

Financial Statements of

ST. AMANT INC.

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Member of St. Amant Inc.

Opinion

We have audited the accompanying financial statements of St. Amant Inc. (the "Entity"), which comprise the statement of financial position as at March 31, 2021, 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 (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' 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 auditors' 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 the 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 Entity'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 significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



- 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.

Chartered Professional Accountants

Winnipeg, Canada

June 14, 2021

ST. AMANT INC.

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	Total 2021	Total 2020
Assets		
Current assets:		
Cash	\$ 7,327,091	\$ 5,212,887
Accounts receivable	7,525,392	7,559,131
Receivable from St. Amant Foundation Inc. (note 6)	392,796	1,275,929
Inventories	159,580	155,340
Prepaid expenses	564,644	633,343
Vacation pay recoverable from Winnipeg Regional Health Authority (note 8)	1,461,198	1,461,198
	<u>17,430,701</u>	<u>16,297,828</u>
Capital assets (note 2)	21,502,102	22,536,657
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 8)	3,084,846	3,100,493
	<u>\$ 42,017,649</u>	<u>\$ 41,934,978</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,443,302	\$ 6,896,098
Employee vacation payable (note 8)	5,025,154	4,776,898
Advances (note 3)	1,647,480	1,647,480
Debt (note 4)	14,817,652	15,799,106
	<u>28,933,588</u>	<u>29,119,582</u>
Employee future benefits (note 8)	3,612,213	3,624,123
Deferred contributions (note 5):		
Expenses of future periods	3,449,390	2,605,803
Capital assets	4,176,511	4,776,724
	<u>7,625,901</u>	<u>7,382,527</u>
Net assets		
Invested in capital assets (note 9)	2,507,939	1,960,827
Unrestricted	(661,992)	(152,081)
	<u>1,845,947</u>	<u>1,808,746</u>
	<u>\$ 42,017,649</u>	<u>\$ 41,934,978</u>

See accompanying notes to financial statements.

On behalf of the Board:

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Original Document Signed Director

ST. AMANT INC.

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	Total 2021	Total 2020
Revenue:		
Families	\$ 51,415,748	\$ 50,946,281
Winnipeg Regional Health Authority	36,282,011	35,154,342
Manitoba Health	7,804	–
Government of Canada	4,726,463	4,854,898
School divisions	682,541	787,049
Fees	197,559	458,693
Recoveries	53,465	291,222
Investment income	36,663	130,106
St.Amant Foundation Inc. donations (note 6)	521,922	516,917
Amortization of deferred contributions (note 5)	787,861	871,554
Gain on disposal of capital assets	–	217,838
Other programs	845,795	635,073
	<u>95,557,832</u>	<u>94,863,973</u>
Expenses:		
Salaries and wages	66,680,719	65,175,058
Employee benefits	13,726,311	13,242,661
Purchased services	985,311	983,492
Supplies	2,032,573	2,114,157
Food	939,555	1,050,604
Utilities	995,523	1,022,094
Equipment	980,899	952,048
Property taxes	484,507	466,644
Repairs and maintenance	905,309	851,153
Interest on long-term debt	209,904	427,832
Amortization	1,932,652	2,049,674
Other	5,643,631	6,417,790
	<u>95,516,894</u>	<u>94,753,207</u>
Excess of revenue over expenses before the undernoted	40,938	110,766
Future employee benefits revenue (note 8)	(15,647)	(64,911)
Future employee benefits obligation (note 8)	11,910	74,337
Excess of revenue over expenses	\$ 37,201	\$ 120,192

See accompanying notes to financial statements.

ST. AMANT INC.

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Unrestricted	Invested in capital assets	2021 Total	2020 Total
Net assets, beginning of year	\$ (152,081)	\$ 1,960,827	\$ 1,808,746	\$ 1,688,554
Excess (deficiency) of revenue over expenses	1,391,896	(1,354,695)	37,201	120,192
Transfer for principal and interest payments	(1,191,358)	1,191,358	–	–
Transfer for capital asset additions	(710,449)	710,449	–	–
Net assets, end of year	\$ (661,992)	\$ 2,507,939	\$ 1,845,947	\$ 1,808,746

See accompanying notes to financial statements.

