

Financial Statements of

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE

Year ended March 31, 2021

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

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INDEPENDENT AUDITORS' REPORT

To The Governing Council of The Salvation Army in Canada

Opinion

We have audited the financial statements of The Salvation Army - Golden West Centennial Lodge (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated surplus (deficit) for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of 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 the financial reporting framework in Note 1 to the financial statements.

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.



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Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 in the financial statements, which describes the financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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 the financial reporting framework in Note 1 to the financial statements, 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.



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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 11, 2021

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and cash equivalents (note 3)	\$ 180,878	\$ 63,502
Accounts receivable	6,359	11,219
Receivable from Winnipeg Regional Health Authority	558,664	254,566
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority (note 4(a))	747,553	713,446
Employee benefits recoverable from Winnipeg Regional Health Authority (note 4(b))	271,682	271,682
Deferred grants receivable (note 5)	19,670	23,311
	<u>1,784,806</u>	<u>1,337,726</u>
Financial Liabilities		
Accounts payable and accrued liabilities (notes 6)	642,627	386,822
Accrued vacation payable	485,886	528,741
Accrued pre-retirement benefits (note 4(a))	787,022	752,915
Loans payable to THQ (note 7)	11,844	40,773
	<u>1,927,379</u>	<u>1,709,251</u>
Net debt	(142,573)	(371,525)
Non-Financial Assets		
Tangible capital assets (note 8)	1,000,903	1,185,661
Prepaid expenses	700	700
	<u>1,001,603</u>	<u>1,186,361</u>
Accumulated surplus	<u>\$ 859,030</u>	<u>\$ 814,836</u>

Economic dependence (note 13)

Contingent liability (note 14)

Commitment (note 15)

See accompanying notes to financial statements.

On behalf of The Governing Council:

Original Document Signed Secretary

Original Document Signed Treasurer

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Statement of Operations and Accumulated Surplus (Deficit)

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

	Budget (note 17)	Core operations				Capital operations	2021 Total
		Personal care home services	Adult daycare	Other services	Total		
Revenue:							
Winnipeg Regional Health Authority	\$ 5,855,882	\$ 6,627,263	\$ 94,596	\$ –	\$ 6,721,859	\$ 52,320	\$ 6,774,179
Residential charges	2,811,009	2,688,115	–	–	2,688,115	–	2,688,115
Allocations from other Salvation Army entities (note 12)	245,000	137,202	1,162	505,610	643,974	–	643,974
Donations	20,000	90,612	–	–	90,612	–	90,612
Other	58,350	58,437	130	243	58,810	–	58,810
Dietary services	7,000	–	–	–	–	–	–
	8,997,241	9,601,629	95,888	505,853	10,203,370	52,320	10,255,690
Expenses:							
Salaries	5,756,810	6,117,075	46,697	–	6,163,772	–	6,163,772
Employee benefits	1,355,688	1,381,043	11,939	–	1,392,982	–	1,392,982
Operating (note 12)	629,630	887,636	11,760	–	899,396	–	899,396
Physical plant	290,844	723,326	12,600	–	735,926	–	735,926
Administration (note 12)	350,646	246,052	1,420	175,427	422,899	–	422,899
Amortization	291,048	–	–	–	–	275,195	275,195
Medical supplies	172,000	166,375	–	–	166,375	–	166,375
Contributed services	112,000	194	–	85,192	85,386	–	85,386
Pre-retirement leave costs (note 4(a))	–	68,497	–	–	68,497	–	68,497
Interest on loans and mortgage payable (note 7)	5,500	1,068	–	–	1,068	–	1,068
	8,964,166	9,591,266	84,416	260,619	9,936,301	275,195	10,211,496
Annual surplus (deficit)	<u>\$ 33,075</u>	10,363	11,472	245,234	267,069	(222,875)	44,194
Accumulated surplus (deficit), beginning of year		(746,599)	3,246	249,546	(493,807)	1,308,643	814,836
Interfund transfers (note 11)		(37,687)	–	(36,089)	(73,776)	73,776	–
Accumulated surplus (deficit), end of year		\$ (773,923)	\$ 14,718	\$ 458,691	\$ (300,514)	\$ 1,159,544	\$ 859,030

