West Park Manor Personal Care Home Inc.
Financial Statements
March 31, 2020

MNP LLP

Independent Auditor's Report

To the Board of Directors of West Park Manor Personal Care Home Inc.:

Opinion

We have audited the financial statements of West Park Manor Personal Care Home Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 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 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 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 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.

Winnipeg, Manitoba

MNP LLP

June 19, 2020

Chartered Professional Accountants

MNP LLP

West Park Manor Personal Care Home Inc.
Statement of Financial Position
As at March 31, 2020

	2020	*2019*
Assets		
Current		
Cash *(Note 4)*	**2,783,402**	965,823
Short term investments *(Note 5)*	**501**	1,816,790
Accounts receivable *(Note 6)*	**86,788**	42,969
Prepaid expenses and deposits	**71,475**	69,772
Receivable from Winnipeg Regional Health Authority	**1,320,797**	1,217,920
	4,262,963	4,113,274
Capital assets *(Note 7)*	**3,058,822**	2,585,024
Deferred charges - future employee benefits *(Note 8)*	**763,042**	787,580
	8,084,827	7,485,878
Liabilities		
Current		
Accounts payable and accruals *(Note 9)*	**1,140,883**	1,046,363
Trust funds payable	**262,720**	307,892
Current portion of long-term debt *(Note 10)*	**200,057**	867,501
	1,603,660	2,221,756
Long-term debt *(Note 10)*	**851,459**	299,423
Deferred contributions *(Note 11)*	**1,651,459**	1,636,299
Asset retirement obligation *(Note 12)*	**496,095**	-
Accrued future employee benefits payable *(Note 8)*	**820,378**	844,916
	5,423,051	5,002,394
Net Assets		
Unrestricted	**777,745**	725,067
Invested in capital assets	**641,703**	563,751
Internally restricted *(Note 13)*	**1,242,328**	1,194,666
	2,661,776	2,483,484
	8,084,827	7,485,878

Approved on behalf of the Board of Directors

Original Document Signed
Director

Original Document Signed
Director

The accompanying notes are an integral part of these financial statements

West Park Manor Personal Care Home Inc.
Statement of Operations
For the year ended March 31, 2020

	2020	*2019*
Revenue		
Winnipeg Regional Health Authority (WRHA)		
Operating	**6,122,828**	6,072,203
WRHA funding reduction - 0.25%	**-**	(26,181)
Bed grant	**11,703**	11,703
Interest on approved borrowing	**24,586**	58,117
Year-end adjustment *(Note 16)*	**(67,009)**	173,937
Medical salaries	**21,696**	21,696
Pre-retirement leave amortization	**92,707**	28,020
MNU related	**23,541**	18,359
Over-cost and other funding	**258,560**	125,398
20 year step support and median rate adjustment	**16,195**	14,524
Non median rate funding	**323,745**	323,745
CUPE related	**24,281**	24,264
Residential charges	**3,486,145**	3,279,375
3.6 HPRD and other revenue	**678,665**	701,505
Amortization of deferred capital contributions *(Note 11)*	**221,404**	206,345
	11,239,047	11,033,010
Expenses		
Amortization	**305,409**	211,982
Dietary services and supplies	**407,089**	380,925
Employee benefits	**1,595,066**	1,554,190
Employee benefits - preretirement leave	**47,974**	28,020
General administrative	**158,858**	153,771
Health and safety	**7,501**	7,273
Housekeeping	**37,130**	59,703
Interest on long-term debt	**45,531**	67,378
Laundry	**39,501**	38,133
Medical salaries	**22,554**	22,439
Nursing services and supplies	**218,849**	205,424
Recreation and handicraft supplies	**18,683**	20,291
Repairs and maintenance	**205,338**	210,085
Salaries and wages	**7,697,272**	7,600,147
Utilities and property taxes	**301,662**	298,709
	11,108,417	10,858,470
Excess of revenue over expenses before the following:	**130,630**	174,540
Other items		
Accrued future employee benefit expense (recovery)	**(24,538)**	42,428
Accrued future employee benefit income (deficit)	**24,538**	(42,428)
	-	-
Excess of revenue over expenses	**130,630**	174,540

The accompanying notes are an integral part of these financial statements

West Park Manor Personal Care Home Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2020

