

Financial Statements of

ST. AMANT INC.

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Member of St. Amant Inc.

Opinion

We have audited the accompanying financial statements of St. Amant Inc. (the "Entity"), which comprise the statement of financial position as at March 31, 2020, 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 (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

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

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



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 9, 2020

ST. AMANT INC.

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	Total 2020	Total 2019
Assets		
Current assets:		
Cash	\$ 5,212,887	\$ 3,181,043
Accounts receivable	7,559,131	7,865,737
Receivable from St. Amant Foundation Inc. (note 6)	1,275,929	945,056
Inventories	155,340	136,612
Prepaid expenses	633,343	209,071
Vacation pay recoverable from Winnipeg Regional Health Authority (note 8)	1,461,198	1,461,198
	<u>16,297,828</u>	<u>13,798,717</u>
Capital assets (note 2)	22,536,657	22,723,443
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 8)	3,100,493	3,165,404
	<u>\$ 41,934,978</u>	<u>\$ 39,687,564</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,896,098	\$ 5,489,390
Employee vacation payable (note 8)	4,776,898	4,479,236
Advances (note 3)	1,647,480	1,647,480
Debt (note 4)	15,799,106	14,598,902
	<u>29,119,582</u>	<u>26,215,008</u>
Employee future benefits (note 8)	3,624,123	3,698,460
Deferred contributions (note 5):		
Expenses of future periods	2,605,803	2,720,903
Capital assets	4,776,724	5,364,639
	<u>7,382,527</u>	<u>8,085,542</u>
Net assets:		
Invested in capital assets (note 9)	1,960,827	2,759,902
Unrestricted	(152,081)	(1,071,348)
	<u>1,808,746</u>	<u>1,688,554</u>
Subsequent event (note 12)		
	<u>\$ 41,934,978</u>	<u>\$ 39,687,564</u>

See accompanying notes to financial statements.

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Director

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Director

ST. AMANT INC.

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	Total 2020	Total 2019
Revenue:		
Families	\$ 50,946,281	\$ 50,386,821
Winnipeg Regional Health Authority	35,154,342	34,871,077
Manitoba Health	—	30,290
Government of Canada	4,854,898	3,185,135
School divisions	787,049	706,345
Fees	458,693	393,386
Grants	—	29,905
Recoveries	291,222	363,088
Investment income	130,106	85,844
St.Amant Foundation Inc. donations (note 6)	516,917	662,586
Amortization of deferred contributions (note 5)	871,554	826,996
Gain on disposal of capital assets	217,838	32,049
Other programs	635,073	438,632
	<u>94,863,973</u>	<u>92,012,154</u>
Expenses:		
Salaries and wages	65,175,058	63,587,173
Employee benefits	13,242,661	12,866,439
Purchased services	983,492	1,202,347
Supplies	2,114,157	2,166,745
Food	1,050,604	1,158,520
Utilities	1,022,094	986,906
Equipment	952,048	615,246
Property taxes	466,644	457,059
Repairs and maintenance	851,153	1,101,705
Interest on long-term debt	427,832	379,473
Amortization	2,049,674	2,188,030
Other	6,417,790	5,248,281
	<u>94,753,207</u>	<u>91,957,924</u>
Excess of revenue over expenses before the undernoted	110,766	54,230
Future employee benefits revenue (note 8)	(64,911)	(829,448)
Future employee benefits (note 8)	74,337	1,335,084
Excess of revenue over expenses	<u>\$ 120,192</u>	<u>\$ 559,866</u>

See accompanying notes to financial statements.

ST. AMANT INC.

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted	Invested in capital assets	2020 Total	2019 Total
Net assets, beginning of year	\$ (1,071,348)	\$ 2,759,902	\$ 1,688,554	\$ 1,128,688
Excess (deficiency) of revenue over expenses	1,508,306	(1,388,114)	120,192	559,866
Transfer for capital asset additions	505,808	(505,808)	–	–
Transfer of proceeds on disposal of capital assets	402,545	(402,545)	–	–
Transfer for principal and interest payments	(1,497,392)	1,497,392	–	–
Net assets, end of year	\$ (152,081)	\$ 1,960,827	\$ 1,808,746	\$ 1,688,554

See accompanying notes to financial statements.

