THE SAUL AND CLARIBEL SIMKIN CENTRE PERSONAL CARE HOME INC.

Non-consolidated Financial Statements
For the year ended March 31, 2020

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Contents

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Independent Auditor's Report

To the Board of Directors of THE SAUL AND CLARIBEL SIMKIN CENTRE PERSONAL CARE HOME INC.

Opinion

We have audited the non-consolidated financial statements of **The Saul and Claribel Simkin Centre Personal Care Home Inc.** (the "Centre") which comprise the non-consolidated statement of financial position as at March 31, 2020, and the non-consolidated statement of operations and changes in net assets, and non-consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre 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 Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 Centre'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 Centre'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 non-consolidated 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 Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 9, 2020

THE SAUL AND CLARIBEL SIMKIN CENTRE PERSONAL CARE HOME INC.
Non-consolidated Statement of Financial Position

As at March 31	2020	2019
Assets		
Current Assets		
Cash and bank held in trust for residents	**$ 29,033**	$ 28,350
Accounts receivable (Note 3)	**29,092**	118,801
Due from The Saul and Claribel Simkin Centre Foundation Inc. (Note 16)	**264,277**	253,051
Due from Winnipeg Regional Health Authority (Note 4)	**554,012**	775,797
Prepaid expenses	**179,148**	90,503
	1,055,562	1,266,502
Restricted cash and bank (Note 5)	**289,085**	289,085
Loan receivable (Note 6)	**70,989**	70,989
Capital assets (Note 7)	**28,552,744**	29,609,411
Vacation entitlements receivable (Note 8)	**603,753**	603,753
Pre-retirement entitlements receivable (Note 9)	**1,418,708**	1,383,850
	$ 31,990,841	$ 33,223,590

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness (Note 10)	**$ 506,765**	$ 694,456
Residents' Trust	**29,033**	28,350
Accounts payable and accrued liabilities (Note 11)	**578,958**	547,663
Accrued vacation entitlements (Note 8)	**782,037**	763,887
Current portion of mortgage payable (Note 12)	**1,102,500**	1,102,500
Current portion of notes payable (Note 13)	**202,920**	202,920
	3,202,213	3,339,776
Mortgage payable (Note 12)	**8,636,250**	9,738,750
Note payable (Note 13)	**1,758,640**	1,961,560
Deferred contributions (Note 14)	**17,367,140**	17,103,888
Accrued pre-retirement obligations (Note 9)	**1,307,111**	1,269,552
	32,271,354	33,413,526
Net Assets		
Unrestricted (deficit)	**(280,513)**	(189,936)
	$ 31,990,841	$ 33,223,590

Approved on behalf of the Board of Directors:

Original Document Signed
____________________ Director

Original Document Signed
____________________ Director

THE SAUL AND CLARIBEL SIMKIN CENTRE PERSONAL CARE HOME INC.

Non-consolidated Statement of Operations and Changes in Net Assets

For the year ended March 31	2020	2019
Revenue		
Capital funding Manitoba Health	$ 643,853	$ 709,741
Change in pre-retirement entitlement	37,559	-
Contributions from The Saul and Claribel Simkin Centre Foundation Inc. (Note 16)	399,610	365,286
Other income	161,750	55,144
Residential charges	4,668,239	4,551,820
Winnipeg Regional Health Authority	10,275,850	10,237,411
	16,186,861	15,919,402
Expenses		
Administration	672,433	681,690
Housekeeping	729,818	669,140
Information technology	41,583	62,073
Interest on long-term debt	643,853	709,741
Interest and carrying charges on land for future improvement	1,758	5,318
Laundry and linen	416,182	451,091
Nutrition and food services	1,916,617	1,836,455
Other employee benefits	115,355	85,908
Plant maintenance	692,275	582,301
Plant operation	794,290	770,827
Resident care	9,541,581	9,539,533
Social work	81,563	83,234
Spiritual care	90,285	93,402
Staff development	10,302	8,010
Therapeutic recreation	360,466	380,201
Volunteer services	44,350	52,817
	16,152,711	16,011,741
Excess (deficiency) of revenue over expenses before other items	34,150	(92,339)
Other Items		
Amortization of deferred contributions related to capital assets (Note 14)	1,152,070	1,276,247
Amortization of capital assets	(1,276,797)	(1,346,841)
Contribution to The Saul and Claribel Simkin Centre Foundation Inc. (Note 9)	-	(8,377,000)
	(124,727)	(8,447,594)
Deficiency of revenue over expenses for the year	(90,577)	(8,539,933)
Net assets, beginning of the year	(189,936)	8,349,997
Net assets, end of the year	$ (280,513)	$ (189,936)

The accompanying notes are an integral part of these non-consolidated financial statements.

