

Financial Statements of

Southern Health-Santé Sud

March 31, 2020



SOUTHERN HEALTH-SANTÉ SUD

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Management's Responsibility

To the Board of Directors of Southern Health-Santé Sud

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Directors is composed entirely of directors who are neither management nor employees of **Southern Health-Santé Sud**. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Board is also responsible for recommending the appointment of the **Southern Health-Santé Sud's** external auditor.

Deloitte LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the financial statements and report directly to them. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

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Jane Curtis
Chief Executive Officer
Jun 23, 2020

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Ken Klassen
Vice President - Finance and Planning

Independent Auditor's Report

To the Board of Directors of Southern Health-Santé Sud

Opinion

We have audited the financial statements of Southern Health-Santé Sud (the "Region"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, change in net debt 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 Southern Health-Santé Sud as at March 31, 2020, and its results of operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

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 Region 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 PSAS, 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 Region'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 Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 Region'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 Region'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 Region 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 23, 2020
Winnipeg, Manitoba

TABLE OF CONTENTS

	<u>Page</u>
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Debt	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 – 24
Schedule 1a	
Statement of Operations – Ancillary Operations	25
Schedule 1b	
Statement of Operations – Elderly Person’s Housing	26

Southern Health-Santé Sud
Statement of Financial Position
March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and short term investments	\$ 64,845,665	\$ 69,229,519
Accounts receivable, net (Note 4)	4,014,890	3,654,930
Accounts receivable - external partners	1,769,199	562,860
Accounts receivable - Manitoba Health, Seniors & Active Living - vacation entitlements	8,276,616	8,839,967
Accounts receivable - Manitoba Health, Seniors & Active Living - retirement entitlements	8,845,020	10,118,174
	87,751,389	92,405,450
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	23,164,816	26,164,224
Accounts payable - Manitoba Health, Seniors & Active Living (Note 6)	810,225	1,677,314
Unearned revenue (Note 7)	6,978,301	5,912,286
Accrued vacation benefit	17,732,172	18,766,786
Accrued sick leave benefit (Note 8)	5,594,044	6,549,580
Accrued retirement (Note 8)	18,254,809	19,381,402
Accrued retirement - Affiliate organizations	3,033,319	3,000,103
Long-term debt (Note 10)	129,708,516	114,994,283
	205,276,203	196,445,978
NET DEBT	(117,524,813)	(104,040,528)
COMMITMENTS AND CONTINGENCIES (Note 11)		
NON-FINANCIAL ASSETS		
Inventory	1,866,321	1,497,062
Prepaid expenses	957,142	877,824
Tangible capital assets (Note 12)	220,527,409	204,365,398
TOTAL NON-FINANCIAL ASSETS	223,350,872	206,740,284
ACCUMULATED SURPLUS	\$ 105,826,058	102,699,756

APPROVED BY THE BOARD OF DIRECTORS

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Director

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Director

Southern Health-Santé Sud
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	Actual 2020			Budget 2020	Actual 2019
	Core Operations	Capital Operations	Total	Total	Total
REVENUE					
Manitoba Health, Seniors & Active Living (Note 13)	\$ 318,837,845	\$ 14,287,387	333,125,231	\$ 334,426,731	\$ 358,440,388
Other Province of Manitoba	4,042,685	-	4,042,685	4,609,700	4,093,083
Government of Canada	500,336	-	500,336	543,650	608,459
Non-global patient and resident income	14,327,859	-	14,327,859	15,768,850	14,451,329
Other income	11,765,937	339,654	12,105,591	10,916,380	13,049,724
Interest	2,031,300	-	2,031,300	1,700,000	1,698,189
Donations	645,062	1,919,069	2,564,131	622,800	1,333,922
Ancillary operations (Schedule 1a)	2,501,344	-	2,501,344	2,544,450	2,434,521
	354,652,367	16,546,109	371,198,477	371,132,561	396,109,615
EXPENSES					
Acute care services	122,553,665	6,430,670	128,984,335	124,832,810	126,720,761
Long term care services	52,677,915	2,602,077	55,279,992	51,864,875	53,797,909
Medical remuneration	30,864,650	-	30,864,650	33,390,110	30,589,758
Community based therapy services	7,546,853	-	7,546,853	7,835,900	7,681,536
Community based mental health services	8,805,501	-	8,805,501	9,572,200	8,875,897
Community based home care services	44,374,291	-	44,374,291	43,048,528	42,555,762
Community based health services	22,245,413	237,144	22,482,558	23,327,950	22,219,948
Emergency medical services	-	206,974	206,974	205,000	20,340,369
Regional health authority undistributed	16,927,606	4,666,610	21,594,216	29,641,838	24,921,066
Affiliated organizations	45,425,691	1,715,912	47,141,603	46,425,100	46,162,989
Ancillary operations (Schedule 1a)	1,861,491	111,758	1,973,249	2,371,550	2,061,996
	353,283,077	15,971,144	369,254,222	372,515,861	385,927,991
SURPLUS (DEFICIT) BEFORE RESTRUCTURING	1,369,290	574,965	1,944,255	(1,383,300)	10,181,623
Restructuring gain (Note 18)	1,182,047	-	1,182,047	-	-
SURPLUS (DEFICIT) FOR THE YEAR	\$ 2,551,337	\$ 574,965	\$ 3,126,302	\$ (1,383,300)	\$ 10,181,623
ACCUMULATED SURPLUS, BEGINNING OF YEAR			102,699,756	102,699,756	92,518,133
ACCUMULATED SURPLUS, END OF YEAR			\$ 105,826,058	\$ 101,316,456	\$ 102,699,756

