

Ukrainian Home for the Aged
ANNUAL FINANCIAL STATEMENTS
March 31, 2014

AUDITORS' REPORT

To the Board of Directors
Ukrainian Home for the Aged

We have audited the accompanying financial statements of Ukrainian Home for the Aged, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ukrainian Home for the Aged as at March 31, 2014 and the financial results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants
Licensed Public Accountants

June 18, 2014

Ukrainian Home for the Aged

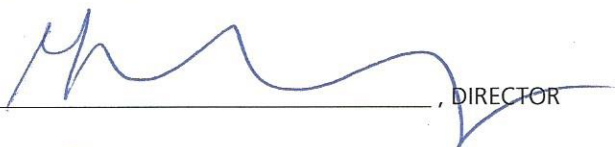
STATEMENT OF FINANCIAL POSITION

March 31, 2014

Statement 1

	2014	2013
ASSETS		
Current		
Cash and short-term deposits	\$494,636	\$835,558
Accounts receivable	142,603	99,379
Prepaid expenses and deposits	10,832	46,588
	648,071	981,525
Cash and short-term deposits having restrictions on use (note 2)	803,497	542,573
Property and equipment (note 3)	4,891,807	4,724,469
	\$6,343,375	\$6,248,567
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$440,690	\$440,008
Provincial government subsidy advances (note 4)	21,100	49,644
Current portion of long-term liabilities	202,301	166,500
	664,091	656,152
Long-term liabilities (note 5)	512,778	540,207
	1,176,869	1,196,359
Deferred contributions (note 6)	922,591	694,547
	2,099,460	1,890,906
NET ASSETS (Statement 2) (note 7)		
Donations reserve - internally restricted	430,676	408,092
Unrestricted	3,813,239	3,949,569
	4,243,915	4,357,661
	\$6,343,375	\$6,248,567

APPROVED ON BEHALF OF THE BOARD:


_____, DIRECTOR


_____, DIRECTOR

Refer to the accompanying notes.

Ukrainian Home for the Aged

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2014

Statement 2

			2014	2013
	Unrestricted	Donations reserve - internally restricted	Total	Total
Changes in fund balances for the year				
Excess revenues over expenses (expenses over revenues) <i>(Statement 3)</i>				
Toronto operations	(\$50,994)	\$ -	(\$50,994)	\$90,924
Mississauga operations	(239,436)	-	(239,436)	466
Donations Reserve Fund	-	192,584	192,584	207,805
	(290,430)	192,584	(97,846)	299,195
Annual allocation to deferred contributions - replacement reserve <i>(note 5)</i>	(15,900)	-	(15,900)	(15,900)
Board approved transfer	170,000	(170,000)	-	-
Transfers from deferred contributions - replacement reserve to general fund	-	-	-	46,265
Net changes for the year	(136,330)	22,584	(113,746)	329,560
Balances, beginning of year	3,949,569	408,092	4,357,661	4,028,101
Balances, end of year	\$3,813,239	\$430,676	\$4,243,915	\$4,357,661

Refer to the accompanying notes.

Ukrainian Home for the Aged

STATEMENT OF OPERATIONS

Year ended March 31, 2014

Statement 3

	General Fund			2014	2013
	Toronto operations	Mississauga operations	Donations Reserve		
Revenues					
Provincial operating subsidies for care (note 4)	\$3,618,368	\$345,000	\$ -	\$3,963,368	\$3,938,707
Residents' fees	1,731,993	1,157,493	-	2,889,486	2,783,115
Federal government mortgage subsidy grant under Section 95 of the National Housing Act	-	93,834	-	93,834	93,834
Amortization of deferred gov. contrib. for capital assets	3,000	39,107	-	42,107	39,286
Government contributions for capital asset repairs	2,423	38,155	-	40,578	71,346
Provincial subsidies for training and implementations	-	7,300	-	7,300	70,725
Federal summer jobs grant	-	-	-	-	17,252
Donations	-	-	177,078	177,078	396,118
Interest and sundry income	1,532	-	15,506	17,038	1,713
	5,357,316	1,680,889	192,584	7,230,789	7,412,097
Expenses (note 8)					
Resident care costs	4,555,299	765,474	-	5,320,773	5,001,082
Building maintenance, utilities and insurance	354,138	648,124	-	1,002,262	1,173,256
Administrative and general	419,853	320,563	-	740,416	706,073
Mortgage interest	23,240	7,434	-	30,674	21,959
Amortization of buildings and equipment	55,780	178,730	-	234,510	210,532
	5,408,310	1,920,325	-	7,328,635	7,112,902
Excess revenues over expenses (expenses over revenues) for the year	(\$50,994)	(\$239,436)	\$192,584	(\$97,846)	\$299,195

