

Financial Statements of
TABOR HOME INC.
March 31, 2020

Independent Auditor's Report

To the Board of Directors of Tabor Home Inc.

Opinion

We have audited the financial statements of Tabor Home Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (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 Tabor Home Inc. 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 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 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 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte LLP

Chartered Professional Accountants

May 27, 2020
Winnipeg, Manitoba

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TABOR HOME INC.
Statement of Financial Position
March 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT		
Cash and short term investments	\$ 1,878,164	\$ 2,127,102
Accounts receivable	47,263	15,731
Prepaid expenses	10,558	9,717
Vacation entitlement receivable (Note 4)	190,579	190,579
	<u>2,126,564</u>	<u>2,343,129</u>
PRE-RETIREMENT ENTITLEMENT (Note 4)	372,279	373,992
CAPITAL ASSETS (Note 5)	1,016,434	544,729
	<u>\$ 3,515,277</u>	<u>\$ 3,261,850</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 460,160	\$ 569,344
Accrued vacation entitlement (Note 4)	373,506	388,210
Due to Southern Health-Santé Sud (Note 3)	295,918	31,761
Residents' trust fund	31,151	15,513
	<u>1,160,735</u>	<u>1,004,828</u>
PRE-RETIREMENT ENTITLEMENT (Note 4)	372,279	373,992
DEFERRED CONTRIBUTIONS EXPENSES OF FUTURE PERIODS (Note 6)	237,721	676,729
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	929,361	462,671
	<u>2,700,096</u>	<u>2,518,220</u>
NET ASSETS		
Invested in capital assets (Note 7)	87,073	82,058
Unrestricted	728,108	661,572
	<u>815,181</u>	<u>743,630</u>
	<u>\$ 3,515,277</u>	<u>\$ 3,261,850</u>

APPROVED BY THE BOARD

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 Director

Original Document Signed
 Director

TABOR HOME INC.
Statement of Operations
Year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Southern Health-Santé Sud (Note 8)	\$ 5,705,403	\$ 5,867,166
Non-insured	1,888,070	1,656,793
Miscellaneous income	147,662	143,107
Amortization of deferred contributions - expenses of future periods	26,130	76,307
Amortization of deferred contributions - capital assets	29,895	25,092
	7,797,160	7,768,465
EXPENSES		
Long term care - institutional based (Schedule 1)	7,598,116	7,478,667
Amortization	29,895	25,092
Pre-retirement benefit	44,633	36,088
Pharmacy capitation	58,440	56,054
	7,731,084	7,595,901
EXCESS OF REVENUE OVER EXPENSES BEFORE THE UNDERNOTED	66,076	172,564
GAIN ON DISPOSAL OF FIXED ASSETS	5,475	9,020
GAIN ON SALE OF LAND HELD FOR SALE (Note 13)	-	287,995
DONATION TO THE TABOR FOUNDATION (Note 13)	-	(287,995)
EXCESS OF REVENUE OVER EXPENSES	\$ 71,551	\$ 181,584

TABOR HOME INC.
Statement of Changes in Net Assets
Year ended March 31, 2020

	2020		
	Invested in Capital Assets	Unrestricted	Total
Balance, beginning of year	\$ 82,058	\$ 661,572	\$ 743,630
Excess of revenue over expenses	-	71,551	71,551
Interfund transfer	5,015	(5,015)	-
Balance, end of year	\$ 87,073	\$ 728,108	\$ 815,181

	2019		
	Invested in Capital Assets	Unrestricted	Total
Balance, beginning of year	\$ 405,618	\$ 156,428	\$ 562,046
Excess of revenue over expenses	-	181,584	181,584
Interfund transfer	(323,560)	323,560	-
Balance, end of year	\$ 82,058	\$ 661,572	\$ 743,630

TABOR HOME INC.
Statement of Cash Flows
Year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 71,551	\$ 181,584
Items not affecting cash:		
Gain on sale of fixed assets	(5,475)	(297,015)
Amortization	29,895	25,092
Amortization of deferred contributions - expenses of future periods	(26,130)	(76,307)
Amortization of deferred contributions - capital assets	(29,895)	(25,092)
	<u>39,946</u>	<u>(191,738)</u>
Changes in non-cash working capital accounts:		
Accounts receivable	(31,532)	40,753
Prepaid expenses	(841)	(6,214)
Accounts payable and accrued liabilities	(109,184)	332,203
Accrued vacation entitlement	(14,704)	30,975
Residents' trust fund	15,638	1,033
Due from/to Southern Health-Santé Sud	264,157	559,155
	<u>163,480</u>	<u>766,167</u>
FINANCING ACTIVITY		
Deferred contributions received - expenses of future periods	83,707	54,470
INVESTING ACTIVITIES		
Purchase of capital assets	(496,125)	(61,096)
Proceeds on the sale of asset held for sale	-	322,946
	<u>(496,125)</u>	<u>261,850</u>
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(248,938)	1,082,487
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>2,127,102</u>	<u>1,044,615</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$ 1,878,164</u>	<u>\$ 2,127,102</u>