ST. AMANT INC.

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 37,201	\$ 120,192
Items not involving cash:		
Amortization of capital assets	1,932,652	2,049,674
Amortization of deferred contributions	(787,861)	(871,554)
Gain on disposal of capital assets	-	(217,838)
Change in non-cash operating working capital:		
Accounts receivable	33,739	306,606
Inventories	(4,240)	(18,728)
Prepaid expenses	68,699	(424,272)
Receivable from St. Amant Foundation Inc.	883,133	(330,873)
Employee future benefits recoverable from Winnipeg Regional Health Authority	15,647	64,911
Accounts payable and accrued liabilities	547,204	1,406,708
Employee vacation payable	248,256	297,662
Employee future benefits	(11,910)	(74,337)
Net change in deferred contributions related to expenses of future periods	843,587	(115,100)
	<u>3,806,107</u>	<u>2,193,051</u>
Capital activities:		
Purchase of capital assets	(898,097)	(2,047,595)
Proceeds on disposal of capital assets	-	402,545
Receipt of deferred capital contributions	187,648	283,639
	<u>(710,449)</u>	<u>(1,361,411)</u>
Financing activities:		
Proceeds from debt	-	2,269,764
Repayment of debt	(981,454)	(1,069,560)
	<u>(981,454)</u>	<u>1,200,204</u>
Increase in cash	2,114,204	2,031,844
Cash, beginning of year	5,212,887	3,181,043
Cash, end of year	<u>\$ 7,327,091</u>	<u>\$ 5,212,887</u>

See accompanying notes to financial statements.

ST. AMANT INC.

Notes to Financial Statements

Year ended March 31, 2021

General:

St. Amant Inc. (the "Organization") was incorporated in 1960 as a corporation without share capital. The Organization is a residential and resource facility dedicated to providing comprehensive care, leadership, and promoting excellence in services for Manitobans with developmental disabilities. The sole Member of the Organization is Réseau Compassion Network (formerly Catholic Health Corporation of Manitoba/Corporation catholique de la santé du Manitoba).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Organization is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority (WRHA) and Department of Families (Families). In fiscal 2017, the Organization entered into a Contribution Agreement (CA) with the Federal Government (First Nations Inuit Health Branch (FNIHB) for the Jordan's Principle Initiative. Operating grants are recorded as revenue in the period to which they relate. These financial statements reflect agreed arrangements approved with respect to the year ended March 31, 2021. The Organization's Service Purchase Agreement (SPA) with Families expired on March 31, 2014, however, it continues in effect until a new agreement is finalized. On April 1, 2019, the Organization entered into a new SPA with WRHA which can be terminated on 12 months notice and remains in effect until it is replaced with a new SPA. The Organization's CA with FNIHB continues in effect until unless terminated earlier, or extended by amendment.

The Organization follows the deferral method for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received. Investment income is recognized in the year in which it is earned.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(d) Capital assets:

Capital expenditures are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimate life of an asset are capitalized. When a tangible capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Amortization on capital assets is recorded on a straight-line basis to amortize the cost of capital assets over their estimated useful lives.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

Capital assets are amortized over the following periods:

Asset	Period
Land improvements	20 years
Buildings	10 - 40 years
Furniture and equipment, building service equipment	5 - 20 years
Automotive	5 years
Software	5 years

(e) Deferred contributions:**(i) Related to expenses of future years:**

Grants received toward specified expenditures are taken into revenue as the related expenditures are incurred.

(ii) Related to capital assets:

Grants received towards the cost of capital expenditures are deferred and amortized on a straight-line basis over the estimated useful life of the assets purchased.

(f) Income taxes:

The Organization is exempt from income taxes under Section 149(1) of the *Income Tax Act*.

(g) Volunteers:

A large number of volunteers donate significant amounts of time in the Organization's activities. No amount is reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

(h) Employee future benefits:

Employee future pre-retirement benefits are accrued as earned on an actuarial estimation. The estimation of the employee future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

The accumulated non-vested sick leave benefits are calculated on an annual basis using an actuarial estimate.

