

Financial Statements of

Ukrainian Home for the Aged

March 31, 2016

Tinkham & Associates LLP

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
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, 2016, and the statements of operations, changes in net assets and 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.

Auditor's 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, 2016, 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.

TORONTO, Ontario
June 6, 2016

Tinkham & Associates LLP
CHARTERED ACCOUNTANTS

Licensed Public Accountants

Ukrainian Home for the Aged
Statement of Financial Position

As at March 31 2016 2015

Assets

Current

Cash and investments (note 3)	\$	329,594	\$	241,379
Resident trust account		28,370		16,084
Accounts receivable		91,520		67,011
Government grants receivable		-		53,962
Prepaid expenses		37,829		37,366
Provincial government subsidy receivable (notes 9 and 13)		6,909		23,630

		494,222		439,432
Restricted cash (note 4)		1,113,656		1,510,665
Capital assets (note 5)		4,661,043		4,656,173
Fine art and artifacts (note 8)		162,677		162,677

\$ 6,431,598 \$ 6,768,947

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	470,329	\$	488,370
Resident trust funds		28,370		16,084
Deferred contributions (note 6 (a))		364,429		262,742
Current portion of long term liabilities (note 7)		120,827		208,692

		983,955		975,888
Deferred contributions (note 6 (b) and (c))		706,515		803,834
Long term liabilities (note 7)		183,639		301,963

1,874,109 2,081,685

Net assets

Invested in capital assets (note 11(a))		3,795,964		3,573,984
Externally restricted - buildings and equipment reserve (note 11(b))		174,715		166,820
Internally restricted - donations reserve (note 11(c))		305,603		725,796
Internally restricted - building reserve (note 11(c))		123,007		123,007
Unrestricted		158,200		97,655

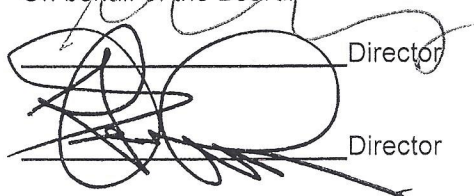
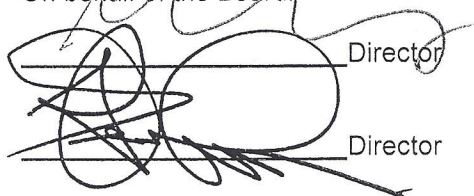
4,557,489 4,687,262

\$ 6,431,598 \$ 6,768,947

Contingency (note 9)
 Commitment (note 10)

See accompanying notes to the financial statements.

On behalf of the Board:

 Director
 Director

Ukrainian Home for the Aged
Statement of Operations

Year ended March 31	General Fund		General Donation Income	2016 Total	2015 Total
	Toronto operations	Mississauga operations			
			(note 11(c))		
Revenue					
Provincial operating subsidies for care (notes 9 and 13)	\$ 3,695,049	\$ 375,435	-	\$ 4,070,484	\$ 4,032,536
Residents' fees	1,745,648	1,371,397	-	3,117,045	2,938,423
Federal government mortgage subsidy grant (note 7)	-	93,834	-	93,834	93,834
Amortization of deferred capital contributions (note 6(c))	4,243	33,731	-	37,974	46,721
Government contributions for capital asset repairs	-	260	-	260	38,966
Government summer jobs and training grants	-	10,560	-	10,560	27,096
Unrestricted donations	-	-	134,393	134,393	419,871
Building campaign donations (note 6(b))	-	113,394	-	113,394	-
Interest and sundry income	2,250	-	36,414	38,664	23,855
	5,447,190	1,998,611	170,807	7,616,608	7,621,302
Expenses					
Resident care costs	4,502,877	963,979	-	5,466,856	5,250,313
Building maintenance, utilities and insurance	329,525	577,214	-	906,739	942,221
Administrative and general	581,801	420,242	-	1,002,043	877,376
Interest on long term debt	23,601	2,525	-	26,126	27,891
Amortization of buildings and equipment	74,127	157,096	-	231,223	230,132
Building campaign expenses (note 6(b))	-	113,394	-	113,394	-
	5,511,931	2,234,450	-	7,746,381	7,327,933
Excess (deficiency) of revenues over expenses for the year	\$ (64,741)	\$ (235,839)	\$ 170,807	\$ (129,773)	\$ 293,369

See accompanying notes to the financial statements.

