HOLY FAMILY HOME, INC.

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

MARCH 31, 2020

HOLY FAMILY HOME, INC.
MARCH 31, 2020

INDEX

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Holy Family Home, Inc.:

Opinion

We have audited the accompanying financial statements of Holy Family Home, Inc. which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and the 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 Holy Family Home, Inc. as at March 31, 2020, and the results of its operations and its cash flow for the year then ended, in accordance with the 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 Combined Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 organization'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 organization or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 combined 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 organization'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 organization'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 combined 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 organization 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 combined financial statements representing the underlying transactions and events in a manner that achieved 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.

Fort Group

CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Winnipeg, Manitoba
June 29, 2020

HOLY FAMILY HOME, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

ASSETS

	OPERATING FUND	PLANT FUND	2020 TOTAL	2019 TOTAL
CURRENT ASSETS				
Cash (Note 3)	$ 1,148,537	1,024,733	2,173,270	5,727,411
Accounts receivable	282,581	-	282,581	237,968
Due from WRHA (Note 2(a))	2,109,898	-	2,109,898	1,707,233
Due from WRHA - Accrued vacation pay (Note 5)	719,492	-	719,492	719,492
Due from Plant Fund	111,437	-	-	-
Inventory	106,598	-	106,598	83,319
Prepaid expenses	23,056	-	23,056	13,371
	4,501,599	1,024,733	5,414,895	8,488,794
DUE FROM WRHA - PRE-RETIREMENT LEAVE (Note 5)	1,487,103	-	1,487,103	1,567,952
TANGIBLE CAPITAL ASSETS (Notes 2(b) and 4)	-	66,573,691	66,573,691	60,910,585
	$ 5,988,702	67,598,424	73,475,689	70,967,331

HOLY FAMILY HOME, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

LIABILITIES AND NET ASSETS

	OPERATING FUND	PLANT FUND	2020 TOTAL	2019 TOTAL
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 2,636,453	580,333	3,216,786	5,298,008
GST payable	-	861,014	861,014	861,014
Accrued vacation pay (Note 5)	1,180,179	-	1,180,179	1,141,380
Demand loans (Note 6)	-	-	-	50,647,598
Current portion of promissory notes (Note 7)	-	846,559	846,559	-
Current portion of long-term debt (Note 9)	-	195,878	195,878	138,089
Due to Operating Fund	-	111,437	-	-
Due (from) to SSMI Works (Note 14)	(651,755)	2,365,035	1,713,280	2,152,159
	3,164,877	4,960,256	8,013,696	60,238,248
ACCRUED PRE-RETIREMENT LEAVE (Note 5)	1,757,417	-	1,757,417	1,838,266
PROMISSORY NOTES (Note 7)	-	55,873,432	55,873,432	-
LONG-TERM DEBT (Note 9)	-	1,273,887	1,273,887	1,521,375
DEFERRED CONTRIBUTIONS				
Deferred revenue (Note 8)	-	2,820	2,820	228,292
Deferred capital contributions (Notes 2(c) and 10)	-	677,035	677,035	732,253
Deferred contributions for major building repairs (Notes 2(c) and 11)	-	190,180	190,180	167,044
	-	870,035	870,035	1,127,589
NET ASSETS				
Internally restricted	16,707	-	16,707	16,707
Invested in tangible capital assets	-	6,838,731	6,838,731	7,063,765
Unrestricted				
Unfunded employee future benefits (Note 5(d))	(731,000)	-	(731,000)	(692,201)
Unrestricted	1,780,701	(2,217,917)	(437,216)	(146,418)
	1,066,408	4,620,814	5,687,222	6,241,853
	$ 5,988,702	67,598,424	73,475,689	70,967,331

APPROVED BY THE BOARD:

Original Document Signed Director

Original Document Signed Director

HOLY FAMILY HOME, INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Resident services		
Winnipeg Regional Health Authority (Note 15)	$ 16,478,222	14,470,296
Resident/participant charges	5,835,494	5,416,103
	22,313,716	19,886,399
Offset income		
Dietary	79,413	76,051
Investment income (Note 12)	56,386	81,050
Amortization of deferred capital contributions (Note 10)	109,989	116,800
Recognition of deferred contributions for major building repairs (Note 11)	-	17,573
Debt servicing funding	189,699	284,157
Miscellaneous	215,698	230,547
	651,185	806,178
	22,964,901	20,692,577
EXPENSES		
Salaries and benefits		
Nursing	13,130,778	11,917,888
Special	1,363,753	1,185,109
General	4,176,913	3,734,274
	18,671,444	16,837,271
Nursing services	483,512	427,569
Special services	45,385	44,010
General administration	552,958	566,330
Dietary	1,079,523	982,845
Laundry and linen	231,917	217,095
Housekeeping	56,506	54,360
Physical plant	1,112,310	1,089,861
Debt structure and amortization	1,282,749	501,088
	23,516,304	20,720,429
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS AND ADULT DAY CARE	(551,403)	(27,852)
OTHER ITEMS		
Pre-retirement leave funded	123,646	301,922
Pre-retirement leave expense	(162,580)	(169,198)
Unfunded employee future benefits (Note 5)	(38,799)	(35,998)
GST reassessment (Note 13)	-	238,595
	(77,733)	335,321
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE ADULT DAY CARE	(629,136)	307,469
ADULT DAY CARE		
Winnipeg Regional Health Authority (Note 15)	240,423	244,292
Participant charges	56,937	66,333
Salaries and benefits	(145,794)	(137,385)
General administration	(111,120)	(120,624)
Dietary	(4,876)	(15,035)
	35,570	37,581
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ (593,566)	345,050

HOLY FAMILY HOME, INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

2020

	UNRESTRICTED – OPERATING FUND – UNFUNDED EMPLOYEE FUTURE BENEFITS (Note 5)	UNRESTRICTED – OPERATING FUND – UNRESTRICTED	UNRESTRICTED – PLANT FUND	UNRESTRICTED – SUB-TOTAL	INTERNALLY RESTRICTED	INVESTED IN TANGIBLE CAPITAL ASSETS	TOTAL
BALANCE , BEGINNING OF YEAR	$ (692,201)	1,336,526	(1,482,944)	(838,619)	16,707	7,063,765	6,241,853
Excess (deficiency) of revenue over expenses	(38,799)	405,240	23,053	389,494	-	(983,060)	(593,566)
Pre-retirement leave remeasurement	-	38,935	-	38,935	-	-	38,935
Transfer from Plant Fund Unrestricted Net Assets	-	-	(758,026)	(758,026)	-	758,026	-
BALANCE, END OF YEAR	$ (731,000)	1,780,701	(2,217,917)	(1,168,216)	16,707	6,838,731	5,687,222

2019

	UNRESTRICTED – OPERATING FUND – UNFUNDED EMPLOYEE FUTURE BENEFITS (Note 5)	UNRESTRICTED – OPERATING FUND – UNRESTRICTED	UNRESTRICTED – PLANT FUND	UNRESTRICTED – SUBTOTAL	INTERNALLY RESTRICTED	INVESTED IN TANGIBLE CAPITAL ASSETS	TOTAL
BALANCE , BEGINNING OF YEAR	$ (656,203)	1,015,520	(1,002,042)	(642,725)	16,707	6,655,545	6,029,527
Excess (deficiency) of revenue over expenses	(35,998)	453,730	27,449	445,181	-	(100,131)	345,050
Pre-retirement leave remeasurement	-	(132,724)	-	(132,724)	-	-	(132,724)
Transfer from Plant Fund Unrestricted Net Assets	-	-	(508,351)	(508,351)	-	508,351	-
BALANCE, END OF YEAR	$ (692,201)	1,336,526	(1,482,944)	(838,619)	16,707	7,063,765	6,241,853