ST. AMANT INC.

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 120,192	\$ 559,866
Items not involving cash:		
Amortization of capital assets	2,049,674	2,188,030
Amortization of deferred contributions	(871,554)	(826,996)
Gain on disposal of capital assets	(217,838)	(32,049)
Change in non-cash operating working capital:		
Accounts receivable	306,606	117,214
Inventories	(18,728)	1,139
Prepaid expenses	(424,272)	241,090
Receivable from St. Amant Foundation Inc.	(330,873)	(23,332)
Employee future benefits recoverable from Winnipeg Regional Health Authority	64,911	829,448
Accounts payable and accrued liabilities	1,406,708	(935,074)
Employee vacation payable	297,662	274,465
Employee future benefits	(74,337)	(1,335,084)
Net change in deferred contributions related to expenses of future periods	(115,100)	1,688,855
	<u>2,193,051</u>	<u>2,747,572</u>
Capital activities:		
Purchase of capital assets	(2,047,595)	(1,278,574)
Proceeds on disposal of capital assets	402,545	60,200
Receipt of deferred capital contributions	283,639	220,368
	<u>(1,361,411)</u>	<u>(998,006)</u>
Financing activities:		
Proceeds from debt	2,269,764	—
Repayment of debt	(1,069,560)	(914,204)
	<u>1,200,204</u>	<u>(914,204)</u>
Increase in cash	2,031,844	835,362
Cash, beginning of year	3,181,043	2,345,681
Cash, end of year	<u>\$ 5,212,887</u>	<u>\$ 3,181,043</u>

See accompanying notes to financial statements.

ST. AMANT INC.

Notes to Financial Statements

Year ended March 31, 2020

General:

St. Amant Inc. (the "Organization") was incorporated in 1960 as a corporation without share capital. The Organization is a residential and resource facility dedicated to providing comprehensive care, leadership, and promoting excellence in services for Manitobans with developmental disabilities. The sole Member of the Organization is Catholic Health Corporation of Manitoba/Corporation catholique de la santé du Manitoba (CHCM).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Organization is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority (WRHA) and Department of Families (Families). In fiscal 2017, the Organization entered into a Contribution Agreement (CA) with the Federal Government (First Nations Inuit Health Branch (FNIHB) for the Jordan's Principle Initiative. Operating grants are recorded as revenue in the period to which they relate. These financial statements reflect agreed arrangements approved with respect to the year ended March 31, 2020. The Organization's Service Purchase Agreement (SPA) with Families expired on March 31, 2014, however, it continues in effect until a new agreement is finalized. On April 1, 2019, the Organization entered into a new SPA with WRHA which can be terminated on 12 months notice and remains in effect until it is replaced with a new SPA. The Organization's CA with FNIHB continues in effect until March 31, 2021 unless terminated earlier, or extended by amendment.

The Organization follows the deferral method for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received. Investment income is recognized in the year in which it is earned.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(d) Capital assets:

Capital expenditures are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimate life of an asset are capitalized. When a tangible capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Amortization on capital assets is recorded on a straight-line basis to amortize the cost of capital assets over their estimated useful lives.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

Capital assets are amortized over the following periods:

Asset	Period
Land improvements	20 years
Buildings	10 - 40 years
Furniture and equipment, building service equipment	5 - 20 years
Automotive	5 years
Software	5 years

(e) Deferred contributions:

(i) Related to expenses of future years:

Grants received toward specified expenditures are taken into revenue as the related expenditures are incurred.

(ii) Related to capital assets:

Grants received towards the cost of capital expenditures are deferred and amortized on a straight-line basis over the estimated useful life of the assets purchased.

(f) Income taxes:

The Organization is exempt from income taxes under Section 149(1) of the *Income Tax Act*.

(g) Volunteers:

A large number of volunteers donate significant amounts of time in the Organization's activities. No amount is reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

(h) Employee future benefits:

Employee future pre-retirement benefits are accrued as earned on an actuarial estimation. The estimation of the employee future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

The accumulated non-vested sick leave benefits are calculated on an annual basis using an actuarial estimate.