Ukrainian Home for the Aged
Statement of Changes in Net Assets

Year ended March 31	Invested in Capital Assets	Externally Restricted Reserve	Internally Donations Reserve	Restricted Building Reserve	Unrestricted	Total 2016	Total 2015
Net assets, beginning of year	(note 11(a)) \$ 3,573,984	(note 11(b)) \$ 166,820	(note 11(c)) 725,796	(note 11(c)) \$ 123,007	\$ 97,655	\$ 4,687,262	\$ 4,393,893
Excess (deficiency) of revenue over expenses for the year	(193,249)	-	170,807	-	(107,331)	(129,773)	293,369
Purchase of capital assets	236,093	-	-	-	(236,093)	-	-
Repayment of long term debt	206,189	-	-	-	(206,189)	-	-
Capital contributions received	(27,053)	-	-	-	27,053	-	-
Transfers (note 11)	-	7,895	(591,000)	-	583,105	-	-
Net changes for the year	221,980	7,895	(420,193)	-	60,545	(129,773)	293,369
Net assets, end of year	\$ 3,795,964	\$ 174,715	\$ 305,603	\$ 123,007	\$ 158,200	\$ 4,557,489	\$ 4,687,262

See accompanying notes to the financial statements.

Ukrainian Home for the Aged
Statement of Cash Flows

Year ended March 31	2016	2015
Cash provided (used) by operations:		
Excess (deficiency) of revenue over expenses for the year	\$ (129,773)	\$ 293,369
Items not affecting cash:		
Amortization of capital assets	231,223	230,132
Amortization of deferred capital contributions	(37,974)	(46,721)
	63,476	476,780
Changes in non-cash working capital items:		
Accounts receivable	(24,509)	65,735
Government grants receivable	53,962	(53,962)
Prepaid expenses	(463)	(26,534)
Accounts payable and accrued liabilities	(18,041)	59,430
Provincial government subsidy	16,721	(44,730)
	27,670	(61)
Cash provided by operating activities	91,146	476,719
Cash provided (used) by investing activities:		
Net redemptions (purchases) of short term investments	(508,999)	70,412
Additions to capital assets	(236,093)	(157,175)
Cash (used) by investing activities	(745,092)	(86,763)
Cash provided (used) by financing activities:		
Repayment of long term debt	(206,189)	(204,424)
Deferred capital contributions received	183,049	352,442
Deferred capital contributions spent	(140,707)	(11,758)
Cash provided by financing activities	(163,847)	136,260
Increase (decrease) in cash	(817,793)	526,216
Cash, beginning of year	1,153,891	627,675
Cash, end of year	\$ 336,098	\$ 1,153,891
Cash	\$ 336,098	\$ 1,153,891
Guaranteed investment certificates	1,107,152	598,153
Less: restricted cash	(1,113,656)	(1,510,665)
Cash and investments per statement of financial position	\$ 329,594	\$ 241,379

See accompanying notes to the financial statements.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

1 Organization

Ukrainian Home for the Aged (the "Home") was incorporated by letters patent in 1957 under the Corporations Act (Ontario) as a corporation without share capital. The Home is a registered charity under the Canadian Income Tax Act and is exempt from income taxes, provided certain requirements of the Act are met.

The Home's primary objects are to provide residences, nursing care, meals and social activity for seniors. As such, it operates a long-term care home at 767 Royal York Road, Toronto, Ontario and an assisted living facility at 3058 Winston Churchill Boulevard, Mississauga, Ontario.

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) Fund accounting

The General Fund reports the general operations of the Home. The fund reports unrestricted resources and restricted contributions related to general operations and to the Home's capital assets.

