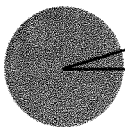


LUTHER HOME CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Directors of Luther Home Corporation:

Qualified Opinion

We have audited the financial statements of Luther Home Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in our *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Note 3 indicates that the Corporation follows certain accounting policies that are not in accordance with Canadian accounting standards for not-for-profit organizations in order to comply with the Operating Agreement with the Manitoba Housing Renewal Corporation. The effect of these departures from Canadian accounting standards for not-for-profit organizations materially impact capital assets and operating expenses of the Corporation but would not have a pervasive impact on the financial statements as a whole.

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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the Directors of Luther Home Corporation *(continued)*

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 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism 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 Corporation'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 Corporation'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 Corporation 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.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
May 27, 2020

LUTHER HOME CORPORATION

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and marketable securities <i>(Note 4)</i>	\$ 787,817	\$ 869,523
Accounts receivable	200,866	151,700
Prepaid expenses	14,636	9,495
Inventory	26,114	23,482
	1,029,433	1,054,200
DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY <i>(Note 5)</i>	479,727	507,468
CAPITAL ASSETS <i>(Note 6)</i>	4,822,179	5,135,050
	\$ 6,331,339	\$ 6,696,718
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued expenses	\$ 915,378	\$ 877,902
Excess subsidy due to MHRC	24,614	-
Current portion of long-term debt <i>(Note 7)</i>	126,223	151,354
	1,066,215	1,029,256
Term loans due on demand <i>(Note 7)</i>	154,891	232,879
	1,221,106	1,262,135
ACCRUED BENEFIT ENTITLEMENT	458,455	486,196
LONG-TERM DEBT <i>(Note 7)</i>	1,343,075	1,468,681
SUBSIDY SURPLUS RESERVE	85,626	83,894
REPLACEMENT RESERVE <i>(Note 8)</i>	508,627	439,822
DEFERRED CONTRIBUTIONS		
Building - painting of resident rooms	30,621	-
Capital assets	1,032,684	1,130,359
	4,680,194	4,871,087
NET ASSETS		
Unrestricted	1,437,366	1,578,710
Internally restricted - Christ Lutheran Church <i>(Note 9)</i>	213,779	246,920
	1,651,145	1,825,630
	\$ 6,331,339	\$ 6,696,717

APPROVED ON BEHALF OF THE BOARD

Original Document Signed _____ *Director*

Original Document Signed _____ *Director*

LUTHER HOME CORPORATION

Statement of Operations

Year Ended March 31, 2020

	2020	2019
REVENUE		
Long-term care (Schedule 1)	\$ 6,275,189	\$ 6,274,666
1080 Powers (Schedule 2)	569,573	554,691
1084 Powers (Schedule 3)	378,640	377,464
364 Leila (Schedule 4)	22,187	24,000
Adult Day Program (Schedule 5)	164,387	160,192
Home Care Program (Schedule 6)	332,688	332,688
Management Services (Schedule 7)	18,151	17,244
Chaplaincy Fund (Schedule 8)	17,272	32,340
Donation Fund - Christ Lutheran Church	5,095	6,015
	<u>7,783,182</u>	<u>7,779,300</u>
EXPENSES		
Long-term care (Schedule 1)	6,417,192	6,184,384
1080 Powers (Schedule 2)	510,159	519,891
1084 Powers (Schedule 3)	267,972	269,327
364 Leila (Schedule 4)	21,113	19,677
Adult Day Program (Schedule 5)	154,142	155,578
Home Care Program (Schedule 6)	327,378	322,556
Management Services (Schedule 7)	36,722	11,033
Chaplaincy Fund (Schedule 8)	55,508	65,033
	<u>7,790,186</u>	<u>7,547,479</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE ALLOCATION	<u>(7,004)</u>	231,821
ALLOCATION TO REPLACEMENT RESERVE	141,867	138,576
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,000	1,008
EXCESS SUBSIDY DUE TO MHRC	<u>24,614</u>	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (174,485)</u>	<u>\$ 92,237</u>