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and employee future benefits. Actual results could differ from those estimates.

2. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
440 River Road:				
Land	\$ 212,888	\$ —	\$ 212,888	\$ 212,888
Land improvements	1,253,865	852,957	400,908	341,317
Buildings	20,793,847	17,925,911	2,867,936	3,220,120
Buildings service equipment	6,640,765	5,281,474	1,359,291	1,464,117
Furniture and equipment	2,941,425	2,681,219	260,206	—
Automotive	84,287	60,844	23,443	—
Software	434,981	413,099	21,882	34,182
	<u>32,362,058</u>	<u>27,215,504</u>	<u>5,146,554</u>	<u>5,272,624</u>
Community residences:				
Land	5,036,588	—	5,036,588	5,036,588
Land improvements	2,910	2,910	—	—
Buildings	18,115,952	6,965,542	11,150,410	11,895,344
Buildings service equipment	53,466	—	53,466	—
Furniture and equipment	43,341	43,341	—	152,332
Automotive	706,168	591,084	115,084	179,769
	<u>23,958,425</u>	<u>7,602,877</u>	<u>16,355,548</u>	<u>17,264,033</u>
	<u>\$ 56,320,483</u>	<u>\$ 34,818,381</u>	<u>\$ 21,502,102</u>	<u>\$ 22,536,657</u>

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Advances:

The Organization has received working capital advances from WRHA and Families. These advances are non-interest bearing, have no fixed repayment terms and are unsecured.

4. Debt:

The Organization has a revolving demand operating credit facility with the Canadian Imperial Bank of Commerce to finance the day-to-day operations of the Organization in the amount of \$1,700,000 (2020 - \$1,700,000), bearing interest at prime minus 0.55 percent (2020 - prime minus 0.55 percent). The revolving demand operating credit facility is unsecured and is due on demand. At March 31, 2021 and March 31, 2020, the revolving demand operating facility was not utilized.

The Organization has a revolving demand capital expenditure credit facility agreement with the Canadian Imperial Bank of Commerce. The demand capital expenditure credit facility provides for a maximum of \$23,300,000 (2020 - \$23,300,000) in demand loans to finance capital expenditures by the Organization. At March 31, 2021, the Organization had utilized \$14,817,652 (2020 - \$15,799,106) of this facility which bears interest at the Canadian Banker's Acceptance Canadian Deposit Offering Rate plus a stamping fee of 0.71 percent per annum and revolves quarterly until between January 2024 and February 2044 (2020 - January 2024 and February 2044), if not demanded. The revolving demand capital expenditure credit facility is unsecured and is due on demand. At March 31, 2021, the demand loans bore interest at 1.15 percent (2020 - ranging from 2.08 percent to 2.76 percent).

Management does not believe that the demand features of the debt will be exercised in the current year. Assuming payment of the debt is not demanded, regular principal payments required on the debt until maturity are due as follows:

2021	\$	981,452
2022		981,452
2023		966,261
2024		874,646
2025		874,646
Thereafter		10,139,195
		\$ 14,817,652

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

5. Deferred contributions:

(a) Expenses of future periods:

Deferred contribution related to expenses of future periods represent unspent externally restricted grants and donations.

	2021	2020
Balance, beginning of year	\$ 2,605,803	\$ 2,720,903
Additional contributions received	5,180,137	4,497,320
Less amounts recognized as revenue	(4,336,550)	(4,612,420)
Balance, end of year	\$ 3,449,390	\$ 2,605,803

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	\$ 4,776,724	\$ 5,364,639
Additional contributions received	187,648	283,639
Less amounts recognized as revenue	(787,861)	(871,554)
Balance, end of year	\$ 4,176,511	\$ 4,776,724