The Donations Reserve reports restricted and unrestricted donations as well as investment income.

(b) Revenue recognition

The Home 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 donations are recognized as revenue in the year in which the related expenses are recognized. Grants and donations received and restricted for the purchase of capital assets are deferred and amortized into income at the same rate as the associated capital asset is amortized.

The Home is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care under the Health Insurance Act and its Regulations. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2016.

Residents' fees are recognized as revenue when the services are provided.

The Home may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Home recognizes such bequests when the proceeds are received.

Investment income comprised of interest from cash and short term investments is recognized on an accrual basis.

(c) Cash

Cash consists of deposits in credit unions and cash on hand.

(d) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise costs incurred are expensed as incurred. 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. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is charged to income in the year in which the impairment is determined.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at March 31, 2016, no such impairment exists.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

2 Significant accounting policies (continued)

(d) Capital assets continued

Capital assets are amortized over their estimated useful lives using the straight-line method as follows:

Buildings and improvements	5 - 40 years
Equipment, fixtures and furnishings	4 to 20 years
Parking areas and driveways	8 years

(e) 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 Home. Since these services are not normally purchased and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(f) Financial instruments

(i) Measurement

The Home 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 Home subsequently measures all of its financial assets and financial liabilities at amortized cost.

(ii) Impairment

At the end of each reporting period, the Home 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 Home. When there is an indication of impairment, the Home 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 Home 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 Home 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 statements 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 statements of operations in the period the reversal occurs.

(g) 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 amounts of Provincial government subsidy advances.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Ukrainian Home for the Aged
Notes to Financial Statements
March 31, 2016

3 Cash and investments

As at March 31	2016	2015
Cash	\$ 336,098	\$ 1,153,891
Guaranteed investment certificates	1,107,152	598,153
	1,443,250	1,752,044
Less: restricted funds (note 4)	(1,113,656)	(1,510,665)
	\$ 329,594	\$ 241,379

Guaranteed investment certificates are held at two Credit Unions. The investments have maturity dates ranging from April 17, 2016 to December 16, 2017 (2015 - June 5, 2015 to May 2, 2016) but are redeemable prior to maturity with a forfeiture of interest. They bear interest rates ranging from 0.50% to 2.10% (2015 - 0.50% to 2.10%). The investments are measured at cost plus accrued interest.

The Home has an available line of credit in the amount of \$50,000 bearing interest at prime rate plus 0.50% (currently 3.35%) and secured by a guaranteed investment certificate. There is no balance owing on this credit facility as at March 31, 2016.

4 Restricted cash

As at March 31	2016	2015
Externally restricted		
Deferred grant (note 6(a))	\$ 364,429	\$ 262,742
Building campaign donations (note 6(b))	145,902	232,300
Building and equipment reserves (note 11(b))	174,715	166,820
Internally restricted		
Donations reserve (note 11(c))	305,603	725,796
Building reserve (note 11(c))	123,007	123,007
	\$ 1,113,656	\$ 1,510,665

5 Capital assets

As at March 31	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 488,303	\$ -	\$ 488,303	\$ -
Buildings and improvements	6,445,376	2,631,118	6,307,189	2,461,092
Equipment, fixtures and furnishings	866,201	512,469	768,295	454,272
Parking areas and driveways	24,000	19,250	24,000	16,250
	\$ 7,823,880	\$ 3,162,837	\$ 7,587,787	\$ 2,931,614
Net book value		\$ 4,661,043		\$ 4,656,173

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

6 Deferred contributions

As at March 31	2016	2015
Deferred grant, current	\$ 364,429	\$ 262,742
Building Campaign	145,902	232,300
Capital Contributions	560,613	571,534
Long term deferred contributions	706,515	803,834
Total deferred contributions	\$ 1,070,944	\$ 1,066,576

(a) Deferred grant

The Home received funding from the Ontario Ministry of Health and Long-Term Care to support the completion of upgrades to comply with the new Ontario Fire Code requirements (note 10). The activity is summarized as follows:

Year ended March 31	2016	2015
Balance, beginning of year	\$ 262,742	\$ 34,800
Grants received	129,000	239,700
Disbursed during the year	(27,313)	(11,758)
Balance, end of year	\$ 364,429	\$ 262,742

(b) Building campaign

The Home commenced a building campaign in 2013 and accordingly, all donations received for the purpose of a proposed construction are being deferred until such time as the project commences. The activity is summarized as follows:

Year ended March 31	2016	2015
Balance, beginning of year	\$ 232,300	\$ 176,650
Donations received	26,996	55,650
Recognized as revenue for eligible expenditures	(113,394)	-
Balance, end of year	\$ 145,902	\$ 232,300

(c) Capital contributions

Donations, grants and other contributions received for the purpose of acquiring capital assets are deferred and amortized into revenue at the same rate as the related capital asset. The activity is summarized as follows:

Year ended March 31	2016	2015
Balance, beginning of year	\$ 571,534	\$ 561,163
Capital contributions received in the year	27,053	57,092
Amortization for the year	(37,974)	(46,721)
Balance, end of year	\$ 560,613	\$ 571,534

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

7 Long term debt

As at March 31	2016	2015
CMHC mortgage loan payable - Toronto	\$ 115,409	\$ 134,932
CMHC mortgage loan payable - Mississauga	66,825	225,373
Capital lease obligation	122,232	150,350
	304,466	510,655
Less: current portion	(120,827)	(208,692)
	\$ 183,639	\$ 301,963

The CMHC mortgage loan for Toronto is payable in blended monthly payments of \$2,339 per month, bears interest at a fixed rate of 6.875% per annum and matures January 1, 2021. The mortgage loan is secured by the buildings located at 767 Royal York Road.

The CMHC mortgage loan for Mississauga is payable in blended monthly payments of \$13,423 per month, bears interest at a fixed rate of 1.65% per annum and matures August 1, 2016. The mortgage is secured by the land and buildings located at 3058 Winston Churchill Boulevard. The Home received a subsidy grant from the Federal government of \$93,834 (2015 - \$93,834) to assist with the Mississauga mortgage payments.

The capital lease obligation for heating boilers and tanks is payable at \$3,893 per month, bearing imputed interest at 8.33% per annum and matures July 2018.

Principal repayments required for each of the next five years is as follows:

2017	\$ 120,827
2018	60,454
2019	63,954
2020	35,190
2021	24,041
	<u>\$ 304,466</u>

8 Fine art and artifacts

The Home owns a collection of fine art and artifacts consisting of various items of Ukrainian heritage. The collection is recognized on the statement of financial position as an asset. Collection items are generally donated to the Home. Any items purchased would be accounted for as an acquisition and the cost added to the collection balance. Proceeds from the sale of collection items would be used either to acquire new items for the collection or for the direct care of the collection. There were no acquisitions or disposals of fine art and artifacts during the fiscal year.

9 Contingency

The Home receives funding from the Ontario Ministry of Health and Long-Term Care (see note 13). The amount of the funding provided to the Home 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, 2014 to March 31, 2016 for the long term care home (Toronto) has not been subject to this review process. Any adjustments required as a result of this review will be accounted for in the year of settlement.

10 Commitment

The Home has entered a contract for upgrades to comply with the new Ontario Fire Code requirements. The capital improvements are expected to be completed in fiscal 2017 at a cost of approximately \$315,000 which is funded by a grant from the Ministry of Health and Long-Term Care (note 6a).

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

11 Net assets

(a) Invested in capital assets

Net assets invested in capital assets is comprised of:

As at March 31	2016	2015
Capital assets, net book value	\$ 4,661,043	\$ 4,656,173
Less: Deferred capital contributions	(560,613)	(571,534)
Mortgage loans payable	(182,234)	(360,305)
Capital lease obligation	(122,232)	(150,350)
	\$ 3,795,964	\$ 3,573,984

(b) Externally restricted - buildings and equipment reserve

Pursuant to directives from the Ministry of Health and Long-Term Care, the Home is required to establish restricted funds for capital replacement. The terms of the directive require the Home to allocate an amount annually to each supportive housing project. Funds may only be used for eligible capital work. The Home reports to the Ministry annually on the reserve funds.