Southern Health-Santé Sud
Statement of Changes in Net Debt
March 31, 2020

	Actual 2020	Budget 2020	Actual 2019
Annual surplus (deficit)	\$ 3,126,302	\$ (1,383,300)	\$ 10,181,623
Acquisition of tangible capital assets	(26,609,681)	(6,714,200)	(9,760,259)
Amortization of tangible capital assets	10,447,670	10,213,450	9,973,994
Loss on sale of tangible capital assets	-	-	8,394
	(16,162,011)	3,499,250	222,129
Increase in inventory	(369,259)	-	(134,616)
(Increase) decrease in prepaid expenses	(79,318)	-	118,914
	(448,577)	-	(15,702)
(Increase) decrease in net debt	(13,484,286)	2,115,950	10,388,050
Net debt at beginning of year	(104,040,528)	(104,040,528)	(114,428,578)
Net debt at end of year	\$ (117,524,813)	\$ (101,924,578)	\$ (104,040,528)

Southern Health-Santé Sud
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	3,126,302	10,181,623
Items not affecting cash		
Amortization of tangible capital assets	10,447,670	9,973,994
Loss on disposal of tangible capital assets	-	8,394
Recognition of unearned revenues	(4,034,452)	(4,507,294)
	9,539,520	15,656,717
Changes in non-cash operating working capital items	(6,352,634)	11,468,353
Decrease in sick leave and retirement entitlements	(775,759)	(953,437)
Unearned revenues received	5,100,467	5,818,750
	7,511,594	31,990,383
FINANCING ACTIVITIES		
Proceeds from issuance of new long-term debt	40,874,580	40,763,395
Principal payments of MHSAL funded long-term debt	(25,986,594)	(42,948,848)
Principal payments on non-MHSAL funded long-term debt	(173,752)	(171,327)
	14,714,233	(2,356,780)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(26,609,681)	(9,760,259)
	(26,609,681)	(9,760,259)
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(4,383,854)	19,873,344
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	69,229,519	49,356,175
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	\$ 64,845,665	\$ 69,229,519
CASH AND SHORT TERM INVESTMENTS IS COMPRISED OF:		
Cash	64,695,586	69,080,504
Short term investments	150,079	149,015
	\$ 64,845,665	\$ 69,229,519

1. Nature of business

Southern Health-Santé Sud ("the Region") was incorporated under the laws of Manitoba on May 30, 2012, as an amalgamation of the former Regional Health Authority Central Manitoba Inc., and the former South Eastman Health/Santé Sud-Est Inc. The Region is principally involved in providing health care services to the southern and central regions of Manitoba. The Region is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Basis of presentation

These financial statements reflect the operating results and financial position of the Region as at March 31, 2020. The assets, liabilities and operations of the following devolved organizations have been included in these financial statements:

Altona Community Memorial Health Centre	Eastview Place
Bethesda Place	Emerson Health Centre
Bethesda Regional Health Centre	Gladstone Health Centre
Boundary Trails Health Centre	Hôpital Ste-Anne Hospital
Boyne Lodge Personal Care Home	Lions Prairie Manor
Boyne Towers Elderly Persons Housing	Lorne Memorial Hospital
Carman Memorial Hospital	MacGregor Health Centre
Centennial Apartments Elderly Persons Housing	Morris General Hospital
Centre de santé - Foyer Notre Dame	Pembina Manitou Health Centre
Centre de santé Notre Dame Health Centre	Portage District General Hospital
Centre de santé St. Claude Health Centre	Red River Valley Lodge
Centre médico-social De Salaberry District Health Centre	Regency House Elderly Persons Housing
Crescent Lodge Elderly Persons Housing	Repos Jolys
Crisis Stabilization Unit	Rotary Park Elderly Persons Housing
Douglas Campbell Lodge	Third Crossing Manor
	Vita & District Health Centre

2. Basis of presentation (continued)

The Region also receives funding for the following nine affiliated organizations from Manitoba Health, Seniors and Active Living (MHSAL) and forwards the funding on to these organizations as per their respective approved service purchase agreements. Because the Region does not control the strategic, operational or financial decisions of these affiliated organizations, the operating results and financial position of these affiliated organizations have not been consolidated into these financial statements.

Eden Mental Health Centre	Rock Lake Health District
Menno Home for the Aged Inc. (PCH Division)	Salem Home Inc.
Niverville Heritage PCH Inc.	Tabor Home Inc.
Prairie View Lodge Inc.	Villa Youville Inc. - Nursing
Rest Haven Nursing Home	

In addition to the above, grant funding is provided to a number of community-based organizations that have also not been consolidated into these financial statements. These statements also do not consolidate any of the large number of foundations that operate within the Region because they are not controlled by the Region.

The statement of operations has been presented with both core operations and capital operations. Core operations represents the ongoing general operations of the Region. Capital operations represents the capital operations of the Region and includes capital revenue for funded capital as well as amortization expense and interest on long-term debt.

