Combined Financial Statements of

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Year ended March 31, 2021

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

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Year ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Member of Actionmarguerite (Saint-Boniface) Inc., Actionmarguerite (Saint-Vital) Inc. and Actionmarguerite (St. Joseph) Inc.

Opinion

We have audited the combined financial statements of Actionmarguerite (Saint-Boniface) Inc., Actionmarguerite (Saint-Vital) Inc. and Actionmarguerite (St. Joseph) Inc. (the "Entity"), which comprise the combined statement of financial position as at March 31, 2021, the combined statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the combined 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 combined financial position of the Entity as at March 31, 2021, and its combined results of operations, its combined remeasurement gains and losses, its combined change in net debt and its combined 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 29, 2021

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Combined Statement of Financial Position

As at March 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 7,664,817	$ 6,492,187
Accounts receivable (note 12)	664,956	666,854
Employee benefits recoverable from Winnipeg Regional Health Authority (note 8)	1,458,347	1,458,347
Receivable from Winnipeg Regional Health Authority (note 3)	3,824,078	2,851,718
Investments (note 4)	1,386,178	1,138,979
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 8)	3,245,575	3,310,213
	18,243,951	15,918,298
Financial liabilities:		
Bank indebtedness (note 5)	121,439	81,066
Accounts payable and accrued liabilities (note 6)	6,695,018	5,447,761
Advances from Winnipeg Regional Health Authority (note 7)	1,485,679	1,485,679
Unearned revenue (note 9)	918,562	908,215
Employee future benefits (note 8)	3,626,793	3,691,431
Long-term debt (note 10)	5,052,082	5,907,216
	17,899,573	17,521,368
Net financial assets (debt)	344,378	(1,603,070)
Non-financial assets:		
Tangible capital assets (note 11)	19,735,725	21,039,035
Inventory	212,743	159,297
Prepaid expenses	103,012	104,112
	20,051,480	21,302,444
Accumulated surplus	$ 20,395,858	$ 19,699,374
Accumulated surplus is comprised of:		
Accumulated surplus	$ 20,284,928	$ 19,814,687
Accumulated measurement gains (losses)	110,930	(115,313)
	$ 20,395,858	$ 19,699,374

See accompanying notes to financial statements.

On behalf of the Board of Directors:

Original Document Signed Member   Original Document Signed Member

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Combined Statement of Operations and Accumulated Surplus

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

	2021 Budget	2021	2020
Revenue:			
Winnipeg Regional Health Authority	$ 35,152,267	$ 37,916,025	$ 35,993,143
Resident and service fees	11,314,933	11,258,694	11,197,789
Province of Manitoba	–	320,392	–
Recoveries	282,629	538,832	609,337
Other revenue	498,694	702,481	808,855
Total revenue	$ 47,248,523	$ 50,736,424	$ 48,609,124
Expenses (note 15):			
Administration	2,789,361	2,713,522	2,683,864
Direct nursing	28,898,505	31,306,294	29,766,712
Nursing support programs	2,641,063	2,468,061	2,464,737
Nutrition	4,730,073	4,735,111	4,625,251
Support services	3,139,705	3,650,341	3,209,692
Information technology	340,640	280,039	166,878
Plant operation and maintenance	4,682,055	4,739,392	4,879,805
Adult day program	502,921	195,476	486,848
Supporting housing program	1,194,778	1,150,048	1,185,424
Ancillary operations	–	1,367	4,080
Total expenses	$ 48,919,101	$ 51,239,651	$ 49,473,291
Annual deficit before government transfers related to capital	(1,670,578)	(503,227)	(864,167)
Government transfers related to capital	971,968	973,468	868,852
Annual surplus (deficit)	$ (698,610)	$ 470,241	$ 4,685
Accumulated surplus, beginning of year		19,814,687	19,810,002
Accumulated surplus, end of year		$ 20,284,928	$ 19,814,687

See accompanying notes to financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Combined Statement of Remeasurement Gains and Losses

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

	2021	2020
Accumulated remeasurement gains (losses), beginning of year	$ (115,313)	$ 1,023
Unrealized gains (losses) attributable to investments	175,208	(126,166)
Realized gains, reclassified to combined statement of operations, attributable to investments	51,035	9,830
Net remeasurement gains (losses) for the year	226,243	(116,336)
Accumulated remeasurement gains (losses), end of year	$ 110,930	$ (115,313)