THE SAUL AND CLARIBEL SIMKIN CENTRE PERSONAL CARE HOME INC.
Non-consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Cash Flows from Operating Activities		
Deficiency of revenue over expenses for the year	**$ (90,577)**	$ (8,539,933)
Adjustment for item affecting cash flows from investing activities	**-**	8,377,000
Items not affecting cash and bank		
Amortization of deferred contributions related to capital assets	**(1,152,070)**	(1,276,247)
Amortization of capital assets	**1,276,797**	1,346,841
	34,150	(92,339)
Changes in non-cash working capital		
Cash and bank held in trust for residents	**(683)**	2,258
Accounts receivable	**89,709**	13,160
Due from The Saul and Claribel Simkin Centre Foundation Inc.	**(11,226)**	(104,475)
Due from Winnipeg Regional Health Authority	**221,785**	(115,373)
Prepaid expenses	**(88,645)**	(8,705)
Residents trust	**683**	(2,258)
Pre-retirement entitlements receivable	**(34,858)**	-
Accounts payable and accrued liabilities	**31,295**	(328,030)
Accrued vacation entitlements	**18,150**	(23,250)
Accrued pre-retirement obligations	**37,559**	-
	297,919	(659,012)
Cash Flows from Financing Activities		
Contributions received	**1,415,322**	1,428,018
Repayment of mortgage payable	**(1,102,500)**	(1,102,500)
Repayment of notes payable	**(202,920)**	(202,920)
	109,902	122,598
Cash Flows from Investing Activities		
Acquisition of capital assets	**(220,130)**	(430,155)
Disposition of investments	**-**	8,352,874
Contributions to The Saul and Claribel Simkin Centre Foundation Inc	**-**	(8,377,000)
	(220,130)	(454,281)
Net increase (decrease) in cash and bank during the year	**187,691**	(990,695)
Bank indebtedness, beginning of year	**(694,456)**	296,239
Bank indebtedness, end of year	**$ (506,765)**	$ (694,456)

1. Nature of the Organization

The Saul and Claribel Simkin Centre Personal Care Home Inc. ("Centre") has as its mission to enhance the quality of life of the elderly in the community. All programs and services offered to individuals in the Centre and community are developed to meet the unique requirements of the individual and the family, and are directed by the values, principles and traditions of Judaism.

The Centre was incorporated under the laws of Canada on March 23, 1914 and is a registered charity under the Canada Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Canada Income Tax Act are met.

The Centre is economically dependent on funding from the Winnipeg Regional Health Authority ("WRHA"). If this funding were discontinued, it would affect the Centre's ability to continue operations.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

b. Controlled Entities

Controlled not-for-profit organizations are not consolidated in the Centre's non-consolidated financial statements (Note 16).

c. Revenue Recognition

The Centre follows the deferral method of accounting for contributions.

Under the Health Services Insurance Act and regulation thereto, the Centre is funded primarily by the Winnipeg Regional Health Authority ("WRHA") in accordance with service purchase agreements. These non-consolidated financial statements reflect agreed arrangements approved by the WRHA with respect to the year ended March 31, 2020.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Centre's accounts. Any adjustments will be reflected in the year the final statement of recommended costs is received from the WRHA.

2. Summary of Significant Accounting Policies (continued)

c. Revenue Recognition (continued)

Funding from the WRHA is recognized as revenue based on the funding approved for the fiscal year and in the year in which the related expenses are recognized. Funding approved but not received at the end of an accounting period is accrued. The Centre records on an annual basis, an estimate of the amount that may be recoverable from, or payable to, the WRHA relating to its annual excess (deficiency) of revenue over expenses in accordance with the WRHA funding guidelines. The Centre is entitled to retain any excess arising from the excess of revenue over expenses for activities funded by WRHA for each fiscal year up to a maximum of 2% of net in-globe costs. Any amount in excess of the maximum is returned to the WRHA. Any deficiency will normally be the responsibility of the Centre. After the WRHA reviews the non-consolidated financial statements and makes final approvals, the differences, if any, from the initial estimate are reflected as an adjustment of the prior year's fund balances in the current year's net income.

Residential charges are recognized as revenue in the period services are rendered. 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.

d. Contributed Materials and Services

Contributed materials which are used in the normal course of the Centre's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonable estimated.

