THE CONVALESCENT HOME OF WINNIPEG

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

March 31, 2021

THE CONVALESCENT HOME OF WINNIPEG

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Convalescent Home of Winnipeg:

Opinion

We have audited the accompanying financial statements of The Convalescent Home of Winnipeg, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to 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 Convalescent Home of Winnipeg as at March 31, 2021, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

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 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

Winnipeg, Manitoba
May 31, 2021

CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

THE CONVALESCENT HOME OF WINNIPEG

STATEMENT OF FINANCIAL POSITION

March 31, 2021

		2021	2020
ASSETS			
CURRENT			
Accounts receivable (note 3)	$	**86,728**	51,924
Due from Winnipeg Regional Health Authority (note 9)		**467,883**	361,181
Vacation entitlement receivable (note 4)		**171,526**	171,526
Prepaid expenses		**18,798**	17,599
		744,935	602,230
PRE-RETIREMENT ENTITLEMENT RECEIVABLE (note 2)		**390,965**	320,021
RESTRICTED CASH (note 5)		**120,036**	118,755
CAPITAL ASSETS (note 6)		**2,081,458**	2,111,817
	$	**3,337,394**	3,152,823
LIABILITIES			
CURRENT			
Bank indebtedness (note 7)	$	**15,371**	73,229
Accounts payable and accrued liabilities (note 9)		**489,546**	348,179
Resident trust payable		**10,813**	9,427
Accrued vacation payable (note 4)		**275,227**	275,227
		790,957	706,062
COMMITMENTS AND CONTINGENCIES (note 11)			
ACCRUED PRE-RETIREMENT ENTITLEMENT (note 2)		**334,542**	263,598
DEFERRED CONTRIBUTIONS, EXPENSES OF FUTURE PERIODS (note 12)		**162,222**	145,816
DEFERRED CONTRIBUTIONS, CAPITAL ASSETS (note 12)		**1,350,290**	1,424,451
ASSET RETIREMENT OBLIGATION (note 14)		**213,180**	209,000
		2,851,191	2,748,927
NET ASSETS			
NET ASSETS (page 5)		**486,203**	403,896
	$	**3,337,394**	3,152,823

Approved on behalf of the Board.

Original Document Signed
Director

Original Document Signed
Director

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

THE CONVALESCENT HOME OF WINNIPEG

STATEMENT OF OPERATIONS

For the year ended March 31, 2021

		2021	2020
REVENUE			
Winnipeg Regional Health Authority	$	**4,627,579**	4,233,609
Resident charges		**1,718,689**	1,718,689
Offset income		**59,502**	29,653
Investment income		**281**	842
Province of Manitoba - PPE funding		**81,782**	-
		6,487,833	5,982,793
EXPENSES			
Electricity		**53,373**	48,565
Health and education levy		**80,430**	79,408
Insurance		**26,433**	24,879
Interest		**10,979**	10,340
Medical remuneration		**14,876**	14,876
Medical supplies and equipment		**149,103**	95,538
Natural gas		**20,039**	26,706
Operational supplies and services		**195,257**	181,620
Other employee benefits		**689,737**	679,552
Other nursing expenses		**20,564**	4,034
Personal protective equipment		**81,782**	
Plant maintenance		**100,154**	78,720
Property taxes		**16,723**	16,374
Purchased services		**989,493**	961,120
Resident travel		**7,543**	13,234
Salaries		**3,783,376**	3,537,122
Water and waste		**37,773**	42,967
		6,277,635	5,815,055
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR BEFORE OTHER ITEMS		**210,198**	167,738
OTHER ITEMS			
Accretion expense (note 14)		**(4,180)**	-
Amortization of deferred contributions		**87,064**	87,064
Amortization of capital assets		**(135,651)**	(89,569)
Amortization of asset retirement obligation (note 14)		**(4,180)**	(4,180)
Change in pension retirement obligation		**(63,269)**	(60,582)
		(120,216)	(67,267)
EXCESS OF REVENUE OVER EXPENSES	$	**89,982**	100,471

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

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2021

		INVESTED IN CAPITAL ASSETS	UNRESTRICTED	TOTAL 2021	TOTAL 2020
NET ASSETS (DEFICIT), beginning of year	$	**478,366**	**(74,470)**	**403,896**	308,668
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		**(48,587)**	**138,569**	**89,982**	100,471
PRE-RETIREMENT REMEASUREMENT		**-**	**(7,675)**	**(7,675)**	(5,243)
TRANSFER (note 6)		**88,209**	**(88,209)**	**-**	-
NET ASSETS, end of year	$	**517,988**	**(31,785)**	**486,203**	403,896

