

*Financial Statements of*

**EDEN MENTAL HEALTH CENTRE**

*March 31, 2020*

## Independent Auditor's Report

To the Board of Directors of Eden Mental Health Centre

### Opinion

We have audited the financial statements of Eden Mental Health Centre (the "Facility"), 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Eden Mental Health Centre 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 ("ASNPO").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Facility 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 audit opinion.

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

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

Those charged with governance are responsible for overseeing the Facility'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 GAAS 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 GAAS, 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 Facility'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 Facility'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 Facility 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.

*Deloitte LLP*

Chartered Professional Accountants

June 18, 2020  
Winnipeg, Manitoba

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**EDEN MENTAL HEALTH CENTRE**  
**Statement of Financial Position**  
**March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 66,274	\$ 53,111
Accounts receivable	80,842	70,011
Inventory	61,511	47,269
Prepaid expenses	16,086	26,099
Due from related parties (Note 3)	20,573	96,146
Due from Southern Health-Santé Sud (Note 4)	230,121	-
	<u>475,407</u>	<u>292,636</u>
CAPITAL ASSETS (NOTE 6)	1,209,289	1,278,998
VACATION ENTITLEMENT RECEIVABLE (Note 5)	268,606	268,606
DUE FROM SOUTHERN HEALTH-SANTÉ SUD PRE-RETIREMENT ENTITLEMENT (NOTE 5)	402,274	426,094
	<u>\$ 2,355,576</u>	<u>\$ 2,266,334</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ 15,864	\$ 158,012
Accounts payable and accrued liabilities (Note 7)	493,898	557,653
Due to Southern Health-Santé Sud (Note 4)	-	50,469
Accrued vacation entitlements	362,606	389,183
	<u>872,368</u>	<u>1,155,317</u>
DEFERRED CONTRIBUTIONS RELATED TO FUTURE EXPENSES (NOTE 8)	3,038	72,430
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (NOTE 8)	846,684	887,926
PRE-RETIREMENT ENTITLEMENT (NOTE 5)	402,274	426,094
	<u>2,124,364</u>	<u>2,541,767</u>
CONTINGENCIES (NOTE 13)		
<b>NET ASSETS</b>		
Invested in Capital Assets (Note 9)	362,605	391,072
Internally Restricted	-	522
Unrestricted	(131,393)	(667,027)
	<u>231,212</u>	<u>(275,433)</u>
	<u>\$ 2,355,576</u>	<u>\$ 2,266,334</u>

APPROVED BY THE DIRECTORS

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Director

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Director

**EDEN MENTAL HEALTH CENTRE**  
**Statement of Operations**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Southern Health-Santé Sud (Note 10)	\$ 8,769,235	\$ 8,426,772
Interest income	1,078	692
Other income	45,085	27,110
Pharmacy income	422,379	421,185
Amortization of deferred contributions - expenses of future periods	101,534	4,357
Amortization of deferred contributions - capital assets	65,160	68,628
Parking recovery	5,161	5,354
	<u>9,409,632</u>	<u>8,954,098</u>
<b>EXPENSES</b>		
Administration	524,463	581,067
Amortization	95,863	103,649
Dietary	339,605	307,374
Housekeeping	172,180	166,939
Loss on disposal of capital assets	1,567	-
Medical records	288,950	288,966
Nursing department	2,906,001	2,911,167
Occupational therapy	86,585	81,093
Pharmacy - in patient	60,772	56,762
Pharmacy - out patient	328,489	296,026
Plant maintenance	293,177	225,804
Plant security	65,284	-
Pre-retirement leave	47,768	49,609
Psychiatric clinic	2,716,544	2,380,826
Social work	938,159	1,272,328
Volunteer department	37,580	-
	<u>8,902,987</u>	<u>8,721,610</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 506,645</b>	<b>\$ 232,488</b>

**EDEN MENTAL HEALTH CENTRE**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

	2020			
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	\$ 391,072	\$ 522	\$ (667,027)	\$ (275,433)
Excess (deficiency) of revenue over expenses	(32,270)	(522)	539,437	506,645
Investment in capital assets	3,803	-	(3,803)	-
Balance, end of year	\$ 362,605	\$ -	\$ (131,393)	\$ 231,212