See accompanying notes to financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Combined Statement of Change in Net Financial Assets (Net Debt)

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

	Budget	2021	2020
Annual surplus (deficit)	$ (698,610)	$ 470,241	$ 4,685
Acquisition of tangible capital assets	(1,359,264)	(547,786)	(1,359,264)
Amortization of tangible capital assets	1,835,981	1,851,096	1,836,182
Change in inventory	–	(53,446)	8,758
Change in prepaid expenses	–	1,100	(17,440)
Change in accumulated remeasurement gains	–	226,243	(116,336)
Increase (decrease) in net debt	$ (221,893)	1,947,448	356,585
Net debt, beginning of year		(1,603,070)	(1,959,655)
Net financial assets (debt), end of year		$ 344,378	$ (1,603,070)

See accompanying notes to financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Combined Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating:		
Annual surplus	$ 470,241	$ 4,685
Add (deduct) items not impacting cash:		
Amortization of capital assets	1,851,096	1,836,182
Change in non-cash operating working capital balances related to operations (note 13)	234,796	(2,098,547)
	2,556,133	(257,680)
Capital:		
Additions to tangible capital assets	(547,786)	(1,359,264)
Investing:		
Purchase of investments, net	(20,957)	(3,487)
Financing:		
Increase in bank indebtedness	40,373	12,005
Proceeds from long-term debt	–	471,914
Repayment of long-term debt	(855,133)	(480,551)
	(814,760)	3,368
Increase (decrease) in cash and cash equivalents	1,172,630	(1,617,063)
Cash and cash equivalents, beginning of year	6,492,187	8,109,250
Cash and cash equivalents, end of year	$ 7,664,817	$ 6,492,187
Cash and cash equivalents is comprised of the following:		
Cash	$ 5,404,386	$ 4,231,756
Cash equivalents	2,260,431	2,260,431
	$ 7,664,817	$ 6,492,187

See accompanying notes to financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.
Notes to Combined Financial Statements

Year ended March 31, 2021

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1. Purpose of the Corporations:

Actionmarguerite (Saint-Boniface) Inc. (Saint-Boniface) was incorporated on July 9, 1968 under the laws of Manitoba as Taché Nursing Centre Hospitalier Taché Inc. and operated under the name Centre Taché Centre. The articles were amended on June 1, 2011 to change the name of the corporation to Actionmarguerite (Saint-Boniface) Inc.

Actionmarguerite (Saint-Vital) Inc. (Saint-Vital) was incorporated on January 22, 1976 under the laws of Manitoba as Foyer St. Boniface Inc. - St. Boniface Home Inc. and subsequently changed its name to Foyer Valade Inc. in 1988 to coincide with the relocation of the facility to River Road. The articles were amended on June 1, 2011 to change the name of the corporation to Actionmarguerite (Saint-Vital) Inc.

Actionmarguerite (St. Joseph) Inc. (St. Joseph) was incorporated on October 29, 1987 under the laws of Manitoba. The articles were amended on August 24, 2017 to change the name of the corporation to Actionmarguerite (St. Joseph) Inc.

Saint-Boniface functions as a bilingual long-term care facility and also provides a respite program, Adult Day Program and provides care services for the Supportive Housing Program. Saint-Vital functions as a long-term care facility mandated by the Provincial Government to provide services to French speaking residents. St. Joseph functions as a long-term care facility. Saint-Boniface, Saint-Vital and St. Joseph have a common Board of Directors (the Board) and have the same Member, Catholic Health Corporation of Manitoba.

2. Significant accounting policies:

(a) Basis of presentation:

These combined financial statements represent an aggregation of the financial statements of Saint-Boniface, Saint-Vital and St. Joseph (together, the Corporations), which are under common control. All significant inter-company balances and transactions have been eliminated.

(b) Revenue recognition:

The Corporations are funded primarily by the Winnipeg Regional Health Authority (WRHA) in accordance with Service Purchase Agreements (SPAs). On April 1, 2019, the Corporations 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.

