	1,006,171	10,346,497
Unrestricted	84,620	-	-	-	-	84,620
	84,620	9,192,533	102,935	44,858	1,006,171	10,431,117
	\$ 1,303,237	\$ 15,400,487	\$ 102,935	\$ 44,858	\$ 1,006,171	\$ 17,857,688

Langs Farm Village Association
Schedule 2 - Non-consolidated Balance Sheet

April 1, 2011

Assets

Current

	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total
Cash	\$ 9,711	\$ 814,488	\$ -	-	\$ 670,681	\$ 1,494,880
Short term investments	-	-	152,935	39,100	129,756	321,791
Accounts receivable	522,663	615,572	-	-	-	1,138,235
Prepaid expenses	19,388	-	-	-	-	19,388
Recoverable deposit	-	205,000	-	-	-	205,000
Due from Langs Community Development Corporation	551,762	1,635,060	152,935	39,100	800,437	3,179,294
Due from Ministry of Health and Long-Term Care (MOHLTC) - North Dumfries Capital	459,822	-	-	-	-	459,822
Property and equipment	208,032	-	-	-	-	208,032
	-	5,713,685	-	-	-	5,713,685
	\$ 1,219,616	\$ 7,348,745	\$ 152,935	\$ 39,100	\$ 800,437	\$ 9,560,833

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 801,932	\$ 835,307	\$ -	-	\$ -	\$ 1,637,239
Due to MOHLTC	2,185,254	-	-	-	-	2,185,254
Due to MOHLTC Ontario Midwifery Program	13,416	-	-	-	-	13,416
Deferred revenue	346,793	-	-	-	-	346,793
Deferred revenue - capital project	-	865,294	-	-	-	865,294
Inter-fund balance	(2,217,372)	2,217,372	-	-	-	-
	1,130,023	3,917,973	-	-	-	5,047,996

Fund balances

Internally restricted	-	3,430,772	152,935	39,100	800,437	4,423,244
Unrestricted	89,593	-	-	-	-	89,593
	89,593	3,430,772	152,935	39,100	800,437	4,512,837
	\$ 1,219,616	\$ 7,348,745	\$ 152,935	\$ 39,100	\$ 800,437	\$ 9,560,833

For the year ended March 31, 2012

Langs Farm Village Association
Schedule 3 - Non-consolidated Statement of Operations

	Operating	Capital	Operating Reserve	Program Expansion	Capital Reserve	Total
Revenue						
MOLHTC funding	\$ 6,408,492	\$ -	\$ -	-	\$ -	\$ 6,408,492
Other government funding	317,655	5,550,080	-	-	-	5,867,735
Grants and donations	383,118	532,510	-	-	-	915,628
Rental Income	4,568	114,019	-	-	-	118,587
Fundraising	12,079	-	-	-	-	12,079
Program fees	18,469	-	-	-	-	18,469
Admin fees	48,592	-	-	-	-	48,592
Interest	4,935	-	-	-	2,867	7,802
Gain on disposal of capital assets	-	7,460	-	-	-	7,460
	7,197,908	6,204,069	-	-	2,867	13,404,844
Expenditures						
Amortization	-	411,162	-	-	-	411,162
Honorarium	770	-	-	-	-	770
Medical supplies	38,689	-	-	-	-	38,689
Non-recurring costs	17,180	-	-	-	-	17,180
Occupancy costs	43,012	-	-	-	-	43,012
Office and administration	280,022	114,019	-	-	-	394,041
Professional fees	32,474	-	-	-	-	32,474
Rent and utilities	391,027	-	-	-	-	391,027
Repairs and maintenance	86,321	-	-	-	-	86,321
Salaries and benefits	5,518,947	-	-	-	-	5,518,947
Special events	20,625	-	-	-	-	20,625
Staff training and travel	89,982	-	-	-	-	89,982
Supplies and materials	373,112	-	-	-	-	373,112
Loss on disposal of assets donated to other not-for-profit organizations	-	69,222	-	-	-	69,222
	6,892,161	594,403	-	-	-	7,486,564
Excess of revenue over expenditures before Midwifery TPA	305,747	5,609,666	-	-	2,867	5,918,280
Midwifery transfer payment agency						
Revenue	2,294,102	-	-	-	-	2,294,102
Expenditures	(2,108,850)	-	-	-	-	(2,108,850)
Amount refundable to the Ministry of Health and Long-Term Care (MOHLTC)	(185,252)	-	-	-	-	(185,252)
Excess of revenues over expenditures	\$ 305,747	\$ 5,609,666	\$ -	\$ -	\$ 2,867	\$ 5,918,280