HOLY FAMILY HOME, INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue (deficiency) over expenses	$ (593,566)	345,050
Add non-cash item(s):		
Amortization of tangible capital assets	1,160,092	368,072
Amortization of deferred capital contributions	(109,989)	(116,800)
Recognition of deferred contributions for major building repairs	-	(17,573)
	456,537	578,749
Change in non-cash working capital:		
Accounts receivable	(44,613)	5,109
Due from WRHA	(402,665)	125,653
Due from WRHA - Accrued vacation pay and pre-retirement leave	80,849	(188,740)
Inventory	(23,279)	(5,381)
Prepaid expenses	(9,685)	(218)
Accounts payable and accrued liabilities	(2,081,222)	743,807
GST payable	-	415,992
Accrued vacation pay and pre-retirement leave	(42,050)	224,739
Deferred revenue	(225,472)	228,292
	(2,291,600)	2,128,002
INVESTING ACTIVITIES		
Purchase and construction of tangible capital assets	(6,823,197)	(19,950,325)
FINANCING ACTIVITIES		
Long-term debt principal repayments	(189,700)	(174,377)
Demand loans proceeds	-	19,118,439
Demand loans repayments	(50,647,598)	-
Promissory note proceeds	56,719,991	-
Additions of externally restricted fund balances - reserves	23,136	23,136
Deferred capital contributions	54,771	(167,793)
Pre-retirement leave remeasurement	38,935	(132,724)
Repayments to related parties	(438,879)	(63,878)
	5,560,656	18,602,803
CHANGE IN CASH	(3,554,141)	780,480
CASH, BEGINNING OF YEAR	5,727,411	4,946,931
CASH, END OF YEAR	$ 2,173,270	5,727,411

HOLY FAMILY HOME, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. ACCOUNTING ENTITIES

Holy Family Home, Inc. (HFH or Home) was incorporated by a Special Act of the Province of Manitoba on May 6, 1963. HFH is sponsored, owned and operated by the Ukrainian Catholic Congregation of Sisters Servants of Mary Immaculate (SSMI). HFH is a not-for-profit organization and is exempt from income tax under the Income Tax Act. The purpose of HFH is to operate as a personal care home for the elderly and infirm which provides a high level of physical, spiritual and cultural care for the 317 residents of HFH within the motto of the Sisters "To Serve is to Love".

The SSMI is a Federally incorporated religious organization operating as a not-for-profit organization and as a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. HFH has an Operating Fund and a Plant Fund. On the Statement of Financial Position, the Operating Fund records the assets, liabilities, and net assets related to the service delivery activities of the personal care home while the Plant Fund reports the assets, liabilities, and net assets related to the tangible capital assets of the personal care home. On the Statement of Operations, the revenues and expenses of the Operating Fund and Capital Fund are combined.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that HFH has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While management will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on future finances and operations of HFH.

The financial statements include the following significant accounting policies:

(a) Winnipeg Regional Health Authority Funding

HFH is funded by the Winnipeg Regional Health Authority (WRHA) under the provisions of the Health Services Insurance Act, the Regional Health Authority Act and a purchased services agreement for the total of its approved budgeted expenses.

Funding from the WRHA is received under the global budget concept whereby certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts as follows:

i) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

ii) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year or 2% of the global budget indicated in its funding letter from the WRHA for any such fiscal year. Any surplus beyond the foregoing levels shall be repaid to the WRHA on demand.

HFH records all amounts recoverable or repayable at year end, subject to the WRHA review, as due from or due to WRHA. The WRHA has completed their reviews of HFH's audited financial statements up to and including March 31, 2004. The WRHA is currently working on year end settlements up to March 31, 2014 which are expected to be completed in 2020/21.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost. All minor equipment costing less than $2,000 is charged to expense under directive by the WRHA.

Equipment is amortized over its estimated useful life on a straight-line basis over 5, 10 and 15 years.

Buildings are amortized over their estimated useful life on a straight-line basis over 40 to 65 years. Building renovations are amortized over the remaining useful life of the related building.

Assets under development or construction are not amortized until available for use.

Religious mosaics and icons are not amortized.

(c) Deferred Contributions

Deferred contributions received for the funding and acquisition of tangible capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related tangible capital asset.

