

Financial Statements of

**FRED DOUGLAS PERSONAL  
CARE HOME,**

A DIVISION OF FRED DOUGLAS SOCIETY INC.

And Independent Auditors' Report thereon

Year ended March 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fred Douglas Society Inc.

### ***Opinion***

We have audited the financial statements of Fred Douglas Personal Care Home, a Division of Fred Douglas Society 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 represents 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 23, 2021

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 352,891	\$ 285,104
Accounts receivable (note 3)	888,188	605,476
Prepaid expenses	22,306	21,093
Employee benefits recoverable from Winnipeg Regional Health Authority (note 11[iii])	355,603	355,603
Short-term investments (note 4)	90,148	101,098
Receivable from related entities (note 5)	20,037	33,888
	<u>1,729,173</u>	<u>1,402,262</u>
Investments (note 4)	58,216	44,322
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 11[i])	886,789	894,525
Capital assets (note 6)	2,853,570	3,100,392
	<u>\$ 5,527,748</u>	<u>\$ 5,441,501</u>

	2021	2020
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 11[iii])	\$ 1,083,983	\$ 828,689
Current portion of long-term debt (note 7)	–	9,307
	1,083,983	837,996
Employee future benefits (note 11[i])	859,807	867,543
Deferred contributions (note 8):		
Donations	19,411	20,175
Expenses of future periods	24,702	23,502
Capital assets	2,045,513	2,265,467
Equipment reserve	37,734	37,734
Reserve for major repairs	499,313	454,881
	2,626,673	2,801,759
Net assets:		
Unrestricted	149,228	108,585
Invested in capital assets (note 9)	808,057	825,618
	957,285	934,203
	<b>\$ 5,527,748</b>	<b>\$ 5,441,501</b>

See accompanying notes to financial statements.

On behalf of the Board:

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Original Document Signed      Director "Larry Beeston, Chair"

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Original Document Signed      Director "Gordon Shawcross, Treasurer"

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

## Statement of Operations

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

	2021	2020
<b>Revenue:</b>		
Winnipeg Regional Health Authority - Operating	\$ 7,995,025	\$ 7,316,468
Winnipeg Regional Health Authority - Adult Day Program	148,892	201,118
Resident charges	2,491,722	2,537,350
Province of Manitoba	332,288	-
Participant charges - Adult Day Program	86	48,470
Donations and grants	260	5,543
Amortization of deferred contributions (notes 8[b], 8[c] and 8[e])	237,459	235,448
	<u>11,205,732</u>	<u>10,344,397</u>
<b>Other income:</b>		
Ancillary	1,675	1,878
Investment	4,208	4,314
Cafeteria	7,877	51,093
Other	28,735	83,146
	<u>42,495</u>	<u>140,431</u>
<b>Total revenue</b>	<u>11,248,227</u>	<u>10,484,828</u>
<b>Expenses:</b>		
Operating (schedule)	10,833,510	9,930,057
Adult Day Program	144,813	273,410
Amortization of capital assets	246,822	245,981
	<u>11,225,145</u>	<u>10,449,448</u>
<b>Excess of revenue over expenses before the undernoted</b>	<u>23,082</u>	<u>35,380</u>
Employee future benefits adjustment (note 11)	7,736	52,672
Recovery for employee future benefits (note 11)	(7,736)	(52,672)
<b>Excess of revenue over expenses</b>	<u>\$ 23,082</u>	<u>\$ 35,380</u>

See accompanying notes to financial statements.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY 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	\$ 108,585	\$ 825,618	\$ 934,203	\$ 963,823
Excess (deficiency) of revenue over expenses	39,107	(16,025)	23,082	35,380
Transfer for bank financing payments	(9,307)	9,307	—	—
Transfer of funds related to prior years' capital asset additions	10,843	(10,843)	—	—
Transfer to Fred Douglas Society Inc. (note 10)	—	—	—	(65,000)
<b>Net assets, end of year</b>	<b>\$ 149,228</b>	<b>\$ 808,057</b>	<b>\$ 957,285</b>	<b>\$ 934,203</b>

See accompanying notes to financial statements.



# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

## Statement of Cash Flows

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

	2021	2020
Operating activities:		
Excess of revenue over expenses	\$ 23,082	\$ 35,380
Items not involving cash:		
Amortization of capital assets	246,822	245,981
Amortization of deferred contributions related to capital assets	(230,797)	(229,956)
Change in non-cash operating working capital:		
Restricted cash	(78,873)	(49,826)
Accounts receivable	(282,712)	(30,939)
Prepaid expenses	(1,213)	20,591
Accounts payable and accrued liabilities	255,294	(331,367)
Net increase in deferred contributions related to donations, expenses of future periods, and reserve for major repairs	44,868	52,839
	(23,529)	(287,297)
Capital activities:		
Purchase of capital assets	-	(94,272)
Deferred contributions received for capital assets and equipment reserves	10,843	128,876
	10,843	34,604
Investing activities:		
Decrease (increase) in investments, net	(2,944)	53,367
Change in receivable from related entities	13,851	(12,054)
Long-term receivable from Winnipeg Regional Health Authority	-	183,452
Transfer of unrestricted net assets to Fred Douglas Society Inc.	-	(65,000)
	10,907	159,765
Financing activities:		
Repayment of long-term debt	(9,307)	(206,141)
Decrease in cash	(11,086)	(299,069)
Cash (bank indebtedness), beginning of year	(125,834)	173,235
Bank indebtedness, end of year (note 2)	\$ (136,920)	\$ (125,834)

See accompanying notes to financial statements.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements

Year ended March 31, 2021

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## General:

Fred Douglas Personal Care Home, a Division of Fred Douglas Society Inc. (the "Division") operates a 136-bed personal care home and 90-space adult day program in Winnipeg, Manitoba. Fred Douglas Society Inc. is an outreach ministry of the United Church of Canada.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

#### (a) Basis of presentation:

These financial statements include only the assets, liabilities, operations and net assets of the Division. These financial statements have been prepared solely for the purposes of management. As these financial statements have not been prepared for general purposes, readers may require further information. Non-consolidated financial statements of Fred Douglas Society Inc. (the "Society") (unaudited) have been prepared for distribution to the Board of Directors.

#### (b) Revenue recognition:

The Division follows the deferral method of accounting for contributions, which includes government funding. The Division is funded primarily by the Winnipeg Regional Health Authority (WRHA) in accordance with a Service Purchase Agreement (SPA). Operating grants are recorded as revenue in the period to which they relate. The Division's SPA with WRHA can be terminated on 12 months notice and remains in effect until it is replaced with a new SPA.

In accordance with the terms and conditions of the SPA, the operating surplus the Division may retain is 2 percent of the global budget as provided by the WRHA, in any fiscal year. The remaining operating surplus of the Division in any fiscal year is repayable to the WRHA. Annual operating deficits are the responsibility of the Division.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Investment income includes interest income and realized investment gains and losses.

### (c) 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 Division 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 Division 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.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 1. Significant accounting policies (continued):

### (d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Division's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on a straight-line basis at the following rates:

Asset	Rate
Buildings	40 years
Furniture and equipment	5 and 10 years

### (e) Employee future benefits:

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

The significant actuarial assumptions adopted in measuring the Division's employee future pre-retirement benefits 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.

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

### (f) Contributed services:

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

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 1. Significant accounting policies (continued):

### (g) Income taxes:

The Society and, as such the Division, are exempt from tax under Section 149 of the *Income Tax Act*.

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues 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. Cash:

	2021	2020
Bank indebtedness - unrestricted	\$ (136,920)	\$ (125,834)
Restricted cash	489,811	410,938
	<u>\$ 352,891</u>	<u>\$ 285,104</u>

Restricted cash, along with restricted investments disclosed in note 4, represent cash held for deferred contributions related to donations, expenses of future periods, equipment reserve and reserve for major repairs.

