

LUTHER HOME CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Directors of Luther Home Corporation:

Qualified Opinion

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

In our opinion, except for the effects of the matter described in our *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

Note 3 indicates that the Corporation follows certain accounting policies that are not in accordance with Canadian accounting standards for not-for-profit organizations in order to comply with the Operating Agreement with the Manitoba Housing Renewal Corporation. The effect of these departures from Canadian accounting standards for not-for-profit organizations materially impact capital assets and operating expenses of the Corporation but would not have a pervasive impact on the financial statements as a whole.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with 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 qualified audit 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Directors of Luther Home Corporation (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism 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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
May 26, 2021

LUTHER HOME CORPORATION

Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and marketable securities <i>(Note 4)</i>	\$ 938,026	\$ 787,817
Accounts receivable	323,316	200,866
Prepaid expenses	19,685	14,636
Inventory	20,737	26,114
	<u>1,301,764</u>	1,029,433
DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY <i>(Note 5)</i>	533,537	479,727
CAPITAL ASSETS <i>(Note 6)</i>	<u>4,595,838</u>	4,822,179
	<u>\$ 6,431,139</u>	\$ 6,331,339
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued expenses	\$ 1,090,536	\$ 915,378
Excess subsidy due to Winnipeg Regional Health Authority	116,568	
Excess subsidy due to MHRC	1,546	24,614
Current portion of long-term debt <i>(Note 7)</i>	139,902	126,223
	<u>1,348,552</u>	1,066,215
Term loans due on demand <i>(Note 7)</i>	<u>82,500</u>	154,891
	1,431,052	1,221,106
ACCRUED BENEFIT ENTITLEMENT	512,265	458,455
LONG-TERM DEBT <i>(Note 7)</i>	1,200,452	1,343,075
SUBSIDY SURPLUS RESERVE	85,561	85,626
REPLACEMENT RESERVE <i>(Note 8)</i>	595,974	508,627
DEFERRED CONTRIBUTIONS		
Building - painting of resident rooms	38,838	30,621
Capital assets	965,483	1,032,684
	<u>4,829,625</u>	4,680,194
NET ASSETS		
Unrestricted	1,395,244	1,437,366
Internally restricted - Christ Lutheran Church <i>(Note 9)</i>	206,270	213,779
	<u>1,601,514</u>	1,651,145
	<u>\$ 6,431,139</u>	\$ 6,331,339

APPROVED ON BEHALF OF THE BOARD

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Original Document Signed Director

LUTHER HOME CORPORATION

Statement of Operations

Year Ended March 31, 2021

	2021	2020
REVENUE		
Long-term care (Schedule 1)	\$ 6,690,275	\$ 6,275,189
1080 Powers (Schedule 2)	555,720	569,573
1084 Powers (Schedule 3)	389,915	378,640
364 Leila (Schedule 4)	27,600	22,187
Adult Day Program (Schedule 5)	132,168	164,387
Home Care Program (Schedule 6)	332,688	332,688
Management Services (Schedule 7)	2,034	18,151
Chaplaincy Fund (Schedule 8)	39,351	17,272
Donation Fund - Christ Lutheran Church	6,767	5,095
	<u>8,176,518</u>	<u>7,783,182</u>
EXPENSES		
Long-term care (Schedule 1)	6,758,948	6,417,192
1080 Powers (Schedule 2)	519,174	510,159
1084 Powers (Schedule 3)	267,314	267,972
364 Leila (Schedule 4)	10,559	21,113
Adult Day Program (Schedule 5)	14,720	154,142
Home Care Program (Schedule 6)	324,271	327,378
Management Services (Schedule 7)	15,055	36,722
Chaplaincy Fund (Schedule 8)	53,627	55,508
	<u>7,963,668</u>	<u>7,790,186</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE ALLOCATION	<u>212,850</u>	<u>(7,004)</u>
ALLOCATION TO REPLACEMENT RESERVE	143,367	141,867
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,000	1,000
EXCESS SUBSIDY DUE TO WINNIPEG REGIONAL HEALTH AUTHORITY	116,568	-
EXCESS SUBSIDY DUE TO MHRC	<u>1,546</u>	<u>24,614</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (49,631)</u>	<u>\$ (174,485)</u>

