

Financial Statements of

Ukrainian Home for the Aged

March 31, 2017

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, 2017, 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, 2017, 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 14, 2017

Tinkham & Associates LLP
CHARTERED ACCOUNTANTS

Licensed Public Accountants

Ukrainian Home for the Aged
Statement of Financial Position

As at March 31 2017 2016

Assets

Current

Cash and investments (note 3)	\$	206,364	\$	329,594
Resident trust account		27,576		28,370
Accounts receivable		135,053		91,520
Prepaid expenses		46,833		37,829
Provincial government subsidy receivable (notes 9 and 12)		-		6,909

		415,826		494,222
Restricted cash (note 4)		724,729		1,113,656
Capital assets (note 5)		4,969,546		4,661,043
Fine art and artifacts (note 6)		162,677		162,677
	\$	6,272,778	\$	6,431,598

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	340,998	\$	470,329
Provincial government subsidy payable (notes 9 and 12)		1,402		-
Resident trust funds		27,576		28,370
Deferred revenue and contributions (note 7)		41,041		364,429
Current portion of long term liabilities (note 8)		57,501		120,827

		468,518		983,955
Deferred revenue and contributions (note 7)		1,067,042		706,515
Long term liabilities (note 8)		124,259		183,639
	\$	1,659,819	\$	1,874,109

Net assets

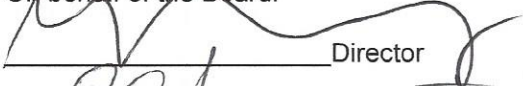
Invested in capital assets (note 10(a))		3,856,485		3,795,964
Externally restricted - buildings and equipment reserve (note 10(b))		191,529		174,715
Internally restricted - donations reserve (note 10(c))		367,429		305,603
Internally restricted - building reserve (note 10(c))		123,007		123,007
Unrestricted		74,509		158,200


		4,612,959		4,557,489
	\$	6,272,778	\$	6,431,598

Contingency (note 9)

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	2017 Total	2016 Total
	Toronto operations	Mississauga operations			
(note 10(c))					
Revenue					
Provincial operating subsidies for care (notes 9 and 12)	\$ 3,776,298	\$ 426,293	-	\$ 4,202,591	\$ 4,070,484
Residents' fees	1,760,977	1,420,594	-	3,181,571	3,117,045
Building campaign donations (note 7(c))	-	250,652	-	250,652	113,394
Unrestricted donations	-	-	137,282	137,282	134,393
Amortization of deferred capital contributions (note 7(d))	4,243	60,852	-	65,095	37,974
Interest and sundry income	1,411	-	40,808	42,219	38,664
Federal government mortgage subsidy grant (note 8)	-	39,108	-	39,108	93,834
Government summer jobs and training grants	-	31,754	-	31,754	10,560
Government contributions for capital asset repairs	-	-	-	-	260
	5,542,929	2,229,253	178,090	7,950,272	7,616,608
Expenses					
Resident care costs	4,466,639	977,366	-	5,444,005	5,466,856
Building maintenance, utilities and insurance	359,079	614,164	-	973,243	906,739
Administrative and general	551,741	382,974	-	934,715	1,002,043
Amortization of buildings and equipment	86,131	189,254	-	275,385	231,223
Building campaign expenses (note 7(c))	-	250,652	-	250,652	113,394
Interest on long term debt	16,301	501	-	16,802	26,126
	5,479,891	2,414,911	-	7,894,802	7,746,381
Excess (deficiency) of revenues over expenses for the year	\$ 63,038	\$ (185,658)	\$ 178,090	\$ 55,470	\$ (129,773)

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 2017	Total 2016
Net assets, beginning of year	\$ 3,795,964	\$ 174,715	\$ 305,603	\$ 123,007	\$ 158,200	\$ 4,557,489	\$ 4,687,262
Excess (deficiency) of revenue over expenses for the year	(210,290)	-	178,090	-	87,670	55,470	(129,773)
Purchase of capital assets	583,888	-	-	-	(583,888)	-	-
Repayment of long term debt	122,706	-	-	-	(122,706)	-	-
Capital contributions received (note 7(d))	(435,783)	-	-	-	435,783	-	-
Transfers (note 10)	-	16,814	(116,264)	-	99,450	-	-
Net changes for the year	60,521	16,814	61,826	-	(83,691)	55,470	(129,773)
Net assets, end of year	\$ 3,856,485	\$ 191,529	\$ 367,429	\$ 123,007	\$ 74,509	\$ 4,612,959	\$ 4,557,489

See accompanying notes to the financial statements.