	Internally restricted	***Unrestricted***	***Invested in capital assets***	***2020***	*2019*
Net assets beginning of year	1,194,666	725,067	563,751	**2,483,484**	2,259,895
Excess of revenue over expenses	-	214,635	(84,005)	**130,630**	174,540
Change in internally restricted net amounts *(Note 13)*	47,662	-	-	**47,662**	49,049
Purchase of capital assets	-	(283,113)	283,113	**-**	-
Funding proceeds on capital asset additions	-	121,156	(121,156)	**-**	-
Net assets, end of year	**1,242,328**	**777,745**	**641,703**	**2,661,776**	2,483,484

The accompanying notes are an integral part of these financial statements

West Park Manor Personal Care Home Inc.
Statement of Cash Flows
For the year ended March 31, 2020

	2020	*2019*
Cash provided by (used for) the following activities		
Operating		
Cash receipts from Government and tenants	**12,964,741**	11,142,929
Cash paid to suppliers	**(2,967,387)**	(2,980,469)
Cash paid to employees	**(7,697,272)**	(7,600,147)
Interest paid	**(45,531)**	(67,378)
	2,254,551	494,935
Financing		
Advances of long-term debt	**750,087**	-
Repayment of long-term debt	**(865,495)**	(218,938)
Increase in internally restricted net assets	**(38,468)**	(4,431)
Decrease in internally restricted net assets	**86,130**	53,480
Advances of receivable from Winnipeg Regional Health Authority	**182,174**	73,994
Repayments of receivable from Winnipeg Regional Health Authority	**(223,115)**	(384,125)
Contributions to trust funds payable	**59,713**	63,685
Withdrawals from trust funds payable	**(104,885)**	(124,245)
	(153,859)	(540,580)
Investing		
Purchase of capital assets	**(283,113)**	(47,533)
Increase (decrease) in cash resources	**1,817,579**	(93,178)
Cash resources, beginning of year	**965,823**	1,059,001
Cash resources, end of year	**2,783,402**	965,823

The accompanying notes are an integral part of these financial statements

MNP LLP

1. Incorporation and nature of the organization

West Park Manor Personal Care Home Inc. (the "Organization") is a privately operated non-profit corporation which provides personal care for senior citizens. It is incorporated without share capital under the Corporations Act of Manitoba.

The Organization is a not for profit organization under the Income Tax Act (the "Act") and as such, is exempt from income taxes. In order to maintain its status as such, the Organization must meet certain requirements within the Act. In the opinion of the management, these requirements have been met.

2. Change in accounting policy

Capital Assets Held by Not-for-Profit Organizations

Effective April 1, 2019, the Organization adopted the Accounting Standard Board's (AcSB) new accounting standards improvements for not-for-profit organizations related to capital assets under Section 4433 *Tangible Capital Assets Held by Not-for-Profit Organizations*. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets.

There was no material impact on the financial statements from the application of the new accounting recommendations.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash

Cash include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Investments

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as current assets in concurrence with the nature of the investment.

Capital assets

The Organization capitalizes all individual assets and assets grouped in a similar kind with a cost over $10,000. Capital assets with a cost less than $10,000 may be capitalized if the Organization estimates the asset will have a long-term benefit.

Purchased capital assets are recorded at cost. Amortization is recorded using the straight-line basis, at rates intended to amortize the value of capital assets over their estimated useful life. Capital assets under construction are not amortized until put into use. The annual rates are as follows:

Buildings	40 years
Computer equipment	5 years
Equipment	16 years

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

The Organization is funded primarily by WRHA in accordance with budget arrangements established by the Province of Manitoba. Operating grants are recorded as revenue in the period in which they relate. The financial statements reflect arrangements approved by WRHA with respect to the year ended March 31, 2020.

Residential rent revenue is recognized when the services are provided and collection is reasonably assured.

Asset retirement obligation

An asset retirement obligation is recognized at the best estimate of the expenditure required to settle the present obligation at the statement of financial position date when the liability for an asset retirement obligation is incurred and a reasonable estimate of the obligation is determinable. The best estimate of the asset retirement obligation is the amount the Organization would rationally pay to settle the obligation, or transfer it to a third party, at the statement of financial position date.

