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INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY

Consolidated Financial Statements

For the year ended March 31, 2015

INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY

Consolidated Financial Statements

For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of Interlake-Eastern Regional Health Authority

We have audited the accompanying consolidated financial statements of **Interlake-Eastern Regional Health Authority**, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Interlake-Eastern Regional Health Authority** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 25, 2015

INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY
Consolidated Statement of Financial Position

March 31	2015	2014
Assets		
Current Assets		
Cash and term deposits	$ 9,884,748	$ 19,492,357
Accounts receivable	3,361,360	3,831,895
Due from Manitoba Health, Healthy Living and Seniors (Note 3)	6,322,917	2,404,544
Inventories	838,889	917,897
Prepaid expense	733,991	692,769
Vacation entitlements receivable (Note 4)	5,484,424	5,484,424
	26,626,329	32,823,886
Retirement obligations receivable (Note 12)	5,912,865	5,912,865
Other assets	192,800	196,573
Capital assets (Note 5)	115,947,135	95,213,771
	$ 148,679,129	$ 134,147,095
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 16,871,662	$ 12,867,774
Accrued vacation entitlements (Note 4)	9,510,239	8,855,877
Current portion of long-term debt (Note 7)	585,892	173,092
	26,967,793	21,896,743
Accrued retirement obligations (Note 12)	13,697,173	14,107,523
Sick leave liability (Note 12)	3,248,575	3,016,709
Long-term debt (Note 7)	596,683	771,434
Deferred contributions (Note 8)	113,090,636	93,366,396
	157,600,860	133,158,805
Commitments and contingencies (Note 5 and 11)		
Net Assets		
Investment in capital assets (Note 9)	5,975,387	6,026,767
Externally restricted (Note 14)	493,409	633,766
Internally restricted (Note 14)	78,147	61,804
Unrestricted - RHA	(15,014,330)	(5,495,256)
Unrestricted - Contract Facilities	(454,344)	(238,791)
	(8,921,731)	988,290
	$ 148,679,129	$ 134,147,095

Approved on behalf of the Board:

Original document signed Director

Original document signed Director

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

INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY
Consolidated Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Province of Manitoba		
Health, Healthy Living and Seniors (Note 10)	$195,783,280	$190,430,646
Other	2,099,998	2,219,075
Client non-insured	11,402,319	10,825,696
Interest	233,119	309,007
Offset and other income	7,255,664	6,721,316
Ancillary income	444,724	408,536
Amortization of deferred contributions	6,264,364	6,254,563
	223,483,468	217,168,839
Expenditures		
Acute care services	58,663,945	54,402,944
Amortization of capital assets	6,494,291	6,343,936
Chemotherapy	754,451	678,463
Community health	16,934,229	15,066,269
Home based care	30,963,579	30,509,800
Diagnostic services	12,653,996	12,067,238
Dialysis	3,454,444	3,134,903
Emergency response and transport	17,562,282	16,832,883
Long-term care services	48,561,948	46,269,092
Mental health services	8,046,078	7,719,244
Medical remuneration	14,291,528	12,873,477
Nurse recruitment and retention	114,955	152,414
Northern patient transportation program	181,435	192,593
Regional undistributed expenditures	13,704,419	11,664,323
Safety and renovations	867,764	381,672
	233,249,344	218,289,251
Deficiency of revenue over expenditures for the year	$ (9,765,876)	$ (1,120,412)

Allocated as follows:		
Regional services	$ (9,550,323)	$ (872,313)
Contracted services	(215,553)	(248,099)
	$ (9,765,876)	$ (1,120,412)

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

INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY
Consolidated Statement of Changes in Net Assets

For the year ended March 31						2015	2014
	Investment in Capital Assets (Note 9)	Externally Restricted (Note 14)	Internally Restricted (Note 14)	Unrestricted - RHA	Unrestricted - Contract Facilities	Total	Total
Balance, beginning of year	$ 6,026,767	$ 633,766	$ 61,804	$ (5,495,256)	$ (238,791)	$ 988,290	2,195,883
Reallocation of interest earned on donation and externally restricted funds	-	4,643	15,488	(20,131)	-	-	
Change in restricted net assets	-	(145,000)	855	-	-	(144,145)	(87,181)
Excess (deficiency) of revenue over expenditures for the year	(229,927)	-	-	(9,320,396)	(215,553)	(9,765,876)	(1,120,412)
Net changes in investment in capital assets	178,547	-	-	(178,547)	-	-	-
Balance, end of year	$ 5,975,387	$ 493,409	$ 78,147	$ (15,014,330)	$ (454,344)	$ (8,921,731)	$ 988,290

The accompanying notes are an integral part of these financial statemetns.

INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY
Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures for the year	$ (9,765,876)	$ (1,120,412)
Adjustments for:		
Amortization of capital assets	6,494,291	6,343,936
Amortization of deferred contributions related to capital assets	(6,264,364)	(6,254,563)
Deferred contributions - expenses of future periods		
Receipts	4,613,491	4,368,204
Expenditures	(5,435,946)	(3,338,101)
	(10,358,404)	(936)
Changes in non-cash working capital		
Accounts receivable	470,535	(360,994)
Due from Manitoba Health, Healthy Living and Seniors	(3,918,373)	68,087
Inventories	79,008	(64,638)
Prepaid expense	(41,222)	(192,330)
Accounts payable and accrued liabilities	4,003,888	3,850,034
Accrued vacation entitlements	654,362	267,308
	(9,110,206)	3,566,531
Sick leave liability	231,866	(376,460)
Accrued retirement obligations	(410,350)	352,919
	(9,288,690)	3,542,990
Cash Flows from Capital Activities		
Purchase of capital assets	(27,227,655)	(7,725,966)
Cash Flows from Investing Activities		
Other assets	3,773	(38,356)
Cash Flows from Financing Activities		
Advances on long-term debt	438,772	-
Repayment of long-term debt	(200,723)	(167,974)
Receipt of deferred contributions related to capital assets	26,811,059	6,071,919
Payout of internally restricted net assets	855	(87,181)
Payout of externally restricted net assets	(145,000)	-
	26,904,963	5,816,764
Net increase (decrease) in cash and term deposits	(9,607,609)	1,595,432
Cash and term deposits, beginning of year	19,492,357	17,896,925
Cash and term deposits, end of year	$ 9,884,748	$ 19,492,357
Supplementary Information		
Interest paid during the year	$ 32,246	$ 30,214

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

INTERLAKE-EASTERN REGIONAL HEALTH AUTHORITY
Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures for the year	$ (9,765,876)	$ (1,120,412)
Adjustments for:		
Amortization of capital assets	6,494,291	6,343,936
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Net increase (decrease) in cash and term deposits	(9,607,609)	1,595,432
Cash and term deposits, beginning of year	19,492,357	17,896,925
Cash and term deposits, end of year	$ 9,884,748	$ 19,492,357
Supplementary Information		
Interest paid during the year	$ 32,246	$ 30,214

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

1. Summary of Significant Accounting Policies

(a) Management's Responsibility for the Financial Statements and Basis of Accounting

These financial statements of Interlake-Eastern Regional Health Authority ("Authority") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations established by the Public Sector Accounting Board.

(b) Nature of the Organization

Interlake-Eastern Regional Health Authority was established on May 28, 2012 by a Regional Health Authorities Act Regulation. The Authority is a registered charity under The Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of The Income Tax Act are met.

All operations, property, liabilities and obligations and agreements with contract facilities of the predecessor organizations were transferred to the Authority on this date.

Two facilities within the region operate under contract arrangements for funding with the Authority - Betel Home - Gimli and Betel Home - Selkirk. The operations of these facilities have been consolidated in these financial statements as the Authority exercises significant influence over them by virtue of acting as funding agent.

(c) Revenue Recognition

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

Under the Health Services Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health, Healthy Living and Seniors (MHHLS). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements with MHHLS with respect to the year ended March 31, 2015.

With respect to actual operating results, certain adjustments to funding will be made by MHHLS after completion of their review of the Authority's accounts.

In-Globe Funding is funding approved by MHHLS for the five service categories of Acute Care, Long-term Care, Community and Mental Health, Home Care and Emergency Response and Transport.

1. Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition (continued)

Any operating surplus greater than 2% of budget related to global funding arrangements is recorded on the statement of financial position as a payable to MHHLS until such time as MHHLS reviews the financial statements. At that time, MHHLS determines what portion of the approved surplus may be retained by the Authority, or repaid to MHHLS.

Under MHHLS policy, the Authority is responsible for In-Globe deficits, unless otherwise approved by MHHLS.

Out-of-Globe Funding is funding approved by MHHLS for specific programs.

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

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

Any adjustments will be reflected in the year the final statement of recommended costs is received from MHHLS.

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 in the year in which it is earned.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined by the first-in, first-out method.

1. Summary of Significant Accounting Policies (continued)

(e) Employee Future Benefits

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.

(f) Compensated Absences

Compensation expense is accrued to all employees as entitlement to these payments is earned in accordance with the Authority's benefit plans for vacation, sick and retirement allowances.

For non-vesting accumulating sick days, the benefit costs are recognized, if deemed material, based on a projection of expected future utilization of sick time, discounted using net present value techniques.

(g) Use of Estimates

In preparing the Authority's financial statements, management is required 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 reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

(h) Contributed Services

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

(i) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value.

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

Land improvements	5%
Leasehold improvements	10%
Buildings	3.33% and 5%
Ambulances	20%
Equipment and computers	10% to 20%
Software and license fees	20%

1. Summary of Significant Accounting Policies (continued)

(j) Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Authority is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

(k) Allocated Expenditures

A number of general support expenses are not allocated to the five main health sectors of Acute Care, Long-term Care, Home Care, Community and Mental Health and Emergency Services. The following costs are included in Regional Undistributed expenditures: payroll, information technology, finance, human resources, executive administration, board, public relations, accreditation, spiritual care, scheduling, purchasing, risk management, community health assessment, quality assurance, education and infection control.

(l) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Cash and term deposits has been designated to be in the fair value category. 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 balance sheet date and charged to the financial instrument for those measured at amortized cost.

Due to the nature of the financial instruments held by the Authority, there are no unrealized gains or losses, and therefore a statement of remeasurement gains and losses is not required for these financial statements.

2. Change in Accounting Policy

Effective April 1, 2014, the Authority adopted Section PS 3260, Liability for Contaminated Sites. The new standard addresses how to account for and report a liability associated with the remediation of a contaminated site. This section has been applied prospectively and the accounting change did not result in any adjustment.