LUTHER HOME CORPORATION

Statement of Cash Flow

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (174,485)	\$ 92,237
Adjustments for:		
Allocation to reserves	142,867	139,584
Excess subsidy due to MHRC	24,614	-
Amortization of capital assets	325,306	323,540
Amortization of deferred contributions related to capital assets	(81,348)	(81,208)
	236,954	474,153
Adjustments for changes in non-cash working capital:		
Accounts receivable	(49,166)	32,253
Inventories	(2,632)	1,278
Prepaid expenses	(5,142)	648
Accounts payable and accrued expenses	37,476	(13,765)
Accrued benefit entitlement	(27,741)	(8,078)
	189,749	486,489
Cash flow from operating activities	189,749	486,489
INVESTING ACTIVITY		
Purchase of capital assets	(12,434)	(11,475)
	(12,434)	(11,475)
Cash flow used by investing activities	(12,434)	(11,475)
FINANCING ACTIVITIES		
Due from Winnipeg Regional Health Authority	27,741	8,078
Change in deferred contributions	(58,037)	(22,793)
Repayment of term loans	(77,988)	(145,452)
Repayment of long-term debt	(150,737)	(144,493)
	(259,021)	(304,660)
Cash flow used by financing activities	(259,021)	(304,660)
INCREASE (DECREASE) IN CASH FLOW	(81,706)	170,354
CASH - BEGINNING OF YEAR	869,523	699,169
CASH - END OF YEAR	\$ 787,817	\$ 869,523

LUTHER HOME CORPORATION

Statement of Changes in Net Assets

Year Ended March 31, 2020

	Christ Lutheran Church	Chaplaincy Fund	Unrestricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 246,920	\$ -	\$ 1,578,710	\$ 1,825,630	\$ 1,733,393
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	5,095	(38,236)	(141,344)	(174,485)	92,237
INTERFUND TRANSFER <i>(Note 9)</i>	(38,236)	38,236	-	-	-
NET ASSETS - END OF YEAR	\$ 213,779	\$ -	\$ 1,437,366	\$ 1,651,145	\$ 1,825,630

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

1. INCORPORATION AND OPERATIONS

Luther Home Corporation (the "Corporation") was incorporated on May 25, 1968 as a not-for-profit organization without share capital. The mission of the Corporation is to minister with love and compassion to the physical, mental, spiritual and social needs of persons requiring care within their facility and surrounding community.

Luther Home Corporation consists of four properties: 1081 Andrews Street, 1080 Powers Street, 1084 Powers Street and 364 Leila Avenue.

The property at 1081 Andrews Street is a long-term care facility. The property at 1080 Powers Street is a subsidized senior housing project. The property at 1084 Powers Street is a subsidized senior housing project. The property at 364 Leila Avenue is a refugee housing facility.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO), except as disclosed in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), except as explained below, in order to comply with the Operating Agreement with the Manitoba Housing Renewal Corporation (MHRC).

The specific accounting policies that differ from the Canadian accounting standards for not-for-profit organizations (ASNPO) include the following:

- (a) Amortization for the building, furniture and equipment at 1080 Powers Street is calculated at a rate equal to the annual principal reduction of the mortgage from MHRC. No amortization is charged on other capital assets. Donated capital assets are not amortized.
- (b) Capital assets purchased from the Replacement Reserve are charged against Replacement Reserve account, rather than being capitalized on the statement of financial position and amortized over these estimated useful lives; and
- (c) A reserve for future capital replacement is appropriated annually from operations.

(continues)

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue recognized for donated assets is deferred when the donated asset is received and recognized in each period to the extent of the amortization expense on the related asset. 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.

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

Measurement uncertainty

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization, except as required under the operating agreement with MHRC for 1080 Powers Street, is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, are reported in excess of revenues and expenses in the periods in which they become known.