2. Significant accounting policies (continued):

As the care provider for the Supportive Housing Program at Chez Nous and Windsor Park Place, funding is received from the WRHA in accordance with a Service Purchase Agreement which expired on September 30, 2013, however it continues to be in effect until a new agreement is finalized. Operating grants are recorded as revenue in the period to which they relate.

Government transfers from WRHA for operating purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions are considered unearned until conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer from WRHA is authorized, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the Corporations.

Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

i. Assets funded by approved//funded debt: revenue is recognized when the debt principal and interest payment funding is received.

ii. Assets funded by an allocation of cash: revenue is recognized when the funded asset is purchased or developed.

Any unrestricted non-government contributions or grants are recorded as revenue in the year received or in the years the funds are committed to the Corporations if the amount can be reasonably estimated and collection is reasonably assured. All non-government contributions or grants that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as unearned revenue until the resources are used for the purpose or purposes specified.

Investment income is recognized as revenue in the year in which the income was earned. Investment income includes interest income and realized gains (losses) on investments.

2. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term deposits which are highly liquid with original maturities of less than three months.

(d) Operating deficits or surpluses:

In accordance with the terms and conditions of the SPAs, annual operating deficits are the responsibility of the Corporations. The Operating surplus the Personal Care Home Program and Adult Day Program may retain up to 2 percent of the global budget as provided by WRHA, in any fiscal year. The remaining operating surplus of the Personal Care Home Program and Adult Day Program in any fiscal year is repayable to the WRHA. Those surpluses that are retained by the Corporations are subject to review by the WRHA.

(e) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(f) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported, on initial recognition and subsequently, 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 elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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.

All financial assets are assessed for impairment on an annual basis.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

PSAS require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Corporations' investments are classified as level 1. There were no transfers between level 1 and level 2 for the years ended March 31, 2021 and 2020, and there were no transfers in or out of level 3.

(g) Tangible capital assets:

Tangible capital assets are recorded at cost. Incremental interest incurred during the construction of tangible capital assets is included in cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. When a tangible capital asset no longer contributes to the Corporations' ability to provide services, its carrying amount is written down to its residual value.

ACTIONMARGUERITE (SAINT-BONIFACE) INC.,
ACTIONMARGUERITE (SAINT-VITAL) INC. AND
ACTIONMARGUERITE (ST. JOSEPH) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

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2. Significant accounting policies (continued):

Amortization is calculated using the straight-line method at rates which amortize the assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Land improvements	20 years
Leasehold estate	60 years
Buildings	50 years
Equipment and building service equipment and software licenses and fees	5 to 16 years

(h) Contributed services:

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(i) Inventory:

Inventory consists of drugs that are measured at the lower of cost, on a first-in, first-out basis, and replacement cost.

(j) Employee future benefits:

The Corporations record a provision for employee benefits comprised of accrued vacation. A further provision for employee future pre-retirement benefits, being an actuarial estimate of the Corporations' obligation to make a cash payment to certain qualifying employees based on years of service upon retirement has also been recorded. The cost of the Corporations' employee pre-retirement benefits is accrued as earned based on an actuarial estimation.

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

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(k) Income taxes:

The Corporations are registered charities within the meaning of the *Income Tax Act* and therefore are exempt from income taxes under Section 149(1) of the Act.

(l) Use of estimates:

The preparation of 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 tangible capital assets and obligations related to employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Receivable from Winnipeg Regional Health Authority:

	Saint-Boniface	Saint-Vital	St. Joseph	2021 Combined	2020 Combined
Receivable:					
Prior years'	$ 2,117,983	$ 454,916	$ 528,238	$ 3,101,137	$ 2,796,237
Resident charges	82,979	–	–	82,979	121,983
Salaries and benefits	779,230	253,039	159,431	1,191,700	386,635
Employee pre-retirement benefits	247,178	35,277	26,917	309,372	199,614
Other	377,106	120,575	130,028	627,709	379,680
	3,604,476	863,807	844,614	5,312,897	3,884,149
Payable:					
Prior years'	706,949	160,018	171,416	1,038,383	1,031,355
Resident charges	–	73,113	52,122	125,235	–
Salaries and benefits	–	1,775	3,896	5,671	607
Other	319,530	–	–	319,530	469
	1,026,479	234,906	227,434	1,488,819	1,032,431
	$ 2,577,997	$ 628,901	$ 617,180	$ 3,824,078	$ 2,851,718

Over/under funding occurs when non-global items (including resident fees revenue and interest expense) are over/under the amounts budgeted by the WRHA. Over/under funded amounts are payable to/receivable from the WRHA.