For the year ended March 31, 2015

3. Due from (to) Manitoba Health, Healthy Living and Seniors

	2015	2014
Retroactive salary and benefit increases	$ 5,401,038	$ 1,573,803
Inter-facility ambulance transfers	1,422,404	901,051
Other operations	477,822	1,240,443
Safety and security	105,578	101,391
Out of Globe - 2012/13	-	(153,111)
Out of Globe - 2013/14	-	(1,259,033)
Out of Globe - 2014/15	(1,083,925)	-
	$ 6,322,917	$ 2,404,544

4. Accrued Vacation Entitlements

The Authority records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from MHHLS. At that date, MHHLS 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 MHHLS to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Authority'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 MHHLS is as follows:

	2015	2014
Balance, beginning of year	$ 5,484,424	$ 5,484,424
Net changes in vacation entitlements receivable	-	-
Balance, end of year	$ 5,484,424	$ 5,484,424

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

	2015	2014
Balance, beginning of year	$ 8,855,877	$ 8,588,569
Net increase in accrued vacation entitlements	654,362	267,308
Balance, end of year	$ 9,510,239	$ 8,855,877

5. Capital Assets

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	$ 513,702	$ -	$ 513,702	$ -
Land improvements	868,145	809,861	868,145	800,515
Buildings	128,457,396	65,993,613	127,569,915	62,575,766
Ambulances	91,811	91,811	91,811	91,811
Leasehold improvements	1,172,375	210,204	1,154,270	100,686
Equipment	38,038,808	27,920,345	36,711,226	25,994,424
Building service equipment	2,369,086	867,323	2,287,562	672,714
Equipment - computers	4,169,708	3,308,944	3,871,784	2,934,485
Software licenses	3,024,322	2,820,143	2,981,980	2,392,604
Construction in progress	39,264,026	-	14,726,381	-
	$217,969,379	$102,022,244	$190,776,776	$ 95,563,005
Net book value		$115,947,135		$ 95,213,771

Construction Commitments

a) Selkirk Regional Health Centre

A contract was signed with Ellis Don Corporation in June 2014 for the construction of the Selkirk Regional Health Centre with an estimated completion date of 2017. Costs incurred to-date are $36,357,257. Total expected project cost is $117,232,500.

b) Primary Health Care and Traditional Healing Centre

Effective May 5, 2015, a contract has been signed with Parkwest Projects Ltd. for the construction of the Powerview - Pine Falls Primary Health Care and Traditional Healing Centre. Construction began in the spring of 2015, with an estimated completion date of 2016. Design costs incurred to-date are $902,660. The project is expected to cost approximately $11,687,800.

6. Bank Indebtedness

The Authority has an approved operating line of credit with the Royal Bank of Canada to a maximum amount of $5,300,000. The line of credit bears interest at Royal Bank of Canada prime rate less 1.05% and is supported by an authorization letter from MHHLS. As at March 31, 2015 the line of credit was unutilized.

7. Long-term Debt

	2015	2014
CMHC mortgage payable, bearing interest at 1.71% compound semi-annual, due September 1, 2017 and requiring monthly principal and interest payments of $5,902, secured by a first charge on land and building	$ 173,466	$ 240,467
CMHC mortgage payable, bearing interest at 4.39%, due January 1, 2020 and requiring monthly principal and interest payments of $7,587, secured by a first charge on land and building	397,693	468,314
CMHC mortgage payable, bearing interest at 4.17%, due June 1, 2020 and requiring monthly principal and interest payments of $3,573, secured by a first charge on land and building	202,699	235,745
Royal Bank of Canada demand loan payable, bearing interest at prime less 1.05%, due August 31, 2027, requiring monthly principal and interest payments of $3,350, secured by a borrowing resolution	408,717	-
	1,182,575	944,526
Current portion of long-term debt	585,892	173,092
	$ 596,683	$ 771,434

The fair value of the mortgage payable is estimated to be approximately equal to carrying value as the interest rate is comparable to current market rates.

Principal payments due in the next five years and thereafter are as follows:

2016	$ 585,892
2017	184,703
2018	155,620
2019	125,389
2020	119,088
Thereafter	11,883
	$ 1,182,575

8. Deferred Contributions

Deferrred contributions consist of:

	2015	2014
Expenses of future periods	$ 4,301,463	$ 5,123,918
Capital assets	108,789,173	88,242,478
	$113,090,636	$ 93,366,396

a) Expenses of Future Periods

Deferred contributions related to expenses of future periods represent the unspent amount of donations, grants received and grants for major repairs.

	2015	2014
Balance, beginning of year	$ 5,123,918	$ 4,093,815
Additional amounts received during year	4,481,802	4,211,836
Funding for reserve for major repairs	131,689	156,368
Less expenditures	(5,435,946)	(3,338,101)
Balance, end of year	$ 4,301,463	$ 5,123,918

b) Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or approved borrowings.