3. Significant accounting policies

The financial statements have been prepared in accordance with Public Sector Accounting Board and include the following significant accounting policies:

a) Revenue recognition

Provincial government transfers for operating purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions are considered unearned until conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer from the Province of Manitoba is authorized, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the Region.

Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

- i. Assets funded by approved/funded debt: revenue is recognized when the funding for the principal and interest payment is received.

3. Significant accounting policies (*continued*)

a) Revenue recognition (continued)

- ii. Assets funded by an allocation of cash: revenue is recognized when the funded asset is purchased or developed.

Any unrestricted non-government contributions or grants are recorded as revenue in the year received or in the year the funds are committed to the Region if the amount can be reasonably estimated and collection is reasonably assured. All non-government contribution or grants that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted funds received before the criterion has been met are reported as unearned revenue until the resources are used for the purpose or purposes specified.

Non-insured services income is recognized when services are rendered.

b) Contributed services

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

c) Inventories

Inventories are recorded at the cost, which is determined on an average cost basis.

d) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance expenditures 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 Region's ability to provide services, its carrying value is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	10%
Buildings	2%
Building renovations and upgrades	5%
Leasehold improvements	5%
Building service equipment	5%
Major equipment	10%
Computers, software and automobiles	20%

3. Significant accounting policies (*continued*)

d) Tangible capital assets (continued)

Construction in progress is recorded at cost. When the specific project is completed and available for use, all capitalized costs are transferred to the appropriate category and subject to amortization.

e) Vacation pay

The Region records the accrued vacation pay entitlement liability. Funding for the entitlement is recoverable as a component of salary cost funding in the subsequent year.

f) Pre-retirement entitlement obligations

The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for all employees, is to pay out four days of salary per year of service upon retirement if the employee complies with one of the following conditions:

- (i) have ten years service and have reached age 55;
- (ii) qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee;
- (iii) retire at or after age 65; or
- (iv) terminate employment at any time due to permanent disability.

The Region undertook an actuarial valuation of the accrued pre-retirement entitlements.

Funding for the retirement obligation in the amount of \$8,845,020 has been set up as a receivable from the Province and includes \$1,719,577 related to the affiliated organizations. The amount recorded as a receivable from the Province for retirement entitlements was initially determined based on the value of the corresponding actuarial liability for retirement entitlements as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Region an amount equivalent to the change in the retirement entitlement obligation, which includes annual interest accretion related to the receivable. The receivable may be paid by the Province when the Region requires the funding to discharge the related retirement entitlement obligation.

3. Significant accounting policies (*continued*)

g) Sick Leave obligations

The sick leave benefits offered by the Organization do not vest and therefore there are no sick-leave payouts to employees upon retirement.

All employees are credited with 1.25 days per month for use as paid absence in the year, due to illness or injury. Employees are allowed to accumulated unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

h) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The Region is funded by the Province of Manitoba using MHSAL funding mechanisms. These financial statements use funding mechanisms approved by MHSAL for the year ended March 31, 2020.

The amount of revenue recognized from MHSAL requires a number of estimates. Since MHSAL does not communicate certain adjustments related to revenue until after the completion of the financial statements, the amount of revenue recognized during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year.

Other amounts estimated by management include the useful life of tangible capital assets, employee future benefits payable, compensated absences and allowance for doubtful accounts.

i) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Region becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments, including cash, short term investments, accounts receivable, due from MHSAL, accounts payable and accrued liabilities and long-term debt are measured at amortized cost.

Transaction costs related to financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

Southern Health-Santé Sud
Notes to the financial statements
March 31, 2020

3. Significant accounting policies (continued)

i) Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Region recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

4. Accounts receivable, net

The Region's exposure to credit risk from accounts receivable as at March 31 is as follows:

	2020				
	0-30 days	31-60 days	61-90 days	91+ days	Total
Trade receivables	\$ 1,126,959	\$ 323,128	\$ 130,756	\$ 5,112,820	\$ 6,693,663
Resident receivables	106,292	44,128	8,702	67,078	226,200
GST Receivables	771,082	-	-	-	771,082
Other receivables	323,824	20,137	207	42,569	386,738
	2,328,158	387,394	139,665	5,222,467	8,077,683
Less allowance for doubtful accounts:					
Emergency medical services	—	—	—	(2,986,732)	(2,986,732)
Other	—	—	—	(1,076,062)	(1,076,062)
	—	—	—	(4,062,794)	(4,062,794)
	\$ 2,328,158	\$ 387,394	\$ 139,665	\$ 1,159,673	\$ 4,014,890

	2019				
	0-30 days	31-60 days	61-90 days	91+ days	Total
Trade receivables	\$ 1,194,106	\$ 283,035	\$ 230,615	\$ 4,573,211	\$ 6,280,967
Resident receivables	101,418	58,435	10,456	84,503	254,812
GST Receivables	554,182	—	—	—	554,182
Other receivables	209,636	931	5	57,937	268,509
	2,059,342	342,401	241,076	4,715,651	7,358,470
Less allowance for doubtful accounts:					
Emergency medical services	—	—	—	(2,789,081)	(2,789,081)
Other	—	—	—	(914,459)	(914,459)
	—	—	—	(3,703,540)	(3,703,540)
	\$ 2,059,342	\$ 342,401	\$ 241,076	\$ 1,012,111	\$ 3,654,930

5. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Accounts payable and accrued liabilities	\$ 11,140,778	\$ 10,369,958
Salaries and benefits liability	12,012,977	15,781,343
Accrued interest	11,061	12,924
	<u>\$ 23,164,816</u>	<u>\$ 26,164,224</u>

6. Accounts receivable/payable - Manitoba Health, Seniors & Active Living

Accounts receivable (payable) - MHSAL includes the following:

	<u>2020</u>	<u>2019</u>
Current year's operating funding		
Medical year end payable	\$ (2,792,586)	\$ (2,846,048)
Emergency Medical Services fee reduction recovery funding	—	385,065
Immunization per dose funding	264,384	240,414
Tertiary care regional centres	180,000	—
Other programs	61,006	16,883
	<u>(2,287,195)</u>	<u>(2,203,686)</u>
Approved capital projects	1,476,970	526,372
	<u>\$ (810,225)</u>	<u>\$ (1,677,314)</u>

In Globe Funding

In Globe funding is funding provided by MHSAL for regional programs unless otherwise specified as Out of Globe funding. This may include volume changes, price increases and program expansion for the four service categories of Acute Care, Long Term Care, Community and Mental Health and Home Care. All additional costs in these four service categories must be covered by internal reallocations of global funding from MHSAL, own source revenues or additional global funding provided by MHSAL.

Under MHSAL policy, the Region is responsible for In Globe deficits, unless otherwise approved by MHSAL.

6. Accounts receivable/payable - Manitoba Health, Seniors & Active Living (continued)

Out of Globe Funding

Out of Globe funding is funding approved by MHSAL for specific programs.

Any operating surplus related to Out of Globe funding arrangements is recorded on the statement of financial position as a payable to MHSAL until such time as MHSAL reviews the financial statements. At that time, MHSAL determines what portion of the approved surplus may be retained by the Region or repaid to MHSAL.

Conversely, any operating deficit related to Out of Globe funding arrangements is recorded on the statement of financial position as a receivable from MHSAL until such time as MHSAL reviews the financial statements. At that time, MHSAL determines their final funding approvals which indicate the portion of the deficit that will be paid to the Region. Any unapproved costs not paid by MHSAL are the responsibility of the Region.

7. Unearned revenue

	<u>2020</u>	<u>2019</u>
Funded by MHSAL	\$ (5,079,877)	\$ (4,453,552)
Funded by other sources	<u>(1,898,423)</u>	<u>(1,458,734)</u>
Balance, end of year	<u>\$ (6,978,301)</u>	<u>\$ (5,912,286)</u>
	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ (5,912,286)	\$ (4,600,830)
Additional funding received in year	(5,100,467)	(5,818,750)
Less amounts recognized as revenue	<u>4,034,452</u>	<u>4,507,294</u>
Balance, end of year	<u>\$ (6,978,301)</u>	<u>\$ (5,912,286)</u>

8. Employee future benefits

Multi-employer pension plan

Most of the employees of the Region are members of the Healthcare 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 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 within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

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. Pension expense is based on Plan management's 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 earning 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 employees' contributions.

Effective April 1, 2014, contributions began to establish Cost of Living Adjustment funds ("COLA") for the pension plan. Active pension plan members and their employers contribute 1.0% of pensionable earnings, with 90% of contributions going to the active members fund and 10% going to the retired members fund. COLA increases are done on an "ad hoc" basis and are not guaranteed. The first COLA was paid on January 1, 2018. Future COLAs, if granted, will be paid in January of the applicable year. The payments will be a lump sum.

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 for financial reporting purposes, which was completed as at December 31, 2019, disclosed the total actuarial value of the assets to be \$8,279,589,000 and the total actuarial value of the liabilities to be \$7,575,601,000, resulting in a surplus of \$703,997,000. Actual contributions to the plan made during the year by the Region on behalf of its employees amounted to \$11,427,062 (2019 - \$12,534,672) for the pension plan and \$1,405,609 (2019 - \$1,538,673) for the COLA plan and are included in the statement of operations.

Some of the employees of the Region are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Region employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the plan by the Region and its employees.

Southern Health-Santé Sud
Notes to the financial statements
March 31, 2020

8. Employee future benefits (continued)

Pre-retirement leave benefits payable

The Region measures its obligation for pre-retirement leave benefits as of March 31 of each year. The most recent actuarial valuation report was at March 31, 2020.

