

Financial statements of

UNIONVILLE HOME SOCIETY

March 31, 2019

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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, 2019 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, 2019, 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.

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Society but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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
May 29, 2019



Licensed Public Accountants

UNIONVILLE HOME SOCIETY

Statement of Financial Position

As at March 31,	2019	2018
Assets		
Current		
Resident trust account	\$ 7,289	\$ 9,003
Investments (note 5)	622,259	619,653
Accounts receivable (note 6)	55,505	32,596
Public service body rebate receivable	89,884	117,970
Prepaid expenses	14,360	25,921
Due from the Ministry of Health and Long-Term Care (note 12)	17,503	171
Due from Unionville Home Society Foundation (note 3(b))	13,129	13,083
Loan receivable - Wyndham Gardens Apartments of Unionville - current portion (note 3(c))	48,575	48,333
	868,504	866,730
Loan receivable - Wyndham Gardens Apartments of Unionville (note 3(c))	-	48,575
Capital assets (note 7)	9,835,123	10,325,066
	\$ 10,703,627	\$ 11,240,371

Liabilities and Net Assets

Current liabilities		
Bank indebtedness (note 4)	\$ 1,317,138	\$ 1,665,529
Accounts payable and accrued liabilities (note 8)	1,224,005	1,101,337
Resident trust funds	7,289	9,003
Due to New Unionville Home Society (note 3(b))	61,040	13,032
Due to Wyndham Gardens Apartments of Unionville (note 3(b))	-	1,541
Deferred revenue	7,000	4,500
Current portion of mortgage loan payable (note 9)	578,265	542,381
	3,194,737	3,337,323
Mortgage loan payable (note 9)	8,746,880	9,325,145
Deferred capital contributions (note 10)	1,353,616	1,351,792
	13,295,233	14,014,260
Deficit	(2,591,606)	(2,773,889)
	\$ 10,703,627	\$ 11,240,371

Commitment (note 11)
Contingencies (note 12)
Subsequent events (note 13)

See accompanying notes to the financial statements.

Approved by the Board:

John Carruthers Director

Lyndsey McIntyre Director

UNIONVILLE HOME SOCIETY
Statement of Operations and Net Assets

Year ended March 31,	2019	2018
Revenue		
Government funding	\$ 8,337,518	\$ 7,849,918
Accommodation basic	3,230,881	3,183,746
Accommodation preferred	849,961	805,915
Donations revenue	135,328	160,857
Other revenue	130,825	89,716
Investment income	11,890	7,333
	12,696,403	12,097,485
Expenses		
Salaries	5,670,184	5,415,511
Benefits	1,586,774	1,449,579
Administrative services cost (note 3(a))	954,539	922,890
Contracted dietary and laundry services	756,420	778,840
Mortgage loan interest	614,880	650,867
Raw food	539,538	526,681
Building, equipment, and ground maintenance	421,614	432,380
Agency staffing and contracted health services	407,065	332,052
Utilities	314,724	352,901
Supplies	294,969	328,122
Administration	82,746	76,526
Resident services	74,287	63,330
Insurance	42,395	41,945
Computer and network administration	22,951	25,668
Professional fees	16,500	16,500
	11,799,586	11,413,792
Excess of revenue over expense before undernoted items	896,817	683,693
Amortization of deferred contributions related to capital assets (note 10)	158,287	154,615
Amortization of capital assets	(872,821)	(882,579)
Excess (deficiency) of revenue over expense for the year	182,283	(44,271)
Deficit, opening	(2,773,889)	(2,729,618)
Deficit, closing	\$ (2,591,606)	\$ (2,773,889)

UNIONVILLE HOME SOCIETY

Statement of Cash Flows

Year ended March 31,	2019	2018
Cash provided (used) by operations:		
Excess (deficiency) of revenue over expenses for the year	\$ 182,283	\$ (44,271)
Items not requiring an outlay of cash:		
Amortization of capital assets	872,821	882,579
Amortization of deferred contributions related to capital assets	(158,287)	(154,615)
	896,817	683,693
Net change in non-cash working capital balances:		
Accounts receivable	(22,909)	9,915
Public service body rebate receivable	28,086	(49,693)
Prepaid expenses	11,561	(9,469)
Due from the Ministry of Health and Long-Term Care	(17,332)	(9,615)
Accounts payable and accrued liabilities	122,668	(72,524)
Deferred revenue	2,500	2,000
Change in amount due from Unionville Home Society Foundation	(46)	(8,612)
Change in amount due from Wyndham Gardens Apartments of Unionville	(1,541)	13,508
Change in amount due to New Unionville Home Society	48,008	(14,794)
Net cash provided by operating activities	1,067,812	544,409
Cash provided (used) by financing activities:		
Related party loan receivable - Wyndham Gardens Apartments of Unionville	48,333	48,091
Repayment of mortgage loan payable	(542,381)	(630,427)
Capital contributions received	160,111	53,784
Net cash used by financing activities	(333,937)	(528,552)
Cash provided (used) by investing activities:		
(Purchase) redemption of investments (net)	(2,606)	1,080
Purchase of capital assets	(382,878)	(36,372)
Net cash used by investing activities	(385,484)	(35,292)
Net increase (decrease) in cash	348,391	(19,435)
Bank indebtedness, beginning of year	(1,665,529)	(1,646,094)
Bank indebtedness, end of year	\$ (1,317,138)	\$ (1,665,529)

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2019

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, 2019, 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, 2019

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 loan payable.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2019

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, 2019

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 \$954,539 (2018 - \$922,890) to New Unionville Home Society. This administrative services cost is 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, 2019 is \$374 (2018 - \$615) in interest earned on this loan.