	2021		2020	
	Grants	Accumulated amortization	Net book value	Net book value
Land improvements	\$ 938,188	\$ 569,964	\$ 368,224	\$ 415,119
Buildings	9,189,611	6,644,866	2,544,745	2,999,471
Buildings service equipment	2,007,816	1,390,298	617,518	588,585
Furniture and equipment	2,395,476	1,749,452	646,024	773,549
	\$ 14,531,091	\$ 10,354,580	\$ 4,176,511	\$ 4,776,724

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Related party transactions and balances:

During the year ended March 31, 2021, the Organization paid rent on eight community residences to St. Amant Foundation Inc. for \$105,396 (2020 - \$108,609). In addition, the Organization paid rent to Sara Riel Foundation Inc., a corporation with the same Member as the Organization in the amount of \$88,647 (2020 - \$112,693) during the year ended March 31, 2021. The Organization charged St. Amant Foundation Inc. \$87,344 (2020 - \$87,344) for costs related to the parking lot during the year ended March 31, 2021 including \$5,515 (2020 - \$5,550) which was recorded in deferred contributions related to capital assets. The Organization also charged St. Amant Foundation Inc. \$66,275 (2020 - \$88,696) for administrative services provided by the Organization during the year ended March 31, 2021. The Organization also has an agreement with Réseau Compassion Network to provide access to a case management system. The Organization incurred \$183,728 (2020 - \$187,382) in service fees during the year ended March 31, 2021.

The following are contributions from St. Amant Foundation Inc. received or receivable for the fiscal year:

	2021	2020
Client services programs:		
Leisure Fund	\$ 799	\$ 89,317
Autism programs	31,803	8,097
Health and Transition Services	70,326	92,087
St.Amant School and Developmental Services	8,713	6,615
Community Residence Program	10,445	22,382
Community Services	2,628	7,231
River Road Child Care	5,791	5,933
Clinical Services	115	-
Volunteer Services	-	566
Education and technology	5,394	90
Research program	211,291	198,782
Case for Support	112,389	33,623
St.Amant Conference	-	12,959
Identified Priority Projects	271,047	693,716
	730,741	1,171,398
Capital projects and renovations	10,872	127,044
	\$ 741,613	\$ 1,298,442

Of these contributions, \$10,872 (2020 - \$127,044) have been recorded in deferred contributions related to capital assets and \$271,047 (2020 - \$693,716) in deferred contributions related to expenses of future periods during the year ended March 31, 2021.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Related party transactions and balances (continued):

The receivable from St. Amount Foundation Inc. of \$392,796 (2020 - \$1,275,929) at March 31, 2021 is non-interest bearing, has no specified terms of repayment and is unsecured.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. Allocation of expenses:

The Organization has incurred \$7,597,013 (2020 - \$7,242,306) of administration expenses and \$4,837,478 (2020 - \$4,899,414) of facility expenses in fiscal 2021 that are common to the administration of the WRHA, Families and Jordan's Principle programs. These expenses are reflected in the WRHA programs expenses in the statement of operations. The Organization has allocated \$4,688,155 (2020 - \$4,447,257) and \$1,605,057 (2020 - \$1,629,638) of administration and facility expenses to the Families programs, respectively, and \$410,058 (2020 - \$356,875) and \$98,577 (2020 - \$98,986) of administration and facility expenses to the Jordan's Principle programs, respectively. The aggregate of \$6,801,847 (2020 - \$6,532,756) allocated to the Families and Jordan's Principle programs is recorded as a recovery in the WRHA programs and an expense in the Families and Jordan's Principle programs within administration and facility cost allocation in the schedule of revenue and expenses.

8. Employee future benefits and employee benefits:

	2021	2020
Pre-retirement benefits plan	\$ 3,057,087	\$ 3,041,362
Accumulated non-vested sick leave benefits	555,126	582,761
	\$ 3,612,213	\$ 3,624,123

(a) Pre-retirement benefits plan:

The Organization maintains an employee future pre-retirement benefit plan primarily for the WRHA funded employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

8. Employee future benefits and employee benefits (continued):

The significant actuarial assumptions adopted in measuring the Organization's employee future pre-retirement benefits includes mortality and withdrawal rates, a discount rate of 2.65 percent (2020 - 2.60 percent) and a rate of salary increase of 0.75 percent to March 31, 2021, 1.00 percent to March 2022 and 3.5 percent thereafter (2020 - 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.5 percent thereafter) plus an age related merit/promotion scale.