Refer to the accompanying notes.

Ukrainian Home for the Aged

STATEMENT OF CASH FLOWS

Year ended March 31, 2014

Statement 4

	2014	2013
Cash provided by (used for):		
Operating activities		
Operating revenue sources	\$7,017,437	\$6,898,119
Donation revenues	353,728	396,188
Payments on account of expenses	(7,057,688)	(6,788,928)
	313,477	505,379
Investment activities		
Purchases of equipment	(401,848)	(123,011)
Financing activities		
Capital lease obligation made	200,188	-
Capital lease payments	(21,719)	-
Repayments of mortgage loans	(170,096)	(167,184)
	8,373	(167,184)
Net change in cash subject to restrictions on use reflected in activities above	(260,924)	(179,883)
Net increase (decrease) in cash for the year	(340,922)	35,301
Cash and short-term deposits, beginning of year	835,558	800,257
Cash and short-term deposits, end of year	\$494,636	\$835,558

Refer to the accompanying notes.

Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

Nature and Purpose of Organization

Ukrainian Home for the Aged is an organization whose primary objects are to provide residences, nursing care, meals and social activity for seniors. Ukrainian Home for the Aged is incorporated by letters patent under the Corporations Act of Ontario as a not-for-profit organization without share capital. Any surplus earned by the corporation is to be used in promoting its objects. The organization is a registered charity under provisions of the Income Tax Act (Canada). As a qualifying registered charity operating a care home and specified services to seniors, the organization is exempt from municipal property taxation.

1 / Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations

a. Revenue recognition

Provincial operating subsidies for care and resident fee revenues are recognized as the services are provided.

The deferred contribution method of accounting is applied to contributions received, including grants and subsidies. The deferred contributions are recognized as revenue at the time the related expense is incurred. When contributions are received for a specified purpose that includes property and equipment, the contribution is deferred, as a liability, then amortized to revenue over the estimated useful life of the corresponding asset.

Contributions, other than those that are deferred, are recognized as revenue in the year in which the amount is received or becomes receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b. Financial instruments

All of the organization's financial instruments are stated at amortized cost, less impairment of value if any.

c. Property, equipment and amortization

Property and equipment purchases are accounted for in a manner that amortizes their cost over their estimated useful lives. The Organization uses the straight-line method and the following rates of amortization: buildings - 40 years; equipment, fixtures and furnishings - 5 to 20 years; parking areas and driveways - 8 years; computers - 5 years. The costs of land, art and artifacts are not amortized.

d. Contributed goods and services

The values of significant donated goods and commercial services are recorded at fair value. The Organization also benefits from volunteer efforts. Since the monetary value of volunteers' contributed services is difficult to determine, the value of these services has not been recognized in these financial statements.

e. Allocations of expenses

Personnel costs are allocated to functions reported on the statement of operations. Allocations are made on the basis of reasonable estimates of time, space and other usage criteria, as appropriate. Additional expenses of the reported functions consist of directly related costs.

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Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

1 / Significant Accounting Policies *(continued)*

f. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect various amounts reported in these financial statements. Actual results can vary from these estimates.

g. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances on deposit with chartered banks.