LUTHER HOME CORPORATION

Statement of Cash Flow

Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (49,631)	\$ (174,485)
Adjustments for:		
Allocation to reserves	144,367	142,867
Excess subsidy due to Winnipeg Regional Health Authority	116,568	-
Excess subsidy due to MHRC	1,546	24,614
Amortization of capital assets	241,695	325,306
Amortization of deferred contributions related to capital assets	(71,717)	(81,348)
	382,828	236,954
Adjustments for changes in non-cash working capital:		
Accounts receivable	(122,450)	(49,166)
Inventories	5,377	(2,632)
Prepaid expenses	(5,049)	(5,142)
Accounts payable and accrued expenses	175,158	37,476
Accrued benefit entitlement	53,810	(27,741)
	489,674	189,749
Cash flow from operating activities	489,674	189,749
INVESTING ACTIVITY		
Purchase of capital assets	(15,354)	(12,434)
FINANCING ACTIVITIES		
Due from Winnipeg Regional Health Authority	(53,810)	27,741
Change in deferred contributions	(68,966)	(58,037)
Repayment of term loans	(72,391)	(77,988)
Repayment of long-term debt	(128,944)	(150,737)
	(324,111)	(259,021)
Cash flow used by financing activities	(324,111)	(259,021)
INCREASE (DECREASE) IN CASH FLOW	150,209	(81,706)
CASH - BEGINNING OF YEAR	787,817	869,523
CASH - END OF YEAR	\$ 938,026	\$ 787,817

LUTHER HOME CORPORATION
Statement of Changes in Net Assets

Year Ended March 31, 2021

	Christ Lutheran Church	Chaplaincy Fund	Unrestricted	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 213,779	\$ -	\$ 1,437,366	\$ 1,651,145	\$ 1,825,630
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	6,767	(14,276)	(42,122)	(49,631)	(174,485)
INTERFUND TRANSFER <i>(Note 9)</i>	(14,276)	14,276	-	-	-
NET ASSETS - END OF YEAR	\$ 206,270	\$ -	\$ 1,395,244	\$ 1,601,514	\$ 1,651,145

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

1. INCORPORATION AND OPERATIONS

Luther Home Corporation (the "Corporation") was incorporated on May 25, 1968 as a not-for-profit organization without share capital. The mission of the Corporation is to minister with love and compassion to the physical, mental, spiritual and social needs of persons requiring care within their facility and surrounding community.

Luther Home Corporation consists of four properties: 1081 Andrews Street, 1080 Powers Street, 1084 Powers Street and 364 Leila Avenue.

The property at 1081 Andrews Street is a long-term care facility. The property at 1080 Powers Street is a subsidized senior housing project. The property at 1084 Powers Street is a subsidized senior housing project. The property at 364 Leila Avenue is a refugee housing facility.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO), except as disclosed in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), except as explained below, in order to comply with the Operating Agreement with the Manitoba Housing Renewal Corporation (MHRC).

The specific accounting policies that differ from the Canadian accounting standards for not-for-profit organizations (ASNPO) include the following:

- (a) Amortization for the building, furniture and equipment at 1080 Powers Street is calculated at a rate equal to the annual principal reduction of the mortgage from MHRC. No amortization is charged on other capital assets. Donated capital assets are not amortized.
- (b) Capital assets purchased from the Replacement Reserve are charged against Replacement Reserve account, rather than being capitalized on the statement of financial position and amortized over these estimated useful lives; and
- (c) A reserve for future capital replacement is appropriated annually from operations.

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LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue recognized for donated assets is deferred when the donated asset is received and recognized in each period to the extent of the amortization expense on the related asset. 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization, except as required under the operating agreement with MHRC for 1080 Powers Street, is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, are reported in excess of revenues and expenses in the periods in which they become known.

Capital assets

Capital assets are recorded at cost, less any related grants. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<u>Rate</u>
Buildings – 1081 Andrews Street	20 and 50 years
Automotive – 1081 Andrews Street	8 years
Real time locating system – computer	4 years
Computer and system software – 1081 Andrews Street	4 years
Furniture, equipment and improvements – 1081 Andrews Street	10 and 20 years
Real time locating system	10 years
Buildings – 364 Leila	40 years
Furniture and fixtures – 364 Leila	10 years

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LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets *(continued)*

The Corporation performs impairment testing on capital assets whenever changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the year.

For 1080 Powers Street, amortization is provided on the building, furniture and equipment purchased from loans by MHRC at a rate equal to the annual principal reduction of the mortgage. No amortization is charged on capital assets; however, a replacement reserve is maintained to provide for future asset replacement. Donated capital assets are not amortized.

