
Financial statements of
3885136 MANITOBA ASSOCIATION
INC.
(Operating as Calvary Place Personal
Care Home)

March 31, 2021

Independent Auditor's Report	1-2
Statement of operations and changes in net assets	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6-10
Schedule I- Schedule of operating, physical plant, administration and nursing expenses	11

Independent Auditor's Report

To the Board of Directors of
3885136 Manitoba Association Inc. (operating as Calvary Place Personal Care Home)

Opinion

We have audited the financial statements of Calvary Place Personal Care Home (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its financial results and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization 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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The logo for Deloitte Chartered Professional Accountants (CPA) is written in a stylized, cursive script. The word "Deloitte" is in a larger font, and "CPA" is smaller and positioned to the right.

Chartered Professional Accountants

June 28, 2021
Winnipeg, Manitoba

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Statements of operations and changes in net assets

Year ended March 31, 2021

	2021	2020
	\$	\$
Income		
Residents		
Winnipeg Regional Health Authority funding	\$ 5,895,241	\$ 5,786,990
Residential charges	2,197,623	2,183,672
Amortization of deferred contributions - property	242,441	279,579
Other income	456,932	76,598
	8,792,237	8,326,839
Expenses		
Salaries	5,250,658	5,233,105
Employee benefits	954,523	1,003,401
Payroll tax	109,955	110,895
Incontinence supplies	50,815	53,559
Medical and surgical supplies	59,654	46,182
Bad debt expense	(9,397)	30
Operating (Schedule I)	926,256	902,497
Physical plant (Schedule I)	377,931	365,404
Amortization of fixed assets	242,441	279,579
Administration (Schedule I)	86,677	94,373
Nursing (Schedule I)	134,856	210,650
COVID 19 (Schedule I)	128,052	—
Visitation Shelter (Schedule I)	358,198	—
	8,670,620	8,299,675
Excess of income over expenses before the following:	121,617	27,164
Allocation of donations to Heritage Benevolent Association Inc.	9 (20,000)	(1,500)
	101,617	25,664
Excess of income over expenses for the year		
Unrestricted net assets		
Balance, beginning of year	550,057	524,393
Balance, end of year	\$ 651,674	\$ 550,057

The accompanying notes are an integral part of these financial statements.

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of financial position
As at March 31, 2021

	Notes	2021	2020
		\$	\$
Assets			
Cash		\$ 1,286,550	\$ 1,016,111
Accounts receivable		216,442	272,448
GST recoverable		6,468	7,904
Supplies		45,822	45,820
Prepaid expenses		33,383	18,580
Due from Manitoba Health - vacation pay		228,184	228,184
		1,816,849	1,589,047
Due from Manitoba Health - pre-retirement entitlements		677,534	652,764
Fixed assets	3	4,686,359	4,922,989
Trust fund assets		55,425	46,077
		7,236,167	7,210,877
Liabilities			
Accounts payable and accrued liabilities	4	991,897	861,046
Government remittances payable		88,663	83,386
Due to Winnipeg Regional Health Authority		84,615	94,558
		1,165,175	1,038,990
Pre-retirement entitlements		677,534	652,764
Deferred contributions	5	4,686,359	4,922,989
Trust fund liabilities		55,425	46,077
		6,584,493	6,660,820
Contingency	6		
Net Assets			
Unrestricted		651,674	550,057
		\$ 7,236,167	\$ 7,210,877

The accompanying notes are an integral part of the financial statements.

