Financial Statements of

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC. GOLDEN LINKS LODGE

Year ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of Odd Fellows and Rebekahs Care Homes Inc. Golden Links Lodge

Opinion

We have audited the accompanying financial statements of Odd Fellows and Rebekahs Care Homes Inc. Golden Links Lodge (the "Entity"), which comprise the statement of financial position as at March 31, 2020, the statements of operations, changes in net deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

Other Matter

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 20, 2019.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 24, 2020

ODD FELLOWS AND REBEKAHS CARE HOMES INC.
GOLDEN LINKS LODGE

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash (note 3)	$ 3,560	$ 2,595
Short-term investments (note 4)	168,326	261,002
Accounts receivable	6,453	6,732
Employee benefits recoverable (note 5[b])	230,242	230,242
Prepaid expenses	17,420	19,355
Due from Winnipeg Regional Health Authority (note 7)	–	349,709
	426,001	869,635
Pre-retirement benefits recoverable (note 5[a])	459,654	444,027
Capital assets (note 6)	1,603,511	1,736,104
	$ 2,489,166	$ 3,049,766
Liabilities, Deferred Contributions and Net Deficit		
Current liabilities:		
Accounts payable and accrued liabilities (note 12)	$ 489,496	$ 392,809
Due to Winnipeg Regional Health Authority (note 7)	44,832	350,000
Accrued vacation payable (note 5[b])	343,208	336,540
Trust liabilities	17,398	13,532
	894,934	1,092,881
Pre-retirement benefits (note 5[a])	426,917	411,290
Deferred contributions (note 8):		
Externally restricted	328,554	328,554
Capital assets	1,458,740	1,590,790
Donations	112,185	111,197
Reserve for insurance deductible	8,217	7,217
	1,907,696	2,037,758
Total liabilities and deferred contributions	3,229,547	3,541,929
Net deficit, unrestricted	(740,381)	(492,163)
Contingencies (note 9)		
Subsequent event (note 13)		
	$ 2,489,166	$ 3,049,766

See accompanying notes to financial statements.

On behalf of the Board:

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Original Document Signed Director

ODD FELLOWS AND REBEKAHS CARE HOMES INC.
GOLDEN LINKS LODGE

Statement of Operations

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

	2020	2019
Revenue:		
Winnipeg Regional Health Authority	$ 4,503,605	$ 4,604,289
Residential charges	2,059,326	1,945,832
Amortization of deferred contributions related to capital assets	182,902	183,242
Recoveries and offset income	18,872	35,269
Donation and other	47,224	22,636
Interest earned	2,325	3,825
	6,814,254	6,795,093
Expenditures:		
Nursing personal care	4,421,096	4,555,695
Food services	806,281	840,207
General and administrative	610,704	543,457
Plant maintenance	239,213	315,804
Housekeeping	307,825	305,478
Plant operation	183,157	193,141
Amortization of capital assets	184,752	184,753
Recreation	104,058	97,562
Laundry and linen	92,891	95,584
Social work	74,496	73,682
In-service education	12	37,851
Interest on long-term debt	463	5,478
	7,024,948	7,248,692
Deficiency of revenue over expenditures for the year before the undernoted	(210,694)	(453,599)
Pre-retirement benefit, change in liability	(15,627)	13,664
Pre-retirement payouts (Note 5a)	(21,897)	(33,220)
Deficiency of revenue over expenditures	$ (248,218)	$ (473,155)

See accompanying notes to financial statements.

ODD FELLOWS AND REBEKAHS CARE HOMES INC.
GOLDEN LINKS LODGE

Statement of Changes in Net Deficit

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

	2020	2019
Balance, beginning of year	$ (492,163)	$ (19,008)
Deficiency of revenue over expenditures	(248,218)	(473,155)
Balance, end of year	$ (740,381)	$ (492,163)

See accompanying notes to financial statements.