Capital assets

Capital assets are recorded at cost, less any related grants. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<u>Rate</u>
Buildings – 1081 Andrews Street	20 and 50 years
Automotive – 1081 Andrews Street	8 years
Real time locating system – computer	4 years
Computer and system software – 1081 Andrews Street	4 years
Furniture, equipment and improvements – 1081 Andrews Street	10 and 20 years
Real time locating system	10 years
Buildings – 364 Leila	40 years
Furniture and fixtures – 364 Leila	10 years

(continues)

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets *(continued)*

The Corporation performs impairment testing on capital assets whenever changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the year.

For 1080 Powers Street, amortization is provided on the building, furniture and equipment purchased from loans by MHRC at a rate equal to the annual principal reduction of the mortgage. No amortization is charged on capital assets; however, a replacement reserve is maintained to provide for future asset replacement. Donated capital assets are not amortized.

Income taxes

The Corporation is registered as a not-for-profit organization, and as such, it is exempt from income taxes under Section 149 of the Income Tax Act.

Replacement reserve

In accordance with the guidelines established by MHRC, Winnipeg Regional Health Authority (WRHA) and Canada Mortgage and Housing Corporation (CMHC), a replacement reserve liability has been established. The replacement reserve is funded from the Corporation's operations through an annual allocation to the reserve. The amount to be allocated is the amount set out in the corresponding budget or another amount approved by the Corporation.

Deferred contributions

Capital asset deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets. Revenue is recognized at the same rate as related assets are amortized.

Inventory

Inventory held for consumption in the production process of goods to be distributed are recognized at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Accrued benefit entitlement

1081 Andrews Street has a contractual commitment to pay out to employees four days per year of service upon retirement if they comply with the following conditions:

- (a) have ten years of service and have reached the age of 55; or
- (b) qualify for the "80" rule which is calculated by adding the number of years of service to the age of the employee; or
- (c) retire at or after the age of 65; or
- (d) terminate employment at any time due to permanent disability.

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LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accrued benefit entitlement *(continued)*

The Corporation has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the pre-retirement entitlement is recoverable from the WRHA up to a pre-determined percentage.

Internally restricted net assets

The Corporation has restricted donations in one Donation Fund. These funds may be designated for specific projects to enhance the care of residents of the Corporation.

Financial instruments

Financial instruments consist of cash and marketable securities, accounts receivable, accounts payable and accrued expenses, subsidy due to MHRC, term loans due on demand and long-term debt.

All financial instruments are initially recorded at fair value and are subsequently reported at amortized cost.

Transaction costs on all financial instruments are expensed as incurred.

It is management's opinion that the Corporation is not exposed to any significant currency, or credit risk arising from these financial instruments.

4. CASH AND MARKETABLE SECURITIES

Marketable securities include GICs, stated at market value, which earned interest at an average rate of 2.5% at year end. Restricted cash and marketable securities are amounts allocated to reserve and trust accounts that are subject to restrictions.

	<u>2020</u>	<u>2019</u>
Cash and marketable securities, restricted	\$ 594,253	\$ 550,015
Cash and marketable securities, unrestricted	<u>193,564</u>	<u>319,508</u>
	<u>\$ 787,817</u>	<u>\$ 869,523</u>

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

5. DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY (WRHA)

	2020	2019
Vacation entitlement	\$ 133,100	\$ 133,100
Pre-retirement entitlement	346,627	374,368
	\$ 479,727	\$ 507,468

The amount of funding which will be provided by the WRHA for pre-retirement and vacation entitlement obligations was originally capped at the amount owing as at March 31, 2004 and has been recorded as a receivable on the balance sheet.

For the period April 1, 2004 to March 31, 2006, the WRHA partially funded the change in the pre-retirement entitlement. For the period April 1, 2006 to March 31, 2020, the WRHA fully funded the change in the pre-retirement entitlement.

6. CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land – 1081 Andrews St.	\$ 51,952	\$ -	\$ 51,952	\$ -
Buildings – 1081 Andrews St.	3,169,008	(1,856,868)	3,169,008	(1,755,219)
Automotive – 1081 Andrews St.	74,399	(71,099)	74,399	(71,099)
Real time locating system – computer	16,461	(16,461)	16,461	(16,461)
Computer and system software – 1081 Andrews St.	221,710	(221,710)	221,710	(212,036)
Furniture, equipment and improvements – 1081 Andrews St.	2,996,294	(2,592,226)	2,984,052	(2,500,295)
Real time locating system	167,863	(167,863)	167,863	(167,863)
Buildings – 364 Leila Ave	229,431	(128,983)	229,431	(123,607)
Furniture and fixtures – 364 Leila Ave.	24,404	(24,404)	24,404	(24,404)
Land, building and equipment – 1080 Powers St.	3,074,992	(1,125,416)	3,074,992	(1,008,933)
Land, building and equipment – 1084 Powers St.	2,297,031	(1,296,336)	2,297,031	(1,296,336)
	\$ 12,323,545	\$ (7,501,366)	\$ 12,311,303	\$ (7,176,253)
Net book value	\$ 4,822,179		\$ 5,135,050	

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

7. LONG-TERM DEBT

	2020	2019
Mortgage loan with MHRC, bearing interest at 10.125% per annum, repayable in monthly instalments of \$21,387, including interest and secured by the land and building at 1080 Powers Street, due July 1, 2027.	\$ 1,344,939	\$ 1,461,421
Mortgage loan with CMHC, bearing interest at 6.875% per annum, repayable in monthly instalments of \$3,532, including interest and secured by the land and building at 1081 Andrews Street, due January 1, 2020.	-	34,255
Term demand loan with Bank of Montreal, bearing interest at prime plus .75%, repayable in monthly principal payments of \$3,750, secured by assignment of proceeds of the reserve fund for 1084 Powers, due February 1, 2023.	127,500	172,500
Term demand loan with the Treasury Division of Manitoba Health. Principal payments to be determined, bearing interest at 2.54%.	124,359	124,359
Term demand loan with Bank of Montreal, bearing interest at prime plus .75%, for roof replacement at 1080 Powers Street, due January 1, 2021.	27,391	60,379
	1,624,189	1,852,914
Less: Term loans due on demand	154,891	232,879
Less: Current portion of long-term debt	126,223	151,354
	\$ 1,343,075	\$ 1,468,681

Principal repayments on long-term debt are estimated as follows:

2021	\$	198,614
2022		184,613
2023		191,924
2024		170,806
2025		188,925
Thereafter		689,307

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

8. REPLACEMENT RESERVE

1081 Andrews Street

Under the terms of the agreement with the WRHA, the replacement reserve account was credited in the amount of \$4,767 (2019 - \$4,776). These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by WRHA from time to time. The use of the funds in the account may require approval by the WHRA.

1080 Powers Street

Under the terms of the agreement with MHRC, the replacement reserve account is to be credited in the amount of \$34,800 (2019 - \$34,800) annually until it accumulates \$525,000 plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by MHRC from time to time. The funds in the account may only be used as approved by MHRC. Withdrawals are credited to interest first and then principal. At year end, the fund was comprised of the following:

	<u>2020</u>	<u>2019</u>
Bank and term deposits	\$ 155,795	\$ 138,558
Due from (to) operating account	-	-
Accrued interest	<u>3,215</u>	<u>3,251</u>
	<u>\$ 159,010</u>	<u>\$ 141,809</u>

9. INTERNALLY RESTRICTED FUNDS

During 2014/2015, a donation was received from the Christ Lutheran Church, with specific conditions on the use of the donated funds.

For the current year, a deficit on the operations of the Chaplaincy Services in the amount of \$38,236 (2019 - \$20,047) was transferred from the Christ Lutheran Church Fund to the Chaplaincy Fund, as approved by the Board of Directors.

10. PROVINCIAL HOME CARE

1084 Powers Street received \$332,688 (2019 - \$332,688) from the WRHA – Home Care Division during the current year as a reimbursement of staff salaries and benefits paid.

11. ECONOMIC DEPENDENCE

A significant portion of Luther Home's revenues are received from the WRHA and MHRC. Of the total revenue, 66% (2019 – 67%) is from these organizations.