2 / Cash and Short-term Deposits Having Restrictions on Use

Certain cash amounts are restricted for the purposes of meeting obligations of the internally restricted donations reserve, externally restricted deferred contributions for a building campaign, statutory replacement reserves and resident trust funds.

3 / Property and Equipment

			2014	2013
	Cost	Accumulated Amortization	Net	Net
Land	\$488,303	\$ -	\$488,303	\$488,303
Buildings	6,273,116	2,321,193	3,951,923	3,775,527
Equipment, fixtures and furnishings	837,981	559,827	278,154	284,212
Fine art and artifacts	162,677	-	162,677	162,677
Parking areas and driveways	24,000	13,250	10,750	13,750
	\$7,786,077	\$2,894,270	\$4,891,807	\$4,724,469

All land and buildings secure mortgage loans described in note 5 below.

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Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

4 / Provincial Government Subsidies for Care

The Ministry of Health of the Province of Ontario provides advance payments on account of subsidies. The actual earned subsidy amounts are calculated in accordance with the terms of the funding agreement after the end of each calendar year. Amounts received but unearned at the end of the fiscal year are shown as a liability on the balance sheet. Ministry reviews of the earned subsidy claim may result in adjustments to the earned amounts calculated by the Organization. Such adjustments, if any, are recorded as adjustments subsidy revenue in the year the subsidy determinations are made. The Ministry's reviews of 2012 and 2013 were not complete at year-end.

	2014	2013
Advances, beginning of year	\$49,644	\$111,000
Received during the year	3,934,824	3,877,351
Subsidies earned – revenue for the year	(3,963,368)	(3,938,707)
Advances, end of year	\$21,100	\$49,644

5 / Long-term Liabilities

	2014	2013
First mortgage, secured by land and buildings at 3058 Winston Churchill Boulevard, Mississauga, Ontario bearing interest at 1.65% per annum, payable \$13,423 monthly blended principal and interest.	\$381,870	\$535,510
First mortgage, secured by land and buildings at 767 Royal York Road, Toronto, Ontario bearing interest at 6.875% per annum, payable \$2,339 monthly blended principal and interest.	154,740	171,197
	536,610	706,707
Less current portions	173,100	166,500
Long-term portion of mortgages payable	363,510	540,207
Capital lease obligation for heating boilers and tanks, bearing imputed interest at 8.33% per annum, payable \$3,893 monthly until maturity in July 2018.	178,469	-
Less current portion	29,201	-
Long-term portion of capital lease obligation	149,268	-
Total long-term debt	\$512,778	\$540,207

Both mortgage loans are from the Canada Mortgage and Housing Corporation.

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Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

6 / Deferred Contributions

	2014	2013
Deferred unamortized contributions for property and equipment	\$561,163	\$561,139
Deferred for Replacement Reserve	184,778	133,408
Deferred for building campaign	176,650	-
	\$922,591	\$694,547

Changes in deferred contributions for property and equipment:

	2014	2013
Balance, beginning of year	\$561,139	\$563,708
Transferred from Replacement Reserve for purchases	42,131	36,717
Amortized to revenue during the year	(42,107)	(39,286)
Balance, end of year	\$561,163	\$561,139

Changes in deferred contributions for building campaign:

	2014	2013
Balance, beginning of year	\$ -	\$ -
Contributions received	180,725	-
Recognized as revenue for eligible expenditures	(4,075)	-
Balance, end of year	\$176,650	\$ -

A building campaign was commenced during the year and certain donations have been made by donors where they have indicated that their donations are to be used for the purposes of proposed construction.