Detailed information about the Region's pre-retirement leave benefits are as follows:

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation	\$ 22,738,114	\$ 23,324,438
Unamortized net actuarial loss	(1,449,986)	(942,933)
Actuarial benefit liability	<u>\$ 21,288,128</u>	<u>\$ 22,381,505</u>

The change in actuarial benefit liability is detailed as follows:

	<u>2020</u>	<u>2019</u>
Accrued benefit liability, beginning of year	\$ 23,324,438	\$ 20,971,342
Current expense	2,240,077	2,321,552
Benefit payments	(2,189,712)	(2,351,966)
Transfer to Shared Health	(1,273,155)	—
Actuarial gain (loss)	636,466	2,383,510
Actuarial benefit liability, end of year	<u>\$ 22,738,114</u>	<u>\$ 23,324,438</u>

The split of the actuarial benefit liability is between the Region and the affiliated organizations is as follows:

	<u>2020</u>	<u>2019</u>
Actuarial benefit liability - Region	\$ 18,254,809	\$ 19,381,402
Actuarial benefit liability - Affiliated organizations	3,033,319	3,000,103
	<u>\$ 21,288,128</u>	<u>\$ 22,381,505</u>

The details of the expense related to pre-retirement leave benefits are as follows:

	<u>2020</u>	<u>2019</u>
Current year service cost	\$ 1,337,805	\$ 1,347,715
Interest cost	579,439	631,275
Amortization of actuarial (gain) loss	114,812	(168,726)
Total expense	<u>\$ 2,032,056</u>	<u>\$ 1,810,264</u>

8. Employee future benefits (continued)

Pre-retirement leave benefits payable (continued)

The actuarial valuation is based on assumptions about future events. The significant actuarial assumptions adopted in measuring the Region's pre-retirement leave obligation are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	2.60%	3.10%
Rate of base compensation increase	3.50%	3.50%
Expected average remaining service life	7.9 years	7.9 years

The significant actuarial assumptions adopted in measuring the Region's pre-retirement leave expense are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	3.10%	3.43%
Rate of base compensation increase	3.50%	3.50%

Sick leave benefits payable

The Region undertook an actuarial valuation of the accrued sick leave benefits. Detailed information about the Region's sick leave benefits are as follows:

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation	(3,516,190)	\$ (3,988,881)
Unamortized net actuarial loss	(2,077,854)	(2,560,699)
Actuarial benefit liability	\$ (5,594,044)	\$ (6,549,580)

The change in actuarial benefit liability is detailed as follows:

	<u>2020</u>	<u>2019</u>
Accrued benefit liability, beginning of year	\$ 3,988,881	\$ 4,137,093
Current expense	378,948	392,161
Benefit payments	(660,177)	(728,429)
Transfer to Shared Health	(299,742)	—
Actuarial gain	108,280	188,056
Actuarial benefit liability, end of year	\$ 3,516,190	\$ 3,988,881

8. Employee future benefits (continued)

Sick leave benefits payable (continued)

The details of the expense related to the Region's sick leave benefits are as follows:

	<u>2020</u>		<u>2019</u>
Current year service cost	266,555	\$	254,232
Interest cost	112,394		137,929
Transfer to Shared Health	(299,742)		—
Amortization of actuarial loss	(374,565)		(398,370)
	\$ (295,358)	\$	(6,209)

The actuarial valuation is based on assumptions about future events. The significant actuarial assumptions adopted in measuring the Region's sick leave obligation are as follows:

	<u>2020</u>		<u>2019</u>
Discount rate	2.60%		3.10%
Rate of base compensation increase	3.50%		3.50%
Expected average remaining service life	7.9 years		7.9 years

The significant actuarial assumptions adopted in measuring the Region's sick leave expense are as follows:

	<u>2020</u>		<u>2019</u>
Discount rate	3.10%		3.43%
Rate of base compensation increase	3.50%		3.50%

9. Available credit facility

MHSAL has authorized the Region to set up a credit facility with the Region's financial institutions to finance operating requirements in the amount of \$16,100,000, with an interest rate of prime minus 1.00%. The balance drawn at March 31, 2020 was \$nil (\$nil in 2019).

Southern Health-Santé Sud
Notes to the financial statements
March 31, 2020

10. Long-term debt

	<u>2020</u>	<u>2019</u>
Promissory Notes payable in monthly principal payments of \$670,246 bearing interest rates between 3.25% to 6.25% with due dates from February 28, 2021 to September 30, 2048. Principal and interest fully funded by MHSAL.	\$ 93,542,535	\$ 101,549,491
Promissory Notes payable in monthly blended installments of \$186,688 bearing interest rates between 2.45% to 3.05% with due dates from March 31, 2023 to March 31, 2035. Principal and interest fully funded by MHSAL.	17,742,412	-
Province of Manitoba line of credit at 2.45% (2.05% for 2019), principal repayments not started as at year end, due on demand. Principal and interest will be funded by MHSAL once debt repayment begins.	16,917,334	11,527,580
CMHC mortgages payable with monthly blended payments of \$28,952, bearing interest at rates ranging from 7.25% to 10.50% with due dates ranging from October 1, 2021 to July 1, 2028. Principal and interest fully funded by MHSAL.	1,460,667	1,697,893
CMHC mortgage payable with monthly blended payments of \$13,768, bearing interest at 1.04% due June 1, 2020. Secured by land and building.	41,235	205,096
CMHC mortgage payable with monthly blended payments of \$887, bearing interest at 7.875% due August 1, 2020. Secured by land and building.	4,333	14,223
Total	<u>\$ 129,708,516</u>	<u>\$ 114,994,283</u>

In 2020, tangible capital assets totaling \$2,894,393 were acquired which will be financed by loans drawn in 2021. Because these were approved purchases, the related principal and interest payments will be fully funded by MHSAL.