Year ended March 31	Toronto	Mississauga	2016 Total	2015 Total
Balance, beginning of year	\$ 56,312	\$ 110,508	\$ 166,820	\$ 149,978
Prescribed allocations	2,000	13,900	15,900	15,900
Interest	264	587	851	942
Contributions received	-	-	-	34,300
Expenses	(8,856)	-	(8,856)	(34,300)
Net transfer for year	(6,592)	14,487	7,895	16,842
Balance, end of year	\$ 49,720	\$ 124,995	\$ 174,715	\$ 166,820

(c) Internally restricted - donations reserve and building fund

The Homes' Board of Directors has an approved policy of aggregating unrestricted donations, sundry income and certain interest income and internally 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 and accordingly these funds are not available for other purposes without the approval of the Board of Directors. During the year the Board of Directors approved a transfer of \$591,000 (2015 - \$Nil) from the Donations reserve to Unrestricted Net Assets.

Net approved transfers from the internally restricted - donations reserve are as follows:

Year ended March 31	2016	2015
Transfer to general operations - debt repayment and operating expenses	\$ 591,000	\$ -
Transfer to general operations - management training	-	24,601
Transfer to unrestricted net assets	591,000	24,601
Transfer to internally restricted - building reserve	-	123,007
	\$ 591,000	\$ 147,608

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

12 Pension plan

The Home participates in *The Nursing Homes and Related Industries Pension Plan* which is a target-benefit pension plan for members of the participating unions as well as its non-unionized employees. This is a multi-employer plan. The plan is funded by contributions made by the employees and matched by the Home as defined by the collective agreement. The Home follows defined contribution accounting for its plan. The employer portion of the pension contribution for the unionized employees of the Home for the year was \$17,936 (2015 - \$Nil).

13 Economic dependence

The organization received \$4,070,484 (2015 - \$4,032,536) of operating subsidies from the Government of Ontario as well as \$104,654 (2015 - \$159,896) in other federal and provincial grants. This funding represents approximately 55% (2015 - 55%) of total revenue.

The organization has entered into servicing agreements with the Government of Ontario for the long-term care and assisted living homes. The servicing agreements set out the terms and conditions related to the government funding. The organization provides Annual Reports to the Government of Ontario reconciling funding to expenditures, which are 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 agreements if it determines that the organization 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.

14 Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations.

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 organization is exposed to credit risk through its cash, short term investments and accounts receivable.

Accounts receivable is comprised of \$25,636 (2015 - \$4,498) due from residents, which are unsecured, \$Nil (2015 - \$53,962) grants receivable from the provincial and/or federal government and \$65,884 (2015 - \$62,513) GST/HST Public Service Bodies' Rebate which is receivable from the government and therefore considered very low risk.

Cash and short term investments are held at two financial institutions. 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 organization will not be able to meet a demand for cash or fund its obligations as they come due. The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities. In addition, the Home has available a line of credit facility (note 3).

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.

Currency risk

Currency risk reflects the risk that the organization's earnings will decline due to fluctuations in foreign exchange rates. The organization has no financial instruments or transactions denominated in a foreign currency and therefore is not exposed to currency risk.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2016

14 Financial instruments (continued)

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 organization is subject to interest rate risk to the extent that its mortgage loans payable may be subject to interest rate changes on maturity and from its guaranteed investment certificates which earn fixed rates of interest. The organization has not entered into any derivative agreements to mitigate this risk.

The organization manages its exposure to interest rate risk related to its guaranteed investment certificates 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 organization's results of operations.

The primary objective of the organization 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.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market.

The organization is not exposed to other price risk.

Changes in risk

There have been no significant changes in the organization's risk exposures from the prior year.