ODD FELLOWS AND REBEKAHS CARE HOMES INC.
GOLDEN LINKS LODGE

Statement of Cash Flows

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

	2020	2019
Cash flows from (used in) operating activities:		
Deficiency of revenue over expenditures for the year	$ (248,218)	$ (473,155)
Adjustments for:		
Amortization of capital assets	184,752	184,753
Amortization of deferred contributions related to capital assets	(182,902)	(183,242)
	(246,368)	(471,644)
Change in non-cash working capital balances:		
Accounts receivable	279	(2,765)
Due from Winnipeg Regional Health Authority	349,709	(76,225)
Prepaid expenses	1,935	314
Deferred benefit entitlements	(15,627)	13,664
Accrued vacation entitlement	6,668	34,399
Pre-retirement entitlement	15,627	(13,664)
Accounts payable and accrued expenses	96,687	(7,613)
Due to Winnipeg Regional Health Authority	(305,168)	–
Trust liabilities	3,866	1,786
	153,976	(50,104)
	(92,392)	(521,748)
Cash flows from financing activities:		
Deferred contributions - capital assets	50,852	6,664
Deferred contributions - donations, net	988	39,021
Reserve for insurance deductible	1,000	1,000
	52,840	46,685
Cash flows from (used in) investing activities:		
Purchase of capital assets	(52,159)	(12,034)
Decrease in short-term investments	92,676	41,143
	40,517	29,109
Increase (decrease) in cash	965	(445,954)
Cash, beginning of year	2,595	448,549
Cash, end of year	$ 3,560	$ 2,595

See accompanying notes to financial statements.

1. Nature of the Organization:

The Odd Fellows and Rebekahs Care Homes Inc. Golden Links Lodge (the "Organization") is a non-profit organization operating as a long-term care facility. The Organization is a registered charity under the *Canadian Income Tax Act* and is therefore exempted from income taxes.

2. Significant accounting policies:

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

(a) Basis of presentation:

The financial statements include only the assets, liabilities, operations and net assets of the Organization.

(b) Change in accounting policies:

Effective April 1, 2019, the Organization adopted the new Handbook section, Section 4433, *Tangible capital assets held by not-for-profit organizations,* which directs organizations to apply the accounting guidance of Section 3061, *Property, Plant and Equipment,* in Part II of the Handbook.

In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components. This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

There was no impact to the financial statements of the Organization from adoption of this accounting standard.

(c) Revenue recognition:

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

The Organization is funded primarily by Winnipeg Regional Health Authority (WRHA) in accordance with a Service Purchase Agreement (SPA). Operating grants are recorded as revenue in the period to which they relate.

2. Significant accounting policies (continued):

In accordance with the terms and conditions of the SPA, the operating surplus the Organization may retain is the greater of 50 percent of the operating surplus and 2 percent of the global budget as provided by WRHA, in any fiscal year. The remaining operating surplus of the Organization in any fiscal year is repayable to the WRHA. Annual operating deficits are the responsibility of the Organization.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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

Revenue from the residential services (rent, housing, residential charges) and marketed services is recognized when the goods are sold or the service is provided.

The Organization records on an annual basis, an estimate of the amount that may be recoverable from, or payable to WRHA relating to its excess of revenues or expenditures in accordance with WHRA funding guidelines. WHRA funding adjustments are subject to WHRA audits. The differences, if any, from the initial estimates are reflected as an adjustment in the current year's operating income.

(d) Contributed services:

In the normal course of business, the Organization receives volunteer assistance in carrying out its service delivery activities. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Organization’s ability to provide services, its carrying amount is written down to its residual value.

2. Significant accounting policies (continued):

Capital assets are amortized using the straight-line method based on the estimated useful life of the asset as follows:

Land improvements	10 years
Buildings and building improvements	10 to 50 years
Equipment	5 to 20 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

(f) Employee benefits:

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

The significant actuarial assumptions adopted in measuring the Organization's employee future pre-retirement benefits include mortality and withdrawal rates, a discount rate of 3.50 percent (2019 - 3.00 percent) and a rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter (2019 - nil percent to March 2020, 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter) plus an age-related merit/promotion scale.

(g) Use of estimates:

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

ODD FELLOWS AND REBEKAHS CARE HOMES INC.
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Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry investments at fair value.

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

Unrealized gains and losses on investments, representing the change in difference between the fair value and the cost of investments at the beginning and end of each year is reflected in investment income in the statement of operations. Fair value of investments is determined based on period end quoted market prices.

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

3. Cash:

	2020	2019
Bank indebtedness - unrestricted	$ (78,202)	$ (75,906)
Restricted cash	81,762	78,501
	$ 3,560	$ 2,595

Restricted cash represents cash held for deferred contributions related to donations.