The Division has a demand revolving credit facility with a maximum limit of \$500,000 (2020 - \$500,000). The operating credit line bears interest at prime rate plus 1 percent. The facility is secured by a general security agreement and a first charge collateral mortgage against property of the Society. At March 31, 2021, the Division has utilized \$147,908 (2020 - \$163,015) of this facility.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

### 3. Accounts receivable:

	2021	2020
Accounts receivable	\$ 22,442	\$ 14,086
Receivable from Winnipeg Regional Health Authority:		
Pre-retirement leave	18,446	28,368
MGEU contract increases	142,102	204,824
MNU contract increases	3,066	6,438
Group health benefit funding	105,540	107,716
Resident charges	286,575	188,137
Capital funding	27,728	-
Pension increase funding	20,903	20,903
COVID-19 costs	31,506	-
Retroactive salaries	208,559	-
Other	21,321	35,004
	865,746	591,390
	\$ 888,188	\$ 605,476

The aging of the receivable from Winnipeg Regional Health Authority is as follows:

	2021	2020
2011	\$ 2,580	\$ 2,580
2012	5,002	5,002
2013	4,195	4,195
2014	2,568	2,568
2016	45,626	45,626
2017	137,413	137,413
2018	134,726	134,725
2019	120,415	130,337
2020	90,667	128,944
2021	322,554	-
	\$ 865,746	\$ 591,390

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 4. Investments:

	2021		2020	
	Average effective yield	Carrying value	Average effective yield	Carrying value
Government investment certificates	1.33%	\$ 102,540	1.92%	\$ 99,726
Money market fund		45,824		45,694
		148,364		145,420
Current portion, shown as short-term investments		(90,148)		(101,098)
		\$ 58,216		\$ 44,322

The government investment certificates mature during fiscal years 2022 and 2024.

The allocation of investments between unrestricted and restricted is as follows:

	2021	2020
Unrestricted investments	\$ 57,015	\$ 20,066
Restricted investments	91,349	125,354
	\$ 148,364	\$ 145,420

## 5. Receivable from related entities:

The receivable from (payable to) related entities are as follows:

	2021	2020
Fred Douglas Heritage House Inc.	\$ 10,454	\$ 7,301
Fred Douglas Foundation, Inc.	1,738	1,609
Fred Douglas Apartments	13,746	12,277
Fred Douglas Courts	18,174	12,712
Fred Douglas Society Inc.	(23,825)	(11)
6032281 Manitoba Association Inc.	(250)	-
	\$ 20,037	\$ 33,888

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 5. Receivable from related entities (continued):

Fred Douglas Heritage House Inc. and 6032281 Manitoba Inc. are organizations controlled by the Society. Fred Douglas Apartments and Fred Douglas Courts are divisions of the Society. Fred Douglas Foundation, Inc. is an organization over which the Society exercises significant influence. The receivable from these entities are non-interest bearing, with no fixed terms of repayment and are unsecured. Subsequent to March 31, 2021, all balances receivable from or payable to related entities have been received or paid in full.

## 6. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 17,137	\$ –	\$ 17,137	\$ 17,137
Buildings	9,751,074	7,203,448	2,547,626	2,687,956
Furniture and equipment	2,766,841	2,478,034	288,807	395,299
	\$ 12,535,052	\$ 9,681,482	\$ 2,853,570	\$ 3,100,392

## 7. Long-term debt:

	2021	2020
3.45% (2020 - 3.45%) mortgage, Assiniboine Credit Union	\$ –	\$ 9,307
Current portion of long-term debt	–	9,307
	\$ –	\$ –



# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 8. Deferred contributions:

### (a) Donations:

Deferred contributions related to donations represent restricted funding received for specific improvement projects and enhancements to resident living.

	2021	2020
Balance, beginning of year	\$ 20,175	\$ 14,138
Contributions received	–	7,075
Amounts recognized as revenue in the year	(764)	(1,038)
<b>Balance, end of year</b>	<b>\$ 19,411</b>	<b>\$ 20,175</b>

### (b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent restricted funding received for future expenses related to insurance deductibles and claims.