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

THE CONVALESCENT HOME OF WINNIPEG

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ **89,982**	100,471
Adjustments for		
Amortization of capital assets	**135,651**	89,569
Amortization of asset retirement obligation	**4,180**	4,180
Accretion on asset retirement obligation	**4,180**	-
Net increase (decrease) in deferred contributions - capital assets	**(74,161)**	207,059
Net increase in deferred contributions - expenses of future periods	**16,406**	14,953
	176,238	416,232
Changes in non-cash working capital balances		
Accounts receivable	**(34,804)**	(3,036)
Restricted cash	**(1,281)**	(1,842)
Prepaid expenses	**(1,199)**	(297)
Pre-retirement entitlement receivable	**(70,944)**	(20,984)
Accounts payable and accrued liabilities	**141,367**	(134,396)
Resident trust payable	**1,386**	(2,470)
Accrued vacation payable	**-**	(3,374)
Accrued pre-retirement entitlement	**70,944**	20,984
	281,707	270,817
INVESTING ACTIVITIES		
Purchase of capital assets	**(109,472)**	(307,692)
FINANCING ACTIVITIES		
Due to Winnipeg Regional Health Authority	**(106,702)**	(72,016)
Pre-retirement entitlement remeasurement	**(7,675)**	(5,243)
	(114,377)	(77,259)
CHANGE IN CASH POSITION	**57,858**	(114,134)
CASH POSITION (BANK INDEBTEDNESS), beginning of year	**(73,229)**	40,905
BANK INDEBTEDNESS, end of year	$ **(15,371)**	(73,229)

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

1. ENTITY DEFINITION

The Convalescent Home of Winnipeg ("The Home") is incorporated under the laws of Manitoba and its principal activities include personal care of individuals who require long-term care. The Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Board of Directors of The Home administers the Benefit Fund under a "Declaration of Trust" for all present and future Residents of The Home and to further the objects of The Home. These financial statements present the financial position and results of operations of The Home. As such, these financial statements do not include the assets, liabilities, equity, revenues and expenses of The Convalescent Home of Winnipeg - The Benefit Fund ("The Benefit Fund"). The Benefit Fund is the recipient of gifts, devices or bequests of money and shall be administered for the benefit of all Residents with respect to financing purchases outside the normal scope of the regular operation of The Home as may be authorized by the Board of Directors.

2. ACCOUNTING POLICIES AND GOING CONCERN

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which require 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 income and expenses during the reporting period. Actual results may differ from those estimates.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that the Home 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 the future finances and operations of the Home.

The significant accounting policies used in these financial statements are as follows:

Financial Instruments

The Home's financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Unless otherwise noted, it is management's opinion that The Home is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Home's financial instruments consist of cash, accounts receivable, vacation entitlement receivable, pre-retirement entitlement receivable, restricted cash and investments, bank indebtedness, accounts payable and accrued liabilities, resident trust payable, accrued vacation payable, due from Winnipeg Regional Health Authority, and accrued pre-retirement entitlement.

Transaction costs for the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. ACCOUNTING POLICIES (continued)

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout The Home's activities.

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject The Home to credit risk consist primarily of accounts receivable.

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

		2021	2020
Accounts receivable and due from WRHA	$	**554,611**	635,621
Vacation entitlement receivable		**171,526**	171,526
Pre-retirement entitlement receivable		**390,965**	320,021
	$	**1,117,102**	1,127,168

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

Vacation entitlement receivable and pre-retirement entitlement receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the WRHA.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest Rate Risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

The Home is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal and The Home is not exposed to other price risk.

2. ACCOUNTING POLICIES (continued)

Capital Assets

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

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

Buildings	50 years
Roof replacement	15 years
Computer equipment	3 years
Computer software	3 years
Furniture - sun room	5 years
Furniture and equipment	5 years

Major Repairs and Equipment Replacement Reserve

The Home has established a reserve to provide for major repairs and replacements of equipment. The amounts to be appropriated for these purposes each year are approved by the WRHA.

Restricted Cash and Investments

Restricted cash and investment balances represent assets segregated for use for replacement reserves.

Revenue Recognition

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

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

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of The Home's accounts. Any adjustments will be reflected in the year the final statement of recommended costs is received from the WRHA.

a) 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.

