Financial Statements of

Ivan Franko Homes

March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Ivan Franko Homes

Opinion

We have audited the financial statements of Ivan Franko Homes ("the Home") which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Home 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 Home 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 Home'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 Home or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Home'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 Home'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 Home'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 Home 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.

LLP

TORONTO, Ontario
DATE June 29, 2021.

Licensed Public Accountants

Ivan Franko Homes
Statement of Financial Position

As at March 31		2021		2020
Assets				
Current				
Cash and investments (note 3)	$	**1,586,221**	$	522,201
Resident trust account		**916**		5,297
Accounts receivable		**257,446**		150,653
Provincial government subsidy receivable (notes 10 and 13)		**55,647**		-
Prepaid expenses		**112,831**		79,516
		2,013,061		757,667
Restricted cash (note 4)		**944,613**		855,297
Capital assets (note 5)		**4,903,849**		4,733,617
Development project (note 6)		**964,651**		952,597
Fine art and artifacts (note 7)		**168,677**		168,677
	$	**8,994,851**	$	7,467,855
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities (note 8)	$	**837,058**	$	420,908
Resident trust funds		**916**		5,297
Deferred revenue and contributions (note 9)		**153,932**		89,656
Current portion of long term liabilities		**-**		22,676
		991,906		538,537
Deferred revenue and contributions (note 9)		**2,168,622**		1,825,618
		3,160,528		2,364,155
Net assets				
Unrestricted		**2,139,711**		1,283,446
Invested in capital assets (note 11(a))		**3,694,612**		3,761,461
Externally restricted - buildings and equipment reserve (note 11(b))		**-**		58,793
		5,834,323		5,103,700
	$	**8,994,851**	$	7,467,855

Contingency (note 10)

See accompanying notes to the financial statements.

On behalf of the Board:

_______________ Director /G. Horhota/

_______________ Director /I. Perehinec/

Ivan Franko Homes
Statement of Operations

Year ended March 31	General Fund: Toronto operations	General Fund: Mississauga operations	Donation Fund	Building Fund	2021 Total	2020 Total
Revenue						
Provincial operating subsidies for care (notes 10 and 13)	$ 4,384,821	$ 482,120	$ -	$ -	$ 4,866,941	$ 4,515,557
Government subsidies - COVID-19 (notes 10 and 13)	1,147,389	440,026	-	-	1,587,415	58,419
Residents' fees	1,837,078	2,017,672	-	-	3,854,750	3,805,843
Unrestricted donations	60,470	-	325,767	-	386,237	147,636
Amortization of deferred capital contributions (note 9(d))	4,620	75,219	-	-	79,839	86,396
Other grants	-	52,213	-	-	52,213	-
Interest and sundry income	-	-	36,068	-	36,068	29,836
Government summer jobs and training grants (note 13)	-	31,007	-	-	31,007	17,941
Building campaign donations (note 9(c))	-	-	-	16,488	16,488	175,972
	7,434,378	3,098,257	361,835	16,488	10,910,958	8,837,600
Expenses						
Resident care costs	4,876,483	941,989	-	-	5,818,472	5,741,416
COVID-19 expenses	1,207,237	477,273	-	-	1,684,510	17,527
Administrative and general	661,797	690,528	8,753	-	1,361,078	1,223,273
Building maintenance, utilities and insurance	386,369	554,227	-	-	940,596	937,258
Amortization of buildings and equipment	134,279	224,211	-	-	358,490	336,738
Building campaign expenses	-	-	-	16,488	16,488	175,972
Interest on long term debt	701	-	-	-	701	2,501
	7,266,866	2,888,228	8,753	16,488	10,180,335	8,434,685
Excess of revenues over expenses for the year	$ 167,512	$ 210,029	$ 353,082	$ -	$ 730,623	$ 402,915

See accompanying notes to the financial statements.

Ivan Franko Homes

Statement of Changes in Net Assets

Year ended March 31	Invested in Capital Assets	Externally Restricted Reserve	Unrestricted	Total 2021	Total 2020
	(note 11(a))	(note 11(b))			
Net assets, beginning of year	$ 3,761,461	$ 58,793	$ 1,283,446	$ 5,103,700	$ 4,700,785
Excess (deficiency) of revenue over expenses for the year	(278,652)	-	1,009,275	730,623	402,915
Purchase of capital assets	528,723	-	(528,723)	-	-
Repayment of long term debt	22,676	-	(22,676)	-	-
Capital contributions received (note 9(d))	(339,596)	-	339,596	-	-
Transfers (note 11)	-	(58,793)	58,793	-	-
Net changes for the year	(66,849)	(58,793)	856,265	730,623	402,915
Net assets, end of year	$ 3,694,612	$ -	$ 2,139,711	$ 5,834,323	$ 5,103,700

See accompanying notes to the financial statements.