When a liability is recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related asset. The asset retirement cost is amortized over the estimated useful life of the related asset.

The Organization recognizes changes to the liability as asbestos is removed or when it revises its estimate of expected asbestos removal costs.

Deferred contributions

Deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets or self-funding of insurance deductibles. Capital asset deferred contributions are recognized as revenue on the same basis as respective assets are amortized. Insurance deductible and major repairs deferred contributions are recognized as revenue on the same basis as respective expenditures are made.

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

3. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and receivable from WRHA are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Employee future benefits is based on the most recent funding valuation report.

Expenditures that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration. Annual provisions for these costs are amortized on a straight-line basis over 20 years.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

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

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year statement of operations.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

4. Cash

Included in cash are amounts due to reserve and trust accounts that are subject to certain restrictions.

Bank accounts earn interest at rates ranging from prime plus 1.0% to 1.75% (2019 - 1.0% to 1.75%).

	2020	*2019*
Cash	**2,642,398**	826,784
Internally restricted cash - equipment and repairs	**17,479**	17,479
Investment cash account	**123,525**	121,560
	2,783,402	965,823

The Organization has an operating line of credit authorized to a maximum of $100,000 (2019 - $100,000) bearing interest at bank prime of 2.45% plus 0.5% (2019 - bank prime of 3.45% plus 0.5%) per annum and is secured by a general security agreement. The Organization has drawn on $nil (2019 - $nil) of the line of credit at year end.

5. Short term investments

	2020	*2019*
Money market funds	**501**	1,816,790

6. Accounts receivable

	2020	*2019*
Resident rents receivables	**58,039**	21,017
Government remittances receivable	**41,043**	32,952
	99,082	53,969
Allowance for doubtful accounts	**(12,294)**	(11,000)
	86,788	42,969

7. Capital assets

	Cost	***Accumulated amortization***	***2020 Net book value***
Land	**132,920**	**-**	**132,920**
Buildings	**4,467,848**	**2,503,594**	**1,964,254**
Computer equipment	**96,574**	**96,574**	**-**
Equipment	**2,991,788**	**2,223,420**	**768,368**
Capital assets under construction	**193,280**	**-**	**193,280**
	7,882,410	**4,823,588**	**3,058,822**

	Cost	*Accumulated amortization*	*2019 Net book value*
Land	132,920	-	132,920
Buildings	3,971,753	2,289,704	1,682,049
Computer equipment	96,574	92,925	3,649
Equipment	2,901,955	2,135,549	766,406
	7,103,202	4,518,178	2,585,024

8. Deferred charges - future employee benefits

Retirement benefits

Under guidelines produced by Manitoba Health and/or Winnipeg Regional Health Authority (WRHA), funding owed to the Organization related to pre-retirement leave benefits and vacation pay liability is recognized as an out of global budget accounts receivable for March 31, 2004 and prior years. Funding for employee future benefits incurred subsequent to March 31, 2004 fiscal years are included in the Organization's global funding and were not recorded as a receivable, as Manitoba Health and/or WRHA had directed all health care facilities to record the future employee benefits liability but not the corresponding receivable. Each year since the 2009 fiscal year, Manitoba Health and WRHA agreed to provide funding for 100% of the retirement liability accrued during the year. For the March 31, 2020 fiscal year the Organization incurred a decrease in employee future benefits payable of $24,538 (2019 - an increase of $42,428) with an increase in the deferred charges and accrued future employee benefits payable for the same amount was recorded as a decrease in expense and income as directed by Manitoba Health and the WRHA. The significant actuarial assumptions adopted in measuring the Organization's accrued retirement entitlement include a discount rate of 3.50% (2019 - 3.00%) and a rate of salary increase of 3.50% (2019 - 3.50%).

The total amount of the liability at March 31, 2020 is $820,378 (2019 - $844,916) and the related receivable is $763,042 (2019 - $787,580).

Pension plan

The Organization participates in the Health Employees Pension Plan which is a multi-employer defined benefit pension plan available to all eligible employees. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of Section 3462 of Part II of the CPA Canada Handbook. Total contributions to the plan on behalf of employees during the year were $588,924 (2019 - $596,302).

