ELLWOOD HOUSE

Affordable housing for seniors

ELLWOOD HOUSE (OTTAWA) INC.

ANNUAL GENERAL MEETING

19 OCTOBER 2021

by videoconference



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Ellwood House (Ottawa) Inc.

General Information

2020

Organization

Ellwood House (Ottawa) Inc. is a not-for-profit corporation incorporated under the laws of the Province of Ontario. It is a registered charity with the Canada Revenue Agency. It is an affiliate of St. Thomas the Apostle Anglican Church and is one of the programs on the Church campus. It owns and operates an affordable seniors residence – Ellwood House.

Ellwood House official opening was July 9th, 1989. The founders of Ellwood House were:

James Bradley Carlson	Audrey Florence Darling
Gerald Alphonse Dooley	Roland Victor Inman
John Anthony Lupton	Darrel Lowell Small
Lillian Mary Stinson	John Webster

Mandate

The mandate of Ellwood House is to provide affordable housing to seniors in the Ottawa community. Its mission is to provide a safe and affordable permanent home for the residents. It is a Social Housing Service Provider for the City of Ottawa, providing affordable independent living apartment units to seniors on both a subsidized (Rent Geared to Income) and market rent basis.

Management

The operation of Ellwood House is overseen by a Board of Directors composed of a minimum of seven and a maximum of ten elected directors and up to five Honorary Directors. The 2020 Board of Directors:

The Rt. Rev. Shane Parker	Hon. Chairman
The Rev. Tim Kehoe	Hon. Vice-Chairman
Janice Horton	President
Stephen Parks	Treasurer
Larry Doshen	Secretary
Michael Parkes	Director
Michele Bédard	Director
Daniel Warchow	Director
David Salisbury	Director
Beverly Ensom	Director

The Board of Directors met eight times during 2020 as well as hosting the Annual General Meeting in October, all by videoconference. The March meeting was not conducted due to the COVID-19 pandemic.

Property Management and administrative services were provided by Homestarts organization providing services to co-operative and non-profit housing providers.

Ellwood House Description

The following page provides a detailed description of Ellwood House and its facilities.

2020 Activity and Accomplishments

- The COVID-19 pandemic which struck in March 2020 impacted Ellwood House operations. A Pandemic Plan was developed and measures put in place to ensure the health and safety of tenants.
- The Ellwood House Extension (EHX) project adopted by the Board in 2019 moved forward in 2020:
    - Cahdco, a not-for-profit real estate development corporation specializing in affordable housing, was engaged to assist in developing the EHX project
    - An EHX Steering Committee with representative from the parish and the diocese was establish to guide the development
    - Colizza Bruni architects and WSP planners were engaged for the project
    - A study of the changes needed to Ellwood House amenities (lounge, laundry, etc.) was conducted.
    - A one-page briefer describing the EHX project was produced.
    - A Pre-Development forgivable loan of $100,000 was obtained from the City of Ottawa
- A Building Condition Assessment study and an Energy Audit were completed.
- Laminate flooring replaced carpeting in six units.
- Grinding of the curbs on the walkways as a falls prevention measure was completed.
- New laundry machines were installed by Coinamatic.

<u>Thank You!</u>

The Board of Directors of Ellwood House (Ottawa) Inc. would like to thank for their support:

- Our tenants, for their involvement and care of Ellwood House
- Our Property Management Company, Homestarts
- The Parish of St. Thomas the Apostle Anglican Church for their support
- Our suppliers, maintenance service companies, and other services
- Legal Counsel Robin MacKay for his assistance in legal matters
- The City of Ottawa Housing Services Branch
- Our local politicians, Jean, John, and David for their support.

Ellwood House Description

Unit Mix:	21 regular 1-br units 1 wheelchair-accessible 1-br. unit	7 regular 2-bedroom units 1 wheelchair-accessible 2-br. unit
Unit Area (sq. ft.):	1-bedroom unit – approx. 530 sq ft	2-bedroom unit – approx. 720 sq ft
Rent - Market	1-bedroom unit – currently $988.00 per month plus hydro* and parking**	
	2-bedroom unit – currently $1,206.00 per month plus hydro* and parking**	
Subsidized Rent	(RGI): 30% of total gross income from all sources, plus hydro and parking but also with a heating credit of $46 per month for a 1 -bedroom unit or $48 per month for a 2-bedroom unit.	

* Each apartment is individually metered for hydro, so tenants pay for their own heating and hydro; heating is by electric baseboard heaters.
* Parking is outdoors; the parking rate for a reserved space is currently $30 per month.