Income taxes

The Corporation is registered as a not-for-profit organization, and as such, it is exempt from income taxes under Section 149 of the Income Tax Act.

Replacement reserve

In accordance with the guidelines established by MHRC, Winnipeg Regional Health Authority (WRHA) and Canada Mortgage and Housing Corporation (CMHC), a replacement reserve liability has been established. The replacement reserve is funded from the Corporation's operations through an annual allocation to the reserve. The amount to be allocated is the amount set out in the corresponding budget or another amount approved by the Corporation.

Deferred contributions

Capital asset deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets. Revenue is recognized at the same rate as related assets are amortized.

Inventory

Inventory held for consumption in the production process of goods to be distributed are recognized at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Accrued benefit entitlement

1081 Andrews Street has a contractual commitment to pay out to employees four days 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 "80" rule which is calculated by adding the number of years of service to the age of the employee; or
- (c) retire at or after the age of 65; or
- (d) terminate employment at any time due to permanent disability.

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LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accrued benefit entitlement *(continued)*

The Corporation 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. Funding for the pre-retirement entitlement is recoverable from the WRHA up to a pre-determined percentage.

Internally restricted net assets

The Corporation has restricted donations in one Donation Fund (see Note 9). These funds may be designated for specific projects to enhance the care of residents of the Corporation.

Financial instruments

Financial instruments consist of cash and marketable securities, accounts receivable, accounts payable and accrued expenses, subsidy due to MHRC, term loans due on demand and long-term debt.

All financial instruments are initially recorded at fair value and are subsequently reported at amortized cost.

Transaction costs on all financial instruments are expensed as incurred.

It is management's opinion that the Corporation is not exposed to any significant currency, or credit risk arising from these financial instruments.

4. CASH AND MARKETABLE SECURITIES

Marketable securities include GICs, stated at market value, which earned interest at an average rate of 1.5% at year end. Restricted cash and marketable securities are amounts allocated to reserve and trust accounts that are subject to restrictions.

	2021	2020
Cash and marketable securities, restricted	\$ 676,005	\$ 594,253
Cash and marketable securities, unrestricted	262,021	193,564
	<u>\$ 938,026</u>	<u>\$ 787,817</u>

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

5. DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY (WRHA)

	2021	2020
Vacation entitlement	\$ 133,100	\$ 133,100
Pre-retirement entitlement	400,437	346,627
	\$ 533,537	\$ 479,727

The amount of funding which will be provided by the WRHA for pre-retirement and vacation entitlement obligations was originally capped at the amount owing as at March 31, 2004 and has been recorded as a receivable on the balance sheet.

For the period April 1, 2004 to March 31, 2006, the WRHA partially funded the change in the pre-retirement entitlement. For the period April 1, 2006 to March 31, 2020, the WRHA fully funded the change in the pre-retirement entitlement.

6. CAPITAL ASSETS

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land – 1081 Andrews St.	\$ 51,952	\$ -	\$ 51,952	\$ -
Buildings – 1081 Andrews St.	3,169,008	(1,868,947)	3,169,008	(1,856,868)
Automotive – 1081 Andrews St.	74,399	(71,099)	74,399	(71,099)
Real time locating system – computer	16,461	(16,461)	16,461	(16,461)
Computer and system software – 1081 Andrews St.	221,710	(221,710)	221,710	(221,710)
Furniture, equipment and improvements – 1081 Andrews St.	3,011,647	(2,687,522)	2,996,294	(2,592,226)
Real time locating system	167,863	(167,863)	167,863	(167,863)
Buildings – 364 Leila Ave	229,431	(134,359)	229,431	(128,983)
Furniture and fixtures – 364 Leila Ave.	24,404	(24,404)	24,404	(24,404)
Land, building and equipment – 1080 Powers St.	3,074,992	(1,254,359)	3,074,992	(1,125,416)
Land, building and equipment – 1084 Powers St.	2,297,031	(1,296,336)	2,297,031	(1,296,336)
	\$ 12,338,898	\$ (7,743,060)	\$ 12,323,545	\$ (7,501,366)
Net book value	\$ 4,595,838		\$ 4,822,179	