	2021	2020
Balance, beginning of year	\$ 23,502	\$ 22,002
Contributions received	1,500	1,500
Amounts recognized as revenue in the year	(300)	–
<b>Balance, end of year</b>	<b>\$ 24,702</b>	<b>\$ 23,502</b>

### (c) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets.

	2021	2020
Balance, beginning of year	\$ 2,265,467	\$ 2,366,547
Transfer from deferred contributions - equipment reserve	–	45,335
Contributions received	10,843	83,541
Amounts amortized to revenue in the year	(230,797)	(229,956)
<b>Balance, end of year</b>	<b>\$ 2,045,513</b>	<b>\$ 2,265,467</b>

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 8. Deferred contributions (continued):

### (d) Equipment reserve:

Deferred contributions related to equipment reserve represent unspent contributions for the future purchase of capital assets. When the capital assets are purchased, an equivalent amount is transferred from this reserve to the deferred contributions related to capital assets.

	2021	2020
Balance, beginning of year	\$ 37,734	\$ 37,734
Contributions received	–	45,335
Transfer to deferred contributions - capital assets	–	(45,335)
<b>Balance, end of year</b>	<b>\$ 37,734</b>	<b>\$ 37,734</b>

### (e) Reserve for major repairs:

Deferred contributions related to reserve for major repairs represent restricted funding received for the future purchase of equipment replacement and major repairs.

	2021	2020
Balance, beginning of year	\$ 454,881	\$ 409,579
Contributions received	50,794	50,794
Amounts amortized to revenue in the year	(6,362)	(5,492)
<b>Balance, end of year</b>	<b>\$ 499,313</b>	<b>\$ 454,881</b>

## 9. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 2,853,570	\$ 3,100,392
Deferred contributions - capital assets	(2,045,513)	(2,265,467)
Long-term debt	–	(9,307)
	<b>\$ 808,057</b>	<b>\$ 825,618</b>

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 10. Related party transactions:

During the year, the Division received nil (2020 - \$872) in funding for improvements and resident services.

During the year, the Division contributed nil (2020 - \$65,000) of its unrestricted net assets to the Society.

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.

## 11. Employee future benefits and employee benefits:

(i) Employee future benefits consists of:

	2021	2020
Pre-retirement benefits	\$ 787,838	\$ 783,888
Accumulated non-vested sick leave benefits	71,969	83,655
	<u>\$ 859,807</u>	<u>\$ 867,543</u>

The Division participates in an employee future pre-retirement benefits plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

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

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 783,888	\$ 817,807
Current benefit cost	56,224	52,111
Interest	18,768	21,839
Amortized actuarial gain	(9,007)	(10,739)
Benefits paid	(62,035)	(97,130)
Liability for benefits	<u>\$ 787,838</u>	<u>\$ 783,888</u>

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 11. Employee future benefits and employee benefits (continued):

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement obligation at March 31, 2005 and was recorded as a long-term receivable on the statement of financial position.

The receivable has been adjusted, based on direction from the WRHA, to include the incremental increases or decreases in the related liability since 2007, which includes an interest component. The increase in fiscal 2021 was \$3,950 (2020 - decrease of \$33,919) and is recorded in the statement of operations. The employee future pre-retirement benefits recoverable from the WRHA at March 31, 2021 aggregates \$814,820 (2020 - \$810,870) and has no specified terms of repayment. Actual funding provided by the WRHA has been 100 percent (2020 - 100 percent) of actual pre-retirement benefits paid during the year.

The Division provides accumulating sick leave benefits to substantially all of its employees. 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 Division's 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).

A recoverable from the WRHA of \$71,969 (2020 - \$83,655) for the accumulated non-vested sick leave benefits has been recorded 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. The decrease recorded in 2021 was \$11,686 (2020 - decrease of \$18,753) and is recorded in the statement of operations.