4. Investments:

Pursuant to an agreement with The Winnipeg Foundation, the Corporations receive investment income earned based on a flat percentage to a maximum of 5 percent of the average market value of the investments under administration for the previous 12 quarters. The market value of the investment with The Winnipeg Foundation at March 31, 2021 is $1,386,178 (2020 - $1,138,979).

5. Bank indebtedness:

At March 31, 2021, the Corporations had authorized lines of credit of $2,296,769 (2020 - $2,296,769) of which $121,439 (2020 - $81,066) was used to finance the following projects:

	2021		2020	
	Authorized	Outstanding borrowings	Authorized	Outstanding borrowings
Caisse Financial Group				
Operating lines of credit	$ 1,750,000	$ –	$ 1,750,000	$ –
38 bed addition (Saint-Vital)	90,000	38,939	90,000	48,976
Fire Panel (Saint-Vital)	193,689	–	193,689	–
Province of Manitoba				
Air conditioning replacement (St. Joseph)	49,812	49,769	49,812	–
Fire pump replacement (Saint-Boniface)	213,268	32,731	213,268	32,090
	$ 2,296,769	$ 121,439	$ 2,296,769	$ 81,066

The lines of credit with Caisse Financial Group bear interest at the bank's prime rate less 0.25 percent per annum except for $250,000 which bears interest at the bank's prime rate less 0.75 percent per annum. Interest is payable monthly in arrears and the principal is payable on demand. The line of credit for the 38 bed addition is guaranteed by Fondation Actionmarguerite Foundation Inc., a corporation with the same Member as the Corporations.

The lines of credit with the Province of Manitoba bear interest at prime rate less 1.90 percent per annum. Interest is payable monthly in arrears and the principal is payable on demand.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

6. Accounts payable and accrued liabilities:

	2021	2020
Trade accounts payable and accrued liabilities	$ 1,273,263	$ 1,293,555
Accrued vacation benefits payable (note 8)	2,423,379	2,337,177
Accrued salaries	2,235,894	1,206,568
Employee remittances payable	762,482	610,461
	$ 6,695,018	$ 5,447,761

7. Advances from Winnipeg Regional Health Authority:

At March 31, 2021, to offset related funding commitments outstanding from prior year receivables, funding advances from the WRHA aggregated $1,485,679 (2020 - $1,485,679). These advances are unsecured, non-interest bearing and have no fixed terms of repayment.

8. Employee benefits:

(a) Employee future benefits:

Employee future benefits consist of:

	2021	2020
Pre-retirement benefits	$ 3,363,101	$ 3,396,796
Accumulated non-vested sick leave benefits	263,692	294,635
	$ 3,626,793	$ 3,691,431

The Corporations maintain an employee pre-retirement benefits plan for substantially all of their employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

The estimation of the future pre-retirement benefits obligation has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the Corporations' future pre-retirement benefits obligation include mortality and withdrawal rates, a discount rate of 2.65 percent (2020 - 2.60 percent), a rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022, and 3.50 percent thereafter (2020 - 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter) plus an age-related merit/promotion scale.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

8. Employee benefits (continued):

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

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	$ 3,396,796	$ 3,543,503
Current benefit cost	234,757	217,414
Interest	76,508	88,404
Benefits paid	(308,012)	(405,995)
Balance, end of year	3,400,049	3,443,326
Amortized actuarial losses	(36,948)	(46,530)
Pre-retirement benefits	$ 3,363,101	$ 3,396,796

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 combined statement of financial position.

The recoverable has been adjusted, based on direction from WRHA, to include the incremental increases or decreases in the related liability since 2007, which includes an interest component. The decrease recorded in fiscal 2021 was $33,695 (2020 - decrease of $146,707) and is recorded in the combined statement of operations. The employee future pre-retirement benefits recoverable from WRHA at March 31, 2021 aggregates $2,981,883 (2020 - $3,015,578) and has no specified terms of repayment. Actual funding provided by WRHA has been 100 percent (2020 - 100 percent) of actual pre-retirement benefits paid during the year.