Unit Appliances:	Electric stove and refrigerator.
Water:	Hot and cold water service is provided by the Landlord.
Laundry Room:	A laundry room, equipped with two washers and two dryers, is located on the 2nd floor. The machines are card-operated. $2.25 for the washer and $2.00 for the dryer.
Air Conditioning:	The building is not air conditioned; however, tenants may purchase and install their own air conditioners in a sash window located in the living room of the apartment.
Recreation:	There is a common area lounge with large TV and adjacent full kitchen, and a reading room/library, both of which are available for tenant use, free of charge. The lounge can be reserved in advance for private family or group gatherings.
Pets:	Ellwood House is a pet-free residence.
Smoking:	Ellwood House is a non-smoking building.
Eligibility:	Applicants must be legal residents of Canada and have a minimum age of 60. Couples who receive subsidized rent will be assigned 1-bedroom units unless there is a medical requirement established for a 2-bedroom unit. Ellwood House reserves the right to conduct background checks and credit checks on all applicants.
Availability:	A waiting list is maintained onsite for market rent units only. Applications for subsidized units must be by referral from the Housing Services Registry.

Ellwood House (Ottawa) Inc.

Annual General Meeting

Tuesday, 19 November 2021

By videoconference

AGENDA

1. Opening prayer
2. Opening Remarks by the President
3. Notice of Meeting
4. Approval of the 20 October 2020 Annual General Meeting minutes
5. Business Arising
6. Treasurer's Report and presentation of financial statements

   Stephen Parks, Treasurer
7. Appointment of Auditor 2021

   Stephen Parks, Treasurer
8. President's Report

   Janice Horton, President
9. Presentation of the Nominating Committee Report and

   Election of Directors
10. Ellwood House Extension Community Meeting
11. Other Business
12. Adjournment

Notice of the Annual General Meeting

Ellwood House (Ottawa) Inc.

Tuesday 19 October 2021

at 7:00pm

by videoconference

To: Members of the Corporation of Ellwood House (Ottawa) Inc.
Members of the Parish of St. Thomas the Apostle

Take Notice:

Pursuant to Article 9.03 of the By-law of the Corporation, the Annual General Meeting of the said Corporation will be held at 7:00 pm on Tuesday 19 October 2021. In accordance with Ontario Regulation 107/20 made under the *Emergency Management and Civil Protection Act*, the Annual General Meeting will be held via electronic means, Zoom. Instructions to access the Zoom meeting are below.

The Members of the Corporation will be asked to consider the Report of the President, the Audited Financial Statements for 2020, and the Appointment of the Auditor for 2021.

The election of the Board of Directors will follow, and other such business that may be properly placed before the meeting.

An electronic copy (PDF) of the Ellwood House Annual Report is available upon email request to the Ellwood House Secretary, Larry Doshen, at vksi@rogers.com.

L. Doshen,
Secretary

Zoom Invitation

St Thomas is inviting you to a scheduled Zoom meeting.

Topic: Parish Council/EH AGM
Time: Oct 19, 2021 07:00 PM Eastern Time (US and Canada)

Join Zoom Meeting
https://us02web.zoom.us/j/82971398127?pwd=cUMrSmpsaE1LUTFpbXNIZXpxd0lkUT09
Meeting ID: 829 7139 8127
Passcode: 934691

MINUTES OF

THE ANNUAL GENERAL MEETING OF

ELLWOOD HOUSE (OTTAWA) INC.

20 OCTOBER 2020

held by videoconference

The Ellwood House Annual General Meeting was held in conjunction with the meeting of St. Thomas the Apostle Parish Council.

The meeting was called to order on Zoom at 7:00 pm.

1. Opening Prayer:

The Rev. Tim Kehoe opened the meeting with prayer.

2. Welcome:

President Janice Horton welcomed members to the Annual General Meeting. She noted that the 2020 Annual Report, which been distributed by email prior to the meeting, provided information on Ellwood House and its operation for another successful year.

3. Notice of Meeting:

The Notice of Meeting, including the Zoom meeting invitation, had been distributed in the Parish Bulletin in accordance with Ellwood House (Ottawa) Inc. By-Laws. It had also been sent to members of the Parish Council by email.

4. Approval of Minutes:

The minutes of the 18 June 2019 Annual General Meeting were distributed in the Annual Report. The minutes were displayed on screen for a brief review. Michele Bédard pointed out two errors for correction.