Estimated principal repayment requirements for the next five years and thereafter are as follows:

2021	\$ 10,014,566
2022	9,385,373
2023	8,549,724
2024	8,119,769
2025	8,144,407
Thereafter	<u>85,494,678</u>
	<u>\$ 129,708,516</u>

Southern Health-Santé Sud
Notes to the financial statements
March 31, 2020

11. Commitments and contingencies

- (a) The Region 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.
- (b) The Healthcare Insurance Reciprocal of Canada ("HIROC") is an organization that pools the public liability insurance risks of all its members. The Region may be subject 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.
- (c) The Region has signed various building lease agreements and its minimum aggregate lease payments over the next five years and thereafter are as follows:

2021	\$ 1,091,937
2022	868,872
2023	758,246
2024	479,835
2025	455,173
Thereafter	<u>2,218,313</u>
	<u>\$ 5,872,376</u>

- (d) Labour agreements with certain unions have expired and are planned to be renegotiated in the upcoming year. The results of the negotiations have not been included in the Region's results as they are undeterminable at this time.

12. Tangible capital assets

Cost	2020					Closing
	Opening	Transfer	Additions	Disposals	Writedowns	
Land	\$ 1,653,519	—	—	—	—	\$ 1,653,519
Land Improvements	2,105,160	293,699	-	-	—	2,398,859
Building	229,913,605	681,371	-	-	—	230,594,976
Building Renovations and Upgrades	20,749,221	701,332	-	-	—	21,450,553
Leasehold Improvements	836,376	-	-	-	—	836,376
Building and Service Equipment	12,389,135	1,913,355	-	-	—	14,302,490
Major Equipment	74,834,499	859,034	1,172,707	(164,361)	—	76,701,879
Computer, Software and Automobiles	13,099,778	18,023	-	-	—	13,117,801
Construction in Progress	7,418,760	(4,466,814)	25,436,974	-	—	28,388,919
	<u>\$ 363,000,053</u>	<u>\$ —</u>	<u>\$ 26,609,681</u>	<u>\$ (164,361)</u>	<u>\$ —</u>	<u>\$ 389,445,372</u>

Southern Health-Santé Sud
Notes to the financial statements
March 31, 2020

12. Tangible capital assets (continued)

Accumulated depreciation	2020					
	Opening	Transfer	Additions	Disposals	Writedowns	Closing
Land Improvements	\$ (1,296,410)	—	\$ (225,201)	-	—	\$ (1,521,611)
Building	(73,913,477)	—	(4,542,663)	-	—	(78,456,140)
Building Renovations and Upgrades	(6,488,298)	—	(1,054,994)	-	—	(7,543,292)
Leasehold Improvements	(156,968)	—	(41,819)	-	—	(198,787)
Building and Service Equipment	(3,513,899)	—	(633,727)	-	—	(4,147,626)
Major Equipment	(62,792,620)	—	(2,939,903)	164,361	—	(65,568,162)
Computer, Software and Automobiles	(10,472,983)	—	(1,009,362)	-	—	(11,482,345)
	\$ (158,634,655)	\$ —	\$ (10,447,669)	\$ 164,361	\$ —	\$ (168,917,963)
Net book value						\$ 220,527,409

Cost	2019					
	Opening	Transfer	Additions	Disposals	Writedowns	Closing
Land	\$ 1,653,519	—	—	—	—	\$ 1,653,519
Land Improvements	2,105,160	—	—	—	—	2,105,160
Building	229,417,815	495,790	—	—	—	229,913,605
Building Renovations and Upgrades	18,719,432	2,029,789	—	—	—	20,749,221
Leasehold Improvements	836,376	—	—	—	—	836,376
Building and Service Equipment	10,711,084	1,678,051	—	—	—	12,389,135
Major Equipment	72,677,291	995,194	1,162,014	—	—	74,834,499
Computer, Software and Automobiles	11,472,555	1,711,179	—	(83,956)	—	13,099,778
Construction in Progress	5,730,517	(6,910,003)	8,598,246	—	—	7,418,760
	\$ 353,323,749	\$ —	\$ 9,760,260	\$ (83,956)	\$ —	\$ 363,000,053

Accumulated depreciation	2019					
	Opening	Transfer	Additions	Disposals	Writedowns	Closing
Land Improvements	\$ (1,085,894)	—	\$ (210,516)	—	—	\$ (1,296,410)
Building	(69,382,586)	—	(4,530,891)	—	—	(73,913,477)
Building Renovations and Upgrades	(5,501,582)	—	(986,716)	—	—	(6,488,298)
Leasehold Improvements	(115,149)	—	(41,819)	—	—	(156,968)
Building and Service Equipment	(2,969,957)	—	(543,942)	—	—	(3,513,899)
Major Equipment	(59,738,412)	—	(3,054,208)	—	—	(62,792,620)
Computer, Software and Automobiles	(9,942,642)	—	(605,902)	75,561	—	(10,472,983)
	\$ (148,736,222)	\$ —	\$ (9,973,994)	\$ 75,561	\$ —	\$ (158,634,655)
Net book value						\$ 204,365,398