(i) Use of estimates:

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

2. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
440 River Road:				
Land	\$ 212,888	\$ —	\$ 212,888	\$ 212,888
Land improvements	1,141,846	800,529	341,317	393,745
Buildings	20,517,524	17,297,404	3,220,120	3,805,496
Buildings service equipment	6,416,080	4,951,963	1,464,117	1,709,358
Furniture and equipment	533,310	533,310	—	—
Automotive	60,844	60,844	—	9,939
Software	434,981	400,799	34,182	46,482
	29,317,473	24,044,849	5,272,624	6,177,908
Community residences:				
Land	5,036,588	—	5,036,588	4,784,088
Land improvements	2,910	2,910	—	—
Buildings	18,089,497	6,194,153	11,895,344	11,362,486
Furniture and equipment	2,269,751	2,117,419	152,332	214,932
Automotive	706,168	526,399	179,769	184,029
	26,104,914	8,840,881	17,264,033	16,545,535
	\$ 55,422,387	\$ 32,885,730	\$ 22,536,657	\$ 22,723,443

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Advances:

The Organization has received working capital advances from WRHA and Families. These advances are non-interest bearing, have no fixed repayment terms and are unsecured.

4. Debt:

The Organization has a revolving demand operating credit facility with the Canadian Imperial Bank of Commerce to finance the day-to-day operations of the Organization in the amount of \$1,700,000 (2019 - \$1,700,000), bearing interest at prime minus 0.55 percent. The revolving demand operating credit facility is unsecured and is due on demand. At March 31, 2020 and March 31, 2019, the revolving demand operating facility was not utilized.

The Organization has a revolving demand capital expenditure credit facility agreement with the Canadian Imperial Bank of Commerce. The demand capital expenditure credit facility provides for a maximum of \$23,300,000 (2019 - \$23,300,000) in demand loans to finance capital expenditures by the Organization. At March 31, 2020, the Organization had utilized \$15,799,106 (2019 - \$14,598,902) of this facility which bears interest at the Canadian Banker's Acceptance Canadian Deposit Offering Rate plus a stamping fee of 0.71 percent per annum and revolves quarterly until between January 2024 and February 2044 (2019 - January 2024 and February 2042), if not demanded. The revolving demand capital expenditure credit facility is unsecured and is due on demand. At March 31, 2020, the demand loans bore interest ranging from 2.08 percent to 2.76 percent (2019 - ranging from 2.03 percent to 2.23 percent).

Management does not believe that the demand features of the debt will be exercised in the current year. Assuming payment of the debt is not demanded, regular principal payments required on the debt until maturity are due as follows:

2021	\$	981,452
2022		981,452
2023		981,452
2024		966,261
2025		874,646
Thereafter		11,013,843
		<hr/>
	\$	15,799,106

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

5. Deferred contributions:

(a) Expenses of future periods:

Deferred contribution related to expenses of future periods represent unspent externally restricted grants and donations.

	2020	2019
Balance, beginning of year	\$ 2,720,903	\$ 1,045,493
Additional contributions received	4,497,320	4,659,217
Less amounts recognized as revenue	(4,612,420)	(2,970,362)
Less amounts transferred to deferred contributions - capital assets	—	(13,445)
Balance, end of year	\$ 2,605,803	\$ 2,720,903

(b) Capital assets:

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

	2020	2019
Balance, beginning of year	\$ 5,364,639	\$ 5,957,822
Additional contributions received	283,639	220,368
Add amounts transferred from deferred contributions - expenses of future periods	—	13,445
Less amounts recognized as revenue	(871,554)	(826,996)
Balance, end of year	\$ 4,776,724	\$ 5,364,639

			2020	2019
	Grants	Accumulated amortization	Net book value	Net book value
Land improvements	\$ 932,673	\$ 517,554	\$ 415,119	\$ 461,652
Buildings	9,188,739	6,189,268	2,999,471	3,481,398
Buildings service equipment	1,865,054	1,276,469	588,585	585,663
Furniture & equipment	2,356,976	1,583,427	773,549	835,926
	\$ 14,343,442	\$ 9,566,718	\$ 4,776,724	\$ 5,364,639