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

1. NATURE OF BUSINESS

Tabor Home Inc. (the “Facility”) was incorporated under the Manitoba Corporations Act in 1952. The Facility is principally involved in providing long-term care and related services to residents of Morden and the surrounding area. As allowed under Bill 49 (Regional Health Authorities Act), the Board of Directors of the Facility has elected to continue to provide the services to Southern Health–Santé Sud (“SHSS”) under a service purchase contract. The Facility is a registered charity under the Income Tax Act and accordingly is exempt from income tax.

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 SHSS. Funding is in accordance with budget arrangements established by Manitoba Health, with regional adjustments made by SHSS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of the fiscal year 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.

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue recognition (continued)

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 straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in externally restricted net 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.

b) SHSS Funding

Funding is provided by SHSS on an expense recovery basis for out of globe expenditures including employee pre-retirement benefits and other approved expenses.

Funding provided by SHSS for all other eligible operations is provided in accordance with the approved in-globe budget. The Facility is responsible for any in-globe deficits but may retain in-globe surpluses to a maximum of 2% of current year baseline operating funds. Additional funding may be provided by SHSS for in-globe expenses not initially included in the budget. During the course of an operating period, the Facility may be requested to undertake additional programs or provide additional services. Funding for such undertakings is recorded by the Facility as revenue in the period in which the amount of funding has been confirmed.

c) Contributed services

A 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.

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 expenses. Betterments, which extend the estimated 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 its residual value.

Capital assets are amortized on a straight-line basis following the year of acquisition using the following annual rates:

Building	Straight-line over 40 years
Equipment	10%

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Capital assets (continued)

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.

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

f) 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.

g) 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.

h) 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 assets and 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 year in which they become known.

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

3. DUE TO SOUTHERN HEALTH–SANTÉ SUD

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ (31,761)	\$ 527,394
Payments received (repaid)	-	(527,393)
RHA budget adjustment	(15)	-
Out of Globe adjustment	(264,142)	(48,488)
Other	-	16,726
	<u>\$ (295,918)</u>	<u>\$ (31,761)</u>

4. VACATION AND PRE-RETIREMENT ENTITLEMENT RECEIVABLES

	<u>2020</u>	<u>2019</u>
Vacation entitlement receivable	\$ 190,579	\$ 190,579
Pre-retirement entitlement receivable	\$ 372,279	\$ 373,992

Funding for the vacation entitlement obligation earned by employees of the Facility as at March 31, 2004 in the amount of \$190,579 has been set up as a current receivable due from SHSS, with an equal and off-setting liability included in accrued vacation entitlement. Accrued vacation entitlement also includes obligations relating to accrued vacation entitlements that have arisen since March 31, 2004.

Funding for the pre-retirement obligation at March 31, 2020 in the amount of \$372,279 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, SHSS has included in its ongoing annual funding to the Facility, 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 SHSS when the Facility requires the funding to discharge the related pre-retirement liabilities. The significant actuarial assumptions adopted in measuring the Facility's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 3.425% (3.425% in 2019) and a rate of salary increase of 3.5% (3.5% in 2019) plus age related merit / promotion scale with actuarial derived provisions for disability.

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

5. CAPITAL ASSETS

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 252,446	\$ 82,568	\$ 169,878	\$ 141,962
Building	326,460	13,912	312,548	320,709
Construction in progress	534,008	-	534,008	82,058
	\$ 1,112,914	\$ 96,480	\$ 1,016,434	\$ 544,729

6. DEFERRED CONTRIBUTIONS

Deferred contributions related to expenses of future periods represent the unspent amount of donations and grants received for expenditures other than the purchase of capital assets. Amortization is recorded as revenue in the statement of operations, matched with expenditures incurred with these funds.