LUTHER HOME CORPORATION

Notes to Financial Statements

Year Ended March 31, 2020

12. PENSION PLAN

Substantially all of the employees of the Home are members of The Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan) (the "Plan") which is a multi-employer defined 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. Pension assets consist of investment-grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates in consultation with its actuaries. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to \$375,993 (2019 - \$356,087). This amount was determined by contributing 8.9% of eligible salaries up to \$55,300 and 10.5% of the portion of salaries in excess of \$55,300 and matches contributions by employees. The funding objective is for employer contributions to the Plan to remain equal to 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, 2019, indicates the Plan is fully funded.

13. FINANCIAL INSTRUMENT RISK

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, Luther Home manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its variable rate loans.

14. SUBSEQUENT EVENT

Subsequent to year end, the corona virus (COVID-19) has created considerable uncertainty in business and in markets around the globe. The World Health Organization declared the situation a pandemic on March 11, 2020. As a result of the COVID-19 outbreak, the Corporation has experienced increased costs to safeguard its staff and residents. These additional expenses amounted to \$3,557 as of March 31, 2020 and are included in Coronavirus Incremental Wages and Supplies expense in Schedule 1. While the disruption caused by COVID-19 is expected to be temporary, there is considerable uncertainty around the duration of the disruption and as a result the Corporation expects this matter to increase its operating costs and negatively affect its operating results. The related financial impact and duration cannot be reasonably estimated at this time.

LUTHER HOME CORPORATION

Schedule 1

**Statement of Operations
Long-Term Care**

Year Ended March 31, 2020

	2020			2019
	Operating	Capital	Total	
REVENUE FROM RESIDENT SERVICES				
Winnipeg Regional Health Authority	\$ 4,340,165	\$ 40,024	\$ 4,380,189	\$ 4,474,271
Amortization of deferred contributions	-	81,348	81,348	81,208
Residential charges	1,480,973	-	1,480,973	1,377,436
	5,821,138	121,372	5,942,510	5,932,915
OFFSET REVENUES				
Dietetics	131,138	-	131,138	139,738
Parking	13,725	-	13,725	11,792
Project maintenance	154,200	-	154,200	154,200
Other	33,616	-	33,616	36,021
	332,679	-	332,679	341,751
	6,153,817	121,372	6,275,189	6,274,666
EXPENSES				
Administration	89,444	-	89,444	85,452
Amortization of capital assets	203,255	-	203,255	212,302
Benefit bank value change - preretirement	-	-	-	(8,078)
Coronavirus incremental wages & supplies	3,557	-	3,557	-
Food	256,951	-	256,951	256,515
Interest on long-term debt	1,071	-	1,071	9,911
Maintenance and repairs	57,290	-	57,290	58,095
Medical supplies	121,398	-	121,398	117,458
Other supplies and expenses	162,033	-	162,033	136,551
Purchased services	23,632	-	23,632	25,311
Salaries, benefits and payroll levy	5,345,161	-	5,345,161	5,139,530
Utilities	153,400	-	153,400	151,337
	6,417,192	-	6,417,192	6,184,384
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE ALLOCATION	(263,375)	121,372	(142,003)	90,282
ALLOCATION TO REPLACEMENT RESERVE	4,767	-	4,767	4,776
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,000	-	1,000	1,008
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (269,142)	\$ 121,372	\$ (147,770)	\$ 84,498