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

7. LONG-TERM DEBT

	2021	2020
Mortgage loan with MHRC, bearing interest at 10.125% per annum, repayable in monthly instalments of \$21,387, including interest and secured by the land and building at 1080 Powers Street, due July 1, 2027.	\$ 1,215,995	\$ 1,344,939
Term demand loan with Bank of Montreal, bearing interest at prime plus .75%, repayable in monthly principal payments of \$3,750, secured by assignment of proceeds of the reserve fund for 1084 Powers, due February 1, 2023.	82,500	127,500
Term demand loan with the Treasury Division of Manitoba Health. Principal payments to be determined, bearing interest at 2.54%.	124,359	124,359
Term demand loan with Bank of Montreal, bearing interest at prime plus .75%, for roof replacement at 1080 Powers Street, due January 1, 2021.	-	27,391
	1,422,854	1,624,189
Less: Term loans due on demand	82,500	154,891
Less: Current portion of long-term debt	139,902	126,223
	\$ 1,200,452	\$ 1,343,075

Principal repayments on long-term debt are estimated as follows:

2022	\$ 184,902
2023	192,243
2024	171,159
2025	189,316
2026	209,399
Thereafter	475,835

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

8. REPLACEMENT RESERVE

1081 Andrews Street

Under the terms of the agreement with the WRHA, the replacement reserve account was credited in the amount of \$4,767 (2020 - \$4,767). These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by WRHA from time to time. The use of the funds in the account may require approval by the WHRA.

1080 Powers Street

Under the terms of the agreement with MHRC, the replacement reserve account is to be credited in the amount of \$35,000 (2020 - \$34,800) annually until it accumulates \$525,000 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by MHRC from time to time. The funds in the account may only be used as approved by MHRC. Withdrawals are credited to interest first and then principal. At year end, the fund was comprised of the following:

	2021	2020
Bank and term deposits	\$ 153,789	\$ 155,795
Accrued interest	119	3,215
	<u>\$ 153,908</u>	<u>\$ 159,010</u>

9. INTERNALLY RESTRICTED FUNDS

During 2014/2015, a donation was received from the Christ Lutheran Church, with specific conditions on the use of the donated funds.

For the current year, a deficit on the operations of the Chaplaincy Services in the amount of \$14,276 (2020 - \$38,236) was transferred from the Christ Lutheran Church Fund to the Chaplaincy Fund, as approved by the Board of Directors.

10. PROVINCIAL HOME CARE

1084 Powers Street received \$332,688 (2020 - \$332,688) from the WRHA – Home Care Division during the current year as a reimbursement of staff salaries and benefits paid.

11. ECONOMIC DEPENDENCE

A significant portion of Luther Home's revenues are received from the WRHA and MHRC. Of the total revenue, 68% (2020 – 66%) is from these organizations.

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

12. PENSION PLAN

Substantially all of the employees of the Home are members of The Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan) (the "Plan") which is a multi-employer defined pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years that provide the highest earnings, prior to retirement, termination or death. Pension assets consist of investment-grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates in consultation with its actuaries. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to \$354,055 (2020 - \$375,993). This amount was determined by contributing 8.9% of eligible salaries up to \$55,300 and 10.5% of the portion of salaries in excess of \$55,300 and matches contributions by employees. The funding objective is for employer contributions to the Plan to remain equal to employee contributions. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan, as at December 31, 2019, indicates the Plan is fully funded.

13. FINANCIAL INSTRUMENT RISK

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, Luther Home manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its variable rate loans. There has been no significant change to this risk from the prior year.

14. COVID-19 UNCERTAINTY

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economies.

Federal, provincial, and municipal governments introduced numerous measures to protect the public, including directives from the Manitoba government to protect vulnerable residents and staff of personal care homes. As a result of the COVID-19 outbreak, the Corporation has experienced additional expenses totalling \$371,809 as of March 31, 2021 (2020- \$3,557) which are included in Coronavirus Incremental Wages and Supplies expense in Schedule 1. While the disruption caused by COVID-19 is expected to be temporary, there is considerable uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Corporation's future operations as at the date of these financial statements.