Southern Health-Santé Sud
Notes to the financial statements
March 31, 2020

13. Manitoba Health, Seniors & Active Living revenue

MHSAL revenue includes the following

	<u>2020</u>	<u>2019</u>
Revenue as per final approved budget	\$ 321,068,904	\$ 347,591,723
Province of Manitoba capital costs	(397,823)	(720,025)
Amounts recorded as unearned revenue	(41,168)	(47,332)
	320,629,913	346,824,366
Capital funding	14,287,387	13,323,559
Revenue recognized related to basic equipment funding	789,283	—
Revenue recognized related to specific programs:		
Adolescent Development	25,000	25,000
Community Falls Prevention	20,000	—
Tobacco Reduction	44,185	30,000
Healthy Together Now	5,682	17,364
Harm Reduction	36,675	51,946
Healthy Sexuality/Relationships	32,090	—
HPV Immunization	39,442	—
One time operational funding:		
Medical remuneration	(2,744,308)	(2,794,520)
EMS superintendent initial contract	—	157,395
MyHealth teams surplus deferrals	(402,240)	(299,695)
Maintenance and Trade	—	78,318
Physician Assistant	—	209,078
Immunization	264,384	240,414
EMS billing rate reduction offset	—	385,065
Tertiary care regional centres	180,000	180,000
Pre-retirement leave funding transferred to Shared Health	(142,838)	—
Dialysis	60,537	—
Other	39	12,098
	\$ 333,125,231	\$ 358,440,388

14. Operating expenses by expense type

	<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 242,572,528	\$ 258,717,826
Grants	47,149,727	46,945,811
Supplies and services	40,092,620	38,812,673
Miscellaneous	14,884,668	12,690,865
Amortization	10,447,670	9,973,994
Transportation	3,562,302	3,502,743
Bank charges and interest	3,903,113	3,480,969
Equipment expense	1,834,518	2,780,843
Computer	54,127	2,631,978
Communication	945,368	1,834,185
Insurance	1,155,831	1,132,744
Bad debt	168,966	1,046,693
Assets transferred to affiliated organizations	1,648,133	1,339,263
Employee training	500,590	587,136
Meals	275,403	337,904
Subscriptions	58,658	112,366
	<u>\$ 369,254,222</u>	<u>\$ 385,927,991</u>

15. Related party and economic dependence

Economic dependence

The Region receives in excess of 85% of its total revenue from MHSAL and is economically dependent on MHSAL for its continued operations.

Key management personnel

The Region undertakes an annual review to identify all of its related parties, including key management personnel, who are the individuals having authority and responsibility for planning, directing and controlling the activities of the entity. The key management personnel of the Region include members of the Board of Directors and Senior Management. Each person identified as a key manager is required to disclose, on an annual basis or as any applicable situation arises, any conflict of interest with the Region. If a conflict exists, the Region quantifies the transactions and discloses as required. There were no related party transactions during the year ended March 31, 2020 that required disclosure.

Entities under common control

The Region enters into funding arrangements either to receive or provide funding from/to other entities within the Province of Manitoba Government Reporting Entity. These entities are considered related parties as they and the Region are under common control of the Province of Manitoba. The funding received or provided is recognized on an accrual basis at the exchange value of the funding transferred between the entities.

16. Financial instruments

The Region, through its financial assets and liabilities has exposure to various risks in the normal course of operations. The Region'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 organization's activities. The Region's risk management strategies are unchanged from the previous year. The following analysis provides a measurement of those risks at March 31, 2020.

Credit risk

The Region's principal financial assets, which are subject to credit risk are cash and accounts receivable.

Credit risk is the risk that the Region will incur a loss due to the failure by its debtors to meet their contractual obligations. The Region's credit risk is primarily attributable to its accounts receivables. The amounts disclosed in the balance sheet are net of allowance of doubtful accounts in the amount of \$4,062,794 (2019 - \$3,703,540) estimated by the management based on previous experience and its assessment of the current economic environment. The credit risk on cash is limited because the counterparties are primarily chartered banks with a high credit rating assigned by national credit-rating agencies.

The carrying amounts of these financial assets on the balance sheet represent the Region's maximum credit exposure at the balance sheet date.

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Region is exposed to interest rate risk on its short term investments and certain long-term debt. A 1% change in the prevailing interest rates has a nominal impact on the interest expense reported by the Region.

Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Region is not exposed to significant foreign exchange rate risk as virtually all of its financial instruments are denominated in Canadian dollars and the number of transactions undertaken in a foreign currency is minimal.

17. Manitoba housing income reconciliation

Schedule 1b has been prepared for Manitoba Housing and has been audited to the Region's materiality level.

18. Restructuring transactions

The Province of Manitoba established a Health System Transformation Program to guide the thoughtful planning and phased implementation of broad health-system changes aimed at improving the quality, accessibility and efficiency of health-care services province-wide. Shared Health is responsible for developing and administering a provincial clinical and preventative service plan for the Government of Manitoba with respect to all provincial health services and for consolidating certain provincially scoped health care services delivering shared support services and for operating certain facilities under one organization.

In order to carry out this mandate, effective April 1, 2019, Shared Health assumed the governance, management and operational responsibilities for specific Clinical and Administrative Services which were formerly under other provincial Service Delivery Organizations (SDOs) and all of which was and remains under the common control of the Province of Manitoba. The transfer of responsibility occurred as part of Wave 1 of the approved Health System Transformation Plan. The Clinical and Administrative Services transferred from the Region to Shared Health as of April 1, 2019 are as follows:

- Emergency Medical Services
- Information Communication Technology

This restructuring included the transfer of approximately \$23,568,000 of MHSAL annual operating funding to Shared Health.