The Corporations provide accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Corporations' accumulated non-vested sick leave benefits include a discount rate of 2.65 percent (2020 - 2.60 percent) and a rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter (2020 - 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter) plus an age-related merit/promotion scale.

A recoverable from the WRHA of $263,692 (2020 - $294,635) for the accumulated non-vested sick leave benefits has been recorded in the combined statement of financial position.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

8. Employee benefits (continued):

The recoverable has been adjusted, based on direction from WRHA, for the incremental change in the accumulated non-vested sick leave benefits. The decrease recorded in 2021 was $30,943 (2020 - decrease of $53,683) and is recorded in the combined statement of operations.

(b) Accrued vacation benefits:

The cost of the Corporations' vacation benefits is accrued when the benefits are earned by the employees and is included in accrued liabilities on the combined statement of financial position. The vacation benefits liability at March 31, 2021 is $2,423,379 (2020 - $2,337,177).

The funding received in each subsequent fiscal year from the WRHA includes the employee benefits recoverable of $1,458,347 as included on the combined statement of financial position. The employee benefits recoverable from the WRHA are maintained at the value of the vacation benefits liability at March 31, 2004.

(c) Pension plans:

Most of the employees of the Corporations are members of Healthcare Employees' Pension Plan - Manitoba (HEPP), which is a multi-employer defined benefit pension plan available to all eligible employees. During the year, the Corporations contributed $2,504,079 (2020 - $2,545,611) on behalf of its eligible employees to HEPP. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Corporations are 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. 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. On April 1, 2020 employer contribution rates remained at 8.9 percent (2020 - 8.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.5 percent (2020 - 10.5 percent) on earnings in excess of YMPE.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

9. Unearned revenue:

Unearned revenue reported on the combined statement of financial position is made up of the following:

	2021	2020
Deferred capital grants	$ 467,120	$ 498,900
Other	451,442	409,315
Total unearned revenue	$ 918,562	$ 908,215

Continuity of unearned revenue is as follows:

	2021	2020
Balance, beginning of year:		
Deferred capital grants	$ 908,215	$ 812,837
Other	–	1,307,300
	908,215	2,120,137
Other unearned revenue received	55,000	95,344
Total unearned revenue	963,215	2,215,481
Revenue recognized	(44,653)	(1,307,266)
Balance, end of year	$ 918,562	$ 908,215

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

10. Long-term debt:

	2021	2020
First mortgage on 1978 construction, payable in monthly blended payments of $13,375, due April 1, 2023. The effective interest rate after giving consideration to forgiveness clauses is 8%	$ 988,690	$ 1,084,053
7 7/8% first mortgage on 1973 construction, payable in monthly blended payments of $14,783, due April 1, 2023	340,270	485,145
Promissory note payable, payable in monthly principal payments of $21,667 plus interest at 5.10%, due February 28, 2027, unsecured	1,538,335	1,798,334
Long-term financing on nurse call system and sprinkler system upgrades and replacement of windows and bricks, payable in monthly principal payments of $9,894 plus interest at 2.45%, due March 31, 2023	231,501	343,071
Long-term financing on roof and tub replacements, payable in monthly principal payments of $5,298 plus interest at 2.75%, due March 31, 2027	351,295	404,419
Long-term financing on roof and generator replacements, payable in monthly principal payments of $9,980 plus interest at 2.75%, due March 31, 2027	661,691	761,754
Long-term financing on roof replacement, payable in monthly principal payments of $4,061 plus interest at prime less 2.90%, due March 31, 2030	385,573	422,535
Long-term financing on air conditioning replacement, payable in monthly principal payments of $4,535 plus interest at 2.90%, due March 31, 2030	430,632	471,914
Long-term financing on nursing call station upgrade, payable in monthly principal payments of $1,307 plus interest at 2.90%, due March 31, 2030	124,095	135,991
	$ 5,052,082	$ 5,907,216

The long-term financing loans are supported by comfort letters from Manitoba Health and WRHA. Both mortgages are payable to the Canada Mortgage and Housing Corporation.