LUTHER HOME CORPORATION

Schedule 2

**Statement of Operations
1080 Powers St.**

Year Ended March 31, 2020

	Budget 2020 (Unaudited)	Actual 2020	Actual 2019
REVENUE			
Manitoba Housing Renewal Corporation - subsidy	\$ 285,900	\$ 288,480	\$ 287,404
Rental revenue	245,100	255,746	243,972
Cablevision	4,000	16,578	17,046
Other	-	8,769	6,725
	<u>535,000</u>	<u>569,573</u>	<u>555,147</u>
EXPENSES			
Administration	32,700	33,913	32,400
Amortization of capital assets	106,000	116,675	105,862
Cablevision	16,000	17,131	17,004
Electricity	54,900	50,419	59,435
Insurance	6,300	6,835	6,493
Interest on long-term debt	150,700	140,125	150,785
Interest on long-term debt - roof replacement	-	2,108	3,490
Repairs and maintenance	71,200	83,271	82,666
Natural gas	12,800	7,661	6,670
Property taxes	29,200	31,680	30,757
Water	21,900	20,341	24,329
	<u>501,700</u>	<u>510,159</u>	<u>519,891</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION TO REPLACEMENT RESERVE	33,300	59,414	35,256
ALLOCATION TO REPLACEMENT RESERVE	35,000	34,800	34,800
EXCESS (DEFICIENT) SUBSIDY DUE TO (FROM) MHRC	<u>(1,700)</u>	<u>24,614</u>	456
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ -	\$ -	\$ -

LUTHER HOME CORPORATION**Schedule 3****Statement of Operations
1084 Powers St.****Year Ended March 31, 2020**

	2020	2019
REVENUE		
Rental revenue	\$ 365,142	\$ 363,917
Other	13,498	13,547
	378,640	377,464
EXPENSES		
Administration	39,000	39,000
Cablevision	18,020	17,138
Electricity	30,762	31,527
Insurance	9,668	10,531
Interest on long-term debt	7,067	8,806
Janitorial services	18,840	19,204
Maintenance and repairs	68,637	69,682
Natural gas	11,072	10,478
Other supplies and expenses	971	1,010
Professional fees	5,113	3,600
Property taxes	39,299	39,103
Water	19,523	19,248
	267,972	269,327
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION TO REPLACEMENT RESERVE	110,668	108,137
ALLOCATION TO REPLACEMENT RESERVE	99,000	99,000
EXCESS OF REVENUE OVER EXPENSES	\$ 11,668	\$ 9,137

LUTHER HOME CORPORATION*Schedule 4***Statement of Operations
364 Leila Ave.****Year Ended March 31, 2020**

	2020	2019
REVENUE		
Rental income	\$ 22,187	\$ 24,000
EXPENSES		
Amortization of capital assets	5,376	5,376
Electricity	528	302
Insurance	939	892
Janitorial services	-	13
Maintenance and repairs	6,429	2,602
Natural gas	1,428	173
Property taxes	5,514	5,403
Salaries, benefits and payroll levy	-	4,239
Water	899	677
	<u>21,113</u>	<u>19,677</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION TO REPLACEMENT RESERVE	1,074	4,323
ALLOCATION TO REPLACEMENT RESERVE	<u>3,300</u>	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (2,226)	\$ 4,323

LUTHER HOME CORPORATION

Schedule 5

**Statement of Operations
Adult Day Program**

Year Ended March 31, 2020

	2020	2019
REVENUE		
Winnipeg Regional Health Authority	\$ 135,235	\$ 133,293
Participant charges	<u>29,152</u>	<u>26,899</u>
	<u>164,387</u>	<u>160,192</u>
EXPENSES		
Other supplies and expenses	14,384	14,768
Salaries, benefits and payroll levy	54,554	52,026
Travel	<u>85,204</u>	<u>88,784</u>
	<u>154,142</u>	<u>155,578</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 10,245</u>	<u>\$ 4,614</u>

LUTHER HOME CORPORATION

Schedule 6

**Statement of Operations
Home Care Program**

Year Ended March 31, 2020

	2020	2019
REVENUE		
Winnipeg Regional Health Authority	\$ 332,688	\$ 332,688
EXPENSES		
Other expenses	14,400	14,400
Salaries, benefits and payroll levy	312,978	308,156
	327,378	322,556
EXCESS OF REVENUE OVER EXPENSES	\$ 5,310	\$ 10,132