It was moved by Larry Doshen, seconded by Linda Thom, that the minutes of the Annual General Meeting of 18 June 2019, as corrected, be approved.

Carried

5. Business Arising:

There was no business arising from the minutes.

6. Treasurer's Report:

The audited financial statements for the 2019 fiscal year had been distributed as part of the Annual Report. The Treasurer, Stephen Parks, summarized the financial situation:

FY2019 saw an increase of $7k in revenue and an increase of $15k in expenditures.

We completed the year with net revenues of $39,466, of which $22,803 is our annual reserve contribution, and a net operating surplus of $16,664. 50% of the operating surplus must be invested into the Reserve Fund and 50% is kept in the Operating Fund as part of accumulated surplus:

Operating surplus of $16,664: $8,332 to Reserve; $8,332 to Operating.

The Operating Fund balance is $108,812, an increase of $8,332 over 2018

The current Reserve Fund balance is $219,762, an increase of $33k ($22k+$8k+interest) over 2018.

The 01 January 2019 cash balance in the bank was $147,229 which includes $31,135 yet to be transferred to the Reserve (included in $219,762 figure above) and $7,316 subsidy claw back by the city.

Mortgage was renewed in December at a rate of 1.67%, less than the previous rate of 3.5%. That represents a saving of $4000 a year. We expect to be mortgage free by June of 2024.

It was moved by Stephen Parks, seconded by Linda Thom, that the financial report be approved as presented.

Carried

7. Appointment of Auditors:

It was moved by Stephen Parks, seconded by Michael Parkes, that Kelly Huibers McNeely Professional Corporation be appointed auditors for FY 2020.

Carried

Michael Parkes expressed appreciation for how well the finances of Ellwood House are maintained. Rev. Tim Kehoe noted it gives a great base from which to proceed with Ellwood House Extension.

8. President's Report:

President Janice Horton noted how the Ellwood House Board is an active board, keeping in touch with the day-to-day activity. She is proud of being a Board member.

President Horton expressed thanks to the tenants of Ellwood House. She thanked the former Property Manager, Tanya Martel who kept Ellwood House in such good condition for so many years, and the new Property Manager, Homestarts, who had to take on the role in the midst of the Covid19 pandemic.

She viewed the biggest accomplishment the past year as the excellent day to day operation of Ellwood House. One significant event was the Ellwood House Board officially adopting the Ellwood House II project and renaming it Ellwood House Extension (EHX).

President Horton noted that the Ellwood House Annual General Meeting is usually held in May or June, but the Covid19 pandemic had caused delays in completion of the Auditor's report and thus the delay in the Annual General Meeting.

It was moved by Janice Horton, seconded by Michael Parkes, that the President's report be accepted.

Carried

9. Report of the Nominating Committee and Election of Directors:

President Horton outlined the Board composition: seven to ten Directors and four Honourary Directors from the Parish and The Diocese. During the past year three Directors have resigned from the Board: Charles Vincent, Linda Thom, and Karen Grey. She thanked them for their service.

There is one nomination for the Board this year, David Salisbury. David is a physician who has served as a Medical Officer in the Air Force, both in Canada and overseas. After leaving the military he became the Chief Medical Officer of Public Health for the City of Ottawa; then later was Chief Medical Officer in the Department of Transport. He was called out of retirement this year to help the public health team dealing with the Covid19 pandemic.

He is a member of the St. Thomas choir.

It was moved by Janice Horton, seconded by Michael Parkes, that David Salisbury be elected to the Board of Directors of Ellwood House.

Carried.

10. Other Business:

No other business was raised.

11. Adjournment:

The Ellwood House Annual General Meeting adjourned by consensus.

The Parish Council Meeting continued, including a presentation on Ellwood House Extension by Cahdco.

The Rev. Tim Kehoe closed the joint meeting with prayer and closing grace.

Submitted:

Approved:

_____
Larry Doshen, Secretary

_____
Janice Horton, President

List of Members Attending

Janice Horton, President
Larry Doshen, Secretary
Michael Parkes, Director
Daniel Warchow, Director
Andrea Teekasingh, Member
Jean Jordan, Member
David Hemings, Member
Sue Perry, Member
Lisa Wilson, Member
Gwen Levesque, Member
The Rev. Tim Kehoe
Stephen Parks, Treasurer
Michele Bédard. Director
David Salisbury, Director
Ryan Benjamin, Member
Cathy Munroe, Member
Lorraine Balderson, Member
Derwyn Sangster, Member
Florence Cheesman, Member

In Attendance:

The Rev. Canon Dr. Peter John Hobbs, Anglican Diocese of Ottawa
Graeme Hussey, Cahdco
Kiefer Maracle, Cahdco

ELLWOOD HOUSE (OTTAWA) INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

Independent Auditor's Report
Statement of Financial Position
Statement of Operations and Changes in Fund Balances - Operating Fund
Statement of Operations and Changes in Fund Balances - Development Fund
Statement of Operations and Changes in Fund Balances - Replacement Reserve Fund
Statement of Cash Flows
Notes to the Financial Statements
Schedules to the Statement of Operations

KELLY HUIBERS MCNEELY
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ellwood House (Ottawa) Inc.

Qualified Opinion

We have audited the accompanying financial statements of the Ellwood House (Ottawa) Inc., which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 the Ellwood House (Ottawa) Inc. as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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 Ellwood House (Ottawa) Inc. 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.

Ellwood House (Ottawa) Inc. claims amortization based on the principal reduction of the mortgage, it is effectively claiming amortization on land and amortizing the assets over the debt repayment period as opposed to their useful lives. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. Our audit opinion on the financial statements for the year ended 2019 was also qualified because of this accounting practice.

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 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.

In preparing the financial statements, Management is responsible for assessing the Ellwood House (Ottawa) Inc.'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 Ellwood House (Ottawa) Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ellwood House (Ottawa) Inc.'s financial reporting process.

Auditor's Responsibilities 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.

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 Ellwood House (Ottawa) Inc.'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 Ellwood House (Ottawa) Inc.'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 Ellwood House (Ottawa) Inc. 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.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
August 12, 2021

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

ELLWOOD HOUSE (OTTAWA) INC.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 154,214	$ 147,229
Short-term investments (note 3)	197,325	185,227
Accounts receivable	36,173	20,233
Due from the City of Ottawa (note 4)	16,214	-
Prepaid expenses	751	8,287
	404,677	360,976
CAPITAL ASSETS (note 5)	365,260	468,251
	$ 769,937	**$ 829,227**
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 26,857	$ 22,356
Due to the City of Ottawa (note 4)	-	7,165
Current portion of long-term debt	104,743	102,991
	131,600	132,512
LONG-TERM DEBT (note 6)	285,516	365,259
	417,116	497,771
NET ASSETS (LIABILITIES)		
Operating Fund	134,676	108,812
Development Fund	(30,393)	-
Donation Fund	2,881	2,881
Replacement Reserve Fund	245,656	219,762
Net assets invested in capital assets	1	1
	352,821	331,456
	$ 769,937	**$ 829,227**

APPROVED BY THE BOARD

DIRECTOR DIRECTOR

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

ELLWOOD HOUSE (OTTAWA) INC.

OPERATING FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended December 31, 2020

	2020	2019
REVENUE		
Market rent	$ 181,980	$ 153,922
Rent geared to income	83,927	106,664
Parking	5,462	5,565
Government subsidy - City of Ottawa	105,170	90,899
Laundry and other	6,497	4,122
	383,036	361,172
EXPENDITURES		
Administrative overhead (schedule 1)	30,662	54,054
Amortization	102,991	97,758
Bad debt (recovery)	(1,576)	4,257
Insurance	10,150	8,991
Interest on mortgage	6,946	14,756
Materials and services (schedule 2)	80,696	71,435
Municipal taxes	49,415	47,667
Utilities (schedule 3)	28,681	22,788
	307,965	321,706
NET REVENUE	75,071	39,466
FUND BALANCE - BEGINNING OF YEAR	108,812	100,481
	183,883	139,947
INTERFUND TRANSFERS TO REPLACEMENT RESERVE FUND	(23,343)	(22,803)
INTERFUND TRANSFERS TO REPLACEMENT RESERVE FUND PER ANNUAL INFORMATION RETURN RECONCILIATION	(25,864)	(8,332)
FUND BALANCE - END OF YEAR	**$ 134,676**	**$ 108,812**

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

ELLWOOD HOUSE (OTTAWA) INC.

DEVELOPMENT FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended December 31, 2020

	2020	2019
REVENUE		
Donations	$ 5,650	$ -
EXPENDITURES	36,043	-
FUND BALANCE - END OF YEAR	**$ (30,393)**	**$ -**

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

ELLWOOD HOUSE (OTTAWA) INC.

REPLACEMENT RESERVE FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended December 31, 2020

	2020	2019
REVENUE		
Investment income	$ 12,098	$ 3,844
Capital funding (note 8)	14,225	8,598
	26,323	12,442
EXPENDITURES	49,636	10,315
NET REVENUE	(23,313)	2,127
FUND BALANCE - BEGINNING OF YEAR	219,762	186,500
	196,449	188,627
INTERFUND TRANSFERS FROM OPERATING FUND	23,343	22,803
INTERFUND TRANSFERS TO REPLACEMENT RESERVE FUND PER ANNUAL INFORMATION RETURN RECONCILIATION	25,864	8,332
FUND BALANCE - END OF YEAR	**$ 245,656**	**$ 219,762**

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

ELLWOOD HOUSE (OTTAWA) INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue (expenditures)		
Operating fund	$ 75,071	$ 39,466
Development fund	(30,393)	-
Replacement reserve fund	(23,313)	2,127
Item not affecting cash: Amortization	102,991	97,758
Net change in non-cash working capital items:		
Accounts receivable	(15,940)	(3,350)
Due from/to the City of Ottawa	(23,379)	8,583
Prepaid expenses	7,536	737
Accounts payable and accrued liabilities	4,501	9,745
	97,074	155,066
INVESTING ACTIVITIES		
Purchase of short-term investments	(12,098)	(83,357)
FINANCING ACTIVITIES		
Development fund financing	25,000	-
Repayment of long-term debt	(102,991)	(97,758)
	(77,991)	(97,758)
NET CHANGE IN CASH	6,985	(26,049)
CASH - BEGINNING OF YEAR	147,229	173,278
CASH - END OF YEAR	**$ 154,214**	**$ 147,229**

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

1. NATURE OF ORGANIZATION

Ellwood House (Ottawa) Inc. (the "Organization") was incorporated in the Province of Ontario on December 11, 1987 by St. Thomas the Apostle Church. The purpose of the Organization is to administer a not-for-profit senior's residence. The Organization's original operating agreement dated August 9, 1988 with the Ministry of Housing includes provisions for approval of rental rates, amortization charges, contribution to a replacement reserve fund and annual budget submissions. Rent and operating subsidies are now provided to the Organization by the City of Ottawa Housing Branch as the Service Manager pursuant to the Housing Services Act (2011). Ellwood House (Ottawa) Inc. qualifies as a registered charity as defined in Section 149(1)(ℓ) of the Income Tax Act, and, as such, is exempt from income taxes and is authorized to issue tax deductible receipts to its donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Organization are summarized as follows:

Short-term Investments

These financial assets are measured at fair value at the statement of financial position date. Fair value fluctuations are included in the statement of operations.

Capital Assets

Capital assets are stated at cost. Amortization is provided at an amount equal to the annual principal reduction of the mortgage which Management believes represents useful life of the capital assets. This policy is in accordance with direction from the Ministry of Housing and results in a nominal amount of $1 reflected as net assets invested in capital assets on the statement of financial position. A replacement reserve fund is maintained to provide for future asset replacement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Donations are recognized as revenue when received.

Investment income includes interest income and dividends as accrued and capital gains (losses) as realized and unrealized changes in short-term investments.

Donated Services

Certain work of the Organization is dependent on the voluntary service of certain individuals. Since these services are not normally purchased by the Organization and because of the difficulty in determining their fair value, donated services are not recognized in these statements.

Reserve Funds

Transfers between funds are made as approved by the Board of Directors.

The Organization is required to maintain a separate account for the deposit of donations and other gifts. Donation funds are used by the Organization to fund projects and/or capital improvements intended to enhance the quality of life of the seniors in residence.

Contributions to the replacement reserve fund are based on a formula developed by the City of Ottawa Housing Branch. This amount is approved by the City as part of the annual budget process. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only as approved by the Housing Services Act. The funds in the account may only be used for capital replacements.

During the year the Board established a development fund to record the donations and costs associated with making an application to build Ellwood House II on land adjacent to the current site. A loan was also obtained from the City of Ottawa to finance the costs of these applications.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from these estimates.

3. SHORT-TERM INVESTMENTS

Per the City of Ottawa Housing Branch, the Organization must keep the replacement reserve funds in a separate bank account and/or invested only as approved by the Housing Services Act (2011). Accordingly, the Organization has the following low-risk investments:

	2020	2019
Social Housing Canadian Bond Fund Series A	$ 84,154	$ 77,481
Social Housing Canadian Short-term Bond Fund Series A	113,171	107,746
	$ 197,325	**$ 185,227**

4. DUE FROM/TO THE CITY OF OTTAWA

The amount due from/to the City of Ottawa Housing Branch represents the anticipated subsidy payment resulting from a deficiency/excess of budgeted subsidy when actual revenues and expenditures are reconciled on the Annual Information Return (AIR). Any adjustment to this estimate is shown in the Statement of Operations - Operating Fund in the year the adjustment is made.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Building	1,926,023	1,572,696	353,327	453,721
Furniture and equipment	48,268	36,335	11,933	14,530
	$ 1,974,291	**$ 1,609,031**	**$ 365,260**	**$ 468,251**

6. LONG-TERM DEBT

	2020	2019
1.69% mortgage, payable $9,174 monthly, including principal and interest, maturing May 2024, secured by chattel mortgage on the property and assignment of rental fees.	$ 365,259	$ 468,250
Pre-development loan, non interest bearing, repayable in 2040, unless otherwise terminated.	25,000	-
	390,259	468,250
Less: current portion	104,743	102,991
	$ 285,516	**$ 365,259**

The Organization has the following principal repayments over the next four years:

2021	-	$ 104,743
2022	-	106,520
2023	-	108,328
2024	-	45,668

7. MAJOR COMMITMENTS

Maintenance - The Organization has engaged the services of a Company to perform winter maintenance until April 2021 for a balance on the contract of $3,527, inclusive of HST.

Land Lease - The Corporation has an agreement with the Incumbent Rector and Wardens of the Church of St. Thomas the Apostle and The Incorporated Synod of the Diocese of Ottawa to lease the land Ellwood House (Ottawa) Inc. stands upon for $1 per year from June 30, 1988 to June 30, 2023.

Management Contract - The Organization has engaged the services of a Company to provide management services until September 30, 2021 for annual fees of $22,269, including taxes.

8. REPLACEMENT RESERVE FUND EXPENDITURES

During the current year, capital assets in the amount of $49,636 (2019 - $10,315) were funded from and charged against the replacement reserve fund.

Significant expenditures from the reserve fund in 2020 included replacement of flooring, plumbing and HVAC repairs, and building assessment and energy audit.

A total of $14,225 (2019 - $8,598) was received from the City of Ottawa and applied against the cost of these replacements.

9. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and amount due to the City of Ottawa. It is Management's opinion that the fair value of these instruments is not materially different than their cost and that the Organization is not exposed to significant interest rate, currency or credit risk.

The fair values of the Canadian short-term bond fund investments are derived from quoted market prices on the Organization's investment portfolio as at December 31, 2020. The investments are held by Worldsource Financial Management Inc. for the Social Housing Investment Program.

10. SUBSEQUENT EVENT

On June 9, 2021 the Vestry (Congregation) of the Church of St. Thomas the Apostle, approved motions to proceed with their support of the Ellwood House Extension project and authorized the parish Clergy and Wardens to negotiate a long-term lease agreement with Ellwood House Board of Directors for the property at 2262 Braeside Avenue. Along with the Anglican Diocese of Ottawa, co-owner of this property, approval was granted to secure Ellwood's House's $100,000 Pre-development loan from the City of Ottawa on the title of the former rectory property. The Pre-development loan will enable the Ellwood House Board of Directors to proceed with submissions to obtain site approval.

ELLWOOD HOUSE (OTTAWA) INC.

SCHEDULES TO THE STATEMENT OF OPERATIONS

For the year ended December 31, 2020

SCHEDULE 1 - ADMINISTRATIVE OVERHEAD

	2020	2019
Management fees	$ 22,269	$ 37,680
Materials and services	15	1,841
Office supplies	530	655
Other	671	1,142
Professional fees	2,715	8,960
Transportation and communication	4,462	3,776
	$ 30,662	**$ 54,054**

SCHEDULE 2 - MATERIALS AND SERVICES

	2020	2019
Electrical system	$ 254	$ 3,868
Elevators	4,258	5,647
Equipment	198	1,251
Grounds	8,728	13,767
Repairs, maintenance and supplies	61,996	42,307
Security	5,262	4,595
	$ 80,696	**$ 71,435**

SCHEDULE 3 - UTILITIES

	2020	2019
Electricity	$ 10,491	$ 9,604
Fuel	6,987	5,246
Water and sewer	11,203	7,938
	$ 28,681	**$ 22,788**