Deferred contributions received for major building repairs represent unspent balances of amounts funded for future expenditures. These deferred contributions are utilized for expenditures approved by the WRHA.

(d) Contributed Services and Donated Materials

Due to the difficulty of measurement, contributed services and donated materials are not recognized in the financial statements.

(e) Revenue Recognition

HFH follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Restricted contributions include lump sum payments received to fund tangible capital assets purchases which are recognized as deferred capital contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectibility is reasonably assured. Unrestricted contributions include debt servicing funding which is recognized as revenue in the period received.

Under the Health Insurance Act and regulations thereto, HFH is funded primarily through the WRHA by the Province of Manitoba in accordance with budget arrangement established by the WRHA. 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 relates to a future period, it is deferred and recognized in that subsequent period.

Revenue from resident/participant charges and other services are recognized when the services are provided and collection is reasonably assured. Revenue from dietary sales are recognized at the point of sale. Investment income is income is recorded on a time proportionate basis.

(f) Financial instruments

Financial instruments held by the organization include cash, accounts receivable, amounts due from WRHA, accounts payable and accrued liabilities, accrued vacation, due to (from) SSMI Works, pre-retirement leave, demand loans, and long-term debt. HFH initially measures its financial instruments at fair value when the asset or liability is first recognized. HFH subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Accounting estimates

The preparation of these combined 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include the useful life of tangible capital assets and amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

3. CASH

	Total 2020	Total 2019
Home		
Operating Fund cash	$ 1,148,537	1,175,392
Plant Fund		
Plant Fund cash	232,288	1,711,527
Major Building Repairs Reserve Fund	196,766	173,630
Equipment amortization Fund	22,502	22,502
Construction cash	573,177	2,644,360
	1,024,733	4,552,019
	$ 2,173,270	5,727,411

4. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 457,512	-	457,512	-
Building - Phase I	1,616,588	1,585,224	1,616,588	1,549,165
Building - Phase II	3,957,077	2,996,373	3,957,077	2,957,460
Building - Phase V	1,621,247	1,515,514	1,621,247	1,445,025
Building - Phase VI	63,413,428	795,840	56,948,748	-
Building - Link	1,500,962	1,007,800	1,500,962	986,358
Building improvements	2,267,689	724,670	1,994,046	646,066
Equipment	3,351,022	3,028,987	3,266,148	2,910,243
Equipment - Phase I	350,892	350,892	350,892	350,892
Equipment - Link	95,483	95,483	95,483	95,483
Religious mosaic and icons	42,574	-	42,574	-
	$ 78,674,474	12,100,783	71,851,277	10,940,692
Net book value	$ 66,573,691		60,910,585	

Total amortization expensed in the statement of operations is $1,160,092 (2019 - $368,072).

5. VACATION PAY AND PRE-RETIREMENT LEAVE

		Accrued Vacation Pay and Pre-Retirement Leave Receivable	Accrued Vacation Pay and Pre-Retirement Leave Payable	Unfunded Employee Future Benefits
March 31, 2019	Vacation pay	$ 719,492	1,141,380	(421,888)
	Pre-retirement leave	1,567,952	1,838,266	(270,314)
		$ 2,287,444	2,979,646	(692,202)
March 31, 2020	Vacation pay	$ 719,492	1,180,179	(460,687)
	Pre-retirement leave	1,487,103	1,757,417	(270,314)
		$ 2,206,595	2,937,596	(731,001)

(a) Vacation Pay Receivable/ Payable

HFH has a receivable from the WRHA for vacation pay of $719,492 which was capped in 2003/04. Effective for the fiscal year 2004/2005, Manitoba Health, Seniors and Active Living ("Manitoba Health) has directed that healthcare facilities may no longer accrue as a receivable, the revenue equivalent to the change on the vacation pay liability. As a result of the above, the unfunded portion of the liability for the current fiscal year was $460,687 (2019 - $421,888).