Ukrainian Home for the Aged
Statement of Cash Flows

Year ended March 31	2017	2016
Cash provided (used) by operations:		
Excess (deficiency) of revenue over expenses for the year	\$ 55,470	\$ (129,773)
Items not affecting cash:		
Amortization of capital assets	275,385	231,223
Amortization of life lease	(1,942)	-
Amortization of deferred capital contributions	(65,095)	(37,974)
	263,818	63,476
Changes in non-cash working capital items:		
Accounts receivable	(43,533)	(24,509)
Government grants receivable	-	53,962
Prepaid expenses	(9,004)	(463)
Accounts payable and accrued liabilities	(129,331)	(18,041)
Provincial government subsidy	8,311	16,721
	(173,557)	27,670
Cash provided by operating activities	90,261	91,146
Cash provided (used) by investing activities:		
Net redemptions (purchases) of short term investments	569,071	(508,999)
Additions to capital assets	(583,888)	(236,093)
Cash (used) by investing activities	(14,817)	(745,092)
Cash provided (used) by financing activities:		
Repayment of long term debt	(122,706)	(206,189)
Life lease proceeds received	135,960	-
Capital contributions received	654,651	183,048
Capital contributions spent	(686,435)	(140,706)
Cash (used) by financing activities	(18,530)	(163,847)
Increase (decrease) in cash	56,914	(817,793)
Cash, beginning of year	336,098	1,153,891
Cash, end of year	\$ 393,012	\$ 336,098
Cash	\$ 393,012	\$ 336,098
Guaranteed investment certificates	538,081	1,107,152
Less: restricted cash	(724,729)	(1,113,656)
Cash and investments per statement of financial position	\$ 206,364	\$ 329,594

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

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 independent living residence with some supportive services 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.

Life lease consists of a purchasers' right to occupy a particular apartment. Life leases are offered for sale for a limited number of independent living apartments at the Mississauga location. Amounts received upon the sale of a life lease is deferred and amortized into income over the estimated period of occupancy.

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, 2017.

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.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

2 Significant accounting policies (continued)

(d) Capital assets continued

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, 2017, no such impairment exists.

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.

Ukrainian Home for the Aged
Notes to Financial Statements
March 31, 2017

2 Significant accounting policies (continued)

(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.

3 Cash and investments

As at March 31	2017	2016
Cash	\$ 393,012	\$ 336,098
Guaranteed investment certificates	538,081	1,107,152
	931,093	1,443,250
Less: restricted funds (note 4)	(724,729)	(1,113,656)
	\$ 206,364	\$ 329,594

Guaranteed investment certificates are held at two Credit Unions. The investments have maturity dates ranging from May 2 to December 16, 2017 (2016 - April 17, 2016 to December 16, 2017) but are redeemable prior to maturity with a forfeiture of interest. They bear interest rates ranging from 0.50% to 2.00% (2016 - 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% and secured by a guaranteed investment certificate. There is no balance owing on this credit facility as at March 31, 2017.

4 Restricted cash

As at March 31	2017	2016
Externally restricted		
Deferred grant (note 7(a))	\$ 27,445	\$ 364,429
Building campaign donations (note 7(b))	15,319	145,902
Building and equipment reserves (note 10(b))	191,529	174,715
Internally restricted		
Donations reserve (note 10(c))	367,429	305,603
Building reserve (note 10(c))	123,007	123,007
	\$ 724,729	\$ 1,113,656

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

5 Capital assets

As at March 31	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 488,303	\$ -	\$ 488,303	\$ -
Buildings and improvements	6,864,060	2,831,910	6,445,376	2,631,118
Equipment, fixtures and furnishings	1,031,406	584,063	866,201	512,469
Parking areas and driveways	24,000	22,250	24,000	19,250
	\$ 8,407,769	\$ 3,438,223	\$ 7,823,880	\$ 3,162,837
Net book value		\$ 4,969,546		\$ 4,661,043

6 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.