	2015	2014
Balance, beginning of year	$ 88,242,478	$ 88,425,122
Additional contributions received, net	26,811,059	6,071,919
Less amounts amortized to revenue	(6,264,364)	(6,254,563)
Balance, end of year	$108,789,173	$ 88,242,478

9. Investment in Capital Assets

a) Investment in capital assets is calculated as follows:

	2015	2014
Capital assets	$115,947,135	$ 95,213,771
Amounts financed by:		
Deferred contributions	108,789,173	88,242,478
Long-term debt	1,182,575	944,526
	$ 5,975,387	$ 6,026,767

b) Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Deficiency of revenue over expenditures		
Amortization of deferred contributions related to capital assets	$ 6,264,364	$ 6,254,563
Amortization of capital assets	(6,494,291)	(6,343,936)
	$ (229,927)	$ (89,373)

	2015	2014
Net changes in investment in capital assets		
Purchase of capital assets	$ 27,227,655	$ 7,725,966
Amounts funded by:		
MHHLS funding	(26,762,451)	(5,840,622)
Advances on long-term debt	(438,772)	-
Donations	(48,608)	(231,297)
Repayment of long-term debt	200,723	167,974
	$ 178,547	$ 1,822,021

10. Revenue from Manitoba Health, Healthy Living and Seniors

	2015	2014
Revenue from MHHLS		
Revenue as per MHHLS's final funding document	$185,994,112	$183,619,462
Debt interest allocation	(224,214)	(348,618)
Funds for loans held by the Province of Manitoba	(618,696)	(733,476)
Reserve for major repairs funding	(52,175)	(52,175)
	185,099,027	182,485,193
Add (Deduct)		
Retroactive salary and benefit increases	4,318,748	987,023
Inter-facility ambulance transfers	3,772,387	3,986,199
Nurse recruitment and retention	114,955	150,918
Influenza and immunizations	172,470	164,360
Southern Air Ambulance Program	613,000	613,000
Diagnostics directed funding	83,152	311,900
Primary Care Network	-	137,193
Primary Care Connector	-	78,443
Key Work	145,624	94,136
Colonoscopies funding	122,150	187,250
Reclaiming Hope	-	27,995
Tobacco Initiative/Smoking Cessation	-	415
Selkirk ER Pharmacist	-	171
Renal Outreach Program	186,877	-
One-time funding - other	16,796	2,336,226
One-time funding - deferred to next fiscal year	-	(1,000,000)
One-time funding - deferred from prior fiscal year	1,000,000	-
Physician Assistant	53,580	96,516
Cancer Hub	-	191,715
Medical Officer of Health	-	15,000
Out-of-globe items and adjustments	(1,018,800)	(1,060,895)
Drug Cap Fees increase	142,884	-
Quick Care Clinic	-	75,835
Safety and renovations	867,764	381,270
Software amalgamation	92,666	170,783
	$195,783,280	$190,430,646

11. Commitments and Contingencies

a) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2015, management believes the Authority has valid defences and appropriate insurance coverage's in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

b) 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 the 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, if 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, 2015.

The Authority's coverage also includes contract facilities as named insured parties.

c) Lease commitments exist at a variety of facilities with leases expiring at various dates up to November 30, 2027. For April 1, 2015 to March 31, 2016 the amount of the commitment is $893,105. The aggregate commitment to March 31, 2021 is $3,404,823.

d) The Authority has not recognized a liability for decommissioning the Selkirk and District General Hospital. Decommissioning concerns include asbestos and known sewer issues. During a demolition, asbestos could be released into the air and therefore, precautions will need to be taken in order to protect the environment. As well, the aging facility has known sewer problems, which will require environmental cleanup and repatriation following destruction of the existing facility. A liability has not been recorded as the MHHLS budget for the new Selkirk Regional Health Centre includes $1,000,000 for decommissioning the existing site, which is the current estimated cost.

12. Employee Future Benefits

a) Accrued Retirement Obligations

Accrued retirement obligations are based on an actuarial valuation as at March 31, 2015. Based upon collective agreements and/or non-union policy, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable group pension plan. The Authority's contractual commitment is to pay based upon one of the following (dependent on the agreement/policy applicable to the employee):

i) Four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

- has ten years service and has reached the age of 55 or;
- qualifies for the "eighty" rule which is calculated by adding the number of years service to the age of the employee or;
- retires at or after age 65 or;
- terminates employment at any time due to permanent disability.

ii) One week of pay for each year of accumulated service or portion thereof to a maximum of fifteen weeks pay upon retirement if the employee complies with the following conditions:

- has ten or more years of service
- has reached the age of 55

The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawals rates, a discount rate of 2.55% (3.35% in 2014) and a rate of salary increase of 3.5% (3.0% in 2014) plus an age related merit/promotion scale with a provision for potential 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 known pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual in-globe funding to the Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

An analysis of the changes in the employee benefits payable is as follows:

	2015	2014
Balance, beginning of year	**$ 14,107,523**	$ 13,754,604
Net increase (decrease) in pre-retirement entitlements	**(410,350)**	352,919
Balance, end of year	**$ 13,697,173**	$ 14,107,523

12. Employee Future Benefits (continued)

b) Pension Plan

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (a successor of 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 eleven 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 7.9% of salary under $52,500 and 9.5% of salary over $52,500 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.

The most recent actuarial valuation of the plan as at December 31, 2013 indicated a solvency deficiency. The deficiency will be funded out of the current contributions in the subsequent years. Contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $8,789,328 ($7,438,373 in 2014) and are included in the statement of operations.

The Cost of Living Adjustment Funds ("COLA Funds") that were announced in 2010 have now been implemented. A formal participation agreement for provision of the COLA Funds has been signed with the Board of Trustees of the HEPP COLA Trust Fund as at January 25, 2014. Contributions to the COLA Funds commenced on April 1, 2014 at the rate of 0.8% of pensionable earnings. Effective April 1, 2015, the COLA Funds contribution rate increased to 1.0% of pensionable earnings. The earliest date a COLA may be granted from these Funds is January 1, 2015. A COLA will only be granted if sufficient funds are available.

