

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven
Nursing Home of Steinbach Inc.)

Financial Statements
For the year ended March 31, 2021

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)

Financial Statements
For the year ended March 31, 2021

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Independent Auditor's Report

To the Directors of Rest Haven Care Home Inc.

Opinion

We have audited the financial statements of Rest Haven Care Home Inc. (formerly a division of Rest Haven Nursing Home of Steinbach Inc.) (the "Home"), which comprise the statement of financial position as at March 31, 2021, the statement of operations, changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Home 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Home'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 Home or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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 Home'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 Home'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 Home 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 26, 2021

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Financial Position

March 31 **2021** **2020**

Assets

Current Assets

Cash in bank	\$ 434,744	\$ 520,500
Accounts receivable (Note 2)	99,066	54,781
Due from SHSS (Note 3)	249,627	104,839
Due from related parties (Note 4)	94,947	82,934
Inventories	36,740	37,556
Prepaid expenses	18,592	10,059
Vacation entitlements receivable (Note 5)	152,406	152,406
	<u>1,086,122</u>	<u>963,075</u>

Retirement obligations receivable (Note 6) **399,538** **364,442**

Capital assets (Note 7) **4,221,241** **4,580,761**

\$ 5,706,901 **\$ 5,908,278**

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued charges (Note 9)	\$ 352,228	\$ 314,165
Accrued vacation entitlements (Note 5)	475,102	447,549
	<u>827,330</u>	<u>761,714</u>

Accrued retirement obligations (Note 6) **399,538** **364,442**

Deferred Contributions (Note 10)

Expenses of future periods	12,726	12,976
Capital assets	4,112,189	4,468,781
	<u>5,351,783</u>	<u>5,607,913</u>

Commitments and contingencies (Note 12)

Net Assets

Invested in capital assets (Note 11)	109,052	111,978
Unrestricted	246,066	188,387
	<u>355,118</u>	<u>300,365</u>

\$ 5,706,901 **\$ 5,908,278**

Approved by the Board:

Original Document Signed _____ Director

Original Document Signed _____ Director

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Operations

For the year ended March 31	2021	2020
Revenue		
Southern Health - Santé Sud fixed payments (Note 13)	\$ 4,210,902	\$ 4,123,027
Residential charges	795,728	880,989
Amortization of deferred contributions related to capital assets	366,721	368,900
Other recoveries	160,826	150,387
Meal recoveries	45,603	50,185
COVID-19 recoveries	73,026	-
Interest income	2,274	7,021
	<u>5,655,080</u>	<u>5,580,509</u>
Expenses		
Administration	386,480	371,817
Amortization of capital assets	369,647	371,826
Cafeteria/courtesy meals	1,617	13,656
COVID-19	73,026	9,238
Dietary	498,745	482,806
Drugs	96,591	89,396
Housekeeping	178,073	173,271
Laundry/linen	153,575	153,409
Nursing	3,135,750	3,231,574
Patient support services	184,589	196,246
Physical plant	206,880	165,415
Pre-retirement obligations	50,228	46,524
Utilities/taxes/insurance	184,763	184,163
Visitation shelters	25,895	-
Woodhaven Manor Inc. - food services	54,468	40,266
	<u>5,600,327</u>	<u>5,529,607</u>
Excess (deficiency) of revenue over expenses before other item	54,753	50,902
Other Item		
Grant contributions paid for parking lot	-	(250,000)
Excess (deficiency) of revenue over expenses for the year	\$ 54,753	\$ (199,098)

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Changes in Net Assets

For the year ended March 31	2021			2020	
	Invested in Capital Assets	Unrestricted	Total	Total	
Balance, beginning of year	\$ 111,978	\$ 188,387	\$ 300,365	\$ 499,463	
Deficiency of revenue over expenses for the year	(2,926)	57,679	54,753	(199,098)	
Balance, end of year	\$ 109,052	\$ 246,066	\$ 355,118	\$ 300,365	