LUTHER HOME CORPORATION

Schedule 1

**Statement of Operations
Long-Term Care**

Year Ended March 31, 2021

	2021			2020
	Operating	Capital	Total	
REVENUE FROM RESIDENT SERVICES				
Winnipeg Regional Health Authority	\$ 4,776,869	\$ 5,767	\$ 4,782,636	\$ 4,380,189
Amortization of deferred contributions	-	71,717	71,717	81,348
Residential charges	1,476,340	-	1,476,340	1,480,973
	6,253,209	77,484	6,330,693	5,942,510
OFFSET REVENUES				
Dietetics	130,800	-	130,800	131,138
Parking	12,789	-	12,789	13,725
Project maintenance	161,233	-	161,233	154,200
Other	54,760	-	54,760	33,616
	359,582	-	359,582	332,679
	6,612,791	77,484	6,690,275	6,275,189
EXPENSES				
Administration	84,962	-	84,962	89,444
Amortization of capital assets	-	107,375	107,375	203,255
Coronavirus incremental wages & supplies	371,809	-	371,809	3,557
Food	250,454	-	250,454	256,951
Interest on long-term debt	-	-	-	1,071
Maintenance and repairs	62,812	-	62,812	57,290
Medical supplies	133,798	-	133,798	121,398
Other supplies and expenses	111,920	-	111,920	162,033
Purchased services	21,608	-	21,608	23,632
Salaries, benefits and payroll levy	5,458,615	-	5,458,615	5,345,161
Utilities	155,595	-	155,595	153,400
	6,651,573	107,375	6,758,948	6,417,192
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE ALLOCATION	(38,782)	(29,891)	(68,673)	(142,003)
ALLOCATION TO REPLACEMENT RESERVE	4,767	-	4,767	4,767
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,000	-	1,000	1,000
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (44,549)	\$ (29,891)	\$ (74,440)	\$ (147,770)

LUTHER HOME CORPORATION

Schedule 2

**Statement of Operations
1080 Powers St.**

Year Ended March 31, 2021

	Budget 2021 (Unaudited)	Actual 2021	Actual 2020
REVENUE			
Manitoba Housing Renewal Corporation - subsidy	\$ 286,900	\$ 288,224	\$ 288,480
Rental revenue	244,600	244,214	255,746
Cablevision	17,000	15,894	16,578
Other	7,000	7,388	8,769
	555,500	555,720	569,573
EXPENSES			
Administration	32,500	35,150	33,913
Amortization of capital assets	127,700	128,944	116,675
Cablevision	17,500	17,983	17,131
Electricity	67,000	47,338	50,419
Insurance	7,000	8,043	6,835
Interest on long-term debt	129,000	127,703	140,125
Interest on long-term debt - roof replacement	-	401	2,108
Repairs and maintenance	68,600	94,825	83,271
Natural gas	16,500	7,258	7,661
Property taxes	30,200	31,576	31,680
Water	24,500	19,953	20,341
	520,500	519,174	510,159
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	35,000	36,546	59,414
ALLOCATION TO REPLACEMENT RESERVE	35,000	35,000	34,800
EXCESS SUBSIDY DUE TO MHRC	-	1,546	24,614
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ -	\$ -	\$ -

LUTHER HOME CORPORATION

Schedule 3

Statement of Operations
1084 Powers St.

Year Ended March 31, 2021

	2021	2020
REVENUE		
Rental revenue	\$ 376,813	\$ 365,142
Other	<u>13,102</u>	<u>13,498</u>
	<u>389,915</u>	<u>378,640</u>
EXPENSES		
Administration	40,800	39,000
Cablevision	18,802	18,020
Electricity	29,464	30,762
Insurance	11,099	9,668
Interest on long-term debt	3,409	7,067
Janitorial services	18,293	18,840
Maintenance and repairs	66,905	68,637
Natural gas	11,861	11,072
Other supplies and expenses	643	971
Professional fees	3,915	5,113
Property taxes	40,272	39,299
Water	<u>21,851</u>	<u>19,523</u>
	<u>267,314</u>	<u>267,972</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	122,601	110,668
ALLOCATION TO REPLACEMENT RESERVE	<u>100,000</u>	<u>99,000</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 22,601</u>	<u>\$ 11,668</u>

LUTHER HOME CORPORATION**Schedule 4****Statement of Operations
364 Leila Ave.****Year Ended March 31, 2021**

	2021	2020
REVENUE		
Rental income	\$ 27,600	\$ 22,187
EXPENSES		
Amortization of capital assets	5,376	5,376
Electricity	(384)	528
Insurance	1,107	939
Maintenance and repairs	262	6,429
Natural gas	(1,197)	1,428
Property taxes	5,959	5,514
Water	(564)	899
	10,559	21,113
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	17,041	1,074
ALLOCATION TO REPLACEMENT RESERVE	3,600	3,300
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 13,441	\$ (2,226)

LUTHER HOME CORPORATION*Schedule 5***Statement of Operations
Adult Day Program****Year Ended March 31, 2021**

	2021	2020
REVENUE		
Winnipeg Regional Health Authority	\$ 132,168	\$ 135,235
Participant charges	-	29,152
	132,168	164,387
EXPENSES		
Other supplies and expenses	13,200	14,384
Salaries, benefits and payroll levy	1,520	54,554
Travel	-	85,204
	14,720	154,142
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	117,448	10,245
EXCESS SUBSIDY DUE TO WINNIPEG REGIONAL HEALTH AUTHORITY	114,805	-
EXCESS OF REVENUE OVER EXPENSES	\$ 2,643	\$ 10,245

LUTHER HOME CORPORATION*Schedule 6***Statement of Operations
Home Care Program****Year Ended March 31, 2021**

	2021	2020
REVENUE		
Winnipeg Regional Health Authority	\$ 332,688	\$ 332,688
EXPENSES		
Other expenses	15,000	14,400
Salaries, benefits and payroll levy	309,271	312,978
	324,271	327,378
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	8,417	5,310
EXCESS SUBSIDY DUE TO WINNIPEG REGIONAL HEALTH AUTHORITY	1,763	-
EXCESS OF REVENUE OVER EXPENSES	\$ 6,654	\$ 5,310

LUTHER HOME CORPORATION*Schedule 7***Statement of Operations
Management Services****Year Ended March 31, 2021**

	2021	2020
REVENUE		
Other	\$ 2,034	\$ 18,151
EXPENSES		
Board expenses	40	1,107
Miscellaneous	552	26,047
Scholarship	1,000	500
Staff appreciation	10,572	6,854
Tenant and staff gifts	2,891	2,214
	15,055	36,722
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (13,021)	\$ (18,571)

LUTHER HOME CORPORATION**Schedule 8****Statement of Operations
Chaplaincy Fund****Year Ended March 31, 2021**

	2021	2020
REVENUE		
General contributions	\$ 39,351	\$ 17,272
EXPENSES		
Miscellaneous	1,131	4,762
Spiritual care	52,496	50,746
	53,627	55,508
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (14,276)	\$ (38,236)

LUTHER HOME CORPORATION

Schedule 9

Supplementary Information

Year Ended March 31, 2021

	Long-Term Care	1080 Powers Street	1084 Powers Street	364 Leila Avenue	Total
REPLACEMENT RESERVE					
RESERVE FOR CAPITAL ASSETS					
Opening balance	\$ -	\$ 159,010	\$ 317,916	\$ 5,763	\$ 482,689
Current allocation	-	35,000	100,000	3,600	138,600
Interest earned	-	(119)	(238)	-	(357)
Current expenditures	-	(39,983)	(15,977)	(695)	(56,655)
Ending balance	-	153,908	401,701	8,668	564,277
RESERVE FOR MAJOR REPAIRS					
Opening balance	10,826	-	-	-	10,826
Current allocation	4,767	-	-	-	4,767
Interest earned	(8)	-	-	-	(8)
Current expenditures	-	-	-	-	-
Ending balance	15,585	-	-	-	15,585
RESERVE FOR INSURANCE DEDUCTIBLE					
Opening balance	15,112	-	-	-	15,112
Current allocation	1,000	-	-	-	1,000
Ending balance	16,112	-	-	-	16,112
TOTAL	\$ 31,697	\$ 153,908	\$ 401,701	\$ 8,668	\$ 595,974
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION					
CAPITAL ASSETS					
Opening balance	\$ 6,697,687	\$ 3,074,992	\$ 2,297,031	\$ 253,835	\$ 12,323,545
Additions	15,353	-	-	-	15,353
Ending balance	6,713,040	3,074,992	2,297,031	253,835	12,338,898
ACCUMULATED DEPRECIATION					
Opening balance	4,926,227	1,125,416	1,296,335	153,388	7,501,366
Current year depreciation	107,375	128,943	-	5,376	241,694
Ending balance	5,033,602	1,254,359	1,296,335	158,764	7,743,060
NET BOOK VALUE	\$ 1,679,438	\$ 1,820,633	\$ 1,000,696	\$ 95,071	\$ 4,595,838
SUBSIDY SURPLUS					
Opening balance	\$ -	\$ -	\$ 85,626	\$ -	\$ 85,626
Interest earned	-	-	(65)	-	(65)
Ending balance	\$ -	\$ -	\$ 85,561	\$ -	\$ 85,561
LONG-TERM DEBT					
Opening balance	\$ 124,359	\$ 1,372,330	\$ 127,500	\$ -	\$ 1,624,189
Principal payment	-	(156,335)	(45,000)	-	(201,335)
Ending balance	124,359	1,215,995	82,500	-	1,422,854
Less: Current portion and term loans due on demand	-	(139,902)	(82,500)	-	(222,402)
	\$ 124,359	\$ 1,076,093	\$ -	\$ -	\$ 1,200,452

Combined Statement of Revenues and Expenses
Year Ended March 31, 2021

Schedule 10

														2020
	Long-Term Care (Operating)	Long- Term Care (Capital)	Total (Long- Term Care)	1080 Powers Street	1084 Powers Street	364 Leila Avenue	Adult Day Program	Home Care Program	Management Services	Total (Operations)	Chaplaincy Fund (Restricted)	Donation Christ Lutheran (Restricted)	Total	Total
REVENUE														
Regional Health Authority	\$ 4,776,869	\$ 5,767	\$ 4,782,636	\$ -	\$ -	\$ -	\$ 132,168	\$ 332,688	\$ -	\$ 5,247,492	\$ -	\$ -	\$ 5,247,492	\$ 4,848,112
Manitoba Housing	-	-	-	288,224	-	-	-	-	-	288,224	-	-	288,224	288,480
Rental	1,476,340	-	1,476,340	244,214	376,813	27,600	-	-	-	2,124,967	-	-	2,124,967	2,153,200
Amortization	-	71,717	71,717	-	-	-	-	-	-	71,717	-	-	71,717	81,348
Other	359,582	-	359,582	23,282	13,102	-	-	-	2,034	398,000	39,351	6,767	444,118	412,042
	6,612,791	77,484	6,690,275	555,720	389,915	27,600	132,168	332,688	2,034	8,130,400	39,351	6,767	8,176,518	7,783,182
EXPENSES														
Amortization	-	107,375	107,375	128,944	-	5,376	-	-	-	241,695	-	-	241,695	325,306
Covid-19 - wages & supplies	371,809	-	371,809	-	-	-	-	-	-	371,809	-	-	371,809	3,557
Interest on long-term debt	-	-	-	128,104	3,409	-	-	-	-	131,513	-	-	131,513	150,371
Other	643,946	-	643,946	147,958	127,150	262	13,200	15,000	15,055	962,571	1,131	-	963,702	1,109,960
Purchased services	21,608	-	21,608	-	3,915	-	-	-	-	25,523	-	-	25,523	28,745
Utilities	155,595	-	155,595	114,168	114,547	4,921	-	-	-	389,231	-	-	389,231	389,968
Salaries, benefits, levy	5,458,615	-	5,458,615	-	18,293	-	1,520	309,271	-	5,787,699	52,496	-	5,840,195	5,782,279
	6,651,573	107,375	6,758,948	519,174	267,314	10,559	14,720	324,271	15,055	7,910,041	53,627	-	7,963,668	7,790,186
EXCESS (DEFICIENCY) BEFORE ALLOCATION	(38,782)	(29,891)	(68,673)	36,546	122,601	17,041	117,448	8,417	(13,021)	220,359	(14,276)	6,767	212,850	(7,004)
ALLOCATION TO														
INSURANCE DEDUCTIBLE	1,000	-	1,000	-	-	-	-	-	-	1,000	-	-	1,000	1,000
REPLACEMENT RESERVE	4,767	-	4,767	35,000	100,000	3,600	-	-	-	143,367	-	-	143,367	141,867
EXCESS SUBSIDY DUE TO WRHA	-	-	-	-	-	-	114,805	1,763	-	116,568	-	-	116,568	-
EXCESS SUBSIDY DUE TO MHRC	-	-	-	1,546	-	-	-	-	-	1,546	-	-	1,546	24,614
EXCESS (DEFICIENCY)	\$ (44,549)	\$ (29,891)	\$ (74,440)	\$ -	\$ 22,601	\$ 13,441	\$ 2,643	\$ 6,654	\$ (13,021)	\$ (42,122)	\$ (14,276)	\$ 6,767	\$ (49,631)	\$ (174,485)