   The WRHA shall not be responsible for the costs incurred by The Home other than those set forth in the service purchase agreement.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its insured services surplus in any fiscal year and 2% of the global budget allocation indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

2. ACCOUNTING POLICIES (continued)

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Revenue from residential and other services is recognized when the goods are sold or the service is provided and collection is reasonably assured.

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

Employee Future Benefits
Pre-retirement entitlement, pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Asset Retirement Obligation
An asset retirement obligation is recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet 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 present value of the amount the Home would rationally pay to settle the obligation, or transfer it to a third party, at the balance sheet 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.

3. ACCOUNTS RECEIVABLE

		2021	2020
Receivable from residents	$	**44,373**	31,743
Other		**29,881**	8,335
GST receivable		**12,474**	11,846
	$	**86,728**	51,924

4. ACCRUED VACATION ENTITLEMENTS

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

5. RESTRICTED CASH

		2021	2020
Basic equipment reserve savings	$	**90,240**	90,026
Major repair reserve savings		**19,440**	19,395
Insurance deductible reserve savings		**10,356**	9,334
	$	**120,036**	118,755

6. CAPITAL ASSETS

		2021		2020	
		Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	$	**153,865**	**-**	153,865	-
Building		**3,592,621**	**1,754,406**	3,506,248	1,645,848
Computer equipment		**199,553**	**199,553**	199,553	199,553
Computer software		**55,313**	**55,313**	55,313	55,313
Furniture - sun room		**171,657**	**157,819**	171,657	157,819
Furniture and equipment		**1,281,594**	**1,206,054**	1,258,495	1,174,781
		5,454,603	**3,373,145**	5,345,131	3,233,314
Cost less accumulated amortization	$	**2,081,458**		2,111,817	

Amortization of capital assets for the year ended March 31, 2021 is $139,831 (2020 - $93,749). A transfer from unrestricted net assets to net assets invested in capital assets has been made to reflect the net increase in capital assets after factoring in related borrowings and amortization of capital assets and deferred capital contributions.

7. BANK INDEBTEDNESS

The Home has a credit facility agreement with CIBC to a maximum limit of $350,000. The facility is secured by a general security agreement on all of The Home's assets. Interest on advances is paid monthly at bank prime plus 0.5%, with repayment due on demand. As at March 31, 2021 the bank indebtedness balance was $15,371 (2020 - $73,229).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accounts payable - trade	$ **328,604**	287,061
Accrued property taxes	**4,181**	4,181
Accrued audit fees	**15,750**	15,750
Accrued salaries and other	**107,056**	23,608
Accounts payable - tenant deposits	**33,955**	17,579
	$ **489,546**	348,179

9. DUE FROM (TO) WINNIPEG REGIONAL HEALTH AUTHORITY

		2021	2020
Receivable from WRHA			
Pre-retirement leave	$	**46,062**	46,062
Constant care		**840**	840
Non-unionized salary increase - 2013/2014		**24,540**	24,540
Unionized salary increase - 2015/2016		**5,858**	5,858
Residential charges (non-global) - 2013/2014		**20,354**	20,354
Residential charges (non-global) - 2014/2015		**14,222**	14,222
Residential charges (non-global) - 2015/2016		**92,227**	92,227
Deficit funding - 2015/2016		**90,000**	90,000
20 Year Step Support - 2016/2017		**8,047**	8,047
Health care spending account accrual- 2017/2018		**10,212**	10,212
HEPP - COLA - 2017/2018		**32,937**	32,937
Residential charges (non-global) - 2017/2018		**26,296**	26,296
Maternity leave top-up - 2018/2019		**2,259**	2,259
Residential charges (non-global) - 2018/2019		**240,159**	240,159
20 Year Step Support - 2019/2020		**-**	5,485
Maternity leave top-up - 2019/2020		**-**	12,602
Health care spending account 2019/2020		**-**	7,747
Residential charges (non-global) - 2019/2020		**47,593**	47,593
Residential charges (non-global) - 2020/21		**66,680**	
HSCA Quarter 4		**5,372**	-
Visitation Shelter March 2021		**4,187**	-
One to One Care		**14,171**	-
Wage accruals - 2019/20		**30,835**	-
Wage accruals - 2020/21		**41,113**	-
COVID-19 incremental relief		**200**	-
Other		**14,958**	14,327
Total receivable from WRHA		**839,122**	701,767
Payable to WRHA			
Excess surplus repayable 2020/2021		**30,653**	
Residential charges (non-global) - 2016/2017		**118,070**	118,070
Advances		**222,516**	222,516
Total payable to WRHA		**371,239**	340,586
Net due (to) from WRHA	$	**467,883**	361,181