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Cash Flows

For the year ended March 31	2021	2020
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ 54,753	\$ (199,098)
Items not involving cash		
Amortization of capital assets	369,647	371,826
Amortization of deferred contributions related to capital assets	(366,721)	(368,900)
	<u>57,679</u>	<u>(196,172)</u>
Changes in non-cash working capital		
Accounts receivable	(44,285)	19,741
Due from SHSS	(144,788)	(156,666)
Inventory	816	4,026
Prepaid expenses	(8,533)	(509)
Accounts payable and accrued charges	38,063	(78,072)
Accrued vacation entitlements	27,553	20,551
	<u>(131,174)</u>	<u>(190,929)</u>
Retirement obligations receivable	(35,096)	(46,524)
Accrued retirement obligations	35,096	46,524
	<u>(73,495)</u>	<u>(387,101)</u>
Cash Flows from Financing Activities		
Net change in deferred contributions related to expenses of future periods	(248)	(1,959)
Cash Flows used in Investing Activities		
Repayments from related parties	-	111,916
Advances to related parties	(12,013)	-
	<u>(12,013)</u>	<u>111,916</u>
Net decrease in cash and cash equivalents	(85,756)	(277,144)
Cash and cash equivalents, beginning of year	520,500	797,644
Cash and cash equivalents, end of year	\$ 434,744	\$ 520,500

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

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of the Organization

Rest Haven Care Home Inc. (the "Home") was incorporated under the laws of the Province of Manitoba on November 23, 1971. The Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. The Home is principally involved in providing residential housing to elderly and disadvantaged individuals in Steinbach and surrounding areas. Prior to 2021, Rest Haven Care Home, Cedarwood Apartments and Parkview Apartments were operating divisions of Rest Haven Nursing Home of Steinbach Inc. During the fiscal year, the Home changed its name from Rest Haven Nursing Home of Steinbach Inc. to Rest Haven Care Home Inc.

The comparative balances of these financial statements were previously reported on as "Rest Haven Nursing Home, a division of Rest Haven Nursing Home of Steinbach Inc." As a result, the comparative financial statements did not include the assets, liabilities, net assets, revenue and expenses of the Rest Haven Apartments division of Rest Haven Nursing Home of Steinbach Inc. (Cedarwood Apartments, Parkview Apartments and the Tenant Resource Co-ordinator).

Rest Haven Care Home Inc. is a member of the HavenGroup group of companies (the "Group") which operate under the control of a common Board of Directors. The Group provides long-term care services to elderly and disadvantaged individuals in Steinbach and surrounding areas. Other entities within the Group include Cedarwood Supportive Housing Inc., Parkview Apartments of Steinbach Inc., Greenwood Meadows Inc. and Woodhaven Manor Inc.

Also related to the Group is The HavenGroup Foundation 2006 Inc. by nature of common management.

Summary financial statements for the Group have been compiled; however, separate financial statements are presented for each entity to facilitate reporting to the funders and other users of each entity.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost being determined on a first-in, first-out basis.

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Building	2.5%
Building renovations and upgrades	5%
Building service equipment	5%
Furniture, fixtures and equipment	5% - 10%
Computerization and software	20%

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimated assumptions.

Revenue Recognition

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

Under the Health Insurance Act and regulations thereto, the Home is funded primarily by the Southern Health - Santé Sud (SHSS) in accordance with budget arrangements established by the Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by SHSS with respect to the year ended March 31, 2021.

With respect to actual operating results, certain adjustments to funding will be made by SHSS after completion of their review of the Home's accounts.

Any adjustments will be reflected in the year the final statement of approved costs is received from SHSS.

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.

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

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

Revenue from the residential services and marketed services is recognized when the service is provided or the goods are sold.

Contributed Services

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

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

2. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Receivable from residents	\$ 9,886	\$ 9,553
GST receivable	9,539	5,572
Steinbach Housing Inc.	41,934	39,656
Other	37,707	-
	<u>\$ 99,066</u>	<u>\$ 54,781</u>

3. Due from (to) SHSS

	<u>2021</u>	<u>2020</u>
2019/2020 funding adjustment	\$ -	\$ 104,839
2020/2021 funding adjustment	249,627	-
	<u>\$ 249,627</u>	<u>\$ 104,839</u>

4. Related Party Transactions

Balances due from related parties do not bear interest, have no specific terms of repayment and are unsecured. These transactions mainly consist of the allocation of salaries to Rest Haven Care Home, Woodhaven Manor Inc., Cedarwood Supportive Housing Inc. and Parkview Apartments of Steinbach Inc. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for services. All parties are related by common control.

	<u>2021</u>	<u>2020</u>
Due from		
Cedarwood Supportive Housing Inc.	\$ 48,137	\$ 41,097
Parkview Apartments of Steinbach Inc.	12,832	12,386
HavenGroup Foundation 2006 Inc.	15,194	12,902
Woodhaven Manor Inc.	18,784	16,549
	<u>\$ 94,947</u>	<u>\$ 82,934</u>

REST HAVEN CARE HOME INC.
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Notes to Financial Statements

For the year ended March 31, 2021

4. Related Party Transactions (continued)

During the year, the Home transferred building assets of Cedarwood and Parkview Apartments, formerly known as the Rest Haven Apartments to newly formed corporations. As the Home was previously reported as a Division, there are no dispositions of assets shown in this financial statement.