ODD FELLOWS AND REBEKAHS CARE HOMES INC. GOLDEN LINKS LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2020

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4. Short-term investments:

The Organization has short-term investments held with TD Canada Trust in a money market account in the amount of $168,326 (2019 - $261,002).

5. Employee future benefits and employee benefits:

(a) Pre-retirement benefits:

The Organizations participates in an employee future pre-retirement benefits plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

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

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	$ 411,290	424,954
Current benefit cost	32,823	36,767
Interest	13,323	15,006
Amortized actuarial loss	(8,622)	(32,217)
Benefits paid	(21,897)	(33,220)
Liability for benefits	$ 426,917	$ 411,290

The Organization measured the pre-retirement benefit liability at March 31, 2020 using an extrapolation of the most recently completed actuarial valuation as of December 31, 2014. The significant actuarial assumptions adopted in measuring the accrued pre-retirement entitlements include mortality and withdrawal rate, a discount rate of 3.50 percent (2019 - 3.00 percent) and a rate of salary increase of 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter (2019 - nil percent to March 2020, 0.75 percent to March 2021, 1.00 percent to March 2022 and 3.50 percent thereafter) plus an age-related merit/promotion scale. Actual payments made during the year for the Corporation’s pre-retirement entitlements were $21,897 (2019 - $33,220).

The amount of funding which will be provided by the WRHA for future entitlement benefits was initially determined based on the future pre-retirement benefits payable at March 31, 2004, and was recorded as amounts recoverable from the WRHA and also includes the incremental increases in the related liability for fiscal 2007 to 2018, which includes an interest component.

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

The future employee benefits recoverable from the WRHA of $459,654 (2019 - $444,027) at March 31, 2020 have no specified terms of repayment.

(b) Vacation pay:

The cost of the Organization’s vacation benefits is accrued when the benefits are earned by the employees. The vacation benefit accrual at March 31, 2020 is $343,208 (2019 - $336,540).

Each year, the WRHA funds a portion of the vacation pay liability of the Organization, which is limited to the amount established at March 31, 2004, of $230,242. This amount is recorded as employee benefits recoverable on the statement of financial position.

(c) Multi-employer defined benefit pension plan:

Substantially all of the employees of the Organization are members of Healthcare Employees’ Pension Plan - Manitoba (the “Plan”) which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years that provide the highest earnings, prior to retirement, termination or death.

During the year, the Organization contributed $339,256 (2019 - $363,142) on behalf of its employees. The most recent actuarial valuation of the Plan as at December 31, 2018, reported the Plan had a surplus of actuarial value of net assets over actuarial present value of accrued pension obligations and a solvency deficiency. Based on a solvency exemption granted to the Plan, the Plan is not required to fund on a solvency basis but is required to fund on a going concern basis. A going concern deficiency, if any, will be funded by special payments out of current contributions. Any contribution deficiencies in the plan would be addressed through pension benefit reductions or contribution rate increases from the participating members. Employer contribution rates are 8.9 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.5 percent on earnings in excess of YMPE.

ODD FELLOWS AND REBEKAHS CARE HOMES INC.
GOLDEN LINKS LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2020

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6. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land improvements	$ 222,656	$ 218,387	$ 4,269	$ 4,831
Buildings	4,203,448	2,809,682	1,393,766	1,472,715
Building addition Special needs unit	388,857	259,238	129,619	140,421
Equipment	1,074,728	998,871	75,857	118,137
	$ 5,889,689	$ 4,286,178	$ 1,603,511	$ 1,736,104

7. Due from (to) Winnipeg Regional Health Authority Inc.:

The due from (to) the WRHA represents the net year-end funding receivable and payable for the fiscal years 2014 to 2020.

Prior years' surplus and deficit, settlement for which has not yet been adjusted is as follows:

	2020	2019
2014 fiscal year end	$ –	$ 7,415
2015 fiscal year end - repayable In-Globe surplus	(169,522)	(66,448)
2015 and 2016 fiscal year ends	–	147,532
2017 fiscal year end	–	38,684
2018 fiscal year end	22,715	80,259
2019 fiscal year end	44,428	142,267
2020 fiscal year end	57,547	–
	$ (44,832)	$ 349,709

During the fiscal year ended 2020, the decision was made between the Organization and WRHA to net qualifying receivables from previous years against outstanding payables due from the Organization, which amounted to $350,000 due to the WRHA as at March 31, 2019. As a result, certain periods in the table above, have now been considered received by the Organization.