	2019			
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	\$ 419,633	\$ 522	\$ (928,076)	\$ (507,921)
Excess (deficiency) of revenue over expenses	(35,021)	-	267,509	232,488
Investment in capital assets	6,460	-	(6,460)	-
Balance, end of year	\$ 391,072	\$ 522	\$ (667,027)	\$ (275,433)

**EDEN MENTAL HEALTH CENTRE**  
**Statement of Cash Flows**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	<b>506,645</b>	232,488
Items not affecting cash:		
Amortization of deferred contributions - expenses of future periods	<b>(101,534)</b>	(4,357)
Amortization of deferred contributions - capital assets	<b>(65,160)</b>	(68,628)
Amortization expense	<b>95,863</b>	103,649
Loss on disposal of capital assets	<b>1,567</b>	-
	<b>437,381</b>	263,152
Changes in non-cash working capital balances:		
Accounts receivable	<b>(10,831)</b>	10,173
Inventory	<b>(14,242)</b>	6,721
Prepaid expenses	<b>10,013</b>	(7,364)
Due from related parties	<b>75,573</b>	(78,008)
Accounts payable and accrued liabilities (Note 7)	<b>(63,755)</b>	181,147
Due (to) from Southern Regional Health Authority	<b>(280,590)</b>	34,949
Accrued vacation entitlements	<b>(26,577)</b>	(20,802)
	<b>126,972</b>	389,968
<b>FINANCING ACTIVITIES</b>		
Change in bank indebtedness, net	<b>(142,148)</b>	(459,637)
Deferred contributions received - future expenses	<b>32,142</b>	76,787
Deferred contributions received - capital assets	<b>23,918</b>	42,124
	<b>(86,088)</b>	(340,726)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(27,721)</b>	(48,584)
Change in restricted assets	-	10
	<b>(27,721)</b>	(48,574)
<b>INCREASE IN CASH POSITION</b>	<b>13,163</b>	668
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>53,111</b>	52,443
<b>CASH POSITION, END OF YEAR</b>	<b>66,274</b>	53,111



# **EDEN MENTAL HEALTH CENTRE**

## **Notes to the Financial Statements**

**March 31, 2020**

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### **1. NATURE OF BUSINESS**

Eden Mental Health Centre (the "Facility") was incorporated under the Manitoba Corporations Act in 1957. The Facility operates an inpatient psychiatric hospital that provides short stay psychiatric treatment to adult individuals. The Facility also delivers outpatient psychiatry services and community mental health services. The Facility is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) *Revenue recognition*

The Facility follows the deferral method of accounting for contributions which include donations and government grants. The Facility is funded primarily by the Province of Manitoba, through the Southern Health–Santé Sud ("SHSS"). Funding is in accordance with budget arrangements established by Manitoba Health, with regional adjustments made by the SHSS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2020.

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, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance 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 expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Pharmacy sales are recognized at the point of sale.

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

b) *Inventory*

Carrying value is determined at the lower of cost and net realizable value with cost determined on a first-in, first-out basis. Net realizable value is the estimated selling price less the costs necessary to make the sale.

c) *Contributed services*

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

d) *Capital assets*

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

Capital assets are amortized on a declining balance basis following the year of acquisition using the following annual rates:

Buildings	5%
Computer equipment	20%
Equipment	10%
Leasehold improvements	10%
Land improvements	10%
Vehicles	30%

Effective April 1, 2019 the Facility applied *Section 4433: Tangible Capital Assets held by not-for-profit organizations* which includes the requirement to consider the componentization of assets when determining its useful life for the purpose of recording amortization expense. The Facility has elected to apply the standard on a prospective basis for any new assets put into use after the date of adoption of the new standard.

e) *Pre-retirement entitlement obligation*

The Facility has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they have ten years service and have reached the age of 55 or qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*e) Pre-retirement entitlement obligation (continued)*

The Facility has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end statement of financial position date and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the pre-retirement entitlement is recoverable from SHSS on an out-of-globe basis in the year of payment.

*f) Internally restricted net assets*

The Internally restricted net assets are internally restricted for the use of the volunteer program.

*g) Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

*h) Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value. The Facility subsequently measures all its financial assets and financial liabilities at amortized cost.