The remainder of employees are members of the Province of Manitoba's defined benefit Civil Service Superannuation Plan. Liability for variances between actuarial funding estimates and actual experience lies with the Province.

c) Sick Leave

Non-vesting accumulated sick leave benefits are calculated using the average usage history and present value techniques. The significant assumptions adopted in measuring the Authority's sick leave entitlements include an interest rate of 2.55% (3.35% in 2014) and a salary increase rate of 3.5% (3.0% in 2014). The accumulated liability is estimated to be $3,248,575 ($3,016,709 in 2014).

13. Related Parties

The contract facilities, Betel Home - Selkirk and Betel Home - Gimli, are operated by the Betel Home Foundation. Any fundraising of the Betel Home Foundation is solely for the benefit of the contract facilities.

14. Net Assets - Internal Restrictions and External Restrictions

The Authority considers its capital to comprise its internally and externally restricted net assets, unrestricted net assets and investment in capital assets balances. There have been no changes to what the Authority considers to be its capital since the previous period.

The Authority's objective for managing capital is to safeguard its ability to provide health services to Interlake-Eastern RHA residents. Debt is utilized for projects where specific approvals from MHHLS have been obtained in advance of borrowings.

As a not-for-profit entity, the Authority's operations are reliant on revenues generated annually. The Authority has accumulated a deficit over its history, which is included in the unrestricted net assets in the statement of financial position.

The Authority is currently endeavouring to eliminate this accumulated deficit and return to a position which would enable it to more adequately fund its working capital requirements.

Internal Restrictions

The Board of Directors has internally restricted $15,488 ($17,581 in 2014) of interest earned on donation funds. The cumulative balance of internally restricted net assets is $78,147 ($61,804 in 2014). These are Board restricted community based health promotion projects and recruitment initiatives. The Authority is in compliance with these restrictions.

External Restrictions

Net assets subject to externally imposed restrictions represent the former balances of net assets of facilities integrated into the Authority, including accumulated interest. Such net assets are restricted to community contributions and/or for the benefit of the community from which the net assets originated. The Authority is in compliance with these restrictions.

15. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Authority'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 Authority'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 Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

Accounts Receivable

	1-30 Days	31-60 Days	61-90 Days	91+Days	Total
Patients/residents	$ 26,582	$ 74,954	$ 37,353	$ 277,814	$ 416,703
Trade receivables	369,950	150,152	54,273	824,196	1,398,571
Miscellaneous	275,033	43,315	62,495	838,719	1,219,562
GST receivable	193,176	377,474	52,106	71,387	694,143
	864,741	645,895	206,227	2,012,116	3,728,979
Less allowance for doubtful accounts:					
Patients/residents	-	-	-	(17,519)	(17,519)
Trade receivables	-	-	-	(282,313)	(282,313)
Miscellaneous	-	-	-	(67,787)	(67,787)
Total	$ 864,741	$ 645,895	$ 206,227	$ 1,644,497	$ 3,361,360

The Authority is not exposed to significant credit risk as the receivable is spread among a large client base (including government agencies), and geographic region and payment in full is typically collected when it is due. The Authority 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.

15. Financial Risk Management (continued)

Due from (to) Manitoba Health, Healthy Living and Seniors

	1-30 Days	31-60 Days	61-90 Days	91+Days	Total
Retroactive salary	$ 4,232,077	$ -	$ -	$ 1,168,961	$ 5,401,038
Interfacility ambulance	283,965	271,317	257,728	609,394	1,422,404
Other operations	477,822	-	-	-	477,822
Out of Globe 14/15	(1,083,925)	-	-	-	(1,083,925)
Safety and security	17,998	75,637	-	11,943	105,578
	$ 3,927,937	$ 346,954	$ 257,728	$ 1,790,298	$ 6,322,917

With respect to amounts due from MHHLS, including vacation entitlements receivable and retirement obligations receivables, the Authority is not exposed to significant credit risk as these receivables are from the Province of Manitoba.

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 Authority is not exposed to significant interest rate risk. Its cash and short-term deposits are held in short-term or variable rate products and its exposure arising from its fixed rate long-term debt is not significant.

The Authority 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 and the Authority is not exposed to other price risk.

Fair Value

The carrying values of cash and term deposits, accounts receivable, amounts due from MHHLS, vacation entitlements receivable and retirement obligations receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

16. Allocated Expenditures

The Authority provides health care services to the residents of the Interlake-Eastern region of Manitoba across five main health sectors: Acute Care, Long-term Care, Home Care, Community and Mental Health Services and Emergency Services. In the delivery of these services, a number of costs are incurred which are either directly attributable to the relevant sector, or of a general support nature. General support expenses include the following department and staffing costs are allocated to sectors based on estimated time spent: Maintenance, facility administrative support and support services management.

General Support Function	Allocated from General Support	Allocated to Health Sector: Acute	Long-term Care	Community
Maintenance	$ 3,528,855	$ 2,410,229	$ 1,118,626	$ -
Facility administrative support	2,054,933	1,157,627	868,773	28,533
Support services management	829,927	528,992	300,935	-
Total	$ 6,413,715	$ 4,096,848	$ 2,288,334	$ 28,533

17. Administrative Costs

The Canadian Institue of Health Information (CIHI) defines a standard set of guidelines for the classification and coding of financial and statistical information for use by all Canadian health service organizations. The Authority adheres to these coding guidelines.