(d) Donations

During the year, Unionville Home Society received \$294,719 (2018 - \$213,915) from the Unionville Home Society Foundation of which \$160,111 (2018 - \$53,784) 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 (2018 - \$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, 2019 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. The amount drawn on the facility on a consolidated basis totaled \$nil (2018 - \$11,052).

5 Investments

As at March 31,	2019	2018
Guaranteed investment certificates, bearing interest at 1.75% (2018 - 1.40%) and maturing on June 10, 2019 (2018 - June 11, 2018)	\$ 600,000	\$ 600,000
Cash and cash equivalents	19,431	19,216
Add: Accrued interest	2,828	437
	\$ 622,259	\$ 619,653

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2019

5 Investments (continued)

The guaranteed investment certificate has been pledged as security on the demand operating facility described in note 4. The demand operating facility 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,	2019		2018	
Amounts due from residents	\$	39,004	\$	24,892
Sundry receivables		26,470		14,093
		65,474		38,985
Less: allowance for doubtful accounts		(9,969)		(6,389)
	\$	55,505	\$	32,596

7 Capital assets

As at March 31,	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 519,909	\$ -	\$ 519,909	\$ -
Building	19,013,808	10,463,482	19,013,808	9,698,581
Building service equipment	495,872	56,719	168,266	39,067
Equipment	2,417,408	2,121,122	2,362,136	2,055,811
Computer equipment	223,064	193,615	223,064	168,658
	\$ 22,670,061	\$ 12,834,938	\$ 22,287,183	\$ 11,962,117
Net book value		\$ 9,835,123		\$ 10,325,066

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, and the parcel registered to Unionville Home Society Foundation closed on May 29, 2019. 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, 2019

8 Accounts payable and accrued liabilities

As at March 31,	2019	2018
Trade payables and accrued liabilities	\$ 493,449	\$ 446,815
Payroll related accruals	570,773	516,345
Government remittances payable	109,867	85,091
Mortgage interest payable	49,916	53,086
	\$ 1,224,005	\$ 1,101,337

9 Mortgage loan payable

As at March 31,	2019	2018
Manulife Financial, 6.51% interest, repayable in equal monthly installments of \$96,703, due July 1, 2025	\$ 9,325,145	\$ 9,867,526
Less: current portion	578,265	542,381
	\$ 8,746,880	\$ 9,325,145

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

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

2020	\$ 578,265
2021	616,523
2022	657,311
2023	700,799
2024	747,163
Thereafter	<u>6,025,084</u>
	<u>\$ 9,325,145</u>

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,	2019	2018
Unamortized capital contributions, beginning of year	\$ 1,351,792	\$ 1,452,623
Capital contributions received	160,111	53,784
Amounts amortized to revenue	(158,287)	(154,615)
	\$ 1,353,616	\$ 1,351,792

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2019

11 Commitment

The Society has entered into a contract dated March 4, 2019 for building improvements. The total contract price is \$91,732 plus HST. As at March 31, 2019 none of these costs had been incurred.

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, 2019, the balance due to Royal Bank of Canada under this loan agreement is \$1,606,262 (2018 - \$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, 2016 to March 31, 2019 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.

(c) Legal claims

There are unresolved legal claims pending against the Society. The possible outcomes or any settlements are not determinable at year-end. No provision has been made in the financial statements for these claims. Losses, if any, will be accounted for in the year of settlement.

13 Subsequent events

(a) Land sale

The parcel of land described in note 7 for which title is registered to Unionville Home Society Foundation, subject to a Trust Acknowledgement Agreement, was sold on May 29, 2019 for proceeds of \$5,020,000. New Unionville Home Society has recognized a gain on sale of the land in the amount of \$4,822,766.

(b) Construction and Cost Sharing Agreement

The Society entered into an agreement with an effective date of May 15, 2019 for the design and construction of shared roadways and services on the campus. The total design and construction costs are estimated at \$5,559,537 plus HST. The Society's share of these costs is \$88,013 plus HST.

14 Economic dependence

The Society received \$8,337,518 (2018 - \$7,849,918) of funding from the Government of Ontario. This funding represents approximately 66% (2018 - 65%) 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.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2019

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 \$24,869 (2018 - \$12,110).

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 \$168,376 (2018 - \$155,021).

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, 2019 and for the year then ended are as follows:

As at March 31,	2019	2018
Financial position		
Total assets	\$ 691,223	\$ 720,986
Total liabilities	52,860	31,184
Total net assets	638,363	689,802
	\$ 691,223	\$ 720,986
Results of operations		
Total revenue	\$ 487,335	\$ 575,649
Donation expense	311,407	225,256
Operating expenses	227,367	212,110
	538,774	437,366
Excess (deficiency) of revenue over expenses for the year	\$ (51,439)	\$ 138,283
Cash flows		
Cash provided (used) by operating activities	\$ (32,666)	\$ 153,669
Cash used by financing and investing activities	(89,183)	(125,376)
Net increase (decrease) in cash	\$ (121,849)	\$ 28,293

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2019

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.

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

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