

Financial statements of

**UNIONVILLE HOME SOCIETY FOUNDATION**

March 31, 2019

D C Tinkham FCPA FCA CMC LPA  
P J Brocklesby CPA CA LPA  
M Y Tkachenko CPA CA  
M W G Rooke CPA CA LPA  
A C Callas CPA CA  
C R Braun CPA CA  
G P Kroepflin CPA

300 - 2842 Bloor Street West  
Toronto Ontario M8X 1B1  
Canada

TEL 1 416 233 2139  
TOLL FREE 1 877 283 3305  
FAX 1 416 233 1788

**TINKHAMCPA.COM**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the financial statements of Unionville Home Society Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements 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 Foundation 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 Foundation 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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 FOUNDATION

## Statement of Financial Position

As at March 31,	2019	2018
<b>Assets</b>		
Current		
Cash (note 4)	\$ 70,290	\$ 192,139
Investments (note 5)	391,670	352,487
Public service body rebate receivable	10,046	6,880
Prepaid expenses	19,217	19,480
	491,223	570,986
Investments - long-term (note 5)	200,000	150,000
	\$ 691,223	\$ 720,986
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,216	\$ 6,216
Deferred event revenue	31,515	11,450
Due to New Unionville Home Society (note 3)	-	435
Due to Unionville Home Society (note 3)	13,129	13,083
	52,860	31,184
Net assets		
Externally restricted (note 6)	52,711	64,247
Unrestricted	585,652	625,555
	638,363	689,802
	\$ 691,223	\$ 720,986

Contingency (note 8)  
Subsequent event (note 9)

See accompanying notes to the financial statements.

Approved by the Board:

Patrick O'Hanlon Director

Audrey Jamieson Director

## UNIONVILLE HOME SOCIETY FOUNDATION

### Statement of Operations and Net Assets

Year ended March 31,	2019	2018
Revenue		
Fundraising events revenue	\$ 303,347	\$ 271,203
Donations and bequests	102,479	106,585
Externally restricted donations and bequests (note 6)	60,014	179,049
Investment and other income	21,495	18,812
	<b>487,335</b>	<b>575,649</b>
Expenses		
Fundraising events and charitable activities expenses	176,678	173,192
Office and administrative	45,289	33,518
Professional fees	5,400	5,400
	<b>227,367</b>	<b>212,110</b>
Excess of revenue over expenses for the year before donations	<b>259,968</b>	<b>363,539</b>
Donations (note 3)	<b>311,407</b>	<b>225,256</b>
Excess (deficiency) of revenue over expenses for the year	<b>(51,439)</b>	<b>138,283</b>
Net assets, beginning of year	<b>689,802</b>	<b>551,519</b>
Net assets, end of year	\$ <b>638,363</b>	\$ <b>689,802</b>

See accompanying notes to the financial statements.

## UNIONVILLE HOME SOCIETY FOUNDATION

### Statement of Cash Flows

Year ended March 31,	2019	2018
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ (51,439)	\$ 138,283
Net change in non-cash working capital balances:		
Public service body rebate receivable	(3,166)	(451)
Prepaid expenses	263	9,148
Accounts payable and accrued liabilities	2,000	1,029
Deferred event revenue	20,065	(3,349)
Change in amount due to New Unionville Home Society	(435)	397
Change in amount due to Unionville Home Society	46	8,612
Net cash provided (used) by operating activities	(32,666)	153,669
Cash used by investing activities:		
Purchase of investments (net)	(89,183)	(125,376)
Net increase (decrease) in cash	(121,849)	28,293
Cash, beginning of year	192,139	163,846
Cash, end of year	\$ 70,290	\$ 192,139

# UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2019

---

## 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, 2019

---

### 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 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, 2019

---

### 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 \$16,688 (2018 - \$11,341) was donated to New Unionville Home Society and \$294,719 (2018 - \$213,915) was donated to Unionville Home Society.

### 4 Cash

The Foundation has a demand operating facility of \$600,000 (2018 - \$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, 2019, 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 rates ranging from 1.83% to 2.91% (2018 - 1.62% to 2.36%) and maturing on dates ranging from June 28, 2019 to February 16, 2021 (2018 - October 4, 2018 to February 10, 2020)	\$ 524,995	\$ 400,235
Cash and cash equivalents	60,213	99,741
Add: Accrued interest	6,462	2,511
	<b>591,670</b>	502,487
Less: Long-term investments	(200,000)	(150,000)
	<b>\$ 391,670</b>	\$ 352,487

### 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,	2019	2018
Balance, beginning of year	\$ 64,247	\$ 39,734
Funds received during the year	65,509	184,149
Funds disbursed during the year	(77,045)	(159,636)
Balance, end of year	<b>\$ 52,711</b>	\$ 64,247

Included in funds received during the year is \$5,495 (2018 - \$5,100) 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, 2019

---

### **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 this land, and the parcel registered to Unionville Home Society Foundation closed on May 29, 2019. 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 Contingency**

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

### **9 Subsequent event**

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.

### **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.

# UNIONVILLE HOME SOCIETY FOUNDATION

Notes to the Financial Statements

March 31, 2019

---

## 10 Financial instruments (continued)

### 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.

The Foundation is not exposed to currency risk or 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 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.