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Statement of Operations and Accumulated Surplus (Deficit) (continued)

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

	Core operations				Capital operations	2020 Total
	Personal care home services	Adult daycare	Other services	Total		
Revenue:						
Winnipeg Regional Health Authority	\$ 5,768,886	\$ 136,470	\$ –	\$ 5,905,356	\$ 62,352	\$ 5,967,708
Residential charges	2,709,423	–	–	2,709,423	–	2,709,423
Allocations from other Salvation Army entities (note 12)	414,512	–	275,000	689,512	–	689,512
Other	51,564	240	236	52,040	(1,054)	50,986
Participant fees	–	25,000	–	25,000	–	25,000
Donations	22,916	–	–	22,916	–	22,916
Federal government grant	13,290	–	–	13,290	–	13,290
Dietary services	8,450	–	–	8,450	–	8,450
	<u>8,989,041</u>	<u>161,710</u>	<u>275,236</u>	<u>9,425,987</u>	<u>61,298</u>	<u>9,487,285</u>
Expenses:						
Salaries	5,992,033	59,133	–	6,051,166	–	6,051,166
Employee benefits	1,315,368	9,190	–	1,324,558	–	1,324,558
Administration (note 12)	222,012	2,142	155,511	379,665	–	379,665
Operating (note 12)	824,399	72,454	–	896,853	–	896,853
Physical plant	373,358	12,600	–	385,958	–	385,958
Amortization	–	–	–	–	297,164	297,164
Medical supplies	173,835	–	–	173,835	–	173,835
Contributed services	2,068	–	83,379	85,447	–	85,447
Pre-retirement leave costs (note 4(a))	65,822	–	–	65,822	–	65,822
Interest on loans and mortgage payable (note 7)	2,583	–	–	2,583	3,685	6,268
	<u>8,971,478</u>	<u>155,519</u>	<u>238,890</u>	<u>9,365,887</u>	<u>300,849</u>	<u>9,666,736</u>
Annual surplus (deficit)	17,563	6,191	36,346	60,100	(239,551)	(179,451)
Accumulated surplus (deficit), beginning of year	(778,282)	(2,945)	237,458	(543,769)	1,538,056	994,287
Interfund transfers (note 11)	14,120	–	(24,258)	(10,138)	10,138	–
Accumulated surplus (deficit), end of year	\$ (746,599)	\$ 3,246	\$ 249,546	\$ (493,807)	\$ 1,308,643	\$ 814,836

See accompanying notes to financial statements.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Statement of Changes in Net Debt

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

	Budget (note 17)	2021	2020
Annual surplus (deficit)	\$ 33,075	\$ 44,194	\$ (179,451)
Acquisition of tangible capital assets	–	(90,437)	(29,017)
Amortization of tangible capital assets	291,048	275,195	297,164
Loss on disposition of capital asset	–	–	1,054
	291,048	184,758	269,201
Change in net debt	324,123	228,952	89,750
Net debt, beginning of year	(371,525)	(371,525)	(461,275)
Net debt, end of year	\$ (47,402)	\$ (142,573)	\$ (371,525)

See accompanying notes to financial statements.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 44,194	\$ (179,451)
Items not involving cash:		
Amortization of tangible capital assets	275,195	297,164
Loss on disposition of capital asset	—	1,054
	319,389	118,767
Change in non-cash operating working capital:		
Accounts receivable	4,860	13,724
Receivable from Winnipeg Regional Health Authority	(304,098)	(110,617)
Accounts payable and accrued liabilities	255,805	49,660
Future employee benefits recoverable	(34,107)	(38,596)
Accrued pre-retirement benefits	34,107	38,596
Accrued vacation payable	(42,855)	1,416
	233,101	72,950
Capital activities:		
Tangible capital asset purchases	(90,437)	(29,017)
Financing activities:		
Grants received	3,641	139,337
Repayment of mortgage and loans payable	(28,929)	(225,477)
	(25,288)	(86,140)
Increase (decrease) in cash and cash equivalents	117,376	(42,207)
Cash and cash equivalents, beginning of year	63,502	105,709
Cash and cash equivalents, end of year	\$ 180,878	\$ 63,502

See accompanying notes to financial statements.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements

Year ended March 31, 2021

The Salvation Army - Golden West Centennial Lodge (the "Ministry Unit"), which is an unincorporated operating unit of The Salvation Army Canada & Bermuda Territory (the "Territory").