ODD FELLOWS AND REBEKAHS CARE HOMES INC. GOLDEN LINKS LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Deferred contributions:

a) Deferred contributions - externally restricted:

	2020	2019
Reserve for major repairs:		
Balance, beginning of year	$ 231,552	$ 231,552
Balance, end of year	$ 231,552	$ 231,552
Equipment replacements:		
Balance, beginning of year	$ 97,002	$ 97,002
Balance, end of year	$ 97,002	$ 97,002
Total deferred contributions - externally restricted	$ 328,554	$ 328,554

b) Deferred contributions - capital assets:

	2020	2019
Balance, beginning of year	$ 1,590,790	$ 1,767,368
Current year funding	50,852	50,535
Debt reduction	–	(43,871)
Amortized to revenue	(182,902)	(183,242)
Balance, end of year	$ 1,458,740	$ 1,590,790

The Organization signed two promissory notes, both dated March 31, 2020 relating to funding used for the purchase of capital assets. The promissory notes are payable to the Province of Manitoba, with one promissory note payable over a three year period and the other payable over a five year period.

The payment of principal and interest on these promissory notes is funded by the Winnipeg Regional Health Authority. No revenue or expense is recorded in accordance with their extinguishment, except for the amortization of the deferred contribution.

8. Deferred contributions (continued):

As at March 31, 2020, the balance of the 3 year promissory note is $64,853 (2019 - $nil). The 3 year promissory note bears interest at 2.45%, maturing on March 31, 2023, and is repayable in monthly installments of $1,870.

As at March 31, 2020, the balance of the 5 year promissory note is $116,981 (2019 - $nil). The 5 year promissory note bears interest at 2.65%, maturing on March 31, 2025, and is repayable in monthly installments of $2,084.

c) Deferred contributions - donations:

	2020	2019
Balance, beginning of year	$ 111,197	$ 72,176
Current year donations	21,908	43,674
Current year expenditures	(20,920)	(4,653)
Balance, end of year	$ 112,185	$ 111,197

d) Deferred contributions - reserve for insurance deductible:

	2020	2019
Balance, beginning of year	$ 7,217	$ 6,217
Current year funding	1,000	1,000
Balance, end of year	$ 8,217	$ 7,217

9. Contingencies:

On July 1, 1987 a group of health care Organizations ("subscribers"), formed Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2020.

10. Land lease:

The land used by the Organization is owned by the Grand Lodge of Manitoba, 1.0.0.F. The Organization has leased the land for a term of 50 years from March 1, 1980 without any leasing cost other than maintaining the property.

11. Financial risk management:

The Organization is exposed to different types of risk in the normal course of operations, including liquidity risk, credit risk and market risk. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities. There has been no changes to the below noted risk exposures from 2019.

(a) Liquidity risk:

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

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to accounts receivable, due from Winnipeg Regional Health Authority and investments.

Accounts receivable: The Organization is not exposed to significant credit risk as the receivables are spread among a broad client base and payment in full is typically collected when it is due. The Organization establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from WRHA, vacation entitlements receivable and retirement obligations receivable: The Organization is not exposed to significant credit risk as these receivables are from the Province of Manitoba and Winnipeg Regional Health Authority.

11. Financial risk management (continued):

(c) Market risk:

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

Interest rate risk is the risk that the value of a financial Instrument will fluctuate due to changes in market Interest rates. The Organization is not exposed to significant interest rate risk. Its investments are held in short-term or variable rate products.

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

The Organization is not exposed to other price risk.

12. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable in the amount of $63,614 (2019 - $64,039).

13. Subsequent event:

In the month of March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Organization has experienced restricted access to its facilities to the public including visitors commencing in March 2020 based on public health recommendations and mandatory working from home requirements for those able to do so as a result of the COVID-19 pandemic. Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and did not identify such adjustments. At this time, there are also other factors which present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect of these items is not practicable at this time.