- (ii) During the year, the Division contributed \$518,444 (2020 - \$531,362) on behalf of its eligible employees who are members of the Healthcare Employees' Pension Plan - Manitoba (HEPP), 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 Division 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.

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.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 11. Employee future benefits and employee benefits (continued):

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.

- (iii) The cost of the Division's vacation benefits is accrued when the benefits are earned by the employees and is included in accounts payable and accrued liabilities on the statement of financial position. The vacation benefits liability at March 31, 2021 is \$559,962 (2020 - \$527,286).

The funding received in each subsequent fiscal year from the WRHA includes the employee benefits recoverable of \$355,603 as included on the statement of financial position. The employee benefits recoverable from the WRHA is maintained at the value of the vacation benefits liability at March 31, 2004.

## 12. Financial risks:

The Division is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Division to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

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

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Division is exposed to credit risk with respect to accounts receivable, employee benefits recoverable from the WRHA, employee future benefits recoverable from the WRHA and investments.

There has been no change to the above noted risk exposures from 2020.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 13. Trusts under administration:

At March 31, 2021, the balance of funds held in trust on behalf of the residents who reside at the Division was \$25,521(2020 - \$26,278).

## 14. 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. 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, the Division 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.

The Division has taken measures to monitor and manage the effect of COVID-19 on the Division'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 the Division. The financial effect that the COVID-19 pandemic will have on the Division in the future cannot be estimated at this time.

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

## Schedule - Operating Expenses

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

	2021	2020
Nursing services:		
Medical supplies and services	\$ 47,732	\$ 69,272
Resident transportation	19,511	30,836
Incontinence supplies	85,605	87,989
Nursing administration	19,168	19,167
	<u>172,016</u>	<u>207,264</u>
Resident services:		
Activities	4,561	8,403
Other	930	2,124
	<u>5,491</u>	<u>10,527</u>
General administration:		
Advertising	-	3
Audit and professional fees	64,762	67,914
Bad debt	-	720
Bank charges and interest	1,259	1,693
Insurance	10,418	7,166
Data processing and communications	60,419	63,642
Equipment lease and maintenance	22,537	19,964
Meetings and miscellaneous	1,037	853
Licenses and membership fees	4,206	4,397
Postage and delivery	2,669	2,866
Printing, stationery and office supplies	8,703	13,130
Staff and resident events and appreciation	25,018	11,783
Travel	543	1,173
	<u>201,571</u>	<u>195,304</u>
Dietary:		
Food	330,182	360,033
Glassware, cutlery and supplies	26,851	28,203
	<u>357,033</u>	<u>388,236</u>
Laundry:		
Supplies	1,597	6,739
Linen:		
Supplies and service	88,186	89,516
Housekeeping:		
Supplies	51,136	53,340
Carried forward	<u>877,030</u>	<u>950,926</u>

# FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Schedule - Operating Expenses (continued)

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

	2021	2020
Brought forward	\$ 877,030	\$ 950,926
Physical plant:		
Operations:		
Electricity	111,811	111,399
Natural gas	41,584	38,243
Insurance	51,632	46,950
Taxes	57,368	61,070
Water	75,998	72,855
Maintenance and repairs:		
Buildings and grounds	228,748	124,944
Equipment	43,326	46,306
Other	12,668	11,601
Interest on bank financing	55	6,932
	623,190	520,300
Salaries:		
Nursing	5,266,528	5,117,302
Administration	434,802	419,990
Resident services	220,347	203,447
Dietary	587,155	582,371
Support services	525,369	517,636
Employee benefits	1,536,288	1,615,552
Accrued vacation (recovery)	28,281	(9,186)
	8,598,770	8,447,112
COVID-19:		
Salaries and benefits	321,120	11,413
Supplies	149,077	306
Visitation shelter	261,455	-
Other	2,868	-
	734,520	11,719
<b>Total operating expenses</b>	<b>\$ 10,833,510</b>	<b>\$ 9,930,057</b>