*i) 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. Areas requiring the use of significant estimates relate to the useful life of capital asset and the pre-retirement entitlement. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

**3. DUE FROM RELATED PARTIES**

	<u>2020</u>	<u>2019</u>
Eden Health Care Services Inc.	\$ 17,019	\$ 84,659
Eden Foundation Inc.	3,554	11,465
Eden Residential Care Services Inc.	-	22
	<u>\$ 20,573</u>	<u>\$ 96,146</u>

**4. DUE FROM (TO) SOUTHERN HEALTH–SANTÉ SUD**

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ (50,469)	\$ (15,520)
SHSS budget funding adjustment payment	25	(13,747)
Staffing items	62,347	37,238
COVID-19 funding adjustments	13,185	-
Out of globe adjustment - medical	196,464	(45,749)
Out of globe adjustment - non-medical	(41,900)	(12,691)
Payments to SHSS on outstanding balances	50,469	-
	<u>\$ 230,121</u>	<u>\$ (50,469)</u>

Accounts receivable at March 31, 2020 includes trade receivables from SHSS in the amount of \$48,721 (2019 – \$35,159).

**5. VACATION AND PRE-RETIREMENT ENTITLEMENT RECEIVABLES**

	<u>2020</u>	<u>2019</u>
Vacation entitlement receivable	\$ 268,606	\$ 268,606
Pre-retirement entitlement receivable	402,274	426,094

Funding for the vacation entitlement obligation earned by employees of the Facility as at March 31, 2004 in the amount of \$268,606 has been set up as a long-term receivable due from SHSS.

Funding for the pre-retirement obligation at March 31, 2020 in the amount of \$402,274 (2019 – \$426,094) has been set up as a non-current receivable from SHSS. The amount recorded as a receivable 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, SH-SS has included in its ongoing annual funding to the Organization, 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 SH-SS when the Facility requires the funding to discharge the related pre-retirement liabilities. The significant actuarial assumptions adopted in measuring the Facility's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 3.1% (3.425% in 2019) and a rate of salary increase of 3.50% (3.50% in 2019) plus age related merit / promotion scale with actuarial derived provisions for disability.

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

**6. CAPITAL ASSETS**

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,031	\$ -	\$ 2,031	\$ 2,031
Buildings	2,385,236	1,674,776	710,460	747,852
Computer equipment	233,419	163,888	69,531	53,829
Equipment	1,274,408	991,113	283,295	314,773
Leasehold improvements	407,541	272,626	134,915	149,906
Land improvements	47,587	40,242	7,345	8,161
Vehicles	5,871	4,159	1,712	2,446
	<b>\$ 4,356,093</b>	<b>\$ 3,146,804</b>	<b>\$ 1,209,289</b>	<b>\$ 1,278,998</b>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2020	2019
Trade accounts payable	\$ 138,661	\$ 225,778
Accrued liabilities	15,119	97,236
Patient trust liability	12,224	-
Accrued psychiatry contract services	163,763	86,349
Salaries and benefits payable	164,131	148,290
	<b>\$ 493,898</b>	<b>\$ 557,653</b>

**8. DEFERRED CONTRIBUTIONS**

	2020	2019
Related to future expenses		
Balance, beginning of year	\$ 72,430	\$ -
Add: contributions received	32,142	76,787
Less: amounts amortized to revenue	(101,534)	(4,357)
	<b>\$ 3,038</b>	<b>\$ 72,430</b>
Related to capital assets		
Balance, beginning of year	\$ 887,926	\$ 914,430
Add: contributions received	23,918	42,124
Less: amounts amortized to revenue	(65,160)	(68,628)
	<b>\$ 846,684</b>	<b>\$ 887,926</b>

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

**9. NET INVESTMENT IN CAPITAL ASSETS**

a) *Invested in capital assets is calculated as follows:*

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 1,209,289	\$ 1,278,998
Less: amounts financed by deferred contributions	(846,684)	(887,926)
	<u>\$ 362,605</u>	<u>\$ 391,072</u>

b) *Changes in net assets invested in capital assets is calculated as follows:*

	<u>2020</u>	<u>2019</u>
Amortization of deferred contributions related to capital assets	\$ 65,160	\$ 68,628
Less: amortization of capital assets	(95,863)	(103,649)
Less: Loss on disposal of capital asset	(1,567)	-
	<u>(32,270)</u>	<u>(35,021)</u>
Purchase of capital assets	27,721	48,584
Less: Amounts funded by deferred contributions	(23,918)	(42,124)
	<u>3,803</u>	<u>6,460</u>
	<u>\$ (28,467)</u>	<u>\$ (28,561)</u>