In the prior year, the Organization was made aware by HEB Manitoba (HEB) that there were unremitted employer pension contributions associated with the Healthcare Employees Pension Plan (HEPP) related to prior fiscal years. The amount of the liability is unknown as at March 31, 2020 as the Organization and HEB have not accurately determined the amount due from the Organization to HEB. It is expected that the amount, once finalized, will not be material to the financial statements of the Organization.

9. Accounts payable and accruals

	2020	*2019*
Trade payables and other accruals	**59,637**	37,576
Salaries and benefits payable	**787,001**	785,860
WRHA Payable	**265,306**	198,297
Resident Trust allowance payable	**28,939**	24,630
	1,140,883	1,046,363

10. Long-term debt

	2020	*2019*
First mortgage payable in monthly installments of $8,289 (2019 - $8,289) including interest at 7.75% (2019 - 7.75%), secured by land and buildings having a net book value of $540,093 (2019 - $601,011), due August 1, 2023.	**301,429**	375,126
Promissory note bearing interest at 2.45% payable in monthly installments of $1,908, due March 31, 2023, unsecured.	**66,165**	-
Promissory note bearing interest at 2.65% payable in monthly installments of $2,881, due March 31, 2025, unsecured.	**161,716**	-
Promissory note bearing interest at 2.75% payable in monthly installments of $6,841, due March 31, 2027, unsecured.	**522,206**	-
Term loan due on demand repaid during the year.	**-**	22,038
Term loan due on demand repaid during the year.	**-**	55,499
Term loan due on demand repaid during the year.	**-**	537,873
Term loan due on demand repaid during the year.	**-**	176,388
	1,051,516	1,166,924
Less: current portion	**200,057**	867,501
	851,459	299,423

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

2021	200,057
2022	209,691
2023	219,924
2024	146,416
2025 and thereafter	275,428
	1,051,516

11. Deferred contributions

Changes for the year in the deferred contributions balance are as follows:

	Capital fund	*Insurance*	*2020*	*2019*
Balance, beginning of year	**1,610,113**	**26,186**	**1,636,299**	1,514,085
- Restricted equipment	**75,703**	**-**	**75,703**	-
- Principal repayment	**108,837**	**-**	**108,837**	227,847
- Equipment replacement	**44,071**	**-**	**44,071**	30,268
- Major repairs	**7,953**	**-**	**7,953**	70,444
Recognized as revenue during the year	**(221,404)**	**-**	**(221,404)**	(206,345)
	1,625,273	**26,186**	**1,651,459**	1,636,299

12. Asset retirement obligation

As the Organization operates out of a building containing asbestos, it is legally required to clean up and dispose of asbestos at the end of its useful life, which is estimated to be 20 years.

As of March 31, 2020, the Organization has accrued $496,095 (2019 – $nil) reflecting the liability for the asset retirement obligation. A corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the building.

13. Internally restricted net assets

	2020	*2019*
Non-operating income reserve		
Balance, beginning of year	**741,795**	692,746
Interest	**86,130**	53,481
Other	**-**	25
Payments/expenditures	**(38,468)**	(4,457)
Balance, end of year	**789,457**	741,795
Reserve for major repairs	**28,233**	28,233
Reserve for employee benefits	**424,638**	424,638
	1,242,328	1,194,666

These net assets have been restricted by the Board of Directors. The use of such assets is at the discretion of the Board of Directors.

14. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of trade accounts receivable and receivable from Winnipeg Regional Health Authority (WRHA).

Market risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization’s investments in short term investments exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its line of credit which are subject to floating interest rates based on bank prime rate plus 0.25%.

The Organization is exposed to price risk with respect to its fixed rate long-term debt.

15. Economic dependence

A significant portion of the Organization's operating funds are provided by Manitoba Health and/or WRHA and its ability to continue viable operations is dependent upon maintaining this funding.

16. Year end adjustment

The year end adjustment in the revenues section of the Statement of Operations represents the difference in the funding budget and the actual funding for residential charges received from residents and the actual medical remuneration payments made to physicians. The amount has been set up as a payable to WRHA.

17. Subsequent event

In March 2020, the World Health Organization declared a global pandemic known as COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The outbreak has resulted in incremental costs to the Organization, the total amounts of which are unknown at this time. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.