Administrative costs include corporate operations (including hospitals, non-proprietary personal care homes and community health agencies), as well as patient care related functions such as infection control and patient relations and recruitment of health professionals.

The figures presented are based on data available at the time of publication. Restatements may be made in the subsequent year to reflect final data and changes in the CIHI definition, if any. The administrative cost percentage of total spending indicator (administrative costs as a percentage of total operating costs) adheres to the CIHI definitions.

Administrative costs (% of total)	2015	2014
Corporate operations	3.88 %	3.96 %
Patient care related functions	0.41	0.20
Human resources and recruitment functions	2.00	1.60
	6.29 %	5.76 %

18. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's results.

Northern Regional Health Authority Inc.
Financial Statements
March 31, 2015

MNP LLP

Management's Responsibility

To the Board of Directors of Northern Regional Health Authority Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards for government not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Authority. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Authority's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

June 24, 2015

Original document signed

Chief Executive Officer

Original document signed

Vice President, Corporate Services and Chief Financial Officer

Independent Auditors' Report

To the Board of Directors of Northern Regional Health Authority Inc.:

We have audited the accompanying financial statements of Northern Regional Health Authority Inc., which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Regional Health Authority Inc. as at March 31, 2015 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Other Matter
The comparative figures as at March 31, 2014 and for the year then ended were audited by another firm of Chartered Accountants who expressed an unmodified opinion in their report dated June 18, 2014.

Winnipeg, Manitoba

June 24, 2015

MNP LLP
Chartered Accountants

2500 - 201 Portage Ave., Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

Northern Regional Health Authority Inc.
Statement of Financial Position
As at March 31, 2015

	2015	2014
Assets		
Current		
Accounts receivable *(Note 2)*	**5,633,687**	7,052,905
Due from Manitoba Health *(Note 3)*	**13,954,700**	9,158,750
Inventory	**1,107,184**	1,125,384
Prepaid expenses	**1,216,254**	975,362
Vacation entitlement receivable - Manitoba Health *(Note 4)*	**5,429,191**	5,429,191
	27,341,016	23,741,592
Capital assets *(Note 5)*	**76,534,889**	70,822,854
Due from Manitoba Health (pre-retirement) *(Note 4)*	**4,209,802**	4,209,802
	108,085,707	98,774,248
Liabilities		
Current		
Bank indebtedness *(Note 6)*	**9,628,453**	245,554
Line of credit *(Note 7)*	**10,211,181**	2,674,741
Accounts payable and accruals	**13,635,973**	12,236,325
Current portion of long-term debt *(Note 9)*	**958,960**	390,317
Accrued vacation entitlements	**9,724,059**	9,388,575
Deferred revenue *(Note 8)*	**1,252,891**	2,225,394
	45,411,517	27,160,906
Long-term debt *(Note 9)*	**7,070,021**	4,200,983
Sick leave benefit obligation *(Note 10)*	**1,863,589**	1,811,637
Due to DSM - pre-retirement obligation	**678,375**	632,008
Accrued pre-retirement obligation *(Note 11)*	**9,479,000**	7,580,000
Deferred contributions related to expenses of future periods *(Note 12)*	**292,164**	292,164
Deferred contributions related to capital assets *(Note 13)*	**49,222,016**	52,322,958
	114,016,682	94,000,656
Net Assets		
Investment in capital assets *(Note 14)*	**9,072,711**	11,233,854
Externally restricted	**10,182**	10,182
Unrestricted	**(15,013,868)**	(6,470,444)
	(5,930,975)	4,773,592
	108,085,707	98,774,248

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

MNP LLP

	2015	*2014*
Revenue		
Manitoba Health *(Note 15)*	**198,528,437**	189,775,686
Amortization of deferred contributions related to capital assets *(Note 13)*	**6,365,283**	5,507,144
Non-insured income	**5,400,900**	5,384,893
Other revenue	**4,751,312**	4,496,870
Northern patient transportation program recoveries	**2,795,839**	3,244,053
Ancillary revenue	**1,493,265**	1,827,853
Total revenue	**219,335,036**	210,236,499
Expenses		
Acute care	**95,273,158**	83,154,183
Amortization of capital assets	**6,365,283**	5,507,144
Ancillary operations	**1,489,608**	1,862,577
Community based health	**21,755,079**	19,341,419
Community based home care	**8,282,671**	7,651,580
Community based mental health	**5,824,439**	5,055,662
Aging in place/long-term care	**14,634,763**	13,661,955
Land ambulance	**5,832,072**	4,911,301
Northern patient transportation	**18,729,485**	19,583,137
Medical remunerations	**34,922,627**	34,423,946
Unallocated regional health authority costs	**16,930,418**	17,151,705
Total expenses	**230,039,603**	212,304,609
Deficiency of revenue over expenses	**(10,704,567)**	(2,068,110)

	Investment in capital assets	*Externally restricted*	*Unrestricted*	*2015*	*2014*
Net assets, beginning of year	**11,233,854**	**10,182**	**(6,470,444)**	**4,773,592**	6,841,702
Deficiency of revenue over expenses	**-**	**-**	**(10,704,567)**	**(10,704,567)**	(2,068,110)
Net changes in investment in capital assets *(Note 14)*	**(2,161,143)**	**-**	**2,161,143**	**-**	-
Net assets, end of year	**9,072,711**	**10,182**	**(15,013,868)**	**(5,930,975)**	4,773,592