The Governing Council of The Salvation Army in Canada ("The Governing Council"), a corporation established by a Special Act of Parliament, is the primary legal entity through which the Territory conducts its operations. The Governing Council holds title to all Salvation Army property, including bank and investment accounts and real estate on behalf of individual operating units.

The Ministry Unit is a registered charitable organization, associated with The Salvation Army Territorial Headquarters ("THQ"), the primary charitable entity of the Territory. The Ministry Unit is a not-for-profit corporation established by the provincial statute and continued by The Salvation Army Golden West Centennial Lodge Incorporation Act (the "Act"). The Ministry Unit operates a long-term care facility and is governed by a board of management appointed by The Governing Council in accordance with the Act. The Ministry Unit operates under the direction of The Salvation Army Prairie Divisional Headquarters ("DHQ"), which is located in Winnipeg, Manitoba and pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes, and is licensed under the provisions of the Winnipeg Regional Health Authority ("WRHA").

The Salvation Army is an international Christian church. Its message is based on the Bible; its ministry is motivated by love for God and the needs of humanity. The mission of The Salvation Army is to share the love of Jesus Christ, meet human needs and be a transforming influence in the communities of our world.

The Ministry Unit provides long-term care in the community of Winnipeg, Manitoba.

The Ministry Unit, a controlled entity of The Governing Council, has its financial data included in the consolidated financial statements of The Governing Council.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Basis of presentation:

As the Ministry Unit is associated with THQ, a not-for-profit organization, its general purpose financial statements would be prepared in accordance with the Chartered Professional Accountants Canada Handbook - Accounting; accounting standard for not-for-profit organizations ("ASNPO"). These statements have not been prepared as general purpose financial statements as they have been prepared in accordance with the Canadian public sector accounting standards. The special purpose financial statements are prepared to meet the information requirement of The Governing Council and the Province of Manitoba.

As such, the special financial statement may not be suitable for another purpose.

Core and capital operations:

(a) Core operations:

Adult daycare and personal care home services include all operating revenue and expenses of the Ministry Unit related to program delivery, including the receipt and use of donations with no external restrictions, other than that they used in operations.

(b) Other services:

The Capital Deposit reserve represents funds that are restricted for capital purposes and maintenance (i.e., acquisition, repair, maintenance, property taxes, insurance and replacement of capital assets); however, these funds can be withdrawn for operating purposes with the agreement of DHQ, provided the foreseeable capital needs of the Ministry Unit have been met.

(c) Capital operations:

Capital revenue includes all revenue or grants received specifically for the purpose of funding tangible capital assets. Capital expenses include the amortization of funded tangible capital asset and any interest associated with debt incurred to finance those externally funded tangible capital assets.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies:

(a) Cash and cash equivalents:

Under the Territory's policies, all ministry units invest surplus funds with THQ rather than with external financial institutions. THQ accounts bear interest at prevailing market rates based on the type of account. The Ministry Unit is protected by overdraft policies set by THQ.

(b) Tangible capital assets:

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

In accordance with the policies established by the Territory, tangible capital assets with a cost exceeding \$5,000 are stated at cost, less accumulated amortization, provided for on a straight-line basis over their estimated useful lives, as follows:

Buildings	40 - 50 years
Building expansion	20 - 30 years
Major equipment	10 years
Nurse call system	30 years
Roof expansion	10 years
Computer hardware and software	3 years

(c) Contributions of materials and services:

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and an official receipt for income tax purposes has been issued to the donors. Contributions of services are not recognized in these financial statements.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(d) Revenue recognition:

The Ministry Unit is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the WRHA. Government transfers from WRHA for operating purposes are recognized as revenue in the period in which all eligibility criteria have been met and the amounts are authorized. Any funding received prior to satisfying these conditions are considered unearned until conditions have been met. When revenue is received without eligibility criteria, it is recognized when the transfer from WRHA is authorized, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the Ministry Unit.

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

- (i) Assets funded by approved debt: revenue is recognized when the debt principal and interest payment funding is received.
- (ii) Assets funded by an allocation of cash: revenue is recognized when the funded asset is purchased or developed.