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Related party transactions and balances:

During the year ended March 31, 2020, the Organization paid rent on eight community residences to St. Amant Foundation Inc. for \$108,609 (2019 - \$110,904). In addition, the Organization paid rent to Sara Riel Foundation Inc., a corporation with the same Member as the Organization in the amount of \$112,693 (2019 - \$135,746) during the year ended March 31, 2020. The Organization charged St. Amant Foundation Inc. \$87,344 (2019 - \$87,364) for costs related to the parking lot during the year ended March 31, 2020 including \$5,550 (2019 - \$5,497) which was recorded in deferred contributions related to capital assets. The Organization also charged St. Amant Foundation Inc. \$88,696 (2019 - \$88,696) for administrative services provided by the Organization during the year ended March 31, 2020. The Organization also has an agreement with CHCM for CHCM to provide access to a case management system. The Organization incurred \$187,382 (2019 - \$197,802) in service fees during the year ended March 31, 2020.

The following are contributions from St. Amant Foundation Inc. received or receivable for the fiscal year:

	2020	2019
Client services programs:		
Leisure Fund	\$ 89,317	\$ 84,319
Autism programs	8,097	46,069
Health and Transition Services	92,087	135,129
St.Amant School and Developmental Services	6,615	6,544
Community Residence Program	22,382	11,996
Community Services	7,231	938
River Road Child Care	5,933	7,021
Clinical Services	—	7,163
Volunteer Services	566	2,000
Education and technology	90	10,250
Research program	198,782	174,844
Case for Support	33,623	124,064
St.Amant Conference	12,959	10,544
Identified Priority Projects	693,716	236,248
	1,171,398	857,129
Capital projects and renovations	127,044	2,409
	\$ 1,298,442	\$ 859,538

Of these contributions, \$127,044 (2019 - \$2,409) have been recorded in deferred contributions related to capital assets and \$693,716 (2019 - \$236,248) in deferred contributions related to expenses of future periods during the year ended March 31, 2020.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Related party transactions and balances (continued):

The receivable from St. Amount Foundation Inc. of \$1,275,929 (2019 - \$945,056) at March 31, 2020 is non-interest bearing, has no specified terms of repayment and is unsecured.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. Allocation of expenses:

The Organization has incurred \$7,242,306 (2019 - \$6,832,687) of administration expenses and \$6,306,779 (2019 - \$6,178,841) of facility expenses in fiscal 2020 that are common to the administration of the WRHA, Families and Jordan's Principle programs. These expenses are reflected in the WRHA programs expenses in the statement of operations. The Organization has allocated \$4,447,257 (2019 - \$4,270,860) and \$1,629,638 (2019 - \$1,363,723) of administration and facility expenses to the Families programs, respectively, and \$356,875 (2019 - \$244,180) and \$98,986 (2019 - \$303,556) of administration and facility expenses to the Jordan's Principle programs, respectively. The aggregate of \$6,532,756 (2019 - \$6,182,319) allocated to the Families and Jordan's Principle programs is recorded as a recovery in the WRHA programs and an expense in the Families and Jordan's Principle programs within administration and facility cost allocation in the schedule of revenue and expenses.

8. Employee future benefits and employee benefits:

	2020	2019
Pre-retirement benefits plan	\$ 3,041,362	\$ 3,063,678
Accumulated non-vested sick leave benefits	582,761	634,782
	<u>\$ 3,624,123</u>	<u>\$ 3,698,460</u>

(a) Pre-retirement benefits plan:

The Organization maintains an employee future pre-retirement benefit plan primarily for the WRHA funded employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Employee future benefits and employee benefits (continued):

The significant actuarial assumptions adopted in measuring the Organization's employee future pre-retirement benefits includes mortality and withdrawal rates, a discount rate of 2.60 percent (2019 - 3.10 percent) and a rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.5 percent thereafter (2019 - nil percent to March 2020, 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.5 percent thereafter) plus an age related merit/promotion scale.