The carrying value of the assets and liabilities transferred on April 1, 2019 was:

Financial Assets

Accounts receivable – MHSAL - vacation entitlements	\$ 563,350
Accounts receivable – MHSAL - retirement entitlements	1,273,155
	<u>1,836,505</u>

Liabilities

Accrued vacation benefit	1,445,656
Accrued sick leave benefit	299,742
Accrued retirement	1,273,154
	<u>3,018,552</u>

Restructuring Gain	<u>\$ 1,182,047</u>
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19. Developing event

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID -19 is unknown at this time and it is not possible to reliably estimate the impact that these developments will have on the financial results of the Region in future periods.

20. Comparative figures

Some prior year balances have been reclassified to be consistent with the current year's presentation.

Southern Health-Santé Sud
Statement of Operations - Ancillary Operations
For the year ended March 31, 2020

Schedule 1a

	Elderly Person's Housing (Schedule 1b)	Handivan	Retail Pharmacy	2020	2019
REVENUE					
Outside sources	\$ 1,406,707	\$ 18,351	\$ 1,076,286	\$ 2,501,344	\$ 2,434,521
	1,406,707	18,351	1,076,286	2,501,344	2,434,521
EXPENSES					
Operating	956,875	19,476	883,236	1,859,587	1,936,900
Amortization of capital assets	111,758	-	-	111,758	120,756
Interest on long-term debt	1,904	-	-	1,904	4,341
	1,070,537	19,476	883,236	1,973,249	2,061,996
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 336,170	\$ (1,124)	\$ 193,050	\$ 528,095	\$ 372,525

Southern Health-Santé Sud
Statement of Operations - Elderly Person's Housing
For the year ended March 31, 2020

Schedule 1b

	Regency House	Rotary Park	Crescent Lodge	Centennial Apartments	Boyne Towers	2020	2019
REVENUE							
Rental Income	\$ 422,859	\$ 267,871	\$ 69,910	\$ 193,348	\$ 281,733	\$ 1,235,721	\$ 1,129,196
MHRC Subsidy	65,130	2,691	-	-	7,292	75,113	80,322
Other	37,373	13,590	8,706	31,929	4,275	95,872	157,675
	525,362	284,153	78,616	225,277	293,300	1,406,707	1,367,193
EXPENSES							
Purchased Services	24,805	24,805	10,569	15,853	7,144	83,176	84,314
Interdepartmental Services	10,500	16,550	5,200	5,950	30,862	69,062	67,136
Salaries and Benefits	-	-	-	-	17,798	17,798	15,017
Mortgage Interest	1,212	692	-	-	-	1,904	4,340
Property Taxes	37,339	15,814	8,810	21,713	16,954	100,630	93,636
Insurance	5,300	3,100	1,050	4,300	5,000	18,750	18,600
Maintenance	65,602	45,705	8,443	17,193	9,721	146,664	144,050
Major Repairs	81,900	79,807	10,820	44,556	39,376	256,459	367,460
Electricity	61,801	34,193	13,022	33,151	37,672	179,839	185,995
Natural Gas	-	3,867	-	-	5,761	9,628	10,688
Water and Sewer	19,711	17,944	2,043	7,617	5,541	52,855	60,003
Professional Fees - Audit	1,150	1,150	1,150	1,150	1,100	5,700	5,700
Telephone	87	109	-	-	-	196	7,593
Supplies	3,073	3,190	48	567	9,243	16,120	14,133
Amortization of capital assets - Land Improvements	1,558	-	-	-	611	2,169	2,169
Amortization of capital assets - Building	55,246	-	-	19,745	20,733	95,723	95,723
Amortization of capital assets - Equipment	5,030	-	-	-	8,835	13,865	13,865
	374,313	246,926	61,154	171,795	216,349	1,070,537	1,190,422
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 151,049	\$ 37,227	\$ 17,462	\$ 53,482	76,950	\$ 336,170	\$ 176,771
Manitoba Housing Income Reconciliation: (Note 17)							
Principal payments on mortgage	\$ (163,861)	\$ (9,890)	\$ -	\$ -	\$ -	\$ (173,752)	\$ (171,327)
Depreciation land improvements	1,558	-	-	-	611	2,169	2,169
Depreciation buildings	55,246	-	-	19,745	20,733	95,723	95,723
Depreciation equipment	5,030	-	-	-	8,835	13,865	13,865
Recognition of unearned revenues	(31,900)	(9,807)	(5,820)	(29,556)	(3,376)	(80,459)	(139,510)
Income (Loss) for Manitoba Housing Purposes	\$ 17,122	\$ 17,529	\$ 11,642	\$ 43,671	\$ 103,753	\$ 193,717	\$ (22,309)
ACCUMULATED SURPLUS (DEFICIT)	\$ 123,560	\$ 167,236	\$ (62,584)	\$ 33,203	\$ 105,776	\$ 367,191	\$ 207,789
Reserve for Major Repairs Balance	\$ 118,293	\$ 122,713	\$ 33,135	\$ 41,717	\$ 56,473	\$ 372,332	\$ 275,831