Principal repayments required over the next five years and thereafter are as follows:

2022	$ 886,221
2023	919,510
2024	667,150
2025	673,084
2026	695,262
Thereafter	1,210,855
	$ 5,052,082

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

11. Tangible capital assets:

Cost	Balance at March 31, 2020	Additions/ (transfers)	Disposals	2021 Total	2020 Total
Land	$ 193,965	$ –	$ –	$ 193,965	$ 193,965
Land improvements	693,892	21,279	–	715,171	693,892
Leasehold estate	200,040	–	–	200,040	200,040
Buildings	36,239,216	87,688	–	36,326,904	36,239,216
Equipment	15,751,245	1,058,859	–	16,810,104	15,751,245
Projects in progress	850,654	(620,040)	–	230,614	850,654
	$ 53,929,012	$ 547,786	$ –	$ 54,476,798	$ 53,929,012

Accumulated amortization	Balance at March 31, 2020	Additions	Disposals	2021 Total	2020 Total
Land	$ –	$ –	$ –	$ –	$ –
Land improvements	581,132	16,866	–	597,998	581,132
Leasehold estate	164,237	3,334	–	167,571	164,237
Buildings	21,119,107	1,072,490	–	22,191,597	21,119,107
Equipment	11,025,501	758,406	–	11,783,907	11,025,501
Projects in progress	–	–	–	–	–
	$ 32,889,977	$ 1,851,096	$ –	$ 34,741,073	$ 32,889,977

Net book value	2021 Total	2020 Total
Land	$ 193,965	$ 193,965
Land improvements	117,173	112,760
Leasehold estate	32,469	35,803
Buildings	14,135,307	15,120,109
Equipment	5,026,197	4,725,744
Projects in progress	230,614	850,654
	$ 19,735,725	$ 21,039,035

12. Related party transactions:

During the year ended March 31, 2021, Fondation Actionmarguerite Foundation Inc., provided donations of $164,352 (2020 - $143,664) to Saint-Boniface, Saint-Vital and St. Joseph. Included in accounts receivable at March 31, 2021 is an amount receivable from Fondation Actionmarguerite Foundation Inc. of $38,146 (2020 - nil).

12. Related party transactions (continued):

During the year ended March 31, 2021, Friends of St. Joseph's Inc., an entity with the same Member as St Joseph, made donations to St. Joseph of $47,565 (2020 - $55,741). Included in accounts receivable at March 31, 2021 is an amount receivable from Friends of St. Joseph's Inc. of $55,699 (2020 - $18,647).

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.

13. Change in non-cash operating working capital:

The change in non-cash operating working capital consists of the following:

	2021	2020
Accounts receivable	$ 1,898	$ 124,203
Receivable from Winnipeg Regional Health Authority	(972,360)	(237,846)
Inventory	(53,446)	8,758
Prepaid expenses	1,100	(17,440)
Accounts payable and accrued liabilities	1,247,257	(764,300)
Unearned revenue	10,347	(1,211,922)
	$ 234,796	$ (2,098,547)

14. 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 Corporations are exposed to credit risk with respect to accounts receivable, employee benefit recoverable from Winnipeg Regional Health Authority, receivable from Winnipeg Regional Health Authority, future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority and cash.

The Corporations assess, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporations at March 31, 2021 is the carrying value of these assets.

14. Financial risks (continued):

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the combined statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the combined statement of operations. The balance of the allowance for doubtful accounts at March 31, 2021 is $69,871 (2020 - nil).

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

(b) Liquidity risk:

Liquidity risk is the risk that the Corporations will be unable to fulfill their obligations on a timely basis or at a reasonable cost. The Corporations manage their liquidity risk by monitoring their operating requirements. The Corporations prepare budgets and cash forecasts to ensure they have sufficient funds to fulfill their obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

The contractual maturities of bank indebtedness and long-term debt are disclosed in note 5 and 10, respectively.

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

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporations revenue or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Corporations to cash flow interest rate risk. The Corporations are exposed to this risk on its variable interest long-term financing loans.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

14. Financial risks (continued):

The Corporations are also exposed to fair value risk on their fixed-rate instruments including mortgage and promissory note payable.

There has been no change to the interest rate risk exposure from 2020.