Information about the Organization's pre-retirement benefits plan is as follows:

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,041,362	\$ 3,063,678
Current benefit cost	240,786	222,084
Interest	77,224	86,856
Benefits paid	(263,994)	(291,027)
	3,095,378	3,081,591
Unamortized actuarial loss	(38,291)	(40,229)
Liability for benefits	\$ 3,057,087	\$ 3,041,362

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from the WRHA, to include the incremental change in the related liability since fiscal 2007, which includes an interest component. The increase recorded in fiscal 2021 was \$15,725 (2020 - decrease of \$22,316) and is recorded in the statement of operations. Actual funding provided by WRHA for 2021 was 100.0 percent (2020 - 100.0 percent) of actual pre-retirement benefits paid during the year.

The employee future pre-retirement benefits recoverable from WRHA at March 31, 2021 aggregates \$2,778,599 (2020 - \$2,762,874) and has no specified terms of repayment.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

8. Employee future benefits and employee benefits (continued):

(b) Healthcare Employees Pension Plan:

Certain eligible employees of the Organization are members of Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Organization is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period. During the year, the Organization contributed \$5,051,910 (2020 - \$5,154,139) on behalf of its employees.

The most recent actuarial valuation of the plan as at December 31, 2019, reported the plan had a surplus of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. A going concern deficiency, if any, will be funded by special payments out of current contributions. Any contribution deficiencies in the plan would be addressed through pension benefit reductions or contribution rate increases from the participating members. Contribution rates for the Organization remained unchanged from the previous year at 8.90 percent (2020 - 8.90 percent) of pensionable earnings up to the YMPE and 10.50 percent (2020 - 10.50 percent) on earnings in excess of YMPE.

(c) Vacation benefits:

The cost of the Organization's vacation benefits is accrued when the benefits are earned by the employees and is reported as employee vacation payable on the statement of financial position. The vacation liability at March 31, 2021 is \$5,025,154 (2020 - \$4,776,898). The funding received in each subsequent fiscal year from the WRHA includes the vacation payable recoverable from the WRHA of \$1,461,198 as included on the statement of financial position. The vacation pay recoverable from the WRHA is maintained at the employee vacation payable at March 31, 2004.

(d) Accumulated non-vested sick leave benefits:

The Organization provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amount are determined with reference to employee's final earnings at the time they are paid out.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

8. Employee future benefits and employee benefits (continued):

The significant assumptions adopted in measuring the Organization's accumulated non-vested sick leave benefits include a discount rate at March 31, 2021 of 2.65 percent (2020 - 2.60 percent) and a rate of salary increase of 0.75 percent to March 31, 2021, 1.00 percent to March 31, 2022 and 3.50 percent thereafter (2020 - rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter).

A recoverable from the WRHA at March 31, 2021 of \$306,247 (2020 - \$337,619) has been recorded for the accumulated non-vested sick leave benefits in the statement of financial position. The recoverable has been adjusted, based on direction from the WRHA, for the incremental change in the accumulated non-vested sick leave benefits for employees funded by the WRHA. The decrease of \$31,372 (2020 - decrease of \$42,595) for 2021 was recorded in the statement of operations.

9. Invested in capital assets:

Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 21,502,102	\$ 22,536,657
Long-term debt	(14,817,652)	(15,799,106)
Deferred contributions	(4,176,511)	(4,776,724)
	<u>\$ 2,507,939</u>	<u>\$ 1,960,827</u>

Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Deficiency of revenue over expenditures:		
Amortization of deferred contributions	\$ 787,861	\$ 871,554
Amortization of capital assets	(1,932,652)	(2,049,674)
Gain on disposal of capital assets	-	217,838
Interest on long-term debt	(209,904)	(427,832)
	<u>(1,354,695)</u>	<u>(1,388,114)</u>
Transfers for:		
Purchase of capital assets	710,449	(505,808)
Proceeds on disposal of capital assets	-	(402,545)
Principal and interest repayment	1,191,358	1,497,392
	<u>\$ 547,112</u>	<u>\$ (799,075)</u>

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to accounts receivable and employee future benefits recoverable from WRHA. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

At March 31, 2021 and 2020, all accounts receivable were current, there were no amounts past due.