LUTHER HOME CORPORATION

Schedule 7

**Statement of Operations
Management Services**

Year Ended March 31, 2020

	2020	2019
REVENUE		
Other	<u>\$ 18,151</u>	<u>\$ 17,244</u>
EXPENSES		
Board expenses	1,107	1,008
Miscellaneous	26,047	395
Scholarship	500	500
Staff appreciation	6,854	6,602
Tenant and staff gifts	<u>2,214</u>	<u>2,528</u>
	<u>36,722</u>	<u>11,033</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (18,571)</u>	<u>\$ 6,211</u>

LUTHER HOME CORPORATION

Schedule 8

**Statement of Operations
Chaplaincy Fund**

Year Ended March 31, 2020

	2020	2019
REVENUE		
General contributions	\$ 17,272	\$ 32,340
EXPENSES		
Miscellaneous	4,762	7,286
Spiritual care	50,746	57,747
	55,508	65,033
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (38,236)	\$ (32,693)

LUTHER HOME CORPORATION

Schedule 9

Supplementary Information

Year Ended March 31, 2020

	1080		1084		364	Total
	Long-Term Care	Powers Street	Powers Street	Leila Avenue		
REPLACEMENT RESERVE						
RESERVE FOR CAPITAL ASSETS						
Opening balance	\$ 14,139	\$ 141,809	\$ 244,598	\$ 8,382	\$	408,928
Current allocation	-	34,800	99,000	3,300		137,100
Interest earned	292	3,215	5,046	-		8,553
Current expenditures	(14,431)	(20,814)	(30,728)	(5,919)		(71,892)
Ending balance	-	159,010	317,916	5,763		482,689
RESERVE FOR MAJOR REPAIRS						
Opening balance	16,782	-	-	-		16,782
Current allocation	4,767	-	-	-		4,767
Interest earned	346	-	-	-		346
Current expenditures	(11,069)	-	-	-		(11,069)
Ending balance	10,826	-	-	-		10,826
RESERVE FOR INSURANCE DEDUCTIBLE						
Opening balance	14,112	-	-	-		14,112
Current allocation	1,000	-	-	-		1,000
Ending balance	15,112	-	-	-		15,112
TOTAL	\$ 25,938	\$ 159,010	\$ 317,916	\$ 5,763	\$	508,627
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION						
CAPITAL ASSETS						
Opening balance	\$ 6,685,445	\$ 3,074,992	\$ 2,297,031	\$ 253,835	\$	12,311,303
Additions	12,242	-	-	-		12,242
Ending balance	6,697,687	3,074,992	2,297,031	253,835		12,323,545
ACCUMULATED DEPRECIATION						
Opening balance	4,722,972	1,008,934	1,296,335	148,012		7,176,253
Current year depreciation	203,255	116,482	-	5,376		325,113
Ending balance	4,926,227	1,125,416	1,296,335	153,388		7,501,366
NET BOOK VALUE	\$ 1,771,460	\$ 1,949,576	\$ 1,000,696	\$ 100,447	\$	4,822,179
SUBSIDY SURPLUS						
Opening balance	\$ -	\$ -	\$ 83,894	\$ -	\$	83,894
Interest earned	-	-	1,732	-		1,732
Ending balance	\$ -	\$ -	\$ 85,626	\$ -	\$	85,626
LONG-TERM DEBT						
Opening balance	\$ 197,246	\$ 1,483,169	\$ 172,500	\$ -	\$	1,852,915
Principal payment	(72,887)	(110,839)	(45,000)	-		(228,726)
Ending balance	124,359	1,372,330	127,500	-		1,624,189
Less: Current portion and term loans due on demand	-	(153,614)	(127,500)	-		(281,114)
	\$ 124,359	\$ 1,218,716	\$ -	\$ -	\$	1,343,075