Changes in Replacement Reserve:

	2014		2013	
	Toronto	Mississauga	Total	Total
Balance, beginning of year	\$51,357	\$81,131	\$132,488	\$162,403
Prescribed allocations from the general fund	2,000	13,900	15,900	15,900
Interest on reserve amounts	616	974	1,590	1,370
Received during the year	44,530	69,800	114,330	111,218
Transferred to unamortized deferred contributions for capital assets	(42,107)	-	(42,107)	(36,717)
Transferred to general fund for purchases of capital assets	-	-	-	(24,360)
Used for repairs to capital assets and recognized as revenue in the year	(2,423)	(35,000)	(37,423)	(97,326)
Balance, end of year	\$53,973	\$130,805	\$184,778	\$132,488

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Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

6 / Deferred Contributions *(continued)*

The "Replacement Reserve" comprises two components. The first component arises from mortgage agreements with the Canada Mortgage and Housing Corporation, a federal crown corporation. The agreements are subject to the National Housing Act, under terms of which the Home also receives a mortgage subsidy grant annually. Under the agreement, the organization must allocate an amount annually to the Reserve and use of those Reserve funds is restricted for purchases of, and major repairs to, capital assets. The second component represents government grants received for specific projects.

Details of the amounts received during the year, shown above, are as follows:

	2014	2013
Ontario Ministry of Health and Long-term Care (including the Local Health Integration Network)		
One-Time capital reserve grant	\$35,000	\$28,800
Fire and electrical safety enhancement	79,100	-
For establishment of a health and wellness centre and other	230	82,418
	\$114,330	\$111,218

7/ Net Assets

The organization has a Board of Directors approved policy of aggregating non-externally-restricted donation revenues and restricting their use for purposes approved from time-to-time by the Board. The uses that the Board may approve are primarily capital improvements, significant replacements and debt repayment.

The unrestricted net asset balance comprises the following:

	2014	2013
Invested in property and equipment (capital assets)		
Property and equipment	\$4,785,153	4,724,469
Less unamortized deferred contributions for property and equipment	(561,163)	(561,139)
	4,223,990	4,163,330
Unrestricted	(517,405)	(213,761)
	\$3,706,585	\$3,949,569

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Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

8 / Allocated Expenses

Salaries comprise a major portion of certain expenses that are presented by function on the statement of operations. The total of salaries and benefits is attributed to those functions in the following amounts:

			2014	2013
	Toronto operations	Mississauga operations	Total	Total
Medical and nursing	\$2,807,049	\$130,940	\$2,937,989	\$2,885,930
Meals and dietary	501,444	243,211	744,655	653,008
Housekeeping	285,466	96,125	381,591	298,988
Social	222,740	58,074	280,814	232,473
Linen and laundry	68,827	44,557	113,384	126,894
Subtotal - resident care	3,885,526	572,907	4,458,433	4,197,293
Building maintenance	123,534	359,449	482,983	494,096
Administrative, general	228,743	198,162	426,905	479,103
Total salaries	\$4,237,803	\$1,130,518	\$5,368,321	\$5,170,492

9 / Economic Dependence

The nursing care operations of the Organization receive a significant portion of nursing care revenues in the form of subsidies from the Province of Ontario. The Organization also benefits by having lower expenses due to their exemption from municipal property taxation. This is common for similar entities carrying on similar operations in the province. It is not readily determinable whether revenues could be increased with funding from users, donors and other sources if necessary in the event that the above benefits would be eliminated or significantly reduced.

10 / Financial Instruments Risks

The organization's short-term investments are subject to interest rate risk, which refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. Investments and amounts receivable are also subject to credit risk, being the possibility that parties could default on their financial obligations. Liquidity risk that financial obligations may not be met exists, as is does for all entities.

11 / Resident Funds Held in Trust

The organization holds cash balances in trust for some residents out of which approved direct personal expenses are paid. These funds are held in separate bank trust accounts which are included in restricted cash on the balance sheet. The amount held in trust at March 31 was \$11,750 (2013 - \$13,537).

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Ukrainian Home for the Aged

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

12 / Comparative Figures

Certain comparative figures presented for the preceding year have been reclassified to conform with the presentation adopted for the current year.

13 / Contractual Commitments

The organization has entered into operating lease agreements for equipment requiring minimum payments in future years as follows: 2015 - \$6,045, 2016 - \$5,100, 2017 - \$5,100, 2018 - \$5,100, 2019 - \$5,100, thereafter \$2,550.