Northern Regional Health Authority Inc.
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	**(10,704,567)**	(2,068,110)
Amortization	**6,365,283**	5,507,144
Amortization of deferred contributions related to capital assets	**(6,365,283)**	(5,507,144)
Deferred revenue recognized in income	**(5,094,443)**	(3,221,496)
	(15,799,010)	(5,289,606)
Changes in working capital accounts		
Accounts receivable	**1,419,218**	4,189
Due From Manitoba Health	**(4,795,950)**	275,021
Inventory	**18,200**	(86,912)
Prepaid expenses	**(240,892)**	6,567
Accounts payable and accruals	**1,399,648**	2,373,254
Accrued vacation entitlements	**335,484**	357,684
Deferred revenue	**4,121,940**	2,740,326
	(13,541,362)	380,523
Financing		
Increase in long-term debt	**4,784,348**	578,346
Change in pre-retirement obligation	**1,899,000**	(882,432)
Change in DSM pre-retirement obligation	**46,367**	(86,153)
Repayment of capital lease obligations	**-**	(47,126)
Receipt of deferred contributions related to capital assets	**3,264,341**	2,122,801
Change in sick leave benefit obligation	**51,952**	(189,155)
Change in line of credit	**6,189,773**	3,571,408
	16,235,781	5,067,689
Capital activity		
Purchases of capital assets	**(12,077,318)**	(11,362,637)
Decrease in cash resources	**(9,382,899)**	(5,914,425)
Cash resources, beginning of year	**(245,554)**	5,668,871
Cash resources, end of year	**(9,628,453)**	(245,554)
Cash resources are composed of:		
Bank indebtedness	**(9,628,453)**	(245,554)

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Nature and purpose of the Authority

Effective May 28, 2012, a Regulation was registered in respect to the Regional Health Authorities Act, affecting the amalgamation of Burntwood Regional Health Authority Inc. with the Norman Regional Health Authority Inc. to form a new authority named the Northern Regional Health Authority Inc. (the "Authority"). The amalgamation of the regional health authorities was part of the provincial budget announcement made on April 17, 2012 to reduce the number of regional health authorities in Manitoba.

All operations, properties, liabilities and obligations and agreements with contract facilities of the predecessor organizations were transferred to the Authority on this date.

The Northern Regional Health Authority is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Basis of reporting

These financial statements include the accounts of the following operations of the Authority:

Cormorant Health Care Centre
Cranberry Portage Wellness Centre
Gillam Hospital
Ilford Community Health Centre
Leaf Rapids Health Centre
Lynn Lake Hospital
Northern Consultation Centre
Pikwitonei Community Health Centre
Thicket Portage Community Health Centre
Thompson General Hospital
Wabowden Community Health Centre
Northern Spirit Manor
Flin Flon General Hospital
Flin Flon Personal Care Corporation
Northern Lights Manor
The Pas Health Complex
The Snow Lake Medical Nursing Unit
Thompson Clinic
Northern Consultation Clinic
Sherridon Health Centre

Cash and cash equivalents

The Authority considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Inventory

Inventory consists of medical supplies, drugs, linen and other supplies that are measured at average cost, except drugs which are valued at the actual cost using the first in, first out method. The cost of inventory includes purchase price, shipping, unrebated portion of goods and services tax, and provincial tax. Inventory is expensed when put into use.

1. Significant accounting policies *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

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

No amortization is provided for construction in progress.

	Rate
Land improvements	*2.5%*
Buildings	*2.5%*
Computers	*20.0%*
Equipment	*10.0%*

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Authority determines that a long-lived asset no longer has any long-term service potential to the Authority, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

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

Manitoba Health operating revenue
Under the Health Services Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

In Globe funding
In Globe funding is funding approved by Manitoba Health for Regional Health programs unless otherwise specified as Out of Globe funding. This includes volume changes and price increases for the five service categories of Acute Care, Long Term Care, Community and Mental Health, Home Care and Emergency Response and Transport. All additional costs in these five service categories must be absorbed within the global funding provided.

Any operating surplus greater than 2% of the budgeted amount related to In Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health. Under Manitoba Health policy the Authority is responsible for In Globe deficits, unless otherwise approved by Manitoba Health.

1. Significant accounting policies *(Continued from previous page)*

Out of Globe funding
Out of Globe funding is funding approved by Manitoba Health for specific programs.

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

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

Amortization of deferred contributions
Where a grant or other restricted contribution, other than endowment contributions, is received but relates to expenses of one or more future periods, it is deferred and recognized as revenue in the same period as the related expenses are recognized. Contributions restricted for the purchase of capital assets or to repay long-term debt as a lump sum are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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.

Non-Insured revenue
Non-insured revenue is revenue received for products and services where the recipient does not have Manitoba Health coverage or where coverage is available from a third party. Revenue is recognized when the product is received and/or the service is rendered.

Other revenue
Other revenue comprises recoveries for a variety of uninsured goods and services sold to patients or external customers. Revenue is recognized when the good is sold or the service is provided.

Northern patient transportation program recoveries
Northern patient transportation program recoveries comprises recoveries of patient transportation costs. Revenue is recognized when the underlying service is provided.

Ancillary revenue
Ancillary revenue comprises amounts received for preferred accommodations, non Manitoba Health activities and parking fees. Revenue is recognized when the service is provided.

