

Financial Statements

**The City of Toronto**  
**Long-Term Care Homes and Services Residents'**  
**Interest Trust Fund**  
December 31, 2009

## **AUDITORS' REPORT**

To the Members of the Advisory Committee on Long-Term Care Homes and Services for  
**The City of Toronto**  
**Long-Term Care Homes and Services Residents' Interest Trust Fund**

We have audited the balance sheet of **The City of Toronto Long-Term Care Homes and Services Residents' Interest Trust Fund** as at December 31, 2009 and the statement of operations and changes in fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
March 15, 2010.

**The City of Toronto**  
**Long-Term Care Homes and Services Residents' Interest Trust Fund**

**BALANCE SHEET**

As at December 31

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Investments <i>[note 3]</i>	<b>1,849,700</b>	1,899,395
<b>FUND BALANCE</b>	<b>1,849,700</b>	1,899,395

*See accompanying notes*

On behalf of the Advisory Committee:

Member

**The City of Toronto**  
**Long-Term Care Homes and Services Residents' Interest Trust Fund**

**STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE**

Year ended December 31, 2009

	2009	2008
	\$	\$
<b>REVENUE</b>		
Interest <i>[note 1]</i>	13,750	71,438
Other	413	1,003
	<u>14,163</u>	<u>72,441</u>
<b>EXPENSES</b>		
Entertainment	49,780	63,817
Refreshments and materials	5,845	12,493
Outings	6,168	5,476
Special programming	2,065	1,366
	<u>63,858</u>	<u>83,152</u>
<b>Deficiency of revenue over expenses for the year</b>	<u>(49,695)</u>	<u>(10,711)</u>
Fund balance, beginning of year	1,899,395	1,910,106
<b>Fund balance, end of year</b>	<u>1,849,700</u>	<u>1,899,395</u>

*See accompanying notes*

**The City of Toronto Long-Term Care Homes and Services Residents'  
Interest Trust Fund**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

**1. STATUS AND NATURE OF ACTIVITIES**

Prior to 1982, interest earned on The City of Toronto Long-Term Care Homes & Services residents' trust funds [formerly "The City of Toronto Homes for the Aged residents' trust funds"] was credited to residents based on an estimate of the rate of interest expected in the forthcoming year. Due to the fact that interest earned was usually in excess of the amounts credited to the residents, an accumulated surplus of approximately \$2,300,000 had been earned up to December 31, 1982.

By an amendment to the Municipality of Metropolitan Toronto Act, this accumulated surplus was vested in the Municipality [now the City of Toronto] to administer the funds on behalf of the residents of the Long-Term Care Homes and Services. The surplus and interest earned thereon is to be used for the general benefit of the residents of the City of Toronto Long-Term Care Homes and Services. No expenditure is to be made for the ordinary operation and maintenance of the Long-Term Care Homes and Services. The residents' Interest Trust Fund is included in the cash and other investments administered by the City of Toronto for the Long-Term Care Homes and Services.

The City of Toronto Long-Term Care Homes and Services Residents' Interest Trust Fund [the "Fund"] is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

**Financial instruments**

The Fund has chosen to continue to apply CICA 3861: *Financial Instruments – Disclosures and Presentation* in place of CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*.

**The City of Toronto Long-Term Care Homes and Services Residents'  
Interest Trust Fund**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

**Investments and interest income**

Investments are recorded at cost plus accrued interest, which approximates fair value. Interest income is recorded as revenue in the statement of operations in the year it is earned. Transactions are recorded on a trade date basis. Transaction costs are expensed as incurred.

**3. INVESTMENTS**

Investments consist of cash and short-term bank notes held on deposit with the City of Toronto Long-Term Care Homes and Services. The Fund is subject to interest rate price risk with respect to its investments.

**4. STATEMENT OF CASH FLOWS**

A separate statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

**5. CAPITAL MANAGEMENT**

In managing capital, the Fund focuses on the investments balance and interest earned thereon. The Fund's focus is to have sufficient earned interest to use for the general benefit of the residents of the City of Toronto Long-Term Care Homes and Services. The need for sufficient earned interest is considered in the preparation of an annual budget and in the monitoring of cash flows and actual expenditures compared to the budget. As at December 31, 2009, the Fund has met its objective of having sufficient investments to meet its current obligations.