Information about the Organization's pre-retirement benefits plan is as follows:

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,063,678	\$ 3,055,992
Current benefit cost	222,084	223,197
Interest	86,856	96,402
Benefits paid	(291,027)	(265,815)
	3,081,591	3,109,776
Amortized actuarial loss	(40,229)	(46,098)
Liability for benefits	\$ 3,041,362	\$ 3,063,678

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from the WRHA, to include the incremental change in the related liability since fiscal 2007, which includes an interest component. The decrease recorded in fiscal 2020 was \$22,316 (2019 - increase of \$7,686) and is recorded in the statement of operations. Actual funding provided by WRHA for 2020 was 100.0 percent (2019 - 100.0 percent) of actual pre-retirement benefits paid during the year.

The employee future pre-retirement benefits recoverable from WRHA at March 31, 2020 aggregates \$2,762,874 (2019 - \$2,785,190) and has no specified terms of repayment.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Employee future benefits and employee benefits (continued):

(b) Healthcare Employees Pension Plan:

Certain eligible employees of the Organization are members of Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Organization is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period. During the year, the Organization contributed \$5,154,139 (2019 - \$4,839,325) on behalf of its employees.

The most recent actuarial valuation of the plan as at December 31, 2018, reported the plan had a surplus of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. A going concern deficiency, if any, will be funded by special payments out of current contributions. Any contribution deficiencies in the plan would be addressed through pension benefit reductions or contribution rate increases from the participating members. Contribution rates for the Organization remained unchanged from the previous year at 8.90 percent (2019 - 8.90 percent) of pensionable earnings up to the YMPE and 10.50 percent (2019 - 10.50 percent) on earnings in excess of YMPE.

(c) Vacation benefits:

The cost of the Organization's vacation benefits is accrued when the benefits are earned by the employees and is reported as employee vacation payable on the statement of financial position. The vacation liability at March 31, 2020 is \$4,776,898 (2019 - \$4,479,236). The funding received in each subsequent fiscal year from the WRHA includes the vacation payable recoverable from the WRHA of \$1,461,198 as included on the statement of financial position. The vacation pay recoverable from the WRHA is maintained at the employee vacation payable at March 31, 2004.

(d) Accumulated non-vested sick leave benefits:

The Organization provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amount are determined with reference to employee's final earnings at the time they are paid out.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Employee future benefits and employee benefits (continued):

The significant assumptions adopted in measuring the Organization's accumulated non-vested sick leave benefits include a discount rate at March 31, 2020 of 2.60 percent (2019 - 3.10 percent) and a rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter (2019 - nil percent to March 2020, 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter).

A recoverable from the WRHA at March 31, 2020 of \$337,619 (2019 - \$380,214) has been recorded for the accumulated non-vested sick leave benefits in the statement of financial position. The recoverable has been adjusted, based on direction from the WRHA, for the incremental change in the accumulated non-vested sick leave benefits for employees funded by the WRHA. The decrease of \$42,595 (2019 - \$837,134) for 2020 was recorded in the statement of operations.

9. Invested in capital assets:

Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 22,536,657	\$ 22,723,443
Long-term debt	(15,799,106)	(14,598,902)
Deferred contributions	(4,776,724)	(5,364,639)
	<u>\$ 1,960,827</u>	<u>\$ 2,759,902</u>

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

	2020	2019
Deficiency of revenue over expenditures:		
Amortization of deferred contributions	\$ 871,554	\$ 826,996
Amortization of capital assets	(2,049,674)	(2,188,030)
Gain on disposal of capital assets	217,838	32,049
Interest on long-term debt	(427,832)	(379,473)
	<u>(1,388,114)</u>	<u>(1,708,458)</u>
Transfers for:		
Purchase of capital assets	(505,808)	1,044,761
Proceeds on disposal of capital assets	(402,545)	(60,200)
Principal and interest repayment	1,497,392	1,293,677
	<u>\$ (799,075)</u>	<u>\$ 569,780</u>

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

10. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to accounts receivable and employee future benefits recoverable from WRHA. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

At March 31, 2020 and 2019, all accounts receivable were current, there were no amounts past due.

