

Financial statements of

UNIONVILLE HOME SOCIETY

March 31, 2021

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 LPA
G P Kroeplin CPA
J X Wu 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 AUDITOR'S 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, 2021 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, 2021, 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
May 27, 2021



Licensed Public Accountants

UNIONVILLE HOME SOCIETY

Statement of Financial Position

As at March 31,	2021	2020
Assets		
Current		
Investments (note 4)	\$ 619,986	\$ 622,996
Accounts receivable from residents and sundry	43,330	73,436
Public service body rebate receivable	132,574	167,120
Prepaid expenses	16,674	36,472
Due from the Ministry of Long-Term Care (note 11)	35,322	74,566
Due from New Unionville Home Society (note 3(b))	-	93,931
	847,886	1,068,521
Capital assets (note 6)	8,595,339	9,292,148
	\$ 9,443,225	\$ 10,360,669
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness (note 5)	\$ 1,010,776	\$ 1,181,646
Accounts payable and accrued liabilities (note 7)	1,292,548	1,391,650
Due to Wyndham Gardens Apartments of Unionville (note 3(b))	-	36,775
Deferred revenue	32,861	3,994
Current portion of mortgage loan payable (note 8)	657,311	616,523
	2,993,496	3,230,588
Mortgage loan payable (note 8)	7,473,046	8,130,357
Deferred capital contributions (note 9)	1,214,962	1,309,047
	11,681,504	12,669,992
Deficit	(2,238,279)	(2,309,323)
	\$ 9,443,225	\$ 10,360,669

Commitment (note 10)
Contingencies (note 11)

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,	2021	2020
Revenue		
Government funding	\$ 10,788,979	\$ 8,572,878
Accommodation basic	2,992,078	3,266,778
Accommodation preferred	808,072	878,826
Other revenue	83,566	131,924
Donations	64,093	42,285
Investment income	4,693	12,287
	14,741,481	12,904,978
Expenses		
Salaries	6,374,845	5,661,178
Benefits	1,555,462	1,513,811
Administrative services cost (note 3(a))	1,007,628	877,329
Agency staffing and contracted health services	920,282	668,591
Contracted dietary and laundry services	919,827	796,578
Supplies	700,917	335,612
Building, equipment, and ground maintenance	645,517	424,596
Raw food	561,184	575,407
Mortgage loan interest	540,608	579,071
Utilities	366,393	337,604
Administration	210,203	74,652
Insurance	55,880	44,047
Resident services	55,585	80,048
Computer and network administration	28,055	24,964
Professional fees	18,853	16,500
	13,961,239	12,009,988
Excess of revenue over expense before undernoted items	780,242	894,990
Gain on sale of land (net)	-	88,265
Amortization of deferred contributions related to capital assets (note 9)	184,725	177,265
Amortization of capital assets	(893,923)	(878,237)
Excess of revenue over expense for the year	71,044	282,283
Deficit, opening	(2,309,323)	(2,591,606)
Deficit, closing	\$ (2,238,279)	\$ (2,309,323)

UNIONVILLE HOME SOCIETY

Statement of Cash Flows

Year ended March 31,	2021	2020
Cash provided (used) by operations:		
Excess of revenue over expenses for the year	\$ 71,044	\$ 282,283
Items not requiring an outlay of cash:		
Amortization of capital assets	893,923	878,237
Amortization of deferred contributions related to capital assets	(184,725)	(177,265)
Gain on sale of land	-	(88,265)
	780,242	894,990
Net change in non-cash working capital balances:		
Accounts receivable	30,106	(17,931)
Public service body rebate receivable	34,546	(77,236)
Prepaid expenses	19,798	(22,112)
Due from the Ministry of Long-Term Care	39,244	(57,063)
Accounts payable and accrued liabilities	(99,102)	167,645
Deferred revenue	28,867	(3,006)
Change in amount due from Unionville Home Society Foundation	-	13,129
Change in amount due from New Unionville Home Society	93,931	(154,971)
Change in amount due to Wyndham Gardens Apartments of Unionville	(36,775)	36,775
Net cash provided by operating activities	890,857	780,220
Cash provided (used) by financing activities:		
Related party loan receivable - Wyndham Gardens Apartments of Unionville	-	48,575
Repayment of mortgage loan payable	(616,523)	(578,265)
Capital contributions received	90,640	132,696
Net cash used by financing activities	(525,883)	(396,994)
Cash provided (used) by investing activities:		
Sale (purchase) of investments (net)	3,010	(737)
Purchase of capital assets	(197,114)	(304,154)
Proceeds on sale of land	-	93,931
Land transfers - at book value (net)	-	(36,774)
Net cash used by investing activities	(194,104)	(247,734)
Net increase in cash	170,870	135,492
Bank indebtedness, beginning of year	(1,181,646)	(1,317,138)
Bank indebtedness, end of year	\$ (1,010,776)	\$ (1,181,646)

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2021

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.

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. When conditions indicate a capital asset no longer contributes to the Society's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement costs. As at March 31, 2021, no such impairment exists.

Capital assets are depreciated over their estimated useful lives on a straight-line basis 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, 2021

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 the fair value of volunteer time is not easily determinable, 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, certain accounts payable and accrued liabilities 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 \$1,007,628 (2020 - \$877,329) 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) Donations

During the year, the Society received \$61,896 (2020 - \$174,262) from the Unionville Home Society Foundation of which \$nil (2020 - \$132,697) has been accounted for as deferred capital contributions and \$61,896 (2020 - \$41,565) has been recognized in donations revenue.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2021

4 Investments

As at March 31,	2021	2020
Guaranteed investment certificates, bearing interest at 0.40% (2020 - 1.75%) and maturing on June 8, 2021 (2020 - June 8, 2020)	\$ 600,158	\$ 603,244
Cash and cash equivalents	19,828	19,752
	\$ 619,986	\$ 622,996

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 (2020 - \$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, 2021 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, 2021, no amount had been drawn on the facility on a consolidated basis.

6 Capital assets

As at March 31,	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 551,018	\$ -	\$ 551,018	\$ -
Land improvements	39,512	4,179	-	-
Building	19,109,154	12,003,347	19,109,154	11,232,091
Building service equipment	600,609	148,660	528,090	101,648
Equipment	2,527,584	2,172,870	2,537,281	2,171,757
Computer equipment	223,064	220,863	223,064	207,679
Construction in progress	94,317	-	56,716	-
	\$ 23,145,258	\$ 14,549,919	\$ 23,005,323	\$ 13,713,175
Net book value		\$ 8,595,339		\$ 9,292,148

The amount included in construction in progress relates to renovation costs. This amount is not being amortized until such time as the renovations are completed and the related assets are placed into operation.

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 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, 2021

7 Accounts payable and accrued liabilities

As at March 31,	2021	2020
Trade payables and accrued liabilities	\$ 1,120,598	\$ 1,262,225
Government remittances payable	128,429	82,604
Mortgage interest payable	43,521	46,821
	\$ 1,292,548	\$ 1,391,650

8 Mortgage loan payable

As at March 31,	2021	2020
Manulife Financial, 6.51% interest, repayable in equal monthly installments of \$96,703, due July 1, 2025	\$ 8,130,357	\$ 8,746,880
Less: current portion	657,311	616,523
	\$ 7,473,046	\$ 8,130,357

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 term to maturity are approximately as follows:

2022	\$ 657,311
2023	700,799
2024	747,163
2025	796,595
2026	5,228,489
	<u>\$ 8,130,357</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,	2021	2020
Unamortized capital contributions, beginning of year	\$ 1,309,047	\$ 1,353,616
Capital contributions received	90,640	132,696
Amounts amortized to revenue	(184,725)	(177,265)
	\$ 1,214,962	\$ 1,309,047

Capital contributions received of \$90,640 are from the Ministry of Long-Term Care ("the Ministry") for Infection Prevention and Control (IPAC) minor capital expenditures. As at March 31, 2021, \$11,934 was unspent and the Society has received permission from the Ministry to use this funding for future IPAC minor capital expenditures, which will assist the Society in addressing COVID-19 related pressures in 2022. Adjustments, if any, will be accounted for in the year of settlement.

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2021

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 \$5,559,538 plus HST. The Society's share of these costs is \$88,013 plus HST. As at March 31, 2021, \$40,427 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 Long-Term Care ("the Ministry") 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, 2017 to March 31, 2021 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 Economic dependence

The Society received \$10,788,979 (2020 - \$8,572,878) of funding from the Government of Ontario. This funding represents approximately 73% (2020 - 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.

13 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 \$23,949 (2020 - \$24,730).

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 \$157,696 (2020 - \$170,232).

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2021

14 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, 2021 and for the year then ended are as follows:

As at March 31,	2021	2020
Financial position		
Total assets	\$ 870,648	\$ 738,274
Total liabilities	10,353	11,947
Total net assets	860,295	726,327
	\$ 870,648	\$ 738,274
Results of operations		
Total revenue	\$ 337,526	\$ 495,991
Donation expense	64,896	180,052
Operating expenses	138,662	227,975
	203,558	408,027
Excess of revenue over expenses for the year	\$ 133,968	\$ 87,964
Cash flows		
Cash provided by operating activities	\$ 136,152	\$ 50,793
Cash used by financing and investing activities	(13,662)	(61,977)
Net increase (decrease) in cash	\$ 122,490	\$ (11,184)

UNIONVILLE HOME SOCIETY

Notes to the Financial Statements

March 31, 2021

15 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 Long-Term Care which are secured by provincial and/or federal governments.

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.

The Society 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 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 significant changes in the Society's risk exposures in financial instruments from the prior year.