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

Externally restricted contributions are recorded as unearned revenue if the terms for their use create a liability. These resources are recognized as revenue as the terms are met.

Allocations from other Salvation Army entities represent transfers made to the Ministry Unit from DHQ for the operation of programs. The funds are derived mainly from individuals in the community that have contributed to the fundraising efforts of the Territory.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(e) Employee future benefits:

The Ministry Unit records a provision for future employee benefits including accrued vacation payable and accrued pre-retirement benefits.

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

- (i) have 10 years of service and have reached the age of 55; or
- (ii) qualify for the eighty rule which is calculated by adding the number of years' service to the age of the employee; or
- (iii) retire at or after the age 65; or
- (iv) terminate employment at any time due to permanent disability.

The Ministry Unit has recorded an accrual based on an actuarial valuation that includes employees who qualify at year end and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the pre-retirement entitlement is partially recoverable from the WRHA (note 4).

For certain employees, funding for future employee benefits is recoverable from the WRHA as a component of salary costs in the period in which the expenses are made.

Vacation entitlements and pre-retirement entitlements that will be funded by the WRHA have been recorded on the statements of financial position as recoverable from the WRHA.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost, unless management has elected to carry the instrument at fair value. The Ministry Unit has not elected to carry any such financial instruments at fair value.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

At the end of each reporting period, all financial assets are assessed for impairment. Impairment occurs when there is a significant adverse change and the decline is determined to be other than temporary. The financial asset is written down to the net recoverable value. The amount of the loss is reported in the statements of operations and accumulated surplus (deficit).

(g) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include obligations related to employee future benefits. Actual results could differ from the estimate.

(h) Allocation of expenses:

The Ministry Unit classifies expenses on the statements of operations by program. The Ministry Unit allocates certain costs, salary, operating and occupancy, between personal care home services and adult daycare based on estimated usage.

3. Cash and cash equivalents:

Cash and cash equivalents include cash in bank and deposit accounts held with THQ.

Cash and cash equivalents held were as follows:

	2021	2020
Cash (bank indebtedness)	\$ (81,071)	\$ 61,770
THQ general deposit account	3,078	1,161
THQ capital deposit account	258,321	21
Petty cash advances	550	550
	<u>\$ 180,878</u>	<u>\$ 63,502</u>

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Cash and cash equivalents (continued):

Funds held in the general deposit account are available for withdrawal on demand and may be used for the general operating needs of the Ministry Unit.

4. Employee benefits:

(a) Pre-retirement benefits and recoverable:

WRHA has undertaken an actuarial valuation, which includes the Ministry Unit, as of March 31, 2021 of the accrued pre-retirement entitlements. The significant actuarial assumptions adopted in measuring the Ministry Unit's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 2.65% (2020 - 2.60%) and a rate of salary increase of 3.50% (2020 - 3.50%) plus age related merit/promotion scale and a factor ranging from 0.00% to 2.28% (2020 - 0.00% to 2.28%) for disability.

The amount of funding which will be provided by the WRHA for future retirement benefits was initially determined based on the future pre-retirement benefits payable at March 31, 2004, and was recorded as amounts recoverable from the WRHA. The recoverable has been adjusted, based on direction from the WRHA, to include the incremental increases in or decreases in the related liability since 2007, which includes an interest component. The future employee pre-retirement benefits recoverable from WRHA of \$747,553 at March 31, 2021 (2020 - \$713,446) has no specified terms of repayment.

The fair value of the future employee benefits recoverable from WRHA approximates its carrying value as the interest component described above is comparable to current market rates.

	2021	2020
Balance, beginning of year	\$ 752,915	\$ 714,319
Service cost	58,142	54,236
Interest cost	19,735	20,966
Benefits paid	(34,391)	(27,226)
Amortization actuarial gain	(9,379)	(9,380)
Balance, end of year	\$ 787,022	\$ 752,915

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Employee benefits (continued):

(b) Vacation pay and recoverable:

Each year, the WRHA funds a portion of the vacation pay liability of the Ministry Unit, which is limited to the amount established at March 31, 2004 of \$271,682. This amount is included in employee benefits recoverable from WRHA on the statements of financial position.

5. Deferred grants receivable:

(a) Province of Manitoba:

The Province of Manitoba had arranged for the Ministry Unit to receive a grant of \$86,350 which was amortized at 6.875 percent annually for 50 years and matured in 2020. The annual payment was \$6,060 including principal and interest, and no amount is receivable at March 31, 2021 (2020 - \$3,641).

(b) WRHA:

In fiscal year 2014 and 2015, the Ministry Unit undertook projects to replace the windows and the HVAC units in the facility. For the year ended March 31, 2015, these costs were recognized in physical plant expense in the statements of operations and accumulated surplus (deficit) in the amount of \$452,605.

The costs of the window project were partially funded through a \$200,000 grant from DHQ, received in 2014, and through a deferred grant to be received from the WRHA over a 10-year period. The amount of the grant from the WRHA for the windows is \$336,987, with \$19,670 remaining to be received from the WRHA as at March 31, 2021 (2020 - \$19,670). This amount was recorded as a grant receivable and revenue, and was being paid by the WRHA over 10 years with a maturity in 2023. The annual payment to be received is \$33,720 plus interest at prime, however in fiscal 2020 WHRA paid \$134,667. In 2015, THQ set up a loan with the Ministry Unit for the amount of the WRHA contribution to the project (note 7). In 2015, approximately \$79,000 in costs were incurred in relation to the window project, which were funded through an internal loan from THQ (note 7), which matured in fiscal 2020 and was fully paid.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2021	2020
Accounts payable	\$ 184,667	\$ 135,385
Accrued salaries and benefits	457,929	216,757
Accrued interest payable	31	120
Payable to WRHA	–	34,560
	<u>\$ 642,627</u>	<u>\$ 386,822</u>

7. Loans payable to THQ:

The Ministry Unit has loans payable to THQ for the projects described in note 5(b).

During the year, interest expense relating to the loans payable to THQ amounted to \$628 (2020 - \$6,268).

	2021	2020
Loan payable, interest at 3.17%, payable in monthly blended repayments of \$1,498, due November 2021	\$ 11,844	\$ 29,148
Loan payable, interest at 4.47%, payable in monthly blended repayments of \$3,904, due June 2020. Principal and interest payments are funded by the Province of Manitoba via the WRHA	–	11,625
	<u>\$ 11,844</u>	<u>\$ 40,773</u>

Principal repayments required in the next year to maturity is as follows:

2022	\$ 11,844
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THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

8. Tangible capital assets:

Cost	Balance at March 31, 2020	Additions	Disposals	2021 Total
Land	\$ 55,159	\$ —	\$ —	\$ 55,159
Building	1,184,276	—	—	1,184,276
Building expansion	5,878,452	—	—	5,878,452
Major equipment	843,759	90,437	—	934,196
Nurse call system	165,264	—	—	165,264
Roof expansion	220,033	—	—	220,033
Computer hardware and software	10,192	—	—	10,192
	<u>\$ 8,357,135</u>	<u>\$ 90,437</u>	<u>\$ —</u>	<u>\$ 8,447,572</u>

Accumulated amortization	Balance at March 31, 2020	Additions	Disposals	2021 Total
Land	\$ —	\$ —	\$ —	\$ —
Building	1,025,375	4,265	—	1,029,640
Building expansion	5,268,996	193,508	—	5,462,504
Major equipment	588,399	68,514	—	656,913
Nurse call system	66,124	5,511	—	71,635
Roof expansion	220,033	—	—	220,033
Computer hardware and software	2,547	3,397	—	5,944
	<u>\$ 7,171,474</u>	<u>\$ 275,195</u>	<u>\$ —</u>	<u>\$ 7,446,669</u>

Net book value	2021 Total	2020 Total
Land	\$ 55,159	\$ 55,159
Building	154,636	158,901
Building expansion	415,948	609,456
Major equipment	277,283	255,360
Nurse call system	93,629	99,140
Computer hardware and software	4,248	7,645
	<u>\$ 1,000,903</u>	<u>\$ 1,185,661</u>

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

9. Cash in trust:

The Ministry Unit holds cash on behalf of residents in the amount of \$7,982 (2020 - \$13,598) and as a result are not reflected in these financial statements.