Because of the difficulty of determining their fair value, contributed services are not recognized in the non-consolidated financial statements.

e. Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital lease are amortized over the estimated life of the assets or over the lease term, as appropriate. When a capital asset no longer contributes to the Centre's ability to provide services, its carrying amount is written down to its residual value. Carrying charges on land held for future development including interest and property taxes are recorded as expenses as incurred.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 40 years
Equipment	3 to 10 years

2. Summary of Significant Accounting Policies (continued)

f. Employee Future Benefits

Pre-retirement entitlement, pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions. Commencing with the 2004/2005 fiscal year, out of globe funding for these costs is not provided by Manitoba Health/WRHA.

g. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

h. Use of Estimates

The preparation of non-consolidated financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Accounts Receivable

	2020	2019
Receivable from residents	**$ 15,025**	$ 11,502
GST rebate receivable	**11,859**	8,299
Other	**2,208**	99,000
	$ 29,092	$ 118,801

4. Due from Winnipeg Regional Health Authority

	2020	2019
2003/2004 funding adjustment	**$ 6,479**	$ 6,479
2004/2005 funding adjustment	**2,512**	2,512
2005/2006 funding adjustment	**5,406**	5,406
2006/2007 funding adjustment	**13,992**	13,992
2007/2008 funding adjustment	**18,896**	18,896
2008/2009 funding adjustment	**21,500**	21,500
2009/2010 funding adjustment	**16,597**	16,597
2010/2011 funding adjustment	**14,556**	14,556
2011/2012 funding adjustment	**4,605**	4,605
2012/2013 funding adjustment	**15,233**	15,233
2013/2014 funding adjustment	**13,457**	13,457
2014/2015 funding adjustment	**(31,768)**	(31,767)
2015/2016 funding adjustment	**(4,905)**	86,077
2016/2017 funding adjustment	**15,244**	15,243
2017/2018 funding adjustment	**116,324**	138,424
2018/2019 funding adjustment	**268,104**	434,587
2019/2020 funding adjustment	**57,780**	-
	$ 554,012	$ 775,797

The Centre is subject to periodic review by WRHA. Operating surpluses or deficiencies may be repayable or recoverable as determined by WRHA. The Centre records a liability or receivable based on an estimate with respect to the outcome of future year-end reviews. The reviews of the 2003/2004 through 2018/2019 fiscal years, as well as the current year, are not completed at this time. However the Centre has adjusted the amounts reflected as due from the WRHA for these years to reflect its current estimate of possible settlement based on the outcome of the completed reviews for earlier years.

5. Restricted Cash and Bank

Cash and bank in the amount of $289,085 ($289,085 in 2019) is restricted for future capital asset purchases and is maintained in a separate bank account.

6. Loan Receivable

The loan is non-interest bearing with no fixed terms of repayment and is collateralized by life insurance policies on a former employee.

7. Capital Assets

	2020		2019	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 786,418**	**$ -**	$ 786,418	$ -
Buildings	**40,713,327**	**13,814,823**	40,616,710	12,717,040
Equipment	**4,892,843**	**4,025,021**	4,769,330	3,846,007
	$ 46,392,588	**$ 17,839,844**	$ 46,172,458	$ 16,563,047
Net book value		**$ 28,552,744**		$ 29,609,411

8. Vacation Entitlements Receivable

The Centre records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Centre's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

	2020	2019
Balance, beginning of year	**$ 603,753**	$ 603,753
Net changes in vacation entitlements receivable	**-**	-
Balance, end of year	**$ 603,753**	$ 603,753

An analysis of the changes in accrued vacation entitlements is as follows:

	2020	2019
Balance, beginning of year	**$ 763,887**	$ 787,137
Net increase (decrease) in accrued vacation entitlements	**18,150**	(23,250)
Balance, end of year	**$ 782,037**	$ 763,887

9. Employee Future Benefits

Accrued Pre-retirement Obligations

Based upon collective agreements and/or non-union policy, employees of the Centre are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Centre Group Pension Plan. The Centre's contractual commitment is to pay based upon the following:

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

i) has 10 years service and has reached the age 55
ii) qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee
iii) retires at or after age 65
iv) terminates employment at any time due to permanent disability

The Centre undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2020. The significant actuarial assumptions adopted in measuring the Centre's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 3.5% (3% in 2019) and salary increases of 0% for April 1, 2018 to March 31, 2020, 0.75% from April 1, 2020 to March 31, 2021, 1% from April 1, 2021 to March 31, 2022, and 3.50% thereafter, plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to WRHA, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable.