(b) Pre-retirement Leave Receivable

HFH has a receivable from the WRHA for pre-retirement leave of $1,487,103 (2019 - $1,567,952) which represents the balance receivable at March 31, 2004 plus the change in the liability for the following fiscal years 2006/2007 to 2017/2018. For the 2004/2005 and 2005/2006 fiscal years, Manitoba Health directed that healthcare facilities were not allowed to accrue as a receivable, the revenue equivalent to the change in the retirement entitlement obligation liability.

(c) Pre-retirement Leave Payable

HFH has a contractual commitment to pay a retirement allowance to employees if they are over age fifty-five and have ten years of service or if their period of service when added to their age exceeds eighty. HFH has recorded an accrual based upon an actuarial valuation at March 31, 2020 of $1,757,417 (2019 - $1,838,266) for those employees who qualified for the retirement allowance. For the fiscal year ending March 31, 2020, HFH paid out retirement allowances to their employees in the amount of $204,494 (2019 - $113,182) in which the WRHA funded 100% of the payable. The unfunded portion for the fiscal year 2020 was $270,314 (2019 - $270,314).

5. VACATION PAY AND PRE-RETIREMENT LEAVE (continued)

(d) Unfunded Employee Future Benefits

HFH has recorded the unfunded future employee benefits (which includes Vacation Pay) as a separate balance within its unrestricted net assets. HFH has taken the position that the unfunded future employee benefits are recoverable from the WRHA, and that the change in policy is contrary to the terms of the Service Purchase Agreement.

First, HFH's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat. Secondly, in keeping with the terms of the Service Purchase Agreement, future employee benefits should be recognized both as a liability and as a receivable.

The corresponding responsibility for the future funding of the same benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including HFH). Failure to acknowledge future funding responsibility of negotiated future employee benefits results in incorrect disclosure of HFH's financial position within the Audited Financial Statements (understated assets). HFH has taken the position that the Audited Financial Statements should properly reflect a future employee benefits receivable from Manitoba Health/WRHA equal to the future employee benefits payable. HFH has expressed considerable concern to the WRHA regarding the impact of the policy change referred to above, and the manner in which employee future benefit liabilities are to be funded and recorded in HFH's Audited Financial Statements. In 2019/20, the unfunded employee future benefits increased by $38,799 (increase in 2019 - $35,998).

6. DEMAND LOANS

	2020	2019
Manitoba Health operating loan bearing interest at prime less 0.9% for purpose of the Phase VI building construction project (bed additions)	$ -	49,875,555
Manitoba Health line of credit, bearing interest at 2.10%, for purpose of boiler replacement.	-	145,070
Manitoba Health line of credit, bearing interest at 2.10%, for purpose of roof replacement.	-	118,375
Manitoba Health line of credit, bearing interest at prime less 0.90%, for purpose of hot water system replacement.	-	242,443
Manitoba Health line of credit, bearing interest at prime less 0.90%, for purpose of hot water boiler replacement.	-	180,045
Manitoba Health line of credit, bearing interest at prime less 0.50%, for purpose of roof replacement.	-	59,515
Manitoba Health line of credit, bearing interest at prime less 0.50%, for purpose of chiller replacement.	-	26,595
	$ -	50,647,598

7. PROMISSORY NOTES

	2020	2019
Province of Manitoba promissory note for the purpose of the Phase VI building construction project (bed additions) with interest at 3.20%, requiring monthly payments of principal and interest of $206,206, commencing April 30, 2020 and maturing March 31, 2060.	$55,790,705	-
Province of Manitoba promissory note for the purpose of the hot water boiler replacement and hot water system with interest at 2.75%, requiring monthly payments of principal and interest of $5,535, commencing April 30, 2020 and maturing March 31, 2027.	422,488	-
Province of Manitoba promissory note for the purpose of boiler and roof replacement with interest at 2.65%, requiring monthly payments of principal and interest of $4,693, commencing April 30, 2020 and maturing March 31, 2025.	263,445	-
Province of Manitoba promissory note for the purpose of the window replacement with interest at 2.90%, requiring monthly payments of principal and interest of $1,511, commencing April 30, 2020 and maturing March 31, 2030.	157,243	-
Province of Manitoba promissory note for the purpose of chiller and roof replacement with interest at 2.45%, requiring monthly payments of principal and interest of $2,483, commencing April 30, 2020 and maturing March 31, 2023.	86,110	-
	$ 56,719,991	-
Less: current portion	846,559	-
	$55,873,432	-

The principal portion of promissory note is repayable for the years ended as follows:

Year ending March 31,	2021	$ 846,559
	2022	873,253
	2023	900,792
	2024	899,067
	2025	927,632
	Thereafter	52,272,688
		$56,719,991

8. DEFERRED REVENUE

During the 2019 fiscal year, HFH received funds from Manitoba Public Insurance Corporation in the amount of $228,292 for the purpose of repairing damage to the canopy at the main HFH entrance Repairs were performed on the canopy during the 2020 fiscal year.

	2020	2019
Balance, beginning of year	$ 228,292	-
Revenue received	-	228,292
Revenue recognized	(225,472)	-
Balance, end of year	$ 2,820	228,292

9. LONG-TERM DEBT

	2020	2019
CMHC Mortgage due in 2021, 6.875%, repayable in monthly installments of $7,707 including principal and interest, secured by mortgage on Phase I land and building. Accrued interest $936 (2019 - $1,335).	$ 81,974	165,785
CMHC Mortgage due in 2028, 10.00%, repayable in monthly installments of $20,630 including principal, interest and subsidy of $3,853 monthly, secured by mortgage on Phase II land and building. Accrued interest $12,196 (2019 - $12,811).	1,387,791	1,493,679
	1,469,765	1,659,464
Less: current portion	195,878	138,089
	$ 1,273,887	1,521,375

The principal portion of long-term debt is repayable for the years ended as follows:

Year ending March 31,	2021	$ 195,878
	2022	125,835
	2023	139,012
	2024	153,568
	2025	169,649
	Thereafter	685,823
		$ 1,469,765

Total interest expensed in the statement of operations is $122,656 (2019 - $133,016).

HOLY FAMILY HOME, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

10. DEFERRED CAPITAL CONTRIBUTIONS

	Funds for Future Capital Purchases	Tangible Capital Assets	2020 Total	2019 Total
BALANCE, BEGINNING OF YEAR	$ 25,415	706,838	732,253	1,016,846
Add: Deferred contributions - WRHA	-	54,771	54,771	87,400
Transfer for tangible capital assets purchased	(25,415)	25,415	-	-
	-	787,024	787,024	1,104,246
Deduct: Amortization of deferred contributions	-	(109,989)	(109,989)	(116,800)
Future debt funding to be received	-	-	-	(255,193)
BALANCE, END OF YEAR	$ -	677,035	677,035	732,253

11. DEFERRED CONTRIBUTIONS FOR MAJOR BUILDING REPAIRS

	Phase 1	Phase 2	2020 Total	2019 Total
BALANCE, BEGINNING OF YEAR	$ 107,542	59,502	167,044	161,481
Add: Deferred contributions - WRHA	8,136	15,000	23,136	23,136
	115,678	74,502	190,180	184,617
Deduct: Recognition of deferred contributions	-	-	-	17,573
BALANCE, END OF YEAR	$ 115,678	74,502	190,180	167,044

12. INVESTMENT INCOME

	2020	2019
Holy Family Home, Inc. investment income	$ 33,333	53,601
Plant Fund investment income	23,053	27,449
	$ 56,386	81,050

13. GOOD AND SERVICES TAX REASSESSMENT

During the 2019 fiscal year, HFH received $238,595 from reassessed Goods and Service Tax (GST) from 2014 to 2017. This was due to the operational input tax credits being classified as eligible activities for hospital authorities which increased the rebate from 50% to 83%.

14. RELATED PARTY TRANSACTIONS

Holy Family Home, Inc. (HFH) is related to Sisters Servants of Mary Immaculate due to common management. All transactions, except as otherwise noted, between the related parties are at cost and consist of donations, expenses paid and transfers of cash to fulfill investment of surplus funds in investment certificates and Treasury Bills held jointly for the purpose of obtaining higher yields by the related parties. Any outstanding balances due to (from) the related parties are non-interest bearing, unsecured and due on demand.