Contributed materials and services

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and an official receipt for income tax purposes has been issued to the donors.

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

Capital management

The Authority's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Authority's capital consists of net assets.

The Authority's capital management policy is to meet capital needs with working capital advances from Manitoba Health and Healthy Living.

The Authority met its externally imposed capital requirements.

There were no changes in the Authority's approach to capital management during the year.

1. Significant accounting policies *(Continued from previous page)*

Employee future benefits

The Authority's employee future benefit program consists of a multiemployer defined benefit plan, as well as pre-retirement obligations and sick leave benefits obligation.

Multiemployer defined benefit plan

The majority of the employees of the Authority are members of the Healthcare Employees Pension Plan - HEPP (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual health entities within the related group and as such, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with Canadian public sector accounting standards Section 3250.

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 through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries to provide assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to HEPP to remain a constant percentage of employee's contributions. Variances between funding estimates and actual experience may be material and any differences are generally to be funded by the participating members.

The Healthcare Employees' Pension Plan is subject to the provisions of the Pension Benefits Act, Manitoba. This Act requires that the Plan's actuaries conduct two valuations – a going-concern valuation and a solvency valuation. In 2010, HEB Manitoba completed the solvency exemption application process, and has now been granted exemption for the solvency funding and transfer deficiency provision. As at December 31, 2013 the Plan's going concern ratio was 96.1%.

As at December 2008, the actuarial valuation shows a deficit of $388 million. In order to ensure the long-term sustainability of the Plan contribution rates increased 2.2% through a gradual implementation over 27 months from January 1, 2011 to April 1, 2013. Contributions to the Plan made during the year on behalf of its employees are included in the statement of operations.

The remaining employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Fund. The pension liability for the Authority's employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participation in the Plan by the Authority and its employees. The Authority is in receipt of an actuarial report on the Statement of Pension Obligations under the Civil Service Superannuation Act as at December 31, 2012.

During the year, the Authority contributed $6,073,872 (2014 - $5,296,112) to the Plan.

1. Significant accounting policies *(Continued from previous page)*

Pre-retirement obligation

The accrued benefit obligation for pre-retirement benefits are actuarially determined using the projected unit credit service pro-rated on service actuarial cost method and management's best estimates of expected future rates of return on assets, termination rates, employee demographics, salary rate increases plus age related merit-promotion scale with no provision for disability and employee mortality and withdrawal rates.

Based upon collective agreements and/or non-union policy, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable group pension plan. The Authority's contractual commitment is to pay based upon one of the following (dependent on the agreement/policy applicable to the employee):

a) The Authority's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Healthcare Employees Pension Plan ("HEPP") is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

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

b) The Authority's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Civil Service Superannuation Plan, is to pay out the following severance pay upon retirement to employees who have reached the age of 55 and have nine or more years of service:

- i. one week of severance pay for each year of service up to 15 years of service; and
- ii. two weeks of additional severance pay for each increment of five years service past the 15 years of service up to 35 years of service.

c) The Authority's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the MGEU Collective Agreement, is to pay out one week's pay for each year of accumulated service, or portion thereof, upon retirement if the employee has accumulated 10 or more years of accumulated service, up to a maximum of 15 week's pay.

Actuarial gains and losses can arise in a given year as a result of the difference between the actual return on plan assets in that year and the expected return on plan assets for that year, the difference between the actual accrued benefit obligations at the end of the year and the expected accrued benefit obligations at the end of the year and changes in actuarial assumptions. For the fiscal year beginning April 1, 2013, and in accordance with Canadian public sector accounting standards, gains or losses that arise in a given year, along with past service costs that arise from pre-retirement benefit plan amendments, are to be amortized into income over the expected average remaining service life ("EARSL") of the related employee group. Prior to the April 1, 2013 valuation, gains or losses have been recognized in the period in which they were incurred.

Sick leave benefit obligation

For the year ending March 31, 2014, the Authority adopted accrual accounting for the sick leave benefit obligation according to Canadian public sector accounting standards Section 3255. Prior to that date the Authority recognized benefit expenses equal to its payments for the actual payouts and no liability for accumulated sick leave was recorded in the statement of financial position. At the beginning of the fiscal year April 1, 2011, a valuation of the Authority's obligations for the accumulated sick leave bank was done for accounting purposes using the average usage of sick days used in excess of the annual sick days earned. Factors used in the calculation include average employee daily wage, number of sick days used in the year, number of sick days earned in the year, excess of used days over earned days in the year, dollar value of the excess and number of unused sick days.

Key assumptions used in the valuation were based on information available. The valuation used the same assumptions about future events as was used for the pre-retirement obligation valuation noted above.

1. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Areas requiring the use of significant estimates include the useful lives of capital assets, allowance for accounts deemed uncollectible, provisions for slow moving and obsolete inventory and amounts recognized for employee benefit obligations. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provisions recognized.

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

Financial instruments

The Authority recognizes its financial instruments when the Authority becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Authority may irrevocably elect to subsequently measure any financial instrument at fair value. The Authority has not made such an election during the year.

All financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess if revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Fair value measurements

The Authority classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Authority to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy. There were no transfers between levels for the years ended March 31, 2015 and 2014.

External restrictions

Net assets are restricted for endowment purposes, and are subject to externally imposed restrictions that the assets be maintained permanently in the St. Paul Residents Trust Fund. Investment income from this fