

Financial statements of

UNIONVILLE HOME SOCIETY

March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of
UNIONVILLE HOME SOCIETY

Opinion

We have audited the financial statements of Unionville Home Society ("the Society"), which comprise the statement of financial position as at March 31, 2020 and the statement of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

TORONTO, Ontario
July 28, 2020



Licensed Public Accountants

UNIONVILLE HOME SOCIETY

Statement of Financial Position

As at March 31,	2020	2019
Assets		
Current		
Investments (note 4)	\$ 622,996	\$ 622,259
Accounts receivable from residents and sundry	73,436	55,505
Public service body rebate receivable	167,120	89,884
Prepaid expenses	36,472	14,360
Due from the Ministry of Health and Long-Term Care (note 11)	74,566	17,503
Due from New Unionville Home Society (note 3(b))	93,931	-
Due from Unionville Home Society Foundation (note 3(b))	-	13,129
Loan receivable - Wyndham Gardens Apartments of Unionville (note 3(c))	-	48,575
	1,068,521	861,215
Capital assets (note 6)	9,292,148	9,835,123
	\$ 10,360,669	\$ 10,696,338
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness (note 5)	\$ 1,181,646	\$ 1,317,138
Accounts payable and accrued liabilities (note 7)	1,391,650	1,224,005
Due to New Unionville Home Society (note 3(b))	-	61,040
Due to Wyndham Gardens Apartments of Unionville (note 3(b))	36,775	-
Deferred revenue	3,994	7,000
Current portion of mortgage loan payable (note 8)	616,523	578,265
	3,230,588	3,187,448
Mortgage loan payable (note 8)	8,130,357	8,746,880
Deferred capital contributions (note 9)	1,309,047	1,353,616
	12,669,992	13,287,944
Deficit	(2,309,323)	(2,591,606)
	\$ 10,360,669	\$ 10,696,338

Commitment (note 10)
Contingencies (note 11)
Subsequent event (note 12)

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,	2020	2019
Revenue		
Government funding	\$ 8,572,878	\$ 8,337,518
Accommodation basic	3,266,778	3,230,881
Accommodation preferred	878,826	849,961
Other revenue	131,924	130,825
Donations revenue	42,285	135,328
Investment income	12,287	11,890
	12,904,978	12,696,403
Expenses		
Salaries	5,661,178	5,670,184
Benefits	1,513,811	1,586,774
Administrative services cost (note 3(a))	877,329	954,539
Contracted dietary and laundry services	796,578	756,420
Agency staffing and contracted health services	668,591	407,065
Mortgage loan interest	579,071	614,880
Raw food	575,407	539,538
Building, equipment, and ground maintenance	424,596	421,614
Utilities	337,604	314,724
Supplies	335,612	294,969
Resident services	80,048	74,287
Administration	74,652	82,746
Insurance	44,047	42,395
Computer and network administration	24,964	22,951
Professional fees	16,500	16,500
	12,009,988	11,799,586
Excess of revenue over expense before undernoted items	894,990	896,817
Gain on sale of land (net)	88,265	-
Amortization of deferred contributions related to capital assets (note 9)	177,265	158,287
Amortization of capital assets	(878,237)	(872,821)
Excess of revenue over expense for the year	282,283	182,283
Deficit, opening	(2,591,606)	(2,773,889)
Deficit, closing	\$ (2,309,323)	\$ (2,591,606)

UNIONVILLE HOME SOCIETY

Statement of Cash Flows

Year ended March 31,	2020	2019
Cash provided (used) by operations:		
Excess of revenue over expenses for the year	\$ 282,283	\$ 182,283
Items not requiring an outlay of cash:		
Amortization of capital assets	878,237	872,821
Amortization of deferred contributions related to capital assets	(177,265)	(158,287)
Gain on sale of land	(88,265)	-
	894,990	896,817
Net change in non-cash working capital balances:		
Accounts receivable	(17,931)	(22,909)
Public service body rebate receivable	(77,236)	28,086
Prepaid expenses	(22,112)	11,561
Due from the Ministry of Health and Long-Term Care	(57,063)	(17,332)
Accounts payable and accrued liabilities	167,645	122,668
Deferred revenue	(3,006)	2,500
Change in amount due from Unionville Home Society Foundation	13,129	(46)
Change in amount due from Wyndham Gardens Apartments of Unionville	36,775	(1,541)
Change in amount due from New Unionville Home Society	(154,971)	48,008
Net cash provided by operating activities	780,220	1,067,812
Cash provided (used) by financing activities:		
Related party loan receivable - Wyndham Gardens Apartments of Unionville	48,575	48,333
Repayment of mortgage loan payable	(578,265)	(542,381)
Capital contributions received	132,696	160,111
Net cash used by financing activities	(396,994)	(333,937)
Cash used by investing activities:		
Purchase of investments (net)	(737)	(2,606)
Purchase of capital assets	(304,154)	(382,878)
Proceeds on sale of land	93,931	-
Land transfers - at book value (net)	(36,774)	-
Net cash used by investing activities	(247,734)	(385,484)
Net increase in cash	135,492	348,391
Bank indebtedness, beginning of year	(1,317,138)	(1,665,529)
Bank indebtedness, end of year	\$ (1,181,646)	\$ (1,317,138)

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

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 a long term care home with extended care service available.

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

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

The related corporations are operated by independent Boards of Directors, although certain directors may serve on more than one Board. 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, 2020, no such impairment exists.

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

Building	10 to 25 years
Building service equipment	5 to 20 years
Equipment	5 to 10 years
Computer equipment	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.

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.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

2 Significant accounting policies (continued)

(c) Revenue recognition (continued)

(iii) Investment income

Investment income comprises interest from cash and investments and realized and unrealized gains and losses on investments.

(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

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.

(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 impairment of accounts receivable, useful lives of capital assets and settlements with government funders.

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

All related party balances and transactions 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 related parties.

(a) Administrative services cost

During the year, the Society paid \$877,329 (2019 - \$954,539) to New Unionville Home Society.

(b) Due from / to related parties

The amounts due from / to related parties are receivable / repayable on demand and are non-interest bearing.

(c) Related party loan receivable - Wyndham Gardens

Included in other revenue for the year ended March 31, 2020 is \$132 (2019 - \$374) in interest earned on this loan.

(d) Donations

During the year, the Society received \$174,262 (2019 - \$294,719) from the Unionville Home Society Foundation of which \$132,697 (2019 - \$160,111) has been accounted for as deferred capital contributions and \$41,565 (2019 - \$134,608) has been recognized in donations revenue.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

3 Related party transactions (continued)

(e) Land transfer

During the year, the Society accounted for the transfer of a parcel of land from Wyndham Gardens Apartments of Unionville at cost of \$36,774.

4 Investments

As at March 31,	2020	2019
Guaranteed investment certificates, bearing interest at 1.75% (2019 - 1.75%) and maturing on June 8, 2020 (2019 - June 10, 2019)	\$ 600,000	\$ 600,000
Cash and cash equivalents	19,752	19,431
Add: Accrued interest	3,244	2,828
	\$ 622,996	\$ 622,259

The guaranteed investment certificate has been pledged as security on the demand operating facility described in note 5.

5 Bank indebtedness

The Society has available a demand operating facility not to exceed the maximum of \$600,000 (2019 - \$600,000) on a consolidated basis with New Unionville Home Society and Unionville Home Society Foundation. The demand operating facility bears interest at prime plus 1% and is secured by the guaranteed investment certificate detailed in note 4 and a General Security Agreement representing a second charge on the present and after acquired assets of the Society.

As at March 31, 2020 the amount drawn on the facility by the Society is offset on a consolidated basis by cash deposits in New Unionville Home Society and Unionville Home Society Foundation.

As at March 31, 2020, no amount had been drawn on the facility on a consolidated basis.

6 Capital assets

As at March 31,	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 551,018	\$ -	\$ 519,909	\$ -
Building	19,109,154	11,232,091	19,013,808	10,463,482
Building service equipment	528,090	101,648	495,872	56,719
Equipment	2,537,281	2,171,757	2,417,408	2,121,122
Computer equipment	223,064	207,679	223,064	193,615
Construction in progress	56,716	-	-	-
	\$ 23,005,323	\$ 13,713,175	\$ 22,670,061	\$ 12,834,938
Net book value		\$ 9,292,148		\$ 9,835,123

During the year the Society sold land. In addition, the Society, New Unionville Home Society and the Unionville Home Society Foundation have entered into a conditional Agreement of Purchase and Sale dated September 6, 2016 to sell an additional portion of land. A deposit of \$1,292,000 has been received from the purchaser and is being held in trust. The gain on the sale of land will be recognized in the year the sales transaction closes.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

7 Accounts payable and accrued liabilities

As at March 31,	2020	2019
Trade payables and accrued liabilities	\$ 1,262,225	\$ 1,064,222
Government remittances payable	82,604	109,867
Mortgage interest payable	46,821	49,916
	\$ 1,391,650	\$ 1,224,005

8 Mortgage loan payable

As at March 31,	2020	2019
Manulife Financial, 6.51% interest, repayable in equal monthly installments of \$96,703, due July 1, 2025	\$ 8,746,880	\$ 9,325,145
Less: current portion	616,523	578,265
	\$ 8,130,357	\$ 8,746,880

The Manulife Financial mortgage loan is secured by a portion of the land included in note 6 with a book value of \$234,370.

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

2021	\$ 616,523
2022	657,311
2023	700,799
2024	747,163
2025	796,595
Thereafter	5,228,489
	<u>\$ 8,746,880</u>

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.

As at March 31,	2020	2019
Unamortized capital contributions, beginning of year	\$ 1,353,616	\$ 1,351,792
Capital contributions received	132,696	160,111
Amounts amortized to revenue	(177,265)	(158,287)
	\$ 1,309,047	\$ 1,353,616

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

10 Commitment

The Society entered into a construction and cost sharing agreement for the design and construction of shared roadways and services on the campus. The total design and construction costs are estimated at \$5,571,537 plus HST. The Society's share of these costs is \$88,091 plus HST. As at March 31, 2020, \$21,529 has been recorded in accrued liabilities related to this work.

11 Contingencies

The Society receives funding from the Government of Ontario through the 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, 2016 to March 31, 2020 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.

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.

12 Subsequent event

Governments have enacted emergency legislation in response to declaration that COVID-19 is a pandemic, causing business disruption and economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the financial impact of the COVID-19 pandemic on the results of operations and financial condition of the Society in future periods.

Government funding has been maintained at the levels which had been agreed to prior to the pandemic. Additional funding related to COVID-19 expenses has been approved and received by the Society subsequent to year end.

13 Economic dependence

The Society received \$8,572,878 (2019 - \$8,337,518) of funding from the Government of Ontario. This funding represents approximately 66% (2019 - 66%) of total revenue. The Society's ability to provide existing services on an on-going basis is dependent on receiving the continued support of the Government of Ontario.

14 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 employer portion of the pension contribution for the non-unionized employees of the Society for the year was \$24,730 (2019 - \$24,869).

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 employer portion of the pension contribution for the unionized employees of the Society for the year was \$170,232 (2019 - \$168,376).

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

15 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, 2020 and for the year then ended are as follows:

As at March 31,	2020	2019
Financial position		
Total assets	\$ 738,274	\$ 691,223
Total liabilities	11,947	52,860
Total net assets	726,327	638,363
	\$ 738,274	\$ 691,223
Results of operations		
Total revenue	\$ 495,991	\$ 487,335
Donation expense	180,052	311,407
Operating expenses	227,975	227,367
	408,027	538,774
Excess (deficiency) of revenue over expenses for the year	\$ 87,964	\$ (51,439)
Cash flows		
Cash provided (used) by operating activities	\$ 50,793	\$ (32,666)
Cash used by financing and investing activities	(61,977)	(89,183)
Net decrease in cash	\$ (11,184)	\$ (121,849)

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2020

16 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.

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 mortgage 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

Other than the increased risks resulting from the events described in note 12, there have been no significant changes in the Society's risk exposures in financial instruments from the prior year.