Holy Family Home, Inc. charged the Sisters Servants of Mary Immaculate Special Purpose Trust Fund fees in the amount of $45,000 (2019 - $33,000) for accounting support services. These transactions are at the the exchange amount, which is the amount agreed upon by both parties.

Holy Family Home, Inc. charges the Sisters Servants of Mary Immaculate Seniors Tower Fund an annual fee of $42,531 in 2020 (2019 - $41,000) for administration and caretaking services. These transactions are recorded at the exchange amount, which is the amount agreed upon by both parties.

The Sisters Servants of Mary Immaculate SSMI Operations Fund owns a telephone system which it leases to Holy Family Home, Inc. for $12,000 (2019 - $12,000) per annum. These transactions are recorded at the exchange amount, which is the amount agreed upon by both parties.

15. WINNIPEG REGIONAL HEALTH AUTHORITY FUNDING

	2020	2019
Total funds received during year	$16,967,972	15,070,047
Add:		
Residential charges top-up	(183,056)	50,165
Change in accounts receivable balance	402,665	140,573
Miscellaneous	3,166	4,084
	17,190,747	15,264,869
Deduct:		
Loan funding deferred	189,700	326,563
Pre-retirement leave funded	123,646	301,922
Change in pre-retirement leave	80,849	(188,740)
Capital funding deferred	54,771	87,400
Major reserves funding deferred	23,136	23,136
	472,102	550,281
	$16,718,645	14,714,588
Funding broken down as follows:		
Resident Services	$16,478,222	14,470,296
Adult Day Care	240,423	244,292
	$16,718,645	14,714,588

16. FINANCIAL RISK MANAGEMENT

(a) Liquidity Risk

Liquidity risk is the risk that HFH will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities, accrued vacation pay and pre-retirement leave, demand loans and due to (from) SSMI works and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than one month.

HFH's approach to managing liquidity risk is to manage its cashflow to ensure it will always have sufficient liquidity to meet liabilities when due. At March 31, 2020, HFH has a cash balance of $2,173,270 (2019 - $5,727,411).

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments which potentially subject HFH to credit risk and concentrations of credit risk consist principally of accounts receivable and amounts due from WRHA.

Management manages credit risk associated with accounts receivable and amounts due from WRHA by regularly pursuing collections and annually confirming amounts due from WRHA.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that HFH is exposed to interest rate risk due to its Manitoba Health loan being at a variable rate.

Management mitigates interest rate risk on its investments by locking in to term deposits at guaranteed rates of return and varying maturity dates. Interest rate risk on other long-term debt is mitigated by the debt being at fixed rates for the remainder of their terms.

17. PENSION PLAN

Substantially all of the employees of the organization are members of the Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan) (the "Plan" or "HEPP") 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 the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death that provides the highest earnings.

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, of the amount, combined with the contribution 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, 2016 indicates that the plan's assets exceed its estimated liabilities and therefore the Plan is in a surplus position. However, the valuation also indicates that a solvency deficiency does exist for the Plan. The Office of the Superintendent of the Pension Commission confirmed that the Plan does not have to fund the solvency deficiency, but has to monitor and disclose this deficiency as well as continue to perform solvency valuations. The HEPP board 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.

HFH has fully met its obligations and has fully paid the required premiums. Contributions to the plan made during the year by HFH on behalf of its employees amounted to $1,175,303 (2019 - $1,084,280) and are included in the statement of operations.

18. CONTINGENT LIABILITY

HFH is considering major redevelopment of 165 Aberdeen Avenue. It is likely that the building contains elements of asbestos and the land includes contamination that exceeds an environmental standard from underground fuel tanks. However, since the asbestos materials remain undisturbed, it does not pose a health risk to the public. The cost of remediation of this asbestos materials and the remediation of the contaminated soil of the is currently not known as there has not been a cost study performed. Accordingly, no asset retirement obligation is recognized in these financial statements as the amount of liability cannot be reasonably estimated.