Approved by the Board

Original Document Signed _____, Director

Original Document Signed _____, Director

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Statement of cash flows

Year ended March 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of income over expenses	\$ 101,617	\$ 25,664
Items not affecting cash		
Amortization of fixed assets	242,441	279,579
Amortization of deferred contributions - property	<u>(242,441)</u>	<u>(279,579)</u>
	101,617	25,664
Changes in non-cash operating working capital items:		
Accounts receivable	56,006	(27,034)
GST recoverable	1,436	10,453
Supplies	(2)	(20,059)
Prepaid expenses	(14,803)	29,061
Due from Manitoba Health - pre-retirement entitlements	(24,770)	(1,248)
Accounts payable and accrued liabilities	130,851	(80,023)
Government remittances payable	5,277	18,340
Due to Winnipeg Regional Health Authority	(9,943)	(33,511)
Pre-retirement entitlements	24,770	1,248
	<u>270,439</u>	<u>(77,109)</u>
Financing activity		
Deferred contributions received	<u>5,811</u>	3,245
Investing activity		
Fixed asset purchases	<u>(5,811)</u>	(3,245)
Net increase (decrease) in cash position	270,439	(77,109)
Cash position, beginning of year	<u>1,016,111</u>	<u>1,093,220</u>
Cash position, end of year	<u>\$ 1,286,550</u>	<u>\$ 1,016,111</u>

The accompanying notes are an integral part of these financial statements.

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Notes to the financial statements

March 31, 2021

1. Organization

3885136 Manitoba Association Inc. (Operating as Calvary Place Personal Care Home) (the "Personal Care Home") was incorporated on August 20, 1998 and commenced active operations on January 24, 2000. The Personal Care Home is overseen by a Board of Directors pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes. The Personal Care Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the significant accounting policies of the Personal Care Home set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

The Personal Care Home follows the deferral method of accounting for contributions which include donations and government grants.

The Personal Care Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions and residential charges 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 contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of fixed assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related fixed assets.

Fixed assets

Purchased fixed assets are recorded at cost. Contributed fixed assets are recorded at fair value at the date of contribution.

Fixed assets are amortized on a straight-line basis over the following estimated useful lives:

Buildings	40 years
Computer equipment and software	5 years
RDF equipment	5-7 years
Nursing equipment	7 years
Furniture	15 years
Major equipment	5-25 years

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Notes to the financial statements

March 31, 2021

2. Significant accounting policies (continued)

Retirement entitlement obligation

The Personal Care Home has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

- (a) Have ten years of service and have reached the age of 55, or
- (b) Qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee, or
- (c) Retire at or after age 65, or
- (d) Terminate employment at any time due to permanent disability.

The Personal Care Home has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. A long-term receivable has also been recorded in the same amount at yearend to represent the funding commitment for these retirement entitlements from Manitoba Health.

Due from Health Manitoba – vacation pay

Until the fiscal year ended March 31, 2004, funding for vacation entitlements was provided by the Winnipeg Regional Health Authority in the period in which expenditures were made. Accordingly, the cost of the accrued vacation pay at March 31, 2004 was accrued to enable an appropriate matching of expenses with income secured at that date. For the year ended March 31, 2005 and onwards Manitoba Health is no longer funding this liability and the change in the current year liability is recorded as a charge against current year operations. The receivable from Manitoba Health includes only the accrued liability to March 31, 2004.

Use of 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, pre-retirement entitlements, and the estimated useful life of fixed assets. Actual results could differ from these estimates.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Personal Care Home becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Notes to the financial statements

March 31, 2021

2. Significant accounting policies (continued)

Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Personal Care Home recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. 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 shall be reversed in net earnings in the period the reversal occurs.

3. Fixed assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	424,712	—	424,712	424,712
Building	8,849,815	4,596,097	4,253,718	4,474,964
Computer equipment and software	24,905	24,905	—	—
RDF equipment	300,947	300,947	—	—
Nursing equipment	275,638	275,638	—	—
Furniture	628,386	628,386	—	—
Major equipment	268,553	260,624	7,929	23,313
	10,772,956	6,086,597	4,686,359	4,922,989

4. Accounts payable and accrued liabilities

	2021	2020
	\$	\$
Trade	376,375	267,732
Wages	130,351	141,096
Accrued vacation pay	485,171	472,672
	991,897	881,500

5. Deferred contributions

The deferred contributions balance at the end of the year relates to fixed assets and represents the unamortized amount and unspent amount of funding received for repayment of the principal portion on the long-term debt. These cumulative contributions were received from Heritage Benevolent Association Inc, Manitoba Health and individual donors.

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Notes to the financial statements

March 31, 2021

5. Deferred contributions (continued)

	2021	2020
	\$	\$
Balance, beginning of year	4,922,989	5,199,323
Contributions	5,811	3,245
Amortization	(242,441)	(279,579)
Balance, end of year	4,686,359	4,922,989

6. Contingency

The Personal Care Home is responsible for any in-globe deficits but may unconditionally retain the greater of 50% of its operating surplus and 2% of the global budget indicated in its funding letter from Winnipeg Regional Health Authority. The actual amount of the settlement is determined after a review of the details by Winnipeg Regional Health Authority and negotiation with the Personal Care Home.

If deficits are incurred, additional funding may be provided by Winnipeg Regional Health Authority for expenses not initially included in the budget.

7. Pension plan

Substantially all employees of the Personal Care Home are members of the Health Employees Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the CICA Handbook section 3461.

The Personal Care Home's liability under the pension plan is limited to the contributions required during the year under the respective agreements. Contributions to the Plan made during the year by the Personal Care Home on behalf of its employees amounted to \$374,990 (2020 - \$400,839) and are included in the statement of operations.

8. Financial instruments

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the Personal Care Home's cash flows, financial position and revenue. The Personal Care Home does not use derivative instruments to reduce exposure to interest risk.

9. Related party transactions

During the year ended March 31, 2021, the Personal Care Home allocated donations of \$20,000 (2020 - \$1,500) to, and received a gift of \$13,537 (2020 - \$31,702) from, Heritage Benevolent Association, Inc., a related sponsoring organization that shares the same Board of Directors as the Personal Care Home.

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Notes to the financial statements

March 31, 2021

10. Economic dependence

In the current year, revenue from Winnipeg Regional Health Authority represents approximately 68% (2020 – 70%) of total revenue. As at March 31, 2021, accounts receivable from Winnipeg Regional Health Authority represents approximately 92% (2020 – 94%) of the Personal Care Home’s accounts receivable.

11. Residential charges

Residential charges are rate regulated by the Government of Manitoba. Residential charges are charged at prescribed rates based on income of the resident. These rates are updated on an annual basis.

12. Recent developments

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that these developments will have on the financial results of the Personal Care Home in future periods.

3885136 MANITOBA ASSOCIATION INC.

(Operating as Calvary Place Personal Care Home)

Schedule I

Schedules of operating, physical plant, administration, and nursing expenses

Year ended March 31, 2021

	2021	2020
	\$	\$
Operating expenses		
Food	\$ 796,463	775,180
Other supplies and expenses	46,151	44,759
Purchased services	83,642	82,558
	<u>926,256</u>	<u>902,497</u>
Physical plant expenses		
Heat, light and power	130,280	112,191
Insurance and property taxes	107,518	104,690
Repairs and maintenance	66,472	87,621
Water	73,661	60,902
	<u>377,931</u>	<u>365,404</u>
Administration expenses		
Membership fees	5,009	5,195
Education	820	104
IT Expenses	28,074	29,380
Printing and office supplies	12,224	12,931
Professional fees	29,055	20,149
Sundry	1,267	18,183
Telephone and Internet	10,228	8,431
	<u>86,677</u>	<u>94,373</u>
Nursing expenses		
Companion regular	—	—
One-on-one care	120,950	193,053
Oxygen	140	136
Travel - ambulance, stretcher, taxi	13,766	17,461
	<u>134,856</u>	<u>210,650</u>
COVID Incremental Expenses		
COVID Salaries	84,273	—
COVID Employee Benefits	14,906	—
COVID Medical Supplies	27,503	—
COVID Other Supplies	1,370	—
	<u>128,052</u>	<u>—</u>
Visitation Shelter Expenses		
Shelter Salaries	10,130	—
Shelter Employee Benefits	1,879	—
Shelter Maintenance Expense	346,189	—
	<u>\$ 358,198</u>	<u>\$ -</u>