Combined Statement of Revenues and Expenses

Year Ended March 31, 2020

	2020													2019	
	Long-Term Care (Operating)	Long- Term Care (Capital)	Total (Long- Term Care)	1080 Powers Street	1084 Powers Street	364 Leila Avenue	Adult Day Program	Home Care Program	Management Services	Total (Operations)	Chaplaincy Fund (Restricted)	Donation Christ Lutheran (Restricted)	Total	Total	
REVENUE															
Regional Health Authority	\$ 4,340,165	\$ 40,024	\$ 4,380,189	\$ -	\$ -	\$ -	\$ 135,235	\$ 332,688	\$ -	\$ 4,848,112	\$ -	\$ -	\$ 4,848,112	\$ 4,940,252	
Manitoba Housing	-	-	-	288,480	-	-	-	-	-	288,480	-	-	288,480	286,948	
Rental	1,480,973	-	1,480,973	255,746	365,142	22,187	29,152	-	-	2,153,200	-	-	2,153,200	2,036,224	
Amortization	-	81,348	81,348	-	-	-	-	-	-	81,348	-	-	81,348	81,208	
Other	332,679	-	332,679	25,347	13,498	-	-	-	18,151	389,675	17,272	5,095	412,042	434,668	
	<u>6,153,817</u>	<u>121,372</u>	<u>6,275,189</u>	<u>569,573</u>	<u>378,640</u>	<u>22,187</u>	<u>164,387</u>	<u>332,688</u>	<u>18,151</u>	<u>7,760,815</u>	<u>17,272</u>	<u>5,095</u>	<u>7,783,182</u>	<u>7,779,300</u>	
EXPENSES															
Amortization	203,255	-	203,255	116,675	-	5,376	-	-	-	325,306	-	-	325,306	323,540	
Covid-19 - wages & supplies	3,557	-	3,557	-	-	-	-	-	-	3,557	-	-	3,557	-	
Interest on long-term debt	1,071	-	1,071	142,233	7,067	-	-	-	-	150,371	-	-	150,371	172,992	
Other	687,116	-	687,116	134,315	126,628	6,429	99,588	14,400	36,722	1,105,198	4,762	-	1,109,960	1,056,098	
Purchased services	23,632	-	23,632	-	5,113	-	-	-	-	28,745	-	-	28,745	28,911	
Utilities	153,400	-	153,400	116,936	110,324	9,308	-	-	-	389,968	-	-	389,968	397,354	
Salaries, benefits, levy	5,345,161	-	5,345,161	-	18,840	-	54,554	312,978	-	5,731,533	50,746	-	5,782,279	5,568,584	
	<u>6,417,192</u>	<u>-</u>	<u>6,417,192</u>	<u>510,159</u>	<u>267,972</u>	<u>21,113</u>	<u>154,142</u>	<u>327,378</u>	<u>36,722</u>	<u>7,734,678</u>	<u>55,508</u>	<u>-</u>	<u>7,790,186</u>	<u>7,547,479</u>	
EXCESS (DEFICIENCY)	<u>(263,375)</u>	<u>121,372</u>	<u>(142,003)</u>	<u>59,414</u>	<u>110,668</u>	<u>1,074</u>	<u>10,245</u>	<u>5,310</u>	<u>(18,571)</u>	<u>26,137</u>	<u>(38,236)</u>	<u>5,095</u>	<u>(7,004)</u>	<u>231,821</u>	
ALLOCATION TO															
INSURANCE DEDUCTIBLE	1,000	-	1,000	-	-	-	-	-	-	1,000	-	-	1,000	1,008	
REPLACEMENT RESERVE	4,767	-	4,767	34,800	99,000	3,300	-	-	-	141,867	(38,236)	38,236	141,867	138,576	
EXCESS SUBSIDY DUE TO MHRC	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,614</u>	<u>-</u>	<u>-</u>	<u>24,614</u>	<u>-</u>	
EXCESS (DEFICIENCY)	<u>\$ (269,142)</u>	<u>\$ 121,372</u>	<u>\$ (147,770)</u>	<u>\$ -</u>	<u>\$ 11,668</u>	<u>\$ (2,226)</u>	<u>\$ 10,245</u>	<u>\$ 5,310</u>	<u>\$ (18,571)</u>	<u>\$ (141,344)</u>	<u>\$ -</u>	<u>\$ (33,141)</u>	<u>\$ (174,485)</u>	<u>\$ 92,237</u>	