Commencing in 2006/2007, the Winnipeg Regional Health Authority assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

An analysis of the changes in the accrued pre-retirement obligation payable is as follows:

	2020	2019
Balance, beginning of the year	**$ 1,269,552**	$ 1,269,552
Net increase in pre-retirement entitlements	**37,559**	-
Balance, end of year	**$ 1,307,111**	$ 1,269,552

9. Employee Future Benefits (continued)

Pension Plan

Substantially all of the employees of the Centre are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan (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 prior to retirement, termination or death, that provides the highest earnings.

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, of the amount, together with the 7.90% of salaries under $58,700 and 9.50% for salaries greater than $58,700, 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 employer contributions to the Plan to remain a constant percentage of employees' 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, 2018 indicated that the Plan has a surplus. Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $787,021 ($788,858 in 2019) and are included in the statement of operations.

10. Bank Indebtedness

The Centre has a credit facility agreement for $500,000 which bears interest at the bank prime rate plus 1% with effective rate of 3.45% at March 31, 2020 (4.95% in 2019). As at March 31, 2020 the overdraft is $452,341 ($622,520 in 2019).

11. Accounts Payable and Accrued Liabilities

	2020	2019
Salaries and employee benefits payable	**$ 265,370**	$ 220,732
Trade accounts payable and accrued liabilities	**313,588**	326,931
	$ 578,958	$ 547,663

12. Mortgage Payable

		2020		2019
Province of Manitoba - Interest at 5.20%; requiring monthly principal payments of $91,875 plus interest; secured by the property at 1 Falcon Ridge Drive, Winnipeg, Manitoba; maturing in January 2029.	**$**	**9,738,750**	$	10,841,250
Current portion of mortgage payable		**1,102,500**		1,102,500
	$	**8,636,250**	$	9,738,750

Minimum principal repayments required under the terms of the mortgage payable for the next five fiscal years are $1,102,500 annually.

13. Note Payable

		2020		2019
Province of Manitoba - Interest at 5.05%; requiring monthly principal payments of $16,910 plus interest; secured by the property at 1 Falcon Ridge Drive, Winnipeg, Manitoba; maturing November 2029.	**$**	**1,961,560**	$	2,164,480
Current portion of note payable		**202,920**		202,920
	$	**1,758,640**	$	1,961,560

Minimum principal repayments required under the terms of the notes payable for the next five fiscal years are $202,920 annually.

14. Deferred Contributions

Deferred contributions related to capital assets represent the unamortized and unspent amount of grants and funding received for the purchase of capital assets, and funding major repairs and debt repayment. Changes in the deferred contribution balance reported are as follows:

		2020		2019
Balance, beginning of year	**$**	**17,103,888**	$	16,952,117
Contributions received		**1,415,322**		1,428,018
Less amounts amortized to revenue		**(1,152,070)**		(1,276,247)
Balance, end of year	**$**	**17,367,140**	$	17,103,888

14. Deferred Contributions (continued)

The balances as at March 31 consist of the following:

	2020	2019
Deferred contributions related to capital assets	**$ 16,709,393**	$ 16,446,141
Unspent donations for future capital assets acquisition	**311,302**	311,302
Unspent funding for future equipment acquisition	**326,866**	326,866
Unspent funding for future major repairs costs	**19,579**	19,579
Balance, end of year	**$ 17,367,140**	$ 17,103,888

15. Contingencies

The Centre has two claims outstanding related to matters arising in the ordinary course of its business. The matters are ongoing, and the outcome and an estimate of loss, if any, is not determinable at the date of approval of these non-consolidated financial statements. The Centre has no reason to expect that the ultimate disposition of this matter will have a material adverse impact on its financial position, its results of operations or its ability to carry on any of its business activities.

On July 1, 1987, a group of health care organizations ("subscribers"), including the Centre, formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal insurer pursuant to provincial Insurance Acts, which permit reciprocal contracts of indemnity insurance. HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to re-assessment for losses, if any, in excess of such premiums, experienced by the pool of subscribers for the years in which they were a subscriber and these losses could be material. HIROC purchases reinsurance to reduce the likelihood of re-assessment. No such re-assessments have been made to March 31, 2020. The Centre is a named insured under the WRHA policy with HIROC.

16. Controlled Not-for-Profit Organization and Related Party Transactions

The Saul and Claribel Simkin Centre Personal Care Home Inc. controls The Saul and Claribel Simkin Centre Foundation Inc., (the "Foundation") by virtue of the fact that the majority of the members of the Board of Directors are common to each the Centre and the Foundation. The Foundation is incorporated under The Corporations Act in Manitoba and is designated as a public foundation under the Canada Income Tax Act.