10. EMPLOYEE FUTURE BENEFITS

Accrued Retirement Entitlement

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

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

a) has 10 years service and has reached the age of 55
b) qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee
c) retires at or after age 65
d) terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2021. The significant actuarial assumptions adopted in measuring The Home's accrued retirement entitlements include retirement, termination, and mortality rates, a discount rate of 2.70% (2020 - 3.50%) and a rate of salary increase of 0.75% (2020 - 0%) plus age related merit/promotion scale with a provision for disability.

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

Commencing in 2006/2007, The WRHA assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

Pension Plan

Substantially all of the employees of The Home are members of the Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan) (the"Plan") which is a multi-employer defined 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. Contributions to the Plan made during the year by The Home on behalf of its employees amounted to $274,804 (2020 - $281,027) and are included in the statement of operations.

11. COMMITMENTS AND CONTINGENCIES

a) The nature of the health care industry is such that there may be litigation pending or in process at any time. As at March 31, 2021, no litigation is in process. With respect to potential claims at March 31, 2021, management believes The Home has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on The Home's financial position.

b) On July 1, 1987, a group of health care organizations ("subscribers") formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2021.

12. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statements of operations at rates which match the amortization of the related capital asset purchased with the donation, grant or approved borrowing.

		2021	2020
Balance, beginning of year	$	**1,424,451**	1,217,392
Contributions - Winnipeg Regional Health Authority		**22,151**	15,865
Debt principle funding		**3,288**	-
Roof replacement phase 2 advance		**14,853**	140,551
Window replacement advance		**49,026**	137,707
Principal reduction - roof replacement		**(40,892)**	-
Principal reduction - generator		**(21,381)**	-
Principal reduction - window replacement		**(14,142)**	-
Less amounts amortized to revenue		**(87,064)**	(87,064)
Balance, end of year	$	**1,350,290**	1,424,451

12. DEFERRED CONTRIBUTIONS (continued)

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

		2021	2020
Reserve for basic equipment			
Balance, beginning of year	$	**117,435**	103,485
Contributions - Winnipeg Regional Health Authority		**15,406**	13,950
Balance, end of year		**132,841**	117,435
Reserve for major repairs			
Balance, beginning of year		**19,147**	19,147
Balance, end of year		**19,147**	19,147
Reserve for insurance deductible			
Balance, beginning of year		**9,234**	8,231
Contributions - Winnipeg Regional Health Authority		**1,000**	1,003
Balance, end of year		**10,234**	9,234
Total deferred contributions - expenses of future periods	$	**162,222**	145,816

12. DEFERRED CONTRIBUTIONS (continued)

The debt that has been incorporated in deferred contributions includes the following:

		2021	2020
Province of MB - emergency generator loan, bearing interest at 2.45% per annum, maturing March 2023	$	**44,366**	65,748
Province of MB - window replacement loan, bearing interest at 0.55% per annum, matured February 2021		**-**	137,707
Province of MB - window replacement loan, bearing interest at 2.65% per annum, maturing March 2025		**60,463**	74,605
Province of MB - roof replacement loan, bearing interest at 0.55% per annum, matured February 2021		**-**	188,491
Province of MB - fire system upgrade and roof replacement loan, bearing interest at 2.75% per annum, maturing March 2027		**249,548**	288,349
Province of MB - window and roof replacement loan, bearing interest at 1.50% per annum, maturing March 2031		**387,986**	-
	$	**742,363**	754,900

These loans are secured by a security agreement granting a first security interest in all present and after acquired personal property, and by a present and future collateral mortgage.

13. ECONOMIC DEPENDENCE

The Home is economically dependent upon government and other agencies for funding its operations.

14. ASSET RETIREMENT OBLIGATION

As a result of an asbestos study performed on the building located at 276 Hugo Street in early 2020, it was determined that there were asbestos materials present in the basement and sporadically throughout the entire building. Under current laws, the Home has a duty to remediate this issue in the event of disposal of the building. As of March 31, 2021, the Home has accrued $213,180 (2020 - $209,000) reflecting the liability for the asset retirement obligation related to asbestos. A corresponding amount was capitalized as an asset retirement cost and added to the carrying value of the building. During the current year, accretion expense was $4,180 (2020 - $nil)

15. COMPARATIVE FIGURES

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