There have been no significant changes to the credit risk exposure from 2020.

(b) Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2022.

The contractual maturity of long-term debt is disclosed in note 4.

There have been no significant changes to the liquidity risk exposure from 2020.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its demand operating facility (note 4) as this facility bears interest at a floating interest rate. The Organization is also exposed to interest rate risk on its demand capital expenditure credit facility (note 4) as the loans revolve quarterly at a floating interest rate.

There have been no significant changes to the interest rate risk exposure from 2020.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

11. Trusts under administration:

At March 31, 2021, the balance of funds held in trust on behalf of the residents who reside at the Organization was \$399,608 (2020 - \$414,234).

12. COVID-19 impact:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Manitoba governments, enacting emergency measures to combat the spread to the virus.

These measures, which include implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses globally and in Manitoba resulting in an economic slowdown. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The Organization has taken measures to monitor and manage the effect of COVID-19 on the Organization's operations and financial position. However, depending on the duration and severity of the COVID-19 outbreak locally, there may be impacts on the operations and financial position of the Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effects on the Organization is not known at this time.

ST. AMANT INC.

Schedule of Revenue and Expenses

Year ended March 31, 2021, with comparative information for 2020

	Winnipeg Regional Health Authority	Families	Jordan's Principle	Total 2021	Total 2020
Revenue:					
Families	\$ 600,947	\$ 50,807,203	\$ 7,598	\$ 51,415,748	\$ 50,946,281
Winnipeg Regional Health Authority	35,356,189	925,822	–	36,282,011	35,154,342
Manitoba Health	7,804	–	–	7,804	–
Government of Canada	44,741	842,541	3,839,181	4,726,463	4,854,898
School divisions	682,541	–	–	682,541	787,049
Fees	13,181	184,378	–	197,559	458,693
Recoveries	53,465	–	–	53,465	291,222
Investment income	36,663	–	–	36,663	130,106
St.Amant Foundation Inc. donations (note 6)	384,585	137,337	–	521,922	516,917
Amortization of deferred contributions (note 5)	713,614	74,247	–	787,861	871,554
Gain on disposal of capital assets	–	–	–	–	217,838
Other programs	510,602	335,193	–	845,795	635,073
	38,404,332	53,306,721	3,846,779	95,557,832	94,863,973
Expenses:					
Salaries and wages	28,506,438	35,882,968	2,291,313	66,680,719	65,175,058
Employee benefits	5,987,147	7,245,775	493,389	13,726,311	13,242,661
Purchased services	846,300	133,087	5,924	985,311	983,492
Supplies	1,572,101	441,432	19,040	2,032,573	2,114,157
Food	225,323	711,816	2,416	939,555	1,050,604
Utilities	671,670	323,853	–	995,523	1,022,094
Equipment	347,607	405,133	228,159	980,899	952,048
Property taxes	258,974	225,533	–	484,507	466,644
Repairs and maintenance	366,031	539,278	–	905,309	851,153
Interest on long-term debt	20,803	189,101	–	209,904	427,832
Amortization	945,655	969,114	17,883	1,932,652	2,049,674
Administration and facility cost allocation (note 7)	(6,801,847)	6,293,212	508,635	–	–
Other	4,882,453	481,158	280,020	5,643,631	6,417,790
	37,828,655	53,841,460	3,846,779	95,516,894	94,753,207
Excess (deficiency) of revenues over expenses before the undernoted	575,677	(534,739)	–	40,938	110,766
Future employee benefits revenue (note 8)	(15,647)	–	–	(15,647)	(64,911)
Future employee benefits (note 8)	15,647	(3,737)	–	11,910	74,337
Excess (deficiency) of revenue over expenses	\$ 575,677	\$ (538,476)	\$ –	\$ 37,201	\$ 120,192