The Foundation was established to support and foster the operations of The Saul and Claribel Simkin Centre Personal Care Home Inc.. The Foundation supports projects, not supported by other funding sources, for the care, maintenance and protection of aged men and women.

The net assets, results of the operations and cash flows are not included in the financial statements of the Centre. Separate financial statements of the Foundation are available upon request. Financial summaries of the Foundation as at March 31, 2020 and March 31, 2019 and for the years then ended are as follows:

	2020	2019
Statement of Financial Position		
Total assets	**$ 1,175,711**	$ 1,029,467
Total liabilities	**$ 294,711**	$ 283,213
Total fund balances	**881,000**	746,254
Total liabilities and fund balances	**$ 1,175,711**	$ 1,029,467

	2020	2019
Statement of Operations		
Total revenue	**$ 693,350**	$ 528,322
Total expenses	**159,417**	121,071
Excess of revenue over expenses before other items	**533,933**	407,251
Other Items		
Contributions to The Saul and Claribel Simkin Centre Personal Care Home Inc.	**(399,610)**	(385,286)
Contributions from The Saul and Claribel Simkin Centre Personal Care Home Inc.	**-**	8,377,000
Contributions to The Jewish Foundation of Manitoba	**-**	(8,377,000)
Excess of revenue over expenses	**$ 134,323**	$ 21,965

16. Controlled Not-for-Profit Organization and Related Party Transactions (continued)

		2020		2019
Statement of Cash Flows				
Cash used in operating activities	**$**	**(81,401)**	$	(25,210)
Cash from (used in) investing and financing activities		**394,209**		(14,195)
Net decrease in cash and bank for the year	**$**	**312,808**	$	(39,405)

As at March 31, 2020, the Centre has an amount due from the Foundation of $264,277 ($253,051 in 2019). The amount due is unsecured, interest-free, due on demand and bears no specific terms of repayment.

During the year, the Centre charged the Foundation on a cost recovery basis $29,400 ($29,400 in 2019) for administration services.

During the year, the Foundation contributed $399,610 ($365,286 in 2019) for specific operating expenses and $NIL ($20,000 in 2019) for future capital assets acquisitions.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. Financial Instrument Risk Management

The Centre is exposed to different types of risk in the normal course of operations, including credit risk, interest rate risk and liquidity risk. The Centre'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 Centre's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Centre to credit risk consist principally of accounts receivable.

17. Financial Instrument Risk Management (continued)

Accounts receivable: The Centre is not exposed to significant credit risk as the receivable is spread among a broad client base and payment in full is typically collected when it is due. The Centre 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 Winnipeg Regional Health Authority, vacation entitlements receivable and pre-retirement entitlements receivable: The Centre is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Winnipeg Regional Health Authority based on funding agreements.

Loan Receivable: The Centre is not exposed to significant credit risk as the loan receivable is collateralized by life insurance policies.

Liquidity Risk

Liquidity risk is the risk that the Centre encounters difficulty in meeting its obligations associated with financial liabilities as they fall due. The Centre manages cash flow to maintain adequate levels of working capital to ensure all its obligations can be met when they fall due.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Centre is not exposed to significant interest rate risk since cash and investments are held in short-term or variable rate products, and the mortgage and note payable are at fixed interest rates.

18. Uncertainty Due to COVID-19 Issue

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 20, 2020, the Manitoba government declared a province-wide state of emergency and the Chief Public Health Officer issued public health orders to protect the health and safety of all Manitobans and reduce the spread of COVID-19. As a result, the Centre has implemented specific measures to reduce the risk of spreading COVID-19 within its facility. Given the dynamic nature of these circumstances, the related financial impact for the future cannot be reasonably estimated at this time.

19. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the current year presentation.

THE SAUL AND CLARIBEL SIMKIN CENTRE PERSONAL CARE HOME INC.
Schedule of Adult Day Program Operations

For the year ended March 31		2020		2019
Revenue				
Province of Manitoba	$	**74,040**	$	76,697
Participants' fees		**24,577**		25,730
		98,617		102,427
Expenses				
Salaries and benefits		**52,353**		52,001
Other		**59,937**		58,735
		112,290		110,736
Deficiency of revenue over expenses before other item		**(13,673)**		(8,309)
Other Item				
Deficiency recoverable from WRHA		**13,673**		8,309
Excess of revenue over expenses for the year	$	**-**	$	-