15. Classification of expenditures by object:

The combined statement of operations reports the expenditures by function; the following classifies those same expenditures by object:

	2021 Budget	2021	2020
Salaries and wages	$ 33,103,747	$ 35,019,272	$ 33,701,109
Employee benefits	7,610,515	7,495,340	7,313,015
Purchased and professional services	726,933	743,732	721,112
Medical and surgical supplies	492,124	956,578	603,613
Food	1,578,458	1,602,396	1,608,091
Repairs and maintenance	812,275	1,021,838	1,000,329
Utilities	939,000	991,678	910,031
Resident travel	265,275	66,135	261,677
General expenses	801,575	762,582	791,066
Insurance	134,500	130,471	126,420
Taxes	365,500	349,216	347,207
Interest	253,218	249,317	253,639
Amortization	1,835,981	1,851,096	1,835,982
Total expenditures by object	$ 48,919,101	$ 51,239,651	$ 49,473,291

16. Budget:

On May 8, 2020, the Board of Directors of the Corporations approved the 2021 budget for the Corporations which has been utilized in these combined financial statements.

17. 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 federal and provincial governments, enacting emergency measures to combat the spread of 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.

17. COVID-19 impact (continued):

Governments 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.

During fiscal 2021 and as of the date of approval of these financial statements, Actionmarguerite has experienced restricted access to the Personal Care Home to the public including visitors based on public health recommendations and mandatory working from home requirements for those able to do so as a result of the COVID-19 pandemic.

Actionmarguerite has taken measures to monitor and manage the effect of COVID-19 on Actionmarguerite's operations and financial position. However, depending on the duration and severity of the COVID-19 outbreak locally, there may continue to be significant impacts on the operations and financial position of Actionmarguerite. The financial effect that the COVID-19 pandemic will have on Actionmarguerite in the future cannot be estimated at this time.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Schedule of Combined Statement of Operations - By Entity

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

	PCH Program St. Joseph	PCH Program Saint-Vital	PCH Program Saint-Boniface	Adult Day Program	Supportive Housing Program	2021 Total	2020 Total	2021 Budget
Revenue:								
Winnipeg Regional Health Authority	$ 5,568,218	$ 8,423,884	$ 22,926,866	$ 197,722	$ 799,335	$ 37,916,025	$ 35,993,143	$ 35,152,267
Resident and service fees	2,034,294	3,251,807	5,536,667	–	435,926	11,258,694	11,197,789	11,314,933
Province of Manitoba	83,238	54,642	182,512	–	–	320,392	–	–
	7,685,750	11,730,333	28,646,045	197,722	1,235,261	49,495,111	47,190,932	46,467,200
Offset income:								
Cafeteria	745	10,988	65,597	–	–	77,330	148,263	160,550
Interest	–	13,300	129,045	–	–	142,345	215,216	5,800
Donations	48,369	119,592	50,408	–	1,132	219,501	227,313	65,100
Parking	19,169	37,396	84,527	–	2,399	143,491	145,052	154,000
Shared services	27,407	62,073	1,285,831	–	33,920	1,409,231	1,557,268	1,574,338
Grants	5,613	7,782	2,773	–	–	16,168	500	–
Recoveries:								
General	66,479	131,922	344,461	–	–	542,862	527,462	282,629
Ancillary operations	–	28	(5,425)	–	–	(5,397)	4,080	–
Other	–	1,335	32	–	–	1,367	77,795	–
	167,782	384,416	1,957,249	–	37,451	2,546,898	2,902,949	2,242,417
	7,853,532	12,114,749	30,603,294	197,722	1,272,712	52,042,009	50,093,881	48,709,617
Expenses:								
Salaries and wages	5,504,002	8,327,454	21,555,649	169,126	768,626	36,324,857	35,185,868	34,564,840
Employee benefits	1,087,758	1,751,451	4,501,865	19,292	134,974	7,495,340	7,313,015	7,610,515
Purchased and professional services	114,303	148,797	440,119	–	40,513	743,732	721,112	726,933
Medical and surgical supplies	158,446	199,632	598,221	–	279	956,578	603,613	492,124
Food	277,113	368,441	783,805	–	173,037	1,602,396	1,608,091	1,578,458
Repairs and maintenance	171,811	243,113	602,699	–	4,215	1,021,838	1,000,329	812,275
Utilities	175,470	256,135	560,073	–	–	991,678	910,031	939,000
Resident travel	15,125	22,283	31,792	(3,065)	–	66,135	261,677	265,275
General expenses	137,037	172,682	425,273	2,184	25,406	762,582	791,064	801,575
Insurance	24,893	42,230	63,348	–	–	130,471	126,420	134,500
Interest	13,145	107,874	128,298	–	–	249,317	253,639	253,218
Taxes	79,767	141,014	128,435	–	–	349,216	347,207	365,500
	7,758,870	11,781,106	29,819,577	187,537	1,147,050	50,694,140	49,122,066	48,544,213
Net surplus before the undernoted	94,662	333,643	783,717	10,185	125,662	1,347,869	971,815	165,404
Amortization	(287,428)	(533,445)	(1,030,223)	–	–	(1,851,096)	(1,835,982)	(1,835,981)
Government transfers related to capital	110,704	383,027	479,737	–	–	973,468	868,852	971,967
Program surplus (deficit)	$ (82,062)	$ 183,225	$ 233,231	$ 10,185	$ 125,662	$ 470,241	$ 4,685	$ (698,610)

