

Financial statements of

**WYNDHAM GARDENS  
APARTMENTS OF UNIONVILLE**

March 31, 2019

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**WYNDHAM GARDENS APARTMENTS OF UNIONVILLE**

### **Opinion**

We have audited the financial statements of Wyndham Gardens Apartments of Unionville ("the Corporation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in 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 Corporation 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 Corporation 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 Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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**

# WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

## Statement of Financial Position

As at March 31,	2019	2018
<b>Assets</b>		
Current		
Cash (note 3)	\$ 106,851	\$ 54,387
Cash and short term investments - internally segregated (notes 4, 5)	926,157	838,262
Public service body receivable	10,970	7,892
Due from Unionville Home Society (note 7(b))	-	1,541
Prepaid expenses and other assets	47,888	49,106
	<b>1,091,866</b>	951,188
Investments - internally segregated (notes 4, 5)	500,000	352,471
Capital assets (note 6)	5,410,492	5,700,265
	<b>\$ 7,002,358</b>	\$ 7,003,924
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 122,159	\$ 74,039
Residents' deposits	14,450	14,025
Due to New Unionville Home Society (note 7(b))	-	20,543
Deferred Wellness Contribution (note 7(d))	184,723	208,483
Loan payable - Unionville Home Society current portion - (note 7(c))	48,574	48,333
	<b>369,906</b>	365,423
Loan payable - Unionville Home Society (note 7(c))	-	48,574
	<b>369,906</b>	413,997
Net assets		
Unrestricted	5,206,295	5,399,194
Internally restricted - replacement reserve (note 5)	1,426,157	1,190,733
	<b>6,632,452</b>	6,589,927
	<b>\$ 7,002,358</b>	\$ 7,003,924

Commitments (note 9)

See accompanying notes to the financial statements.

Approved by the Board:

Phil Gunn Director

Blair Tullis Director

**WYNDHAM GARDENS APARTMENTS OF UNIONVILLE**

## Statement of Operations

Year ended March 31,	2019	2018
Revenue		
Maintenance fees	\$ 1,235,656	\$ 1,211,863
Re-leasing commission revenue	463,000	419,350
Amortization of deferred Wellness Contribution (note 7(d))	23,760	21,480
Interest income	20,119	9,873
Wyndham Gardens dining room	15,353	17,926
Other income (note 8)	9,778	12,299
Capital levy	-	35,298
	<b>1,767,666</b>	<b>1,728,089</b>
Expenses		
Building, equipment, and grounds maintenance	235,788	159,854
Commission on re-leasing	235,435	213,239
Utilities	185,915	219,348
Administrative services cost (note 7(a))	175,972	169,263
Salaries and benefits	173,828	171,930
Municipal and property taxes	148,446	157,610
Administration (note 11)	82,004	79,154
Wyndham Gardens dining room	31,116	33,038
Refurbishing cost on re-leasing	8,490	13,647
	<b>1,276,994</b>	<b>1,217,083</b>
Excess of revenue over expenses for the year before amortization	490,672	511,006
Amortization of capital assets	448,147	445,000
Excess of revenue over expenses for the year	\$ 42,525	\$ 66,006

See accompanying notes to the financial statements.

**WYNDHAM GARDENS APARTMENTS OF UNIONVILLE****Statement of Changes in Net Assets**

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Year ended March 31	<b>Internally restricted - replacement reserve (note 5)</b>	<b>Unrestricted</b>	<b>2019 Total</b>	2018 Total
Balance, beginning of year	<b>\$ 1,190,733</b>	<b>\$ 5,399,194</b>	<b>\$ 6,589,927</b>	\$ 6,523,921
Excess of revenue over expenses for the year	-	<b>42,525</b>	<b>42,525</b>	66,006
Transfers	<b>235,424</b>	<b>(235,424)</b>	-	-
Balance, end of year	<b>\$ 1,426,157</b>	<b>\$ 5,206,295</b>	<b>\$ 6,632,452</b>	\$ 6,589,927

See accompanying notes to the financial statements.