**10. SOUTHERN HEALTH–SANTÉ SUD REVENUE**

Southern Health–Santé Sud revenue includes the following:

	<u>2020</u>	<u>2019</u>
Revenue per final budget	\$ 8,562,985	\$ 8,454,025
Current year end estimated - out of globe amount	154,563	-
Other year end adjustments	(25)	(6,051)
One time funding	13,185	(58,440)
Staffing items	38,527	37,238
	<u>\$ 8,769,235</u>	<u>\$ 8,426,772</u>

Amounts recoverable or payable are based on RHA funding policies on out of globe budget items for the accounting period. Other adjustments will be recognized as increases or decreases to revenue in the period in which they are received or deemed to be receivable.

Per the terms of the agreement with Southern Health–Santé Sud, the Facility is required to repay any surplus in excess of 2% of the annual global funding for the year. In the current year, approval was obtained from Southern Health–Santé Sud to retain the entire surplus recorded.

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**11. PENSION PLAN**

Substantially all employees of the Facility are members of the Health Employees Pension Plan (the "Plan" or "HEPP") which is a multi-employer defined benefit pension plan available to all eligible employees. The information and amounts contained in this note are for the entire Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities with the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for a defined contribution plan in accordance with the requirement of the Chartered Professional Accountants of Canada Handbook section 3462. Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan investment policy.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2019, disclosed the total actuarial value of assets to be \$8,279,598,000 and the total actuarial value of liabilities to be \$7,575,601,000 resulting in a surplus of \$703,997,000.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully funded by fund assets at retirement. Employees contribute 7.9% of basic annual earnings up to the Canada Pension Plan ceiling and 9.5% of earning in excess of the ceiling. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employee contributions. Actual contributions to the plan made during the year by the Facility are based on a matching of the employee contributions. The amount paid on behalf of the employees amounted to \$366,792 (2019 - \$334,932) and are included in the statement of operations.

**12. BANK INDEBTEDNESS**

The Facility has an available line of credit of \$750,000 which is secured by a general security agreement. Interest is calculated at the Access Credit Union Base rate (2.95% as at March 31, 2020), payable monthly and due on demand.

**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**13. CONTINGENCIES**

The Facility is subject to individual legal actions arising in the normal course of business. The effect of any contingent claims relating to these legal actions is not determinable at the date of the audit report.

The Healthcare Insurance Reciprocal of Canada (“HIROC”) is an organization that pools the public liability insurance risks of all its members. The Facility may be subjected to reassessment for losses, if any, experienced by the pool for the years in which it was a member, and these losses could be material. No reassessments have been made to March 31, 2020.

**14. ECONOMIC DEPENDENCE**

The Facility receives in excess of 94% of its total revenue from SHSS and is economically dependent on SHSS for its continued operations.

**15. CAPITAL MANAGEMENT**

The Facility defines its capital as the amounts included in the Net Asset balances.

The Facility's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to its patients.

The Facility sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

**16. FINANCIAL INSTRUMENTS**

The Facility, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Facility's objective in risk management is to optimize the risk return within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Facility's activities. The following analysis provides a measurement of those risks at March 31, 2020.

**Credit Risk**

Credit risk is the risk that the Facility will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Facility to concentrations of credit risk consist primarily of accounts receivable and amounts due from related organizations. This risk is mitigated by the majority of the accounts receivable being due from government organizations.



**EDEN MENTAL HEALTH CENTRE**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**16. FINANCIAL INSTRUMENTS (continued)**

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its bank indebtedness.

Liquidity Risk

Liquidity risk is the risk that the Facility will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

**17. RECENT DEVELOPMENTS**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including that of Eden Mental Health Centre Inc. At this time it is not possible for the Facility to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Facility's business.

**18. COMPARATIVE FIGURES**

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.