There have been no significant changes to the credit risk exposure from 2019.

(b) Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2020.

The contractual maturity of long-term debt is disclosed in note 4.

There have been no significant changes to the liquidity risk exposure from 2019.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its demand operating facility (note 4) as this facility bears interest at a floating interest rate. The Organization is also exposed to interest rate risk on its demand capital expenditure credit facility (note 4) as the loans revolve quarterly at a floating interest rate.

There have been no significant changes to the interest rate risk exposure from 2019.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2020

11. Trusts under administration:

At March 31, 2020, the balance of funds held in trust on behalf of the residents who reside at St Amant Inc. was \$414,234 (2019 - \$410,850).

12. Subsequent event:

In the month of March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Organization has experienced restricted access to its facilities commencing in March 2020 based on public health recommendations. There has been a negative impact to fundraising efforts and donations received by St. Amant Foundation, modification of the delivery of several programs, staff re-deployed to areas of need and working from home requirements for those able to do so as a result of the COVID-19 pandemic. Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and required adjustments have been reflected in these financial statements. At this time, the impact to the Organization's operations and financial position has been limited. However, depending on the duration and severity of the COVID-19 outbreak, there may be impact on future operations of the Organization. An estimate of the financial effect that the COVID-19 outbreak will have on the Organization is not practicable at this time.

ST. AMANT INC.

Schedule of Revenue and Expenses

Year ended March 31, 2020, with comparative information for 2019

	Winnipeg Regional Health Authority	Families	Jordan's Principle	Total 2020	Total 2019
Revenue:					
Families	\$ 987,810	\$ 49,958,471	\$ —	\$ 50,946,281	\$ 50,386,821
Winnipeg Regional Health Authority	34,281,160	873,182	—	35,154,342	34,871,077
Manitoba Health	—	—	—	—	30,290
Government of Canada	43,103	928,739	3,883,056	4,854,898	3,185,135
School divisions	787,049	—	—	787,049	706,345
Fees	210,138	248,555	—	458,693	393,386
Grants	—	—	—	—	29,905
Recoveries	291,222	—	—	291,222	363,088
Investment income	130,106	—	—	130,106	85,844
St.Amant Foundation Inc. donations (note 6)	353,500	163,417	—	516,917	662,586
Amortization of deferred contributions (note 5)	755,029	116,525	—	871,554	826,996
Gain on disposal of capital assets	—	217,838	—	217,838	32,049
Other programs	363,278	271,795	—	635,073	438,632
	38,202,395	52,778,522	3,883,056	94,863,973	92,012,154
Expenses:					
Salaries and wages	28,034,823	35,100,965	2,039,270	65,175,058	63,587,173
Employee benefits	5,817,817	7,006,106	418,738	13,242,661	12,866,439
Purchased services	916,453	62,194	4,845	983,492	1,202,347
Supplies	1,640,865	430,795	42,497	2,114,157	2,166,745
Food	354,018	696,586	—	1,050,604	1,158,520
Utilities	697,315	324,779	—	1,022,094	986,906
Equipment	568,996	369,234	13,818	952,048	615,246
Property taxes	250,212	216,432	—	466,644	457,059
Repairs and maintenance	201,038	650,115	—	851,153	1,101,705
Interest on long-term debt	44,067	383,765	—	427,832	379,473
Amortization	1,032,193	995,537	21,944	2,049,674	2,188,030
Administration and facility cost allocation (note 7)	(6,532,756)	6,076,895	455,861	—	—
Other	4,979,575	552,132	886,083	6,417,790	5,248,281
	38,004,616	52,865,535	3,883,056	94,753,207	91,957,924
Excess (deficiency) of revenues over expenses before the undernoted	197,779	(87,013)	—	110,766	54,230
Future employee benefits revenue (note 8)	(64,911)	—	—	(64,911)	(829,448)
Future employee benefits (note 8)	64,911	9,426	—	74,337	1,335,084
Excess (deficiency) of revenue over expenses	\$ 197,779	\$ (77,587)	\$ —	\$ 120,192	\$ 559,866