10. Pension plan:

Eligible employees of the Ministry Unit are members of the Healthcare Employees' Pension Plan - Manitoba ("HEPP"), a multi-employer defined benefit pension plan.

During the year, the Ministry Unit contributed \$482,260 (2020 - \$492,281) on behalf of its employees. The most recent funding actuarial valuation of the plan as at December 31, 2019 reported that the plan had a surplus of actuarial value of net assets over actuarial present value of accrued pension obligations and indicates a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis, but is required to fund on a going concern basis. The going concern deficiency 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, 2021, with the inclusion of contributions toward the Cost of Living Adjustment Plan, employer contribution rates are 8.90% (2020 - 8.90%) of pensionable earnings up to the Year's Maximum Pensionable Earnings ("YMPE") and 10.50% (2020 - 10.50%) on earnings in excess of YMPE.

11. Interfund transfers:

In 2021, the Ministry Unit transferred \$73,776 (2020 - \$10,138) from core operations to the capital operations to fund the purchase of capital assets.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

12. Related party transactions and balances:

During the year, the Ministry Unit had the following transactions with related parties:

	2021	2020
Revenue:		
Grant from DHQ - Other	\$ 200,000	\$ 410,000
Grant from DHQ - Legacy	58,300	81,000
Grant from DHQ - Red Shield Appeal	245,000	194,000
Grant from THQ - Johnstone Endowment	3,114	4,512
Grant from THQ - CEWS	137,560	–
	<u>\$ 643,974</u>	<u>\$ 689,512</u>
Expenses included in administration:		
Management support assessment paid to THQ	\$ 175,427	\$ 155,511
Accounting fees paid to THQ	88,369	88,960
Rent payment paid to other Salvation Army Ministry Unit	–	1,800
	<u>\$ 263,796</u>	<u>\$ 246,271</u>

DHQ has approved funding to the Ministry Unit up to \$60,000 annually starting April 1, 2012 for a maximum of 12 years for the purpose of reducing the deficiency in net assets, when required. During 2020, a one time grant of \$491,000 was given from the DHQ reserve.

The Ministry Unit paid nil (2020 - \$1,800) as rental payment to another Ministry Unit of The Salvation Army, which is included in operating expenses.

The above transactions and balances are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. Economic dependence:

The Ministry Unit receives the majority of its revenue in the form of grants from WRHA. The Ministry Unit's continued operations are dependent on the continuance of these grants.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

14. Contingent liability:

In 2018, the Ministry Unit was made aware by HEB Manitoba ("HEB") that there were unremitted pension contributions associated with the HEPP related to prior fiscal years. The amount of the liability is unknown as at March 31, 2021 as the Ministry Unit and HEB have not accurately determined the amount due from the Ministry Unit to HEB.

15. Commitment:

In 2018, the Ministry Unit was informed by Winnipeg Fire Paramedic Service that they are required to complete upgrades on their existing infrastructure in order to meet fire regulations. The amount of the liability as at March 31, 2021 is unknown. The Ministry Unit is working with THQ and Shared Health Manitoba to determine a strategic plan to meet the fire regulations.

16. Financial risks:

The Ministry Unit is exposed to the following risks. There have been no significant changes in risk exposure from 2020, inclusive of COVID-19 impact.

(a) Credit risk:

Credit risk arises from the risk that parties will fail its obligations. The Ministry Unit is exposed to credit risk comprised of accounts receivables and receivables from WRHA.

The Ministry Unit's accounts receivable consists of amounts due from the Canadian Revenue Agency. The receivables are monitored on an ongoing basis. There was no allowance for doubtful accounts at March 31, 2021 and 2020. As at March 31, 2021 and 2020, there were no accounts receivable past due.

(b) Liquidity risk:

The Ministry Unit is exposed to the risk of difficulty in meeting obligations associated with its financial liabilities. The Ministry Unit manages its liquidity risk by monitoring cash requirement through cash forecasts for sufficient resources to meet its obligations.

THE SALVATION ARMY

GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2021

16. Financial risks (continued):

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

The contractual maturities of long-term debt are disclosed in note 7.

17. Budget data:

Budget amounts are reported on the statements of operations and accumulated surplus (deficit) and statements of changes in net debt. The budget is provided for comparison purposes and was approved by the Divisional Finance Board on February 12, 2020.