Also during the year HavenGroup Foundation 2006 Inc. provided a grant of \$1,000,000 to Southern Health - Santé Sud (\$1,000,000 in 2019) for the Rest Haven Care home expansion community contribution. Upon completion of the expansion construction project, Southern Health - Santé Sud will be transferring control of the redeveloped and renewed asset to the Home as a contribution. Estimated project costs were initially estimated at \$35,341,225.

The Home had the following monetary transactions with related organizations (recoveries) expenses:

	2021	2020
HavenGroup Foundation 2006 Inc.		
Salary reimbursement recovery	\$ (37,976)	\$ (40,081)
Woodhaven Manor Inc.		
Salary reimbursement recovery	\$ (178,644)	\$ (163,711)
Supplies, other miscellaneous	5,066	6,559
Meals	32,516	31,892
	<u>\$ (141,062)</u>	<u>\$ (125,260)</u>
Cedarwood Supportive Housing Inc.		
Salary reimbursement recovery	\$ (347,660)	\$ (327,460)
Supplies, other miscellaneous	4,447	4,016
	<u>\$ (343,213)</u>	<u>\$ (323,444)</u>
Parkview Apartments of Steinbach Inc.		
Salary reimbursement recovery	(66,538)	(59,684)
Supplies, other miscellaneous	2,443	-
	<u>\$ (64,095)</u>	<u>\$ (59,684)</u>

During the year, the Home provided the related organizations with contributions for parking lot:

Greenwood Meadows	\$ -	\$ 125,000
Woodhaven Manor Inc.	-	125,000
	<u>\$ -</u>	<u>\$ 250,000</u>

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

5. Accrued Vacation Entitlements

The Home records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 152,406	\$ 152,406
Net changes in vacation entitlements receivable	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 152,406</u>	<u>\$ 152,406</u>

An analysis of the changes accrued in the vacation entitlements is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 447,549	\$ 426,998
Net increase in accrued vacation entitlements	<u>27,553</u>	<u>20,551</u>
Balance, end of year	<u>\$ 475,102</u>	<u>\$ 447,549</u>

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

6. Employee Future Benefits

Accrued Retirement Entitlement

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the Group Pension Plan. The Home's contractual commitment is to pay based upon the following:

Four days of salary per year of service upon retirement if the employee complies with one of the following conditions:

- i. has 10 years service and has reached the age 55
- ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee
- iii. retires at or after age 65
- iv. terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2021. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.60% (2.60% in 2020) and a rate of salary increase of 3.50% (3.50% in 2020) plus age related merit/promotion scale with a provision for potential disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2004/2005, the SHSS assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the SHSS holds funding to meet this obligation.

	<u>2021</u>	<u>2020</u>
Employee future benefits recoverable from		
Manitoba Health	\$ 195,628	\$ 195,628
SHSS	<u>203,910</u>	<u>168,814</u>
	<u>\$ 399,538</u>	<u>\$ 364,442</u>

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

6. Employee Future Benefits (continued)

Accrued Retirement Entitlement (continued)

An analysis of the changes in the employee benefits payable is as follows:

	2021	2020
Balance, beginning of year	\$ 364,442	\$ 317,918
Net increase in pre-retirement entitlements	35,096	46,524
Balance, end of year	\$ 399,538	\$ 364,442

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 (Plan)) which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on highest average earnings and years of credited service.

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 the Plan management's best estimates, in consultation with its actuaries, of the amount, together with the contributions by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' 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, 2020 indicates the plan is in a surplus; however, has a solvency deficiency. The board of the Plan continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to \$335,453 (\$347,952 in 2020) and are included in the statement of operations.

REST HAVEN CARE HOME INC.
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Notes to Financial Statements

For the year ended March 31, 2021

7. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 67,383	\$ -	\$ 67,383	\$ -
Building	2,202,843	1,982,558	2,202,843	1,927,487
Building renovations and upgrades	3,035,109	1,493,975	3,035,109	1,342,219
Building service equipment	3,080,509	830,044	3,080,509	695,317
Furniture, fixtures and equipment	493,731	351,757	483,602	323,662
Computerization and software	6,521	6,521	6,521	6,521
	\$ 8,886,096	\$ 4,664,855	\$ 8,875,967	\$ 4,295,206
Net book value		\$ 4,221,241		\$ 4,580,761

8. Line of Credit

The Home has an approved line of credit of \$100,000 with Steinbach Credit Union. This line of credit is secured by a general assignment of book debts and bears interest at Steinbach Credit Union standard rate plus 1% (3.45% effective rate). The Home had \$100,000 in capacity under this facility as at March 31, 2021.