**WYNDHAM GARDENS APARTMENTS OF UNIONVILLE**

## Statement of Cash Flows

<u>Year ended March 31,</u>	<u>2019</u>	<u>2018</u>
Cash provided (used) by operating activities:		
Excess of revenue over expenses for the year	\$ 42,525	\$ 66,006
Items not requiring an outlay of cash:		
Amortization of capital assets	448,147	445,000
Amortization of deferred Wellness Contribution	(23,760)	(21,480)
	<u>466,912</u>	<u>489,526</u>
Net change in non-cash working capital balances:		
Public service body receivable	(3,078)	(2,454)
Prepaid expenses and other assets	1,218	12,556
Accounts payable and accrued liabilities	48,120	11,037
Residents' deposits	425	(675)
Change in amount due to New Unionville Home Society	(20,543)	(14,450)
Change in amount due to Unionville Home Society	1,541	(13,508)
	<u>494,595</u>	<u>482,032</u>
Cash used by financing activities:		
Repayments of loan payable - Unionville Home Society	(48,333)	(48,092)
Cash used by investing activities:		
Purchase of capital assets	(158,374)	(69,495)
Increase in internally segregated cash and investments	(235,424)	(345,761)
	<u>(393,798)</u>	<u>(415,256)</u>
Net cash provided by operating activities	<u>494,595</u>	<u>482,032</u>
Net increase in cash	52,464	18,684
Cash, beginning of year	54,387	35,703
Cash, end of year	\$ 106,851	\$ 54,387

See accompanying notes to the financial statements.

# WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2019

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## 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, 2019, 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, 2019

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### 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, 2019

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### 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 (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).

### 4 Cash and investments - internally segregated

As at March 31,	2019	2018
Guaranteed investment certificates, bearing interest at rates ranging from 1.45% to 2.91% (2018 - 1.15% to 2.45%) and maturing on dates ranging from April 1, 2019 to February 22, 2021 (2018 - May 4, 2018 to March 20, 2020)	\$ 1,152,003	\$ 827,591
Cash and cash equivalents	261,747	357,235
Add: Accrued interest	12,407	5,907
	1,426,157	1,190,733
Less: Long-term investments	(500,000)	(352,471)
	\$ 926,157	\$ 838,262

## WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2019

### 5 Internally restricted replacement reserve

The Board of Directors has internally restricted a replacement reserve fund for the building. The reserve is fully funded and may only be used as approved by the Board of Directors.

The activity in the internally restricted replacement reserve is as follows:

As at March 31,	2019	2018
Balance, beginning of year	\$ 1,190,733	\$ 844,972
Expenditures from reserve	(158,375)	(69,495)
Annual reserve contributions	393,799	379,958
Capital levy	-	35,298
Balance, end of year	\$ 1,426,157	\$ 1,190,733

### 6 Capital assets

As at March 31,	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 422,200	\$ -	\$ 422,200	\$ -
Land improvements	24,308	17,218	24,308	14,180
Building	14,214,275	10,189,984	14,162,400	9,830,692
Building service equipment	939,759	216,769	939,759	158,938
Furniture and fixtures	245,007	230,177	245,007	225,950
Wellness Contribution	291,697	106,976	219,567	83,216
Construction in progress	34,370	-	-	-
	\$ 16,171,616	\$ 10,761,124	\$ 16,013,241	\$ 10,312,976
Net book value		\$ 5,410,492		\$ 5,700,265

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, 2019

### 7 Related party transactions

#### (a) Administrative services cost

During the year, the Corporation paid administrative services cost totaling \$175,972 to New Unionville Home Society (2018 - \$169,263), 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,	2019	2018
Loan payable to Unionville Home Society, bearing interest at 0.5%, payable in equal monthly installments of \$4,059, due March 31, 2020	\$ 48,574	\$ 96,907
Less: current portion	48,574	48,333
	\$ -	\$ 48,574

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 \$374 (2018 - \$615). 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.

#### (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, 2019, \$300,000 (2018 - \$227,869) of this grant has been spent. The grant is being amortized into income consistent with expenditures incurred. The unamortized portion of the Deferred Wellness Contribution is \$184,723 (2018 - \$208,483).

### 8 Other income

Year ended March 31,	2019	2018
Life Line monitoring	\$ 5,964	\$ 8,379
Hairdressing rental	2,950	3,150
Miscellaneous	864	770
	\$ 9,778	\$ 12,299

# WYNDHAM GARDENS APARTMENTS OF UNIONVILLE

Notes to the Financial Statements

March 31, 2019

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## 9 Commitments

The Corporation has entered into a contract dated December 7, 2018 for engineering and consulting services. The total contract price is \$27,600 plus HST. As at March 31, 2019 costs of \$11,165 related to this contract had not yet been incurred.

The Corporation has entered into a contract dated February 8, 2019 for replacement of building service equipment. The total contract price is \$328,000 plus HST. As at March 31, 2019 costs of \$323,000 related to this contract had not yet been incurred.

## 10 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 \$1,215 (2018 - \$1,173).

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 \$3,747 (2018 - \$3,783).

## 11 Administration expense

Administration expense consists of the following:

Year ended March 31,	2019	2018
Insurance	\$ 37,522	\$ 42,047
Office and general	28,582	18,277
Professional fees	10,200	10,200
Life Line monitoring	5,700	8,630
	<b>\$ 82,004</b>	<b>\$ 79,154</b>

## 12 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, 2019

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### 12 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.