7 Deferred revenue and contributions

As at March 31	2017		2016	
Current portion				
Deferred grants (a)		\$ 27,445	\$ 364,429	
Life Lease (b)		13,596	-	
		41,041	364,429	
Long term portion				
Building Campaign (c)		15,319	145,902	
Capital Contributions (d)		931,301	560,613	
Life Lease (b)		120,422	-	
		1,067,042	706,515	
Total		\$ 1,108,083	\$ 1,070,944	

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

7 Deferred revenue and contributions continued

(a) Deferred grants

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 as well as other capital improvement projects. The activity is summarized as follows:

Year ended March 31	2017	2016
Balance, beginning of year	\$ 364,429	\$ 262,742
Grants received	98,799	129,000
Disbursed during the year	(435,783)	(27,313)
Balance, end of year	\$ 27,445	\$ 364,429

(b) Life Lease

The Home sold a life lease in the current year for an independent living apartment at the Mississauga facility. Proceeds of \$135,960 received have been deferred and will be amortized to revenue on a straight line basis over the expected term of occupancy, which is estimated to be 10 years. Revenue of \$1,942 has been recognized to March 31, 2017 and is included in Residents' fees in the Statement of Operations. Revenue to be recognized in the next fiscal year is \$13,596. The remaining balance of \$120,422 will be amortized to revenue

(c) 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	2017	2016
Balance, beginning of year	\$ 145,902	\$ 232,300
Donations received	120,069	26,996
Recognized as revenue for eligible expenditures	(250,652)	(113,394)
Balance, end of year	\$ 15,319	\$ 145,902

(d) 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	2017	2016
Balance, beginning of year	\$ 560,613	\$ 571,534
Capital contributions for capital asset acquisitions	435,783	27,053
Amortization for the year	(65,095)	(37,974)
Balance, end of year	\$ 931,301	\$ 560,613

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

8 Long term debt

As at March 31	2017	2016
CMHC mortgage loan payable - Toronto	\$ 94,521	\$ 115,409
CMHC mortgage loan payable - Mississauga	-	66,825
Capital lease obligation	87,239	122,232
	181,760	304,466
Less: current portion	(57,501)	(120,827)
	\$ 124,259	\$ 183,639

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 was repaid in full August 1, 2016. The mortgage was secured by the land and buildings located at 3058 Winston Churchill Boulevard. The Home received a subsidy grant from the Federal government of \$39,108 (2016 - \$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 four years is as follows:

2018	\$ 57,501
2019	63,955
2020	36,167
2021	24,137
	<u>181,760</u>
	\$ 181,760

9 Contingency

The Home receives funding from the Ontario Ministry of Health and Long-Term Care (see note 12). 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, 2015 to March 31, 2017 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.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

10 Net assets

(a) Invested in capital assets

Net assets invested in capital assets is comprised of:

As at March 31	2017	2016
Capital assets, net book value	\$ 4,969,546	\$ 4,661,043
Less: Deferred capital contributions	(931,301)	(560,613)
Mortgage loans payable	(94,521)	(182,234)
Capital lease obligation	(87,239)	(122,232)
	\$ 3,856,485	\$ 3,795,964

(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	2017 Total	2016 Total
Balance, beginning of year	\$ 49,720	\$ 124,995	\$ 174,715	\$ 166,820
Prescribed allocations	2,000	13,900	15,900	15,900
Interest	254	660	914	851
Expenses	-	-	-	(8,856)
Net transfer for year	2,254	14,560	16,814	7,895
Balance, end of year	\$ 51,974	\$ 139,555	\$ 191,529	\$ 174,715

(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 \$116,264 (2016 - \$591,000) from the Donations reserve to Unrestricted Net Assets.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

11 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 \$63,977 (2016 - \$17,936).

12 Economic dependence

The organization received \$4,202,591 (2016 - \$4,070,484) of operating subsidies from the Government of Ontario as well as \$70,862 (2016 - \$104,654) in other federal and provincial grants. This funding represents approximately 54% (2016 - 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.

13 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 \$36,623 (2016 - \$25,636) due from residents, which are unsecured and \$98,430 (2016 - \$65,884) 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.

Ukrainian Home for the Aged

Notes to Financial Statements

March 31, 2017

13 Financial instruments (continued)

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.

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.