

Unionville Home Society

AUDIT COMMITTEE MEETING

AGENDA

Thursday, May 17, 2018

8:30 – 10:00 am

Union Villa Conference Room
4300 Highway 7, Unionville, ON

Committee Members:	Phil Gunn (Chair), Lyndsey McIntyre, Amaar Naqi, Andy Taylor, Glenn Crosby (Ex-Officio)
New UHS Staff:	Tiziana Rivera (CEO), Julie Horne (CFO), Rozmin Kala (Accounting Manager), Marieanna Mallen (Executive Assistant)
Guests:	Auditors –Michael Rooke, Dale Tinkham

#	Agenda Item	Encl.	Lead	Time
1.0	Approval of the Agenda	√	Phil Gunn	8:30 – 8:40 am
2.0	Approval of Minutes – April 19, 2018	√		
3.0	Business Arising			
	3.1 Auditor's Results Letter	√	Michael Rooke	8:40 – 8:50 am
	3.2 Review of Draft Audited Statements New Unionville Home Society Unionville Home Society Unionville Home Society Foundation Wyndham Gardens Apartments of Unionville	√ √ √ √	Michael Rooke	8:50 – 9:30 am
	3.3 In-Camera Session with Auditors		Phil Gunn	9:30 – 9:35 am
4.0	New Business			
	4.1 Recommendation for Auditor for 2018/19		Phil Gunn	9:35 – 9:45 am
	4.2 UHS Pension Investment Fund Menu Review		Julie Horne	9:45 – 9:55 am
5.0	Date of Next Meeting: TBA			9:55 – 10:00 am
6.0	Adjournment			

New Unionville Home Society

AUDIT COMMITTEE DRAFT MINUTES

THURSDAY, APRIL 19, 2018

9:00 am

The Union Villa Conference Room
4300 Highway 7
Unionville, ON

Committee Members:	Phil Gunn (Chair) via teleconference, Lyndsey McIntyre, Andy Taylor, Amaar Naqi, Glenn Crosby (Ex-Officio),
New UHS Staff:	Tiziana Rivera (CEO), Julie Horne (CFO), Rozmin Kala (Accounting Manager), Marieanna Mallen (EA)
Guest:	Michael Rooke of Tinkham LLP

There being a quorum present, Lyndsey McIntyre, acting as Chair of the meeting, called the meeting to order at 9:10am.

1. The Agenda was reviewed by the Committee and accepted as presented.
2. The Minutes of May 18, 2017 were accepted as circulated.

MOTION to receive the Minutes of May 18, 2017

Carried

3. Business Arising

There was no business arising from the Minutes.

4. New Business

4.1. Audit Plan (scope, responsibilities, approach, communications, etc.)

Mike Rooke from Tinkham LLP presented two documents, an Audit Planning letter and Engagement letters for each corporation for the Committee's review. There are no changes in content or form of engagement letter from previous years. The Audit Fees will be rendered in respect to the quote which was previously provided. The year-end field work will be completed the week of April 30th by Mike Rooke, Alexis Callis, Paul Brocklesby, among other CPAs, there will be no students assisting with the Audit this year. The findings and financial statements will be presented May 17th, 2018.

The Committee endorsed engaging Tinkham to facilitate UHS's application for the increased HST rebates available if granted "facility operator" status similar to public

hospitals. UHS had applied in the past and was denied; however a recent appeal by another facility has opened the door to several LTC Homes being approved recently.

Mike Rooke asked if the Audit Committee is aware of any fraud or weaknesses of internal control within the organization, all Audit Committee stated they are not aware.

4.2. Audit Timeline

Julie Horne reviewed the Audit Timeline with the Committee. Julie noted the timeline schedule has been provided with agenda to ensure all the Committee members are aware of the reporting schedule.

4.3. UHS Pension Committee Report

Julie reported that the Pension Committee met on April 17, 2018 and reviewed the outcomes from the meeting. Julie noted that a recruitment effort will be made to add 1-2 more members to the Pension Committee in 2018.

There was a recent education session regarding the pension plan offered to all employees of the organization. A pension education “week” will be scheduled in September, 2018 which will offer financial wellness and retirement-ready sessions for staff to participate.

An investment fund review will be taking place on May 15, 2018 provided by Desjardins. Lyndsey McIntyre volunteered to participate in the review as a representative from the Audit Committee. Investment option changes will be presented to the Audit Committee at the next scheduled meeting in May, 2018 for approval.

4.4. Investment Policy

Julie presented the current Investment Policy that is in place. Due to the expected funds from the sale of the land and possible additions such as a staff education plan, the policy needs to allow for proper flexibility and coverage. Julie asked for the help of the Audit Committee for the development of the Investment Policy; Michael Rooke offered the services of Tinkham LLP and Andy Taylor offered his expertise to assist with the development. The Investment Policy will be brought forward for Board approval in September, 2018.

5. Date of Next Meeting - Thursday, May 17, 2018.

6. Adjournment: The meeting was adjourned at 10:02am

D C Tinkham FCPA FCA CMC LPA
P J Brocklesby CPA CA LPA
M Y Tkachenko CPA CA
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May 10, 2018

The Audit Committee
New Unionville Home Society
Unionville Home Society
Unionville Home Society Foundation
Wyndham Gardens Apartments of Unionville
4300 Highway #7
Unionville, Ontario L3R 1L8

Dear Ladies and Gentlemen,

We are pleased to report to the Audit Committee on the results of our audit examinations of the financial statements of New Unionville Home Society, Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville (collectively referred to as "the Organization") for the year ended March 31, 2018. In our view, a direct line of communication between our firm and the Audit Committee is essential to the proper exercise of our respective responsibilities.

The purpose of this letter is to review our responsibilities as auditors in accordance with the terms of our audit engagements dated March 28, 2018, and in the attached memorandum we report on the year end and various elements of the audit examinations.

We have performed our audit examinations of the respective financial statements for the year ending March 31, 2018 in accordance with Canadian generally accepted auditing standards. We have performed the audits to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian accounting standards for not-for-profit organizations.

We have also considered the Organization's internal control over the financial reporting solely for the purpose of determining the nature, extent and timing of auditing procedures necessary for expressing our opinions on the financial statements. Our work does not provide assurance on the internal control structure, and does not necessarily consider all control systems upon which management may be relying. As a result, this consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

The detailed terms of our engagement are outlined in our engagement letters. Also as part of our audit engagements, we have requested a letter of representation from management confirming representations made to us orally during our audits as well as representations implicit in the each respective entity's records.

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and would not necessarily disclose all illegal acts, fraud, intentional misstatements or errors, even if the effect of its consequences on the financial statements is material. It is management's responsibility to detect and prevent illegal actions. If such acts are discovered or management becomes aware of circumstances under which the Organizations may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Our appointment as auditors involves the responsibility on our part to call to your attention any significant matters, which we believe may require your consideration. We report in the attached memorandum on the results of our audits for the year ending March 31, 2018, including the following:

- Audit Report;
- Engagement Team and Statement on Independence;
- Audit Approach;
- Materiality;
- Significant Accounting Policies;
- Significant Management Judgments and Estimates;
- Recommendations Arising from the Audit Examination;
- Management Co-operation on Financial Accounting and Reporting Matters;
- Adjusting Journal Entries;
- Summary of Audit Differences;
- Details of Audit and Non-Audit Services Provided; and
- Developments in Accounting and Auditing Standards.

The accompanying report is intended solely for the use of the Board of Directors, the Audit Committee and management, and presents information regarding our audit examination, which we believe will be of assistance.

Yours very truly,

TINKHAM LLP

Encl.

**New Unionville Home Society
Unionville Home Society
Unionville Home Society Foundation
Wyndham Gardens Apartments of Unionville**

**Report to the Members of
The Audit Committee**

March 31, 2018

Audit Report

We will issue our audit opinions dated May 24, 2018, following approval of the financial statements by the Board of Directors and completion of the following outstanding audit items:

- Receipt of the signed management representations letters;
- Receipt of all bank and investment confirmations;
- Receipt of the RBC term loan confirmation;
- Receipt of the all funding confirmations; and
- Completion of the subsequent events reviews up to the date of the audit reports.

Engagement Team and Statement on Independence

We continue to serve you with a team of professionals who offer both industry expertise and engagement continuity with the Organization. We believe that the following professionals have provided responsive, innovative and forward-looking service and we note the high level of experience with five senior Chartered Professional Accountants active on your file, supported by experienced staff:

Dale C. Tinkham, FCPA, FCA, CMC, LPA	Engagement Partner
Paul J. Brocklesby, CPA, CA, LPA	Concurring Partner
Michael Rooke, CPA, CA, LPA	Engagement Principal
Alexis Callas, CPA, CA	Engagement Manager
Greg Kroplin, CPA	Engagement Senior

It is a fundamental principle that auditors providing assurance services be objective with unimpaired professional judgment in the eyes of a reasonable observer. Canadian generally accepted auditing standards does not require that we confirm our independence to the Audit Committee, but in accordance with best practice, we write to confirm that we are independent with respect to the Organization within the meaning of the Rules of Professional Conduct Rule 204 and related Council Interpretations of the Chartered Professional Accountants of Ontario.

Audit Approach

Our audit approach is a risk-based approach that focuses on the Organization's operations, the associated risks, and their potential effects on financial statement accounts. Our audit process continually enhances our understanding of your businesses, the risks that they face and the process to manage them.

The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our approach also focuses on the identification and testing of the internal controls. We have reviewed and evaluated the overall internal control environment, assessed the computer environment, and the specific internal controls upon which we may place reliance in expressing our opinions on the financial statements. In the current year, we identified and tested internal controls for the payroll transaction stream to ensure that controls were effective. Based on the results of our testing, we planned to reduce substantive work where the tests of internal controls justify reliance and reduced our year end substantive testing in these areas.

We employed a combination of control testing and substantive audit procedures on year end balances for assets, liabilities, revenues and expenses. In addition, we have confirmed all cash, investment, term loan and mortgage balances. We have also requested from the Ministry of Health and Long-Term Care, the Central Local Health Integration Network, the City of Markham, the York Region Community and Health Services Department and the Ontario Seniors' Secretariat confirmation of total funding received for the year ended March 31, 2018.

Our audit procedures were performed in accordance with our audit plan.

Materiality

Our evaluation of areas of audit significance is made relative to materiality. An understanding of what is significant or material in relation to the overall results is critical to the performance of an effective and efficient audit. An item is considered material if its impact might reasonably be expected to affect the decisions of a reader of the financial statements.

Our assessment of materiality considers the CPA Canada guidelines, but is also affected by the size and nature of potential misstatements, as well as our experience with the Organization. Quantitative guidelines for materiality provided by CPA Canada for not-for-profit organizations are based on up to 3% of total revenues or expenses and result in the following:

New Unionville Home Society	\$ 85,000
Unionville Home Society	\$ 300,000
Unionville Home Society Foundation	\$ 17,000
Wyndham Gardens Apartments of Unionville	\$ 52,000

Significant Accounting Policies

The financial statements are prepared by management using various accounting policies as disclosed in the notes to the financial statements. The Audit Committee has a responsibility to review the accounting policies adopted by the Organization, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances and not adopt extreme or inappropriate interpretations of Canadian accounting standards for not-for-profit organizations that may have inappropriate or misleading results.

Our audits also include assessing accounting policies used. The preparation of financial statements may require management to select from more than one acceptable approach to accounting.

Please refer to the summary of significant accounting policies in the notes to the financial statements for a detailed description of the Organization's accounting policies. Management has chosen the most appropriate accounting policies to reflect the operations of the Organization and best practices.

We report that there were no changes in or selection of new accounting policies during the year.

Significant Management Judgments and Estimates

The preparation of financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations. Management is responsible for applying sound judgment in preparing estimates and disclosures and assessing the impact of misstatements on the fair presentation of the financial statements.

Charges for amortization of capital assets are based on the estimated useful lives of the assets which are disclosed in the detail of the notes to the financial statements. The buildings are depreciated over 25 to 40 years, the building service equipment over 10 to 20 years, computer equipment over 3 to 5 years, equipment over 5 to 10 years, furniture and fixtures over 10 years and the land improvements over 8 to 10 years.

Included in accounts receivable for the Unionville Home Society is an allowance for doubtful accounts totaling \$6,389 (2017 - \$8,945) relating to resident receivables. Management has not recorded an allowance for doubtful accounts against resident receivables in New Unionville Home Society or Wyndham Gardens Apartments of Unionville. Any recoveries on resident receivables previously allowed for will be realized in the year of settlement.

Grants received to assist in funding the buildings and equipment are accounted for as deferred capital contributions and amortized into income at a rate similar to the depreciation of the asset funded.

New Unionville Home Society received \$498,200 from York Region through an Additional Subsidy Agreement dated June 4, 2009 ("the Agreement"). The Agreement contains repayment provisions provided certain conditions are met. Management has accrued \$398,560 (2017 - \$398,560) as payable pursuant to the Agreement.

Included in accounts receivable for the Unionville Home Society is an amount due from the Ontario Ministry of Health and Long-Term Care totaling \$171 (net) (2017 – accounts payable and accrued liabilities totaling \$9,444 (net)) relating to funding.

Included in accounts receivable for New Unionville Home Society is an amount due from the Ministry of Health and Long-Term Care through the Central Local Health Integration Network of \$4,172 (net) (2017 - accounts payable and accrued liabilities totaling \$853 (net)) relating to funding. These amounts are subject to review by the Ministry and by the Central LHIN. Please refer to the notes to the financial statements for each respective entity for full details.

Management allocates the cost of corporate administrative services expenses among New Unionville Home Society, Unionville Home Society, and Wyndham Gardens Apartments of Unionville at rates of 17%, 70% and 13%, respectively (2017 - 17%, 70% and 13%, respectively). Corporate administrative services expenses consist of management salaries and benefits, supplies, equipment, computer and network expenses and general administrative expenses.

Based on our audit procedures, we have concluded the estimates and judgments are reasonable in the context of the financial statements when taken as a whole. Financial results as determined by actual events could differ from those estimates and it is reasonable to assume such differences may be material.

Recommendations Arising from the Audit Examination

There were no recommendations to improve internal controls or accounting procedures that arose from the application of our normal audit procedures.

Management Co-operation on Financial Accounting and Reporting Matters

We have received full co-operation from staff, and there have been no disagreements with management on any issues. There were no restrictions placed on the approach to or extent of our work. We were provided complete access to all books and records, documents and other supporting data that we required.

Adjusting Journal Entries

There were no proposed adjustments arising from the application of our normal audit procedures.

Certain adjustments to the accounts of each organization were made at the specific request of management.

Summary of Audit Differences

During the course of our audits, we accumulate differences between amounts recorded and amounts that we believe are required to be recorded under Canadian accounting standards for not-for-profit organizations. Unadjusted differences noted during our audit examinations consist of the following:

New Unionville Home Society:

- To record amounts repayable to York Region for loan amounts that had been amortized to income over 2011 to 2015.

The above difference, if recorded, would have decreased the net asset and increased the liabilities as at March 31, 2018 by \$99,640. We concur with management that this difference is not material to the financial statements as a whole.

Unionville Home Society:

- To adjust WSIB NEER accrual to managements estimate.

The above difference, if recorded, would have decreased the liabilities and decreased the deficiency of revenues over expense as at March 31, 2018 by \$8,128. We concur with management that this difference is not material to the financial statements as a whole.

There were no unadjusted differences identified for Unionville Home Society Foundation or the Wyndham Gardens Apartments of Unionville.

Details of Audit and Non-Audit Services Provided

In addition to preparing the audited financial statements and our audit opinion, and a letter reporting the significant audit results arising from our examinations, we will also review the Ministry of Health and Long-Term Care Annual Reports prepared by management. It is our understanding that management will complete the annual Registered Charity Information Return (T3010) and file with the Canada Revenue Agency on a timely basis.

Developments in Accounting and Auditing Standards

In our audit planning letter dated April 11, 2018, we reported to you on current changes and future developments in accounting and auditing standards. There have been no new standards issued since that date which impact financial statements.

Financial statements of

NEW UNIONVILLE HOME SOCIETY

March 31, 2018

COMMITTEE DRAFT

D C Tinkham FCPA FCA CMC LPA
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INDEPENDENT AUDITORS' REPORT

To the Members of **NEW UNIONVILLE HOME SOCIETY**

We have audited the accompanying financial statements of New Unionville Home Society, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 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 controls 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of New Unionville Home Society as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

TORONTO, Ontario
May 24, 2018

Licensed Public Accountants

NEW UNIONVILLE HOME SOCIETY

Statement of Financial Position

As at March 31,

2018

2017

Assets

Current

Cash (note 4)	\$ 973,717	\$ 1,073,147
Short term investments (note 5)	311,812	356,912
Accounts receivable (note 6)	115,358	53,692
Public service body rebate receivable	45,985	54,138
Prepaid expenses	27,656	21,000
Due from the Ministry of Health and Long-Term Care - CSS Programs (note 12)	4,172	-
Due from Unionville Home Society (note 3(b))	13,032	27,826
Due from Unionville Home Society Foundation (note 3(b))	435	38
Due from Wyndham Gardens Apartments of Unionville (note 3(b))	20,543	34,993
	1,512,710	1,621,746
Investments (note 5)	50,000	-
Capital assets (note 7)	715,938	915,635
	\$ 2,278,648	\$ 2,537,381

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 518,432	\$ 545,632
Tenants' deposits	55,329	59,410
Deferred revenue	18,852	16,966
Due to Ontario Seniors' Secretariat	2,941	609
Due to the Ministry of Health and Long-Term Care - CSS Programs (note 12)	-	853
Loan payable (note 8)	1,606,262	-
	2,201,816	623,470
Loan payable (note 8)	-	1,606,262
Deferred capital contributions (note 9)	483,194	520,469
	2,685,010	2,750,201
Net deficit	(406,362)	(212,820)
	\$ 2,278,648	\$ 2,537,381

See accompanying notes to the financial statements.

Approved by the Board:

____ Director

____ Director

NEW UNIONVILLE HOME SOCIETY

Statement of Operations and Net Assets

Year ended March 31,	2018	2017
Revenue:		
Community Support Services Programs funding (schedule 1)	\$ 557,644	\$ 568,499
Heritage Village and UCCS revenue (schedule 2)	1,070,152	1,129,259
Administrative services cost recovery (note 3(a))	1,408,370	1,402,136
Geriatric Outreach Program	304,421	291,010
<u>Other revenue</u>	<u>10,870</u>	<u>70,698</u>
	3,351,457	3,461,602
Less: MOHLTC - CSS underexpenditure (schedule 1)	-	166
	3,351,457	3,461,436
Expenses:		
Community Support Services Programs expenditures (schedule 1)	558,530	568,333
Heritage Village and UCCS expenditures (schedule 2)	1,237,368	1,297,211
Salaries and benefits	1,151,410	1,066,957
Geriatric Outreach Program	304,421	291,010
Supplies and equipment	126,177	129,031
General administrative	136,650	107,026
Professional fees	25,227	13,543
<u>Amortization of capital assets</u>	<u>5,216</u>	<u>6,153</u>
	3,544,999	3,479,264
Deficiency of revenue over expenses for the year	(193,542)	(17,828)
Net deficit, opening	(212,820)	(194,992)
Net deficit, closing	\$ (406,362)	(212,820)

NEW UNIONVILLE HOME SOCIETY

Statement of Cash Flows

Year ended March 31,	2018	2017
Cash provided (used) by operations:		
Deficiency of revenue over expenses for the year	\$ (193,542)	\$ (17,828)
Items not requiring an outlay of cash:		
Amortization of capital assets	199,698	210,665
Amortization of deferred capital contributions	(37,275)	(45,499)
	(31,119)	147,338
Net change in non-cash working capital balances:		
Accounts receivable	(61,667)	18,008
Public service body rebate receivable	8,153	15,169
Prepaid expenses	(6,656)	(1,840)
Change in amount due from Unionville Home Society	14,794	(80,757)
Change in amount due from Unionville Home Society Foundation	(397)	(13)
Change in amount due from Wyndham Gardens	14,450	(10,507)
Accounts payable and accrued liabilities	(27,200)	(4,776)
Tenants' deposits	(4,081)	(8,065)
Deferred revenue	1,886	(4,414)
Due to Ontario Seniors' Secretariat	2,332	609
Due to the Ministry of Health and Long-Term Care - CSS Programs	(5,025)	166
<u>Net cash provided (used) by operating activities</u>	<u>(94,530)</u>	<u>70,918</u>
Cash provided (used) by financing activities:		
Increase in loan payable	-	1,606,262
Repayment of mortgage loan payable	-	(1,630,489)
<u>Net cash used by financing activities</u>	<u>-</u>	<u>(24,227)</u>
Cash provided (used) by investing activities:		
(Purchase) redemption of investments (net)	(4,900)	97,158
<u>Net cash provided (used) by investing activities</u>	<u>(4,900)</u>	<u>97,158</u>
Net increase (decrease) in cash	(99,430)	143,849
<u>Cash, beginning of year</u>	<u>1,073,147</u>	<u>929,298</u>
<u>Cash, end of year</u>	<u>\$ 973,717</u>	<u>\$ 1,073,147</u>

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

1 Organization

New Unionville Home Society ("New UHS") was incorporated without share capital by Letters Patent on April 30, 2007 under the laws of the Province of Ontario. New UHS was inactive prior to April 1, 2011. New UHS received Notification of Registration dated April 24, 2012 from the Charities Directorate of the Canada Revenue Agency in which they advised that New UHS had been granted registered charity status in Canada effective April 1, 2012.

New UHS is exempt from income taxes provided certain criteria are met.

New UHS provides independent-living rental bungalows for seniors 60 years of age and older and operates an elderly persons centre to provide recreation, education, and cultural activities for seniors in the community at large. New UHS administers an adult day program for seniors and provides administrative and management services for its related corporations.

The related corporations to New UHS are Unionville Home Society, Unionville Home Society Foundation, and Wyndham Gardens Apartments of Unionville.

The assets, liabilities and operating activities of the related corporations are excluded from New UHS's financial statements.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash

Cash includes cash deposits with financial institutions and petty cash.

(b) Capital assets

New UHS records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital 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 in the statement of operations 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 capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at March 31, 2018, no such impairment exists.

Capital assets are depreciated over their estimated useful lives using the straight-line method as follows:

Land improvements	8 years
Building	25 years
Equipment	5 to 10 years
Computer equipment	3 to 5 years

(c) Revenue recognition

(i) Contributions

New UHS follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(c) Revenue recognition (continued)

(ii) Resident and program revenue

Rental income is recognized over the term of the lease and when collection is reasonably assured.

Tenants' deposits consists of rent received in advance and security deposits and are deferred and recorded as income over the period to which they relate.

Program fee revenue is recognized as services are rendered.

(iii) Investment income

Investment income comprises interest from cash and investments and realized gains and losses on the sale of investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

(d) Contributed services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to New UHS. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements.

(e) Financial instruments

(i) Measurement

New UHS initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

New UHS subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred. Financial assets measured at amortized cost include accounts receivable and due from related parties. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to related parties and loans payable.

(ii) Impairment

At the end of each reporting period, New UHS assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of New UHS. When there is an indication of impairment, New UHS determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When New UHS identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount New UHS expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Impairment (continued)

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Any investment management fees are expensed as incurred.

(f) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets and impairment of accounts receivable.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

3 Related party transactions

New UHS, Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville are related organizations since they have interlocking Boards of Directors and management.

(a) Administrative services cost recovery

During the year, New UHS charged Unionville Home Society and Wyndham Gardens Apartments of Unionville administrative services cost recoveries of \$922,890 and \$169,263, respectively (2017 - \$913,574 and \$171,604, respectively). New UHS has also charged the Community Support Services Programs, Heritage Village and Unionville Community Centre for Seniors administrative services cost recoveries of \$44,484, \$249,143 and \$22,590, respectively (2017 - \$43,645, \$248,717 and \$24,596, respectively) for administrative and management services. These administrative services cost recoveries are considered in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties.

(b) Due from related parties

The amounts due from Unionville Home Society, Unionville Home Society Foundation and from Wyndham Gardens Apartments of Unionville are receivable on demand and are non-interest bearing. The transactions are in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties.

(c) Donations

During the year, New UHS received \$11,341 (2017 - \$11,439) from the Unionville Home Society Foundation.

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

4 Cash

New UHS has a demand operating facility of \$600,000 (2017 - \$600,000) that is available on a consolidated basis to New UHS, Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville. The facility bears interest at prime plus 1% and is secured by a guaranteed investment certificate held by Unionville Home Society and a General Security Agreement representing a second charge on the present and after acquired assets of Unionville Home Society.

As at March 31, 2018, the amount drawn on the facility on a consolidated basis totaled \$11,052 (2017 - \$58,977).

5 Investments

As at March 31,	2018	2017
Guaranteed investment certificates, bearing interest at rates ranging from 1.50% to 2.38% (2017 - 1.00% to 1.95%) and maturing on dates ranging from August 8, 2018 to February 10, 2020 (2017 - July 20, 2017 to January 16, 2018)	\$ 300,000	\$ 354,363
Cash and cash equivalents	59,576	389
Add: Accrued interest	2,236	2,160
	361,812	356,912
Less: Long-term investments	(50,000)	-
	\$ 311,812	\$ 356,912

6 Accounts receivable

As at March 31,	2018	2017
Funding receivable	\$ 66,307	\$ 29,158
Grant receivable	40,858	16,336
Amounts due from program clients	6,638	7,064
Sundry receivables	1,555	1,134
	\$ 115,358	\$ 53,692

7 Capital assets

As at March 31,	2018	2017		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 251,882	\$ -	\$ 251,882	\$ -
Land improvements	41,523	24,222	41,523	19,032
Building	4,604,721	4,193,226	4,604,721	4,008,139
Equipment	317,392	285,688	317,392	277,561
Computer equipment	39,363	35,807	39,363	34,514
	\$ 5,254,881	\$ 4,538,943	\$ 5,254,881	\$ 4,339,246
Net book value				
			\$ 915,635	

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

7 Capital assets (continued)

The legal title to the land and building referred to above are registered to Unionville Home Society, with the exception of a parcel of land for which title is registered to Unionville Home Society Foundation, subject to a Trust Acknowledgment Agreement.

New UHS, Unionville Home Society and Unionville Home Society Foundation have entered into a conditional Agreement of Purchase and Sale dated September 6, 2016 to sell land. A deposit of \$1,000,000 has been received from the purchaser and is being held in trust.

8 Loan payable

New UHS has a non-revolving term facility of \$2,000,000 that expires on December 31, 2018. The term facility bears interest at prime plus 1.25% and is secured by the New UHS land and a General Security Agreement representing a first charge on the present and after acquired assets of New UHS. In addition, New UHS, Unionville Home Society and Unionville Home Society Foundation provided a repayment guarantee for the amount borrowed.

As at March 31, 2018, the amount drawn on the facility totaled \$1,606,262 (2017 - \$1,606,262).

9 Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants and contributed equity received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Year ended March 31,	2018	2017
Unamortized capital contributions, beginning of year	\$ 520,469	\$ 565,968
Less: recognized as revenue	(37,275)	(45,499)
	\$ 483,194	\$ 520,469

10 Pension plans

The pension plan for non-unionized employees of New UHS is a defined contribution plan. The plan is funded by contributions which are made by the employees and matched by New UHS. New UHS follows defined contribution accounting for its plan. The employer portion of the pension contribution for the non-unionized employees of New UHS for the year was \$31,121 (2017 - \$31,436).

The Nursing Homes and Related Industries Pension Plan is a target-benefit pension plan for members of the participating unions and has multiple contributing employers. The plan is funded by contributions made by the employees and matched by New UHS as defined by the collective agreement. New UHS follows defined contribution accounting for its plan. The employer portion of the pension contribution for the unionized employees of New UHS for the year was \$11,751 (2017 - \$11,603).

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

11 Unionville Home Society Foundation

The Foundation was formed as a corporation without share capital on February 28, 1990 for the purpose of receiving and maintaining funds to be used to support New UHS and other non-profit residential accommodation corporations that operate and provide non-profit housing exclusively for senior citizens.

The Foundation has not been consolidated in the financial statements of New UHS. Separate financial statements of the Foundation are available upon request. Financial summaries of this unconsolidated entity as at March 31, 2018 and for the year then ended are as follows:

As at March 31,	2018	2017
Financial position		
Total assets	\$ 720,986	\$ 576,014
Total liabilities	31,184	24,495
Total net assets	689,802	551,519
	\$ 720,986	\$ 576,014
Results of operations		
Total revenue	\$ 575,649	\$ 544,485
Donation expense	225,256	300,969
Operating expenses	212,110	207,074
	437,366	508,043
Excess of revenue over expenses for the year	\$ 138,283	\$ 36,442
Cash flows		
Cash provided by operating activities	\$ 153,669	\$ 29,134
Cash used by financing and investing activities	(125,376)	(39,859)
Net (decrease) increase in cash	\$ 28,293	\$ (10,725)

12 Administered programs

New UHS administers Community Support Services ("CSS") Programs on behalf of the Ministry of Health and Long-Term Care ("MOHLTC") through the Central LHIN. Details of the funding received and the expenditures incurred by New UHS in carrying out the programs are detailed in Schedule 1 of the financial statements.

The amount of the funding provided to New UHS is subject to a final review and approval by the MOHLTC. As at the date of these financial statements, funding for the period April 1, 2017 to March 31, 2018 has not been subject to this review process. Any adjustments required as a result of this review will be accounted for in the year of settlement.

NEW UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

13 Financial instruments

New UHS is exposed to various risks through its financial instruments. The following analysis provides a measure of New UHS's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. New UHS is exposed to credit risk through its cash, investments, accounts receivable and due from related parties.

Resident accounts receivable are unsecured. Other receivables are comprised of harmonized sales tax receivable and amounts due from the Ministry of Health and Long-Term Care which are secured by provincial and / or federal governments.

New UHS's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

Credit risk related to investments is minimized by ensuring that these assets are invested with credit-worthy parties.

Liquidity risk

Liquidity risk is the risk that New UHS will not be able to meet a demand for cash or fund its obligations as they come due. New UHS meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. New UHS is subject to interest rate risk to the extent that its loan payable may be subject to interest rate changes on maturity and from its interest bearing assets. New UHS has not entered into any derivative agreements to mitigate this risk.

New UHS's cash includes amounts on deposit with financial institutions that earn interest at market rates. New UHS manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on New UHS's results of operations.

The primary objective of New UHS with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Changes in risk

There have been no changes in New UHS's risk exposures in financial instruments from the prior year.

NEW UNIONVILLE HOME SOCIETY
Schedule 1 - Community Support Services Programs

Year ended March 31,	2018	2017
Revenue		
MOHLTC funding	\$ 472,670	\$ 472,670
Service recipient revenue	77,749	82,248
MOHLTC one-time funding	4,339	-
Other revenue	2,886	5,356
<u>Amortization of deferred capital contributions</u>	<u>-</u>	<u>8,225</u>
	557,644	568,499
Expenses		
Salaries and benefits	286,949	280,275
Contracted services	168,480	168,480
Supplies and sundry	54,292	60,366
Administrative services cost (note 3(a))	44,484	43,645
Equipment expenses	4,325	7,342
<u>Amortization of capital assets</u>	<u>-</u>	<u>8,225</u>
	558,530	568,333
Excess (deficiency) of revenue over expenses for the year before repayable to MOHLTC	(886)	166
Less: Repayable to MOHLTC	-	(166)
	\$ (886)	\$ -

NEW UNIONVILLE HOME SOCIETY

Schedule 2 - Heritage Village and Unionville Community Centre for Seniors

Year ended March 31,	Heritage Village	Unionville Community Centre for Seniors	2018 Total	2017 Total
Revenue				
Rental income	\$ 693,474	\$ 5,645	\$ 699,119	\$ 775,383
Subsidy - Regional Municipality of York	226,666	-	226,666	205,253
Elderly Persons Centre funding	-	50,309	50,309	47,378
Amortization of deferred capital contributions	23,755	13,520	37,275	37,274
Grants - City of Markham	-	31,922	31,922	32,662
Other revenue	1,727	11,909	13,636	18,463
Membership fees	-	6,325	6,325	6,625
Investment income	4,900	-	4,900	6,221
	950,522	119,630	1,070,152	1,129,259
Expenses				
Salaries and benefits	173,856	104,490	278,346	276,390
Administrative services cost (note 3(a))	249,143	22,590	271,733	273,313
Amortization of capital assets	178,646	15,836	194,482	196,287
Utilities	156,686	5,664	162,350	193,085
Building and grounds	95,347	24,262	119,609	142,876
Property taxes	72,981	-	72,981	10,026
Mortgage and loan interest	69,399	-	69,399	101,805
Supplies and sundry	43,724	15,323	59,047	100,382
Equipment expenses	803	8,618	9,421	3,047
	1,040,585	196,783	1,237,368	1,297,211
Deficiency of revenue over expenses for the year	\$ (90,063)	\$ (77,153)	\$ (167,216)	\$ (167,952)

Financial statements of

UNIONVILLE HOME SOCIETY

March 31, 2018

COMMITTEE DRAFT

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INDEPENDENT AUDITORS' REPORT

To the Members of **UNIONVILLE HOME SOCIETY**

We have audited the accompanying financial statements of Unionville Home Society, which comprise the statement of financial position as at March 31, 2018 and the statement of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 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 controls 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 controls. 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Unionville Home Society as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

TORONTO, Ontario
May 24, 2018

Licensed Public Accountants

UNIONVILLE HOME SOCIETY

Statement of Financial Position

As at March 31,

2018

2017

Assets

Current

Resident trust account	\$ 9,003	\$ 7,987
Investments (note 5)	619,653	620,733
Accounts receivable (note 6)	32,596	42,511
Public service body rebate receivable	117,970	68,277
Prepaid expenses	25,921	16,452
Due from the Ministry of Health and Long-Term Care (note 12)	171	-
Due from Unionville Home Society Foundation (note 3(b))	13,083	4,471
Due from Wyndham Gardens Apartments of Unionville (note 3(b))	-	11,967
Loan receivable - Wyndham Gardens Apartments of Unionville - current portion (note 3(c))	48,333	48,092
	866,730	820,490
Loan receivable - Wyndham Gardens Apartments of Unionville (note 3(c))	48,575	96,907
Capital assets (note 7)	10,325,066	11,171,273
	\$ 11,240,371	\$ 12,088,670

Liabilities and Net Assets

Current liabilities

Bank indebtedness (note 4)	\$ 1,665,529	\$ 1,646,094
Accounts payable and accrued liabilities (note 8)	1,101,337	1,173,861
Resident trust funds	9,003	7,987
Due to New Unionville Home Society (note 3(b))	13,032	27,826
Due to Wyndham Gardens Apartments of Unionville (note 3(b))	1,541	-
Deferred revenue	4,500	2,500
Due to the Ministry of Health and Long-Term Care (note 12)	-	9,444
Current portion of mortgage loans payable (note 9)	542,381	583,378
	3,337,323	3,451,090
Mortgage loans payable (note 9)	9,325,145	9,914,575
Deferred capital contributions (note 10)	1,351,792	1,452,623
	14,014,260	14,818,288
Net deficit	(2,773,889)	(2,729,618)
	\$ 11,240,371	\$ 12,088,670

Commitments, contingencies and subsequent event (notes 11, 12 and 13, respectively)

See accompanying notes to the financial statements.

Approved by the Board:

____ Director

____ Director

UNIONVILLE HOME SOCIETY
 Statement of Operations and Net Assets

Year ended March 31,	2018	2017
Revenue		
Government funding	\$ 7,849,918	\$ 7,634,073
Accommodation basic	3,183,746	3,150,564
Accommodation preferred	805,915	746,053
Donations revenue	160,857	193,055
Other revenue	89,716	133,891
Investment income	7,333	6,149
	12,097,485	11,863,785
Expenses		
Salaries	5,415,511	5,200,273
Benefits	1,449,579	1,335,558
Administrative services cost (note 3(a))	922,890	913,574
Contracted dietary and laundry services	778,840	768,108
Mortgage loan interest	650,867	689,147
Raw food	526,681	479,251
Building, equipment, and ground maintenance	432,380	448,320
Utilities	352,901	419,838
Agency staffing and contracted health services	332,052	470,552
Supplies	328,122	302,376
Administration	76,526	46,979
Resident services	63,330	71,651
Insurance	41,945	48,528
Computer and network administration	25,668	18,801
Professional fees	16,500	15,082
	11,413,792	11,228,038
Excess of revenue over expense before undenoted items	683,693	635,747
Amortization of deferred contributions related to capital assets (note 10)	154,615	139,821
Amortization of capital assets	(882,579)	(867,632)
Deficiency of revenue over expense for the year	(44,271)	(92,064)
Net deficit, opening	(2,729,618)	(2,637,554)
Net deficit, closing	\$ (2,773,889)	\$ (2,729,618)

UNIONVILLE HOME SOCIETY

Statement of Cash Flows

Year ended March 31,	2018	2017
Cash provided (used) by operations:		
Deficiency of revenue over expenses for the year	\$ (44,271)	\$ (92,064)
Items not requiring an outlay of cash:		
Amortization of capital assets	882,579	867,632
Amortization of deferred contributions related to capital assets	(154,615)	(139,821)
	683,693	635,747
Net change in non-cash working capital balances:		
Accounts receivable	9,915	(4,850)
Public service body rebate receivable	(49,693)	(4,061)
Prepaid expenses	(9,469)	(2,575)
Accounts payable and accrued liabilities	(72,524)	133,978
Deferred revenue	2,000	2,500
Due to the Ministry of Health and Long-Term Care	(9,615)	(121,172)
Change in amount due from UHS Foundation	(8,612)	2,497
Change in amount due from Wyndham Gardens	13,508	2,997
Change in amount due to New Unionville Home Society	(14,794)	80,757
Net cash provided by operating activities	544,409	725,818
Cash provided (used) by financing activities:		
Related party loan receivable - Wyndham Gardens	48,091	47,852
Repayment of mortgage loans payable	(630,427)	(675,725)
Capital contributions received	53,784	176,257
Net cash used by financing activities	(528,552)	(451,616)
Cash provided (used) by investing activities:		
Redemption of investments (net)	1,080	9,761
Purchase of capital assets	(36,372)	(213,135)
Net cash used by investing activities	(35,292)	(203,374)
Net increase (decrease) in cash	(19,435)	70,828
Bank indebtedness, beginning of year	(1,646,094)	(1,716,922)
Bank indebtedness, end of year	\$ (1,665,529)	\$ (1,646,094)

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

1 Organization

Unionville Home Society ("the Society") is a non-profit, non-denominational, registered charitable corporation, incorporated without share capital on May 15, 1967 under the laws of the Province of Ontario. The Society's purpose is to provide a continuum of quality care and services, including housing and long term care, for older adults living in York Region.

The Society is exempt from income taxes provided certain criteria are met.

The Society is a long term care home with extended care service available.

The related entities to the Society are New Unionville Home Society, Unionville Home Society Foundation, and Wyndham Gardens Apartments of Unionville. The assets, liabilities and operating activities of the related entities are excluded from the Society's financial statements.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash

Cash includes cash deposits with financial institutions and petty cash.

(b) Capital assets

The Society records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital 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 in the statement of operations 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 capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at March 31, 2018, no such impairment exists.

Capital assets are depreciated over their estimated useful lives using the straight-line method as follows:

Building	25 years
Building service equipment	15 to 20 years
Equipment	5 to 10 years
Computer equipment	3 to 5 years

(c) Revenue recognition

(i) Contributions

The Society follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(c) Revenue recognition (continued)

(i) Contributions (continued)

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

(ii) Resident accommodation revenue

Resident accommodation revenue is recognized as services are rendered.

(iii) Capital grants and operating subsidies

The Society receives funding from the Government of Ontario, Unionville Home Society Foundation and other institutions. Funding relating to capital expenditures is recorded as capital grants and recognized as revenue over the useful life of the related assets. Funding relating to current operations is recognized as revenue in the period earned and recorded through the statement of operations. Amounts received in relation to future expenses are recorded as deferred revenue.

(iv) Investment income

Investment income comprises interest from cash and investments and realized gains and losses on the sale of investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(d) Contributed services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Society. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements.

(e) Financial instruments

(i) Measurement

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred. Financial assets measured at amortized cost include accounts receivable, due from related parties and related party loans receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage loans payable.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Impairment

At the end of each reporting period, the Society assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Society. When there is an indication of impairment, the Society determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Society identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount the Society expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Any investment management fees are expensed as incurred.

(f) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets and impairment of accounts receivable.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

3 Related party transactions

The Society, New Unionville Home Society, Wyndham Gardens Apartments of Unionville and Unionville Home Society Foundation are related organizations since they have interlocking Boards of Directors and management.

(a) Administrative services cost

During the year, the Society paid \$922,890 (2017 - \$913,574) to New Unionville Home Society. These administrative services costs are considered in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties.

(b) Due from / to related parties

The amounts due from / to New Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville are receivable / repayable on demand and are non-interest bearing. The transactions are in the normal course of operations and recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties.

(c) Related party loan receivable - Wyndham Gardens

Unionville Home Society entered into a loan agreement with Wyndham Gardens Apartments of Unionville dated April 19, 2010 in the original amount of \$474,992. The loan bears interest at a fixed rate of 0.50% and is payable in 120 monthly installments of \$4,059. The loan may be extinguished at any time at the discretion of either party.

Included in income for the year ended March 31, 2018 is \$615 (2017 - \$855) in interest earned on this loan.

(d) Donations

During the year, Unionville Home Society received \$213,915 (2017 - \$289,530) from the Unionville Home Society Foundation of which \$53,784 (2017 - \$97,195) has been accounted for as deferred capital contributions.

4 Bank indebtedness

The Society has available a demand operating facility not to exceed the maximum of \$600,000 (2017 - \$600,000) on a consolidated basis with New Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville. The demand operating facility bears interest at prime plus 1% and is secured by the guaranteed investment certificate detailed in note 5 and a General Security Agreement representing a second charge on the present and after acquired assets of the Society.

As at March 31, 2018, the amount drawn on the facility by the Society is offset on a consolidated basis by cash deposits in New Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville. As at March 31, 2018, the amount drawn on the facility on a consolidated basis totaled \$11,052 (2017 - \$58,977).

5 Investments

As at March 31,	2018	2017
Guaranteed investment certificates, bearing interest at 1.40% (2017 - 1.00% to 1.45%) and maturing on June 11, 2018 (2017 - June 12, 2017 to June 21, 2017)	\$ 600,000	\$ 618,753
Cash and cash equivalents	19,216	64
Add: Accrued interest	437	1,916
	\$ 619,653	\$ 620,733

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

5 Investments (continued)

There is a \$600,000 (2017 - \$600,000) guaranteed investment certificate included above which has been pledged as security on the demand operating facility described in note 4 that is available on a consolidated basis to New Unionville Home Society, Unionville Home Society, Unionville Home Society Foundation and Wyndham Gardens Apartments of Unionville.

6 Accounts receivable

As at March 31,	2018	2017
Amounts due from residents	\$ 24,892	\$ 39,672
Sundry receivables	14,093	11,784
	38,985	51,456
Less: allowance for doubtful accounts	(6,389)	(8,945)
	\$ 32,596	\$ 42,511

7 Capital assets

As at March 31,	2018	2017		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 519,909	\$ -	\$ 519,909	\$ -
Building	19,013,808	9,698,581	19,013,808	8,933,685
Building service equipment	168,266	39,067	168,266	27,557
Equipment	2,362,136	2,055,811	2,303,038	1,975,979
Computer equipment	223,064	168,658	223,064	142,318
Construction in progress	-	-	22,727	-
	\$ 22,287,183	\$ 11,962,117	\$ 22,250,812	\$ 11,079,539
Net book value		\$ 10,325,066		\$ 11,171,273

Land and building referred to above do not include the Heritage Village Complex operated by New Unionville Home Society for which legal title is registered to Unionville Home Society and a parcel of land for which title is registered to Unionville Home Society Foundation, subject to a Trust Acknowledgment Agreement.

New Unionville Home Society, the Society and Unionville Home Society Foundation have entered into a conditional Agreement of Purchase and Sale dated September 6, 2016 to sell land. An initial deposit of \$1,000,000 has been received from the purchaser and is being held in trust.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

8 Accounts payable and accrued liabilities

As at March 31,	2018	2017
Trade payables and accrued liabilities	\$ 446,815	\$ 601,053
Payroll related accruals	516,345	438,959
Government remittances payable	85,091	77,954
Mortgage interest payable	53,086	55,895
	<hr/>	<hr/>
	\$ 1,101,337	\$ 1,173,861

9 Mortgage loans payable

As at March 31,	2018	2017
Manulife Financial, 6.51% interest, repayable in equal monthly installments of \$96,703, due July 1, 2025	\$ 9,867,526	\$ 10,376,251
Manulife Financial, 3.50% interest, repayable in equal monthly installments of \$6,475, due April 1, 2019	-	121,702
	<hr/>	<hr/>
Less: current portion	9,867,526	10,497,953
	<hr/>	<hr/>
	542,381	583,378
	<hr/>	<hr/>
	\$ 9,325,145	\$ 9,914,575

The Manulife Financial mortgage loans are secured by the land and buildings of the 160-bed long term care home.

The principal repayments of the above mortgages over the next five years and thereafter are approximately as follows:

2019	\$ 542,381
2020	578,265
2021	616,523
2022	657,311
2023	700,799
Thereafter	6,772,247
	<hr/>
	\$ 9,867,526

10 Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants and contributed equity received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

As at March 31,	2018	2017
Unamortized capital contributions, beginning of year	\$ 1,452,623	\$ 1,416,187
Capital contributions received	53,784	176,257
Amounts amortized to revenue	(154,615)	(139,821)
	<hr/>	<hr/>
	\$ 1,351,792	\$ 1,452,623

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

11 Commitments

The Society has lease commitments for equipment and services with minimum annual payments as follows:

2019	\$ 75,844
2020	35,720
2021	<u>21,076</u>
	<u>\$ 132,640</u>

12 Contingencies

(a) Guarantee

Pursuant to a loan agreement entered into by New Unionville Home Society with Royal Bank of Canada dated November 2, 2016 in the amount of \$2,000,000, the Society and Unionville Home Society Foundation have provided a repayment guarantee for the amount borrowed. The guarantee includes the amount which may become owing under the debenture issued by New Unionville Home Society as security under the condition of the loan agreement.

As at March 31, 2018, the balance due to Royal Bank of Canada under this loan agreement is \$1,606,262 (2017 - \$1,606,262).

(b) Due to the Ontario Ministry of Health and Long-Term Care.

The Society receives funding from the Ontario Ministry of Health and Long-Term Care to assist with the expenditures of the long term care home. The amount of the funding provided to the Society is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the period of January 1, 2015 to March 31, 2018 has not been subject to this review process. Any adjustments required as a result of these reviews will be accounted for in the year of settlement.

13 Subsequent event

Subsequent to the year end the Society entered into a purchase agreement in the amount of \$89,909 for the installation, programming and training on a new phone system.

14 Economic dependence

The Society received \$7,849,918 (2017 - \$7,634,073) of funding from the Government of Ontario. This funding represents approximately 65% (2017 - 64%) of total revenue.

The Society has entered into servicing agreements with the Government of Ontario for the long-term care home. The servicing agreements set out the terms and conditions related to the government funding. The Society provides an Annual Report for the home to the Government of Ontario reconciling funding to expenditures. The Annual Report is used to determine whether any amounts must be repaid to the Government of Ontario. Amounts repayable are estimated and accrued in the financial statements. The Government of Ontario may terminate the servicing agreement if it determines that the Society is in breach of any of its terms and conditions and the breach is not cured within an established time period after written notice of the breach is provided. Upon termination, funding received in relation to certain capital assets may have to be repaid to the Government of Ontario if the related assets are sold.

15 Pension plans

The Pension Plan for Employees of Unionville Home Society is a defined contribution plan. The plan is funded by contributions which are made by the employees and matched by the Society. The Society follows defined contribution accounting for its plan. The employer portion of the pension contribution for the non-unionized employees of the Society for the year was \$12,110 (2017 - \$16,448).

The Nursing Homes and Related Industries Pension Plan is a target-benefit pension plan for members of the participating unions and has multiple contributing employers. The plan is funded by contributions made by the employees and matched by the Society as defined by the collective agreement. The Society follows defined contribution accounting for its plan. The employer portion of the pension contribution for the unionized employees of the Society for the year was \$155,021 (2017 - \$150,167).

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

16 Unionville Home Society Foundation

The Foundation was formed as a corporation without share capital on February 28, 1990 for the purpose of receiving and maintaining funds to be used to support the Society and non-profit residential accommodation corporations that operate and provide non-profit housing exclusively for senior citizens.

The Foundation has not been consolidated in the financial statements of the Society. Separate financial statements of the Foundation are available upon request. Financial summaries of this unconsolidated entity as at March 31, 2018 and for the year then ended are as follows:

As at March 31,	2018	2017
Financial position		
Total assets	\$ 720,986	\$ 576,014
Total liabilities	31,184	24,495
Total net assets	689,802	551,519
	\$ 720,986	\$ 576,014
Results of operations		
Total revenue	\$ 575,649	\$ 544,485
Donation expense	225,256	300,969
Operating expenses	212,110	207,074
	437,366	508,043
Excess of revenue over expenses for the year	\$ 138,283	\$ 36,442
Cash flows		
Cash provided by operating activities	\$ 153,669	\$ 29,134
Cash used by financing and investing activities	(125,376)	(39,859)
Net increase (decrease) in cash	\$ 28,293	\$ (10,725)

17 Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk through its investments, accounts receivable, due from related parties and loans receivable.

Resident accounts receivable are unsecured. Other receivables are comprised of harmonized sales tax receivable and amounts due from the Ministry of Health which are secured by provincial and/or federal governments.

The Society's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2018

17 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. The Society meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is subject to interest rate risk to the extent that its bank indebtedness and mortgages payable may be subject to interest rate changes on maturity and from its interest bearing assets. The Society has not entered into any derivative agreements to mitigate this risk.

The Society's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Society manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Society's results of operations.

The primary objective of the Society with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Changes in risk

There have been no changes in the Society's risk exposures in financial instruments from the prior year.

Financial statements of

UNIONVILLE HOME SOCIETY FOUNDATION

March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
UNIONVILLE HOME SOCIETY FOUNDATION

We have audited the accompanying financial statements of Unionville Home Society Foundation, which comprise the statement of financial position as at March 31, 2018 and the statement of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 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 controls 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Unionville Home Society Foundation as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

TORONTO, Ontario
May 24, 2018

Licensed Public Accountants

UNIONVILLE HOME SOCIETY FOUNDATION

Statement of Financial Position

As at March 31,	2018	2017

Assets

Current

Cash (note 4)	\$ 192,139	\$ 163,846
Investments (note 5)	352,487	327,111
Public service body rebate receivable	6,880	6,429
Prepaid expenses	19,480	28,628
	570,986	526,014
Investments - long-term (note 5)	150,000	50,000
	\$ 720,986	\$ 576,014

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 6,216	\$ 5,187
Deferred event revenue	11,450	14,799
Due to New Unionville Home Society (note 3)	435	38
Due to Unionville Home Society (note 3)	13,083	4,471
	31,184	24,495
Net assets		
Externally restricted (note 6)	64,247	39,734
Unrestricted	625,555	511,785
	689,802	551,519
	\$ 720,986	\$ 576,014

Commitments and Contingencies (note 8 and 9)

See accompanying notes to the financial statements.

Approved by the Board:

Director

Director

UNIONVILLE HOME SOCIETY FOUNDATION

Statement of Operations and Net Assets

Year ended March 31,	2018	2017
Revenue		
Fundraising events revenue	\$ 271,203	\$ 259,375
Externally restricted donations and bequests (note 6)	179,049	160,933
Donations and bequests	106,585	106,617
Investment and other income	18,812	17,560
	575,649	544,485
Expenses		
Fundraising events and charitable activities expenses	173,192	165,446
Office and administrative	33,518	37,738
Professional fees	5,400	3,890
	212,110	207,074
Excess of revenue over expenses for the year before donations	363,539	337,411
Donations (note 3)	225,256	300,969
Excess of revenue over expenses for the year	138,283	36,442
Net assets, beginning of year	551,519	515,077
Net assets, end of year	\$ 689,802	\$ 551,519

UNIONVILLE HOME SOCIETY FOUNDATION

Statement of Cash Flows

Year ended March 31,	2018	2017
Cash provided (used) by operating activities:		
Excess of revenue over expenses for the year	\$ 138,283	\$ 36,442
Net change in non-cash working capital balances:		
Accounts receivable	-	1,000
Public service body rebate receivable	(451)	(1,398)
Prepaid expenses	9,148	(11,639)
Accounts payable and accrued liabilities	1,029	(286)
Deferred event revenue	(3,349)	7,499
Change in amount due to New Unionville Home Society	397	13
Change in amount due to Unionville Home Society	8,612	(2,497)
<u>Net cash provided by operating activities</u>	<u>153,669</u>	<u>29,134</u>
Cash used by investing activities:		
Purchase of investments (net)	(125,376)	(39,859)
Net (decrease) increase in cash	28,293	(10,725)
<u>Cash, beginning of year</u>	<u>163,846</u>	<u>174,571</u>
<u>Cash, end of year</u>	<u>\$ 192,139</u>	<u>\$ 163,846</u>

UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2018

1 Organization

Unionville Home Society Foundation ("the Foundation") is a registered charitable organization, incorporated without share capital on February 28, 1990 under the laws of the Province of Ontario. The Foundation was incorporated for the purpose of receiving and maintaining funds to be used for charitable purposes. In particular, funds are used to support New Unionville Home Society ("New UHS") and Unionville Home Society ("UHS"), non-profit corporations that provide non-profit housing and care and support services exclusively for senior citizens.

The Foundation is exempt from income taxes provided certain criteria are met.

The related entities to the Foundation are New Unionville Home Society, Unionville Home Society, and Wyndham Gardens Apartments of Unionville. The assets, liabilities and operating activities of the related corporations are excluded from the Foundation's financial statements.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash

Cash includes cash deposits with financial institutions and petty cash.

(b) Revenue recognition

(i) Contributions

The Foundation follows the deferral method of accounting for contributions which include donations.

Contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

Donations in kind are recorded as revenue at appraised values and the corresponding expense is reported as fundraising expense.

(ii) Fundraising events revenue

Fundraising events revenue is recognized on completion of the event.

(iii) Bequests

The Foundation may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Foundation recognizes such bequests when the proceeds are received.

(iv) Investment income

Interest income comprises interest from cash and investments and realized gains and losses on the sale of investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

(c) Contributed services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Foundation. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements.

UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(d) Financial instruments

(i) Measurement

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred. Financial assets measured at amortized cost are accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to related parties.

(ii) Impairment

At the end of each reporting period, the Foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Foundation. When there is an indication of impairment, the Foundation determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Foundation identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount the Foundation expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Any investment management fees are expensed as incurred.

(e) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets and impairment of accounts receivable.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2018

3 Related party transactions

New Unionville Home Society, Unionville Home Society and Wyndham Gardens Apartments of Unionville are related organizations since they have interlocking Boards of Directors and management.

The amounts due to New Unionville Home Society and Unionville Home Society are non-interest bearing, unsecured and due on demand.

An amount of \$11,341 (2017 - \$11,439) was donated to New Unionville Home Society and \$213,915 (2017 - \$289,530) was donated to Unionville Home Society.

4 Cash

The Foundation has a demand operating facility of \$600,000 (2017 - \$600,000) that is available on a consolidated basis to New Unionville Home Society, Unionville Home Society Foundation, Unionville Home Society and Wyndham Gardens Apartments of Unionville. The facility bears interest at prime plus 1% and is secured by a guaranteed investment certificate held by Unionville Home Society and a General Security Agreement representing a second charge on the present and after acquired assets of Unionville Home Society.

As at March 31, 2018, the amount drawn on the facility on a consolidated basis totaled \$11,052 (2017 - \$58,977).

5 Investments

As at March 31,	2018	2017
Guaranteed investment certificates, bearing interest at rates ranging from 1.62% to 2.36% (2017 - 1.00% to 1.70%) and maturing on dates ranging from October 4, 2018 to February 10, 2020 (2017 - July 21, 2017 to December 6, 2018)	\$ 400,235	\$ 375,000
Cash and cash equivalents	99,741	-
Add: Accrued interest	2,511	2,111
	502,487	377,111
Less: Long-term investments	(150,000)	(50,000)
	\$ 352,487	\$ 327,111

6 Externally restricted net assets

Externally restricted net assets represent the amount of donations, bequests, grants and contributed equity received for the purchase of capital assets and for specific programs as advised by the intent of the donor.

Activity within the externally restricted net assets is as follows:

As at March 31,	2018	2017
Balance, beginning of year	\$ 39,734	\$ 25,569
Funds received during the year	184,149	170,883
Funds disbursed during the year	(159,636)	(156,718)
Balance, end of year	\$ 64,247	\$ 39,734

Included in funds received during the year is \$5,100 (2017 - \$9,950) raised at a fundraising event held during the year. This amount has been recorded as fundraising event revenue.

Upon transfer to the Unionville Home Society or New Unionville Home Society, the contributions will be recorded as revenue in the statement of operations on a basis consistent with the related expense.

UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2018

7 Trust Agreement with New Unionville Home Society and Unionville Home Society

On July 19, 2011, title to a parcel of land previously registered in the name of the Unionville Home Society was transferred to the Unionville Home Society Foundation. The parcel of land is subject to a Trust Acknowledgment Agreement dated June 25, 2011 under which Unionville Home Society Foundation acknowledges that it holds the lands in trust for New Unionville Home Society and Unionville Home Society and that all benefits and advantages accruing thereon are and shall be held by Unionville Home Society Foundation, for the use, benefit, and advantage of Unionville Home Society or its nominee, New Unionville Home Society.

New Unionville Home Society, Unionville Home Society and the Foundation have entered into a conditional Agreement of Purchase and Sale dated September 6, 2016 to sell land. A deposit of \$1,000,000 has been received from the purchaser and is being held in trust.

The land is excluded from the Foundation's financial statements.

8 Commitments

The Foundation has outstanding obligations with respect to contracts with third parties for the provision of services on its behalf totaling \$38,434 (2017 - \$40,269).

9 Contingencies

Pursuant to a loan agreement entered into by New Unionville Home Society with Royal Bank of Canada dated November 2, 2016 in the amount of \$2,000,000, the Unionville Home Society and the Foundation have provided a repayment guarantee for the amount borrowed. The guarantee includes the amount which may become owing under the debenture issued by New Unionville Home Society as security under the condition of the loan agreement.

As at March 31, 2018, the balance due to Royal Bank of Canada under this loan agreement is \$1,606,262 (2017 - \$1,606,262).

10 Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk through its cash and investments.

Accounts receivable are unsecured. Other receivables are comprised of harmonized sales tax receivable which are secured by provincial and / or federal governments.

The Foundation's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due. The Foundation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2018

10 Financial instruments (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is subject to interest rate risk from its interest bearing assets. The Foundation has not entered into any derivative agreements to mitigate this risk.

The Foundation's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Foundation manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Foundation's results of operations.

The primary objective of the Foundation with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Changes in risk

There have been no changes in the Foundation's risk exposures in financial instruments from the prior year.

COMMITTEE!

Financial statements of

**WYNDHAM GARDENS
APARTMENTS OF UNIONVILLE**

March 31, 2018

COMMITTEE DRAFT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

We have audited the accompanying financial statements of Wyndham Gardens Apartments of Unionville, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 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 controls 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Wyndham Gardens Apartments of Unionville as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

TORONTO, Ontario
May 24, 2018

Licensed Public Accountants

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Statements of Financial Position

As at March 31,	2018	2017
Assets		
Current		
Cash (note 3)	\$ 54,387	\$ 35,703
Cash and short term investments - internally restricted (notes 4, 5)	838,262	594,972
Harmonized sales tax receivable	7,892	5,438
Due from Unionville Home Society (note 7(b))	1,541	-
Prepaid expenses and other assets	<u>49,106</u>	61,662
	951,188	697,775
Investments - internally restricted (notes 4, 5)	352,471	250,000
Capital assets (note 6)	<u>5,700,265</u>	6,075,769
	\$ 7,003,924	\$ 7,023,544
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 74,039	\$ 63,002
Residents' deposits	14,025	14,700
Due to New Unionville Home Society (note 7(b))	20,543	34,993
Due to Unionville Home Society (note 7(b))	-	11,967
Deferred Wellness Contribution (note 7(d))	208,483	229,962
Loan payable - Unionville Home Society current portion - (note 7(c))	<u>48,333</u>	48,092
	365,423	402,716
Loan payable - Unionville Home Society (note 7(c))	<u>48,574</u>	96,907
	413,997	499,623
Net assets	<u>6,589,927</u>	6,523,921
	\$ 7,003,924	\$ 7,023,544

See accompanying notes to the financial statements.

Approved by the Board:

Director

Director

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Statements of Operations and Net Assets

Year ended March 31,	2018	2017
Revenue		
Maintenance fees	\$ 1,211,863	\$ 1,176,838
Re-leasing commission revenue	419,350	223,950
Capital levy	35,298	-
Amortization of deferred Wellness Contribution (note 7(d))	21,480	16,446
Wyndham Gardens dining room	17,926	22,447
Other income (note 8)	12,299	14,604
Interest income	9,873	11,148
	1,728,089	1,465,433
Expenses		
Utilities	219,348	224,042
Commission on re-leasing	213,239	113,879
Salaries and benefits	171,930	166,094
Administrative services cost (note 7(a))	169,263	171,604
Building, equipment, and grounds maintenance	159,854	207,525
Municipal and property taxes	157,610	188,442
Administration (note 10)	79,154	82,722
Wyndham Gardens dining room	33,038	35,515
Refurbishing cost on re-leasing	13,647	5,915
	1,217,083	1,195,738
Excess of revenue over expenses for the year before amortization	511,006	269,695
Amortization of capital assets	445,000	438,647
Excess (deficiency) of revenue over expenses for the year	66,006	(168,952)
Net assets, beginning of year	6,523,921	6,692,873
Net assets, end of year	\$ 6,589,927	\$ 6,523,921

See accompanying notes to the financial statements.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Statements of Cash Flows

Year ended March 31,	2018	2017
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 66,006	\$ (168,952)
Items not requiring an outlay of cash:		
Amortization of capital assets	445,000	438,647
Amortization of deferred Wellness Contribution	(21,480)	(16,446)
	489,526	253,249
Net change in non-cash working capital balances:		
Harmonized sales tax receivable	(2,454)	(1,315)
Prepaid expenses and other assets	12,556	389
Accounts payable and accrued liabilities	11,037	(101,590)
Residents' deposits	(675)	675
Change in amount due to New Unionville Home Society	(14,450)	10,507
Change in amount due to Unionville Home Society	(13,508)	(2,997)
Net cash provided by operating activities	482,032	158,918
Cash used by financing activities:		
Repayments of loan payable - Unionville Home Society	(48,092)	(47,851)
Cash used by investing activities:		
Purchase of capital assets	(69,495)	(131,096)
Increase in internally restricted cash and investments	(345,761)	(59,392)
Net cash used by investing activities	(415,256)	(190,488)
Net increase (decrease) increase in cash	18,684	(79,421)
Cash, beginning of year	35,703	115,124
Cash, end of year	\$ 54,387	\$ 35,703

See accompanying notes to the financial statements.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

1 Organization

The Wyndham Gardens Apartments of Unionville ("the Corporation") is a non-profit corporation incorporated without share capital on August 1, 1985 under the laws of the Province of Ontario. The purpose of the Corporation is to provide and maintain living accommodation and ancillary programs for elderly persons in the 122 residential unit highrise building at 100 Anna Russell Way, Unionville, Ontario.

The Corporation is exempt from income taxes provided certain criteria are met.

The related entities to the Corporation are New Unionville Home Society, Unionville Home Society and Unionville Home Society Foundation. The assets, liabilities and operating activities of the related entities are excluded from the Corporation's financial statements.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash

Cash includes cash deposits with financial institutions and petty cash.

(b) Capital assets

The Corporation records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital 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 in the statement of operations 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 capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at March 31, 2018, no such impairment exists.

Capital assets are depreciated over their estimated useful lives using the straight-line method as follows:

Land improvements	8 years
Building	40 years
Building service equipment	10 to 20 years
Furniture and fixtures	10 years
Wellness Contribution	5 to 10 years

Amounts relating to the Wellness Contribution are funded by a deferred capital contribution received from Unionville Home Society. Refer to note 7(d) for a description of the amount contributed.

(c) Revenue recognition

(i) Resident revenue

Maintenance fees and capital levy revenues are recognized when they are due and when collection is reasonably assured.

Residents' deposits consists of security deposits and are deferred and recorded as income over the period to which they relate.

(ii) Re-leasing commissions

Upon termination of the lease for life, 90% of the re-leasing price will be refunded to the occupant or his or her estate, 30 days after the closing of the re-leasing. The remaining 10% represents re-leasing revenue for the Corporation.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(c) Revenue recognition (continued)

(iii) Grants

Grants received for specific projects are deferred and amortized into income over the term of the project.

(iv) Investment income

Investment income comprises interest from cash and investments, and realized gains and losses on the sale of investments.. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

(v) Fees for services

Fees for services are recorded as revenue once the service has been completed.

(d) Contributed services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Corporation. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements.

(e) Financial instruments

(i) Measurement

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred. Financial assets measured at amortized cost are due from related parties. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to related parties and related party loans payable.

(ii) Impairment

At the end of each reporting period, the Corporation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Corporation. When there is an indication of impairment, the Corporation determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Corporation identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount the Corporation expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Impairment (continued)

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Any investment management fees are expensed as incurred.

(f) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. Significant estimates include the useful lives of capital assets and impairment of accounts receivable.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

3 Cash

The Corporation has a demand operating facility of \$600,000 (2017 - \$600,000) that is available on a consolidated basis to New Unionville Home Society, Unionville Home Society Foundation, Unionville Home Society and Wyndham Gardens Apartments of Unionville. The facility bears interest at prime plus 1% and is secured by a guaranteed investment certificate held by Unionville Home Society and a General Security Agreement representing a second charge on the present and after acquired assets of Unionville Home Society.

As at March 31, 2018, the amount drawn on the facility on a consolidated basis totaled \$11,052 (2017 - \$58,977).

4 Cash and investments - internally restricted

As at March 31,	2018	2017
Guaranteed investment certificates, bearing interest at rates ranging from 1.15% to 2.45% (2017 - 0.80% to 2.05%) and maturing on dates ranging from May 4, 2018 to March 20, 2020 (2017 - May 1, 2017 to April 1, 2019)	\$ 827,591	\$ 655,000
Cash and cash equivalents	357,235	183,094
Add: Accrued interest	5,907	6,878
	1,190,733	844,972
Less: Long-term investments	(352,471)	(250,000)
	\$ 838,262	\$ 594,972

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

5 Internally restricted cash and investments

The Board of Directors has internally restricted cash and investments for a replacement reserve fund for the building. These funds, along with accumulated interest may only be used as approved by the Board of Directors. The activity in the internally restricted fund is as follows:

As at March 31,	2018	2017
Balance, beginning of year	\$ 844,972	\$ 785,581
Expenditures from reserve	(69,495)	(131,096)
Annual reserve contributions	379,958	190,487
Capital levy	35,298	-
Balance, end of year	\$ 1,190,733	\$ 844,972

6 Capital assets

As at March 31,	2018	2017		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 422,200	\$ -	\$ 422,200	\$ -
Land improvements	24,308	14,180	24,308	11,141
Building	14,162,400	9,830,692	14,157,061	9,473,071
Building service equipment	939,759	158,938	939,759	101,107
Furniture and fixtures	245,007	225,950	237,653	220,922
Wellness Contribution	219,567	83,216	160,925	61,735
Construction in progress	-	-	1,839	-
	\$ 16,013,241	\$ 10,312,976	\$ 15,943,745	\$ 9,867,976
Net book value		\$ 5,700,265		\$ 6,075,769

The amount included in construction in progress relates to equipment purchases incurred as part of a capital renewal project. This amount is not being amortized until such time as the project is completed and the related assets are placed into operation.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

7 Related party transactions

(a) Administrative services cost

During the year, the Corporation paid administrative services cost totaling \$169,263 to New Unionville Home Society (2017 - \$171,604), a related organization. These administrative services costs are considered in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties.

(b) Due to related parties

The amounts due to (from) New Unionville Home Society and Unionville Home Society are non-interest bearing, unsecured and due on demand.

(c) Loan payable - Unionville Home Society

The Corporation entered into a loan agreement with Unionville Home Society dated April 19, 2010 in the amount of \$474,992.

As at March 31,	2018	2017
Loan payable to Unionville Home Society, bearing interest at 0.5%, payable in equal monthly installments of \$4,059, due March 31, 2020	\$ 96,907	\$ 144,999
Less: current portion	<u>48,333</u>	<u>48,092</u>
	\$ 48,574	\$ 96,907

The loan may be extinguished at any time at the discretion of either party. The loan is secured by the land held by the Corporation. Interest paid on the loan from Unionville Home Society amounted to \$615 (2017 - \$855). The loan is in the normal course of operations and has been recorded at the exchange amount, which is the amount agreed upon by both parties.

Principal repayments required for the next two fiscal years are as follows:

2019	\$ 48,333
2020	<u>48,574</u>
	<u>\$ 96,907</u>

(d) Deferred Wellness Contribution

In 2010, pursuant to Board of Directors approval, the Unionville Home Society contributed \$300,000 to the Corporation as a grant for use in the development of a seniors' wellness environment with the goal of promoting healthy aging and the wellness of seniors. As of March 31, 2018, \$227,869 (2017 - \$169,228) of this grant has been spent. The grant is being amortized into income consistent with expenditures incurred.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

8 Other income

Year ended March 31,	2018	2017
Life Line Monitoring	\$ 8,379	\$ 9,723
Hairdressing rental	3,150	3,717
Miscellaneous	770	1,164
	\$ 12,299	\$ 14,604

9 Pension plans

The pension plan for non-unionized employees of the Corporation is a defined contribution plan. The plan is funded by contributions which are made by the employees and matched by the Corporation. The Corporation follows defined contribution accounting for its plan. The employer portion of the pension contribution for the non-unionized employees of the Corporation for the year was \$1,173 (2017 - \$1,182).

The Nursing Homes and Related Industries Pension Plan is a target-benefit plan for members of participating unions and has multiple contributing employers . The plan is funded by contributions made by employees and matched by the Corporation as defined by the collective agreement. The Corporation follows defined contribution accounting for its plan. The employer portion of the pension contribution for the unionized employees of the Corporation for the year was \$3,783 (2017 - \$3,664).

10 Administration expense

Administration expense consists of the following:

Year ended March 31,	2018	2017
Insurance	\$ 42,047	\$ 48,907
Office and general	18,277	15,922
Professional fees	10,200	8,586
Life Line Monitoring	8,630	9,307
	\$ 79,154	\$ 82,722

11 Financial instruments

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk through its cash, investments and accounts receivable.

Resident accounts receivable are unsecured.

The Corporation's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2018

11 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. The Corporation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk to the extent that its loans payable may be subject to interest rate changes on maturity and from its interest bearing assets. The Corporation has not entered into any derivative agreements to mitigate this risk.

The Corporation's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Corporation manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Corporation's results of operations.

The primary objective of the Corporation with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Changes in risk

There have been no changes in the Corporation's risk exposures in financial instruments from the prior year.