Ivan Franko Homes
Statement of Cash Flows

Year ended March 31	2021	2020
Cash provided (used) by operations:		
Excess of revenue over expenses for the year	$ 730,623	$ 402,915
Items not affecting cash:		
Amortization of capital assets	358,490	336,738
Amortization of life lease	(13,596)	(13,596)
Amortization of deferred capital contributions	(79,839)	(86,396)
	995,678	639,661
Changes in non-cash working capital items:		
Accounts receivable	(106,793)	(42,221)
Government grants receivable	-	2,991
Provincial government subsidy receivable	(55,647)	-
Prepaid expenses	(33,315)	(9,135)
Accounts payable and accrued liabilities	416,151	49,012
Last month rent deposits received (net of refunds)	14,655	18,125
Residents' fees received in advance	(1,645)	(1,268)
	233,406	17,504
Cash provided by operating activities	1,229,084	657,165
Cash provided (used) by investing activities:		
Net redemptions of short term investments	(7,857)	(3,785)
Additions to capital assets	(528,723)	(285,866)
Purchase of fine art and artifacts	-	(6,000)
Development project	(12,054)	(290,619)
Cash used by investing activities	(548,634)	(586,270)
Cash provided (used) by financing activities:		
Repayment of long term debt	(22,676)	(36,168)
Line of credit	-	(527,396)
Capital contributions received	504,193	112,298
Capital contributions spent	(16,488)	(175,971)
Cash provided (used) by financing activities	465,029	(627,237)
Increase (decrease) in cash	1,145,479	(556,342)
Cash, beginning of year	1,084,906	1,641,248
Cash, end of year	$ 2,230,385	$ 1,084,906
Cash	$ 2,230,385	$ 1,084,906
Guaranteed investment certificates	300,449	292,592
Less: restricted cash	(944,613)	(855,297)
Cash and investments per statement of financial position	$ 1,586,221	$ 522,201

See accompanying notes to the financial statements.

1 Organization

Ivan Franko Homes (formerly 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 Income Tax Act (Canada) and is exempt from income taxes, provided certain requirements 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 Donation Fund reports unrestricted donations, investment income and expenses incurred which directly relate to fundraising events.

The Building Fund reports restricted donations which relate to the expenses incurred for the building campaign.

(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 Long-Term Care ("the Ministry") 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, 2021.

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.

2 Significant accounting policies (continued)

(d) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise costs 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, 2021, 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 goods and 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. There are no indications of impairment as at March 31, 2021

(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, certain 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 Cash and investments

As at March 31	2021	2020
Cash	$ **2,230,385**	$ 1,084,906
Guaranteed investment certificates	**300,449**	292,592
	2,530,834	1,377,498
Less: restricted funds (note 4)	**(944,613)**	(855,297)
	$ **1,586,221**	$ 522,201

Guaranteed investment certificates are held at one credit union. The certificates have maturity dates ranging from May 2, 2021 to August 12, 2023 (2020 - May 2, 2020 to August 12, 2020) but are redeemable prior to maturity subject to a forfeiture of interest. The certificates bear interest at rates ranging from 1.70% to 1.90% (2020 - 2.00% to 2.35%). The investments are measured at cost plus accrued interest.

The Home has an available line of credit facility with BCU Financial ("BCU") in the amount of $50,000, bearing interest at BCU prime rate plus 0.50%. The effective interest rate on this facility is 3.45% at March 31, 2021. The line of credit is secured by a guaranteed investment certificate. No amount has been drawn on this credit facility.

The Home also has a second line of credit facility with Ukrainian Credit Union Limited ("UCU") in the amount of $2,000,000, bearing interest at UCU prime plus 1.00%. The effective interest rate on this facility is 3.85% at March 31, 2021. The second line of credit facility is secured by a second collateral mortgage registered against the long-term care property as well as a General Security Agreement over all assets of the Home. As a condition of this facility, the Home is required to comply with non-financial covenants and financial ratios. The balance owing on this credit facility is $Nil as at March 31, 2021 (2020 - $Nil).

4 Restricted cash

As at March 31	2021	2020
Externally restricted		
Deferred grant (note 9(a))	$ **51,266**	$ -
Building campaign donations (note 9(c))	**893,347**	796,504
Building and equipment reserve (note 11(b))	**-**	58,793
	$ **944,613**	$ 855,297

5 Capital assets

As at March 31	**2021**		2020	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	$ **488,303**	$ **-**	$ 488,303	$ -
Buildings and improvements	**7,221,570**	**3,674,651**	7,209,154	3,456,607
Equipment, fixtures and furnishings	**1,830,718**	**1,010,748**	1,370,019	877,252
Parking areas and driveways	**79,608**	**30,951**	24,000	24,000
	$ **9,620,199**	$ **4,716,350**	$ 9,091,476	$ 4,357,859
Net book value		$ **4,903,849**		$ 4,733,617

6 Development project

The Home is undertaking a transformational plan to expand the Mississauga property into a multigenerational campus modelled after a Ukrainian "selo". The Home has capitalized $12,055 (2020 - $290,619) of costs incurred in the current year related to this development project for a total cost to date of $964,651. These costs are not being amortized until such time as the construction is complete and the new facility is placed into operation.

7 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 (2020 - one acquisition for $6,000 and no disposals).

8 Government remittances payable

Included in accounts payable and accrued liabilities is $25,233 (2020 - $15,721) of government remittances payable.

9 Deferred revenue and contributions

As at March 31	2021	2020
Current portion		
Last month rent deposits	$ **89,070**	$ 74,415
Deferred grants (a)	**51,266**	-
Life lease (b)	**13,596**	13,596
Residents' fees received in advance	**-**	1,645
	153,932	89,656
Long term portion		
Building campaign (c)	**893,347**	796,504
Capital contributions (d)	**1,209,237**	949,480
Life lease (b)	**66,038**	79,634
	2,168,622	1,825,618
Total	$ **2,322,554**	$ 1,915,274

(a) Deferred grants

The Home received a grant from the Ontario Trillium Foundation in the amount of $67,400 to support an intergenerational program. Unspent funds totalling $51,266 will be recognized in income in the next fiscal year when the related expenses are incurred.

9 Deferred revenue and contributions continued

(b) Life lease

The Home sold a life lease in a previous year for an independent living apartment at the Mississauga facility. Proceeds of $135,960 were received and deferred and are being amortized to revenue on a straight line basis over the expected term of occupancy, which is estimated to be 10 years. Revenue of $13,596 (2020 - $13,596) has been recognized in the current fiscal year.

Year ended March 31	2021	2020
Balance, beginning of year	$ 93,230	$ 106,826
Income recognized	(13,596)	(13,596)
Balance, end of year	$ 79,634	$ 93,230
Amount to be recognized as income next year	$ 13,596	$ 13,596
Deferred balance, long term	66,038	79,634
	$ 79,634	$ 93,230

(c) Building campaign

The Home commenced a building campaign in 2013 and accordingly, all donations received for the purpose of the development project are restricted in use and are being applied to the development project expenses incurred. The activity is summarized as follows:

Year ended March 31	2021	2020
Balance, beginning of year	$ 796,504	$ 861,178
Donations received	113,331	111,298
Recognized as revenue for eligible expenditures	(16,488)	(175,972)
Balance, end of year	$ 893,347	$ 796,504

(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	2021	2020
Balance, beginning of year	$ 949,480	$ 858,580
Capital contributions for capital asset acquisitions	339,596	177,296
Amortization for the year	(79,839)	(86,396)
Balance, end of year	$ 1,209,237	$ 949,480

10 Contingency

The Home receives funding from the Ontario Ministry of 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, 2017 to March 31, 2021 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.

11 Net assets

(a) Invested in capital assets

Net assets invested in capital assets is comprised of:

As at March 31	**2021**	2020
Capital assets, net book value	**$ 4,903,849**	$ 4,733,617
Less: Deferred capital contributions	**(1,209,237)**	(949,480)
Mortgage loan payable	**-**	(22,676)
	$ 3,694,612	$ 3,761,461

(b) Externally restricted - buildings and equipment reserve

Pursuant to directives from the Ministry of Long-Term Care, the long-term care home was required to establish restricted funds for capital replacement as long as the Home had a mortgage with CMHC. The fund was transferred to unrestricted net assets in the current year as the restriction on these funds was released on repayment of the mortgage to CMHC.

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 employees of the Home for the year was $89,372 (2020 - $81,466).

13 Economic dependence

The Home received $4,866,941 (2020 - $4,515,557) of operating subsidies from the Government of Ontario as well as $1,618,422 (2020 - $76,360) in other federal and provincial grants. This funding represents approximately 59% (2020 - 52%) of total revenue.

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

Accounts receivable is comprised of $17,641 (2020 - $13,424) due from residents and other miscellaneous receivables which are unsecured and $239,805 (2020 - $137,229) in GST/HST Public Service Bodies' Rebate which is receivable from the government, and therefore considered low credit risk.

Cash and short term investments are held at two financial institutions. Funds on deposit exceed the maximum amount insured.

Liquidity risk

Liquidity risk is the risk that the Home will not be able to meet a demand for cash or fund its obligations as they come due. The Home 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. The Home 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 Home is subject to interest rate risk to the extent that its guaranteed investment certificates earn fixed rates of interest. The Home has not entered into any derivative agreements to mitigate this risk.

The Home 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 Home's results of operations.

The primary objective of the Home 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 Home's risk exposures from the prior year.