	2020	2019
Expenses of future periods		
Balance, beginning of year	\$ 676,729	\$ 1,057,290
Add: additional contributions received	83,707	54,470
Less: transfer to deferred contributions - capital assets	(496,585)	(358,724)
Less: amounts brought into revenue	(26,130)	(76,307)
	\$ 237,721	\$ 676,729
Related to capital assets		
Balance, beginning of year	\$ 462,671	\$ 129,039
Add: transfer from deferred contributions - expense of future periods	496,585	358,724
Less: amounts amortized to revenue	(29,895)	(25,092)
	\$ 929,361	\$ 462,671

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

7. NET ASSETS – INVESTED IN CAPITAL ASSETS

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

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 1,016,434	\$ 544,729
Amounts financed by deferred contributions	<u>(929,361)</u>	<u>(462,671)</u>
	<u>\$ 87,073</u>	<u>\$ 82,058</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	\$ 29,895	\$ 25,092
Amortization of capital assets	<u>(29,895)</u>	<u>(25,092)</u>
Sale of assets, net of deferred contributions	5,475	(36,980)
Transfer from deferred contributions - expenses of future periods	<u>(496,585)</u>	<u>(358,724)</u>
Capital asset purchases	<u>496,125</u>	<u>72,144</u>
	<u>\$ 5,015</u>	<u>\$ (323,560)</u>

8. SOUTHERN HEALTH–SANTÉ SUD REVENUE

Southern Health–Santé Sud revenue includes the following:

	<u>2020</u>	<u>2019</u>
Revenue per final budget	\$ 5,971,257	\$5,917,752
Payband 2 to 3 funding	-	13,346
Current year's estimated out of globe amounts	<u>(259,313)</u>	<u>(85,225)</u>
Minor equipment purchases	-	2,095
Retroactive salary approvals	<u>(6,541)</u>	<u>19,197</u>
Revenue for the year	<u>\$ 5,705,403</u>	<u>\$5,867,165</u>

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

9. PENSION PLAN

Substantially all employees of the Facility are members of the Health Employees' Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. 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 Canadian Institute of Chartered Accountants' 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's investment policy. Pension expense is based on best estimates, in consultation with its actuaries, of the amount, together with the 7.9% of basic annual earnings up to the Canada Pension Plan ceiling and 9.5% of earnings in excess of the ceiling, contributed 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 the employer contributions to the Plan to remain a constant percentage of employee contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2017, indicates a surplus of actuarial value of net assets over actuarial present value of accrued pension benefits of \$417,187,000 (2016 - \$176,178,000) as well as a solvency deficiency of \$2,195,269,000 (2016 - \$2,400,872,000). Actual contributions to the plan made during the year by the Facility on behalf of its employees amounted to \$412,167 (2019 - \$408,317) and are included in the statement of operations.

10. ECONOMIC DEPENDENCE

The Facility receives approximately 73% (2019 – 76%) of its total revenue from SHSS and is economically dependent on SHSS for its continued operations.

11. 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 residents.

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.

TABOR HOME INC.
Notes to the Financial Statements
March 31, 2020

12. FACILITY USE ARRANGEMENT

In the prior year, Tabor Home Inc. entered into an arrangement with Southern Health-Santé Sud (SHSS) whereby a new facility constructed by SHSS was made available for use by Tabor Home Inc, replacing Tabor Home's legacy facility. Under the arrangement, SHSS retains ownership of the land and building and has provided Tabor Home the right to use the facility to operate a personal care home free of charge. The fair market value of the benefit received through this free rent arrangement has been netted against occupancy costs that would otherwise be incurred by the Tabor Home Inc.

13. DISPOSAL OF LAND HELD FOR SALE

In the prior year, Tabor Home Inc. sold land which it had been carried as held for sale. The net proceeds of the sale were \$313,925 and the carrying value of the land was \$25,930, resulting in a gain of \$287,995.

Subsequent to the sale, Tabor Home Inc. donated the net proceeds from the transaction of \$287,995 to the Tabor Home Foundation.

14. 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 Tabor Home 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.

TABOR HOME INC.
Statement of Expenses - Personal Care Home
Year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
Departmental expenses		
Activities program	\$ 193,560	\$ 200,251
Administration	529,160	475,479
Building maintenance	317,013	325,823
Building operation	171,908	166,946
Chaplain	41,723	38,718
Dietary	919,283	894,501
Housekeeping	411,435	404,429
In-service education	111,607	92,434
Laundry and linen	165,904	167,126
Amortization of deferred contributions	7,132	76,307
New facility expenditures	19,047	556
Nursing services	4,614,666	4,536,617
Social work	88,920	91,381
Volunteer services	6,758	8,099
	\$ 7,598,116	\$ 7,478,667