Shared services: Saint-Boniface, Saint-Vital and St. Joseph have an agreement to share the cost of specific employee services based on the time spent on each program. Revenue and expenses related to shared services have been eliminated in the Combined Statement of Operations.

ACTIONMARGUERITE (SAINT-BONIFACE) INC., ACTIONMARGUERITE (SAINT-VITAL) INC. AND ACTIONMARGUERITE (ST. JOSEPH) INC.

Schedule of Combined Statement of Operations, Segregated by Operating and Capital Operations

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

	2021 Operating	2021 Capital	2021 Total	2020 Operating	2020 Capital	2020 Total
Revenue:						
Winnipeg Regional Health Authority	$ 37,916,025	$ –	$ 37,916,025	$ 35,993,143	$ –	$ 35,993,143
Residents and service fees	11,258,694	–	11,258,694	11,197,789	–	11,197,789
Provincial Grants	320,392	–	320,392	–	–	–
	49,495,111	–	49,495,111	47,190,932	–	47,190,932
Other income:						
Cafeteria	77,330	–	77,330	148,623	–	148,623
Interest	142,345	–	142,345	215,216	–	215,216
Donations	209,501	10,000	219,501	217,313	10,000	227,313
Parking	143,491	–	143,491	145,052	–	145,052
Shared Services	103,646	–	103,646	72,151	–	72,151
Grants	16,168	–	16,168	500	–	500
Recoveries:						
General	533,358	9,504	542,862	527,462	–	527,462
Other	–	(5,397)	(5,397)	–	77,795	77,795
Ancillary operations (note 14)	1,367	–	1,367	4,080	–	4,080
	1,227,206	14,107	1,241,313	1,330,397	87,795	1,418,192
Total revenue	50,722,317	14,107	50,736,424	48,521,329	87,795	48,609,124
Expenses:						
Administration	2,713,522	–	2,713,522	2,683,331	533	2,683,864
Direct nursing	31,306,294	–	31,306,294	29,766,712	–	29,766,712
Nursing support programs	2,468,061	–	2,468,061	2,464,737	–	2,464,737
Nutrition	4,735,111	–	4,735,111	4,625,251	–	4,625,251
Support services	3,650,341	–	3,650,341	3,209,692	–	3,209,692
Information technology	280,039	–	280,039	166,878	–	166,878
Plant operation and maintenance	2,888,296	1,851,096	4,739,392	3,043,823	1,835,982	4,879,805
Adult day program	195,476	–	195,476	486,848	–	486,848
Supportive housing program	1,150,048	–	1,150,048	1,185,424	–	1,185,424
Ancillary operations	1,367	–	1,367	4,080	–	4,080
Total expenses	49,388,555	1,851,096	51,239,651	47,636,776	1,836,515	49,473,291
Annual surplus (deficit) before government transfers related to capital	1,333,762	(1,836,989)	(503,227)	884,553	(1,748,720)	(864,167)
Government transfers related to capital	–	973,468	973,468	–	868,852	868,852
Annual surplus (deficit)	$ 1,333,762	$ (863,521)	$ 470,241	$ 884,553	$ (879,868)	$ 4,685