9. Accounts Payable

	2021	2020
Trade	\$ 11,069	\$ 6,592
Government remittances	88,416	83,027
Accrued liabilities	214,353	188,615
Other	38,390	35,931
	\$ 352,228	\$ 314,165

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

10. Deferred Contributions

Expenses of Future Periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs and equipment replacement.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 12,976	\$ 14,935
Add amount received during the year	-	-
Less expenses	<u>(250)</u>	<u>(1,959)</u>
Balance, end of year	<u>\$ 12,726</u>	<u>\$ 12,976</u>

Capital Assets

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 4,468,781	\$ 4,837,681
SHSS and Manitoba Health	10,129	-
Less amounts amortized to revenue	<u>(366,721)</u>	<u>(368,900)</u>
Balance, end of year	<u>\$ 4,112,189</u>	<u>\$ 4,468,781</u>

Included in deferred contributions - capital assets is funding recognized from Manitoba Health related to their funding of a mortgage on the Home property. Manitoba Health has assumed this mortgage and includes it as a liability of the Province of Manitoba. As at March 31, 2021 the mortgage was paid in full.

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

11. Investment in Capital Assets

A. Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 4,221,241	\$ 4,580,759
Amounts financed by deferred contributions	(4,112,189)	(4,468,781)
	<u>\$ 109,052</u>	<u>\$ 111,978</u>

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

	2021	2020
Excess of revenues over expenses		
Amortization of deferred contributions related to capital assets	\$ 366,721	\$ 368,900
Amortization of capital assets	(369,647)	(371,826)
	<u>\$ (2,926)</u>	<u>\$ (2,926)</u>
Net changes in investment in capital assets		
Purchase of capital assets	\$ 10,129	\$ -
Amounts funded by:		
SHSS and Manitoba Health funding - capital	(9,879)	-
Donations	(250)	-
	<u>\$ -</u>	<u>\$ -</u>

REST HAVEN CARE HOME INC.
(formerly a division of Rest Haven Nursing Home of Steinbach Inc.)
Notes to Financial Statements

For the year ended March 31, 2021

12. Commitments and Contingencies

- a) The nature of the Home's activities is such that there is usually litigation pending or in prospect at any time. With respect to potential claims at March 31, 2021, management believes the Home has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.
- b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2021.
- c) In September 2017, Manitoba Health, Seniors and Active Living (MHSAL) authorized Rest Haven Care Home to proceed with the completion of the schematic design and class C estimate for an expanded facility. Following preliminary schematic work, in February 2019, the Province of Manitoba provided approval for the expansion of the Rest Haven Care Home including all relevant planning, tendering, awarding, and construction required to construct and operationalize the facilities. The construction of the facility began in fall 2019 and construction should be complete in late 2021.

13. Revenue from the SHSS

Revenue as per SHSS final funding document	\$ 4,057,413
Add:	
Pre-retirement leave	50,228
Capitation fees	31,591
Out of Globe	71,670
	<hr/>
Revenue from SHSS	\$ 4,210,902

REST HAVEN CARE HOME INC.
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Notes to Financial Statements

For the year ended March 31, 2021

14. Financial Instrument Risk

The Home is exposed to different types of risk in the normal course of operations. The Home's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Home's activities. The following analysis provides a measurement of those risks.

Credit Risk

Credit risk is the risk that the Home will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments which potentially subject the Home to credit risk consist principally of accounts receivable.

Accounts receivable: The Home is not exposed to significant credit risk as the receivable is spread among a broad client base and payment in full is typically collected when it is due. The Home establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from SHSS, vacation entitlements receivable and retirement obligations receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and Southern Health - Santé Sud.

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 market interest rates. The Home is not exposed to significant interest rate risk, as its cash in bank is held in short-term products.

Liquidity Risk

Liquidity risk is the risk that the Home encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Home will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable, the line of credit, long-term debt payments and loans due to related parties.

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15. Comparative Figures

Certain of the comparative figures have been reclassified to conform to current year's presentation.

16. Uncertainty Due to COVID-19

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a global pandemic. The impact of COVID-19 in Canada and on the global economy increased significantly. Although the impact is expected to be temporary, the Home's ability to meet its obligations is dependent on its ability to maintain cash flows from the collection of rent. At this time, the Home has not experienced any significant issues related to the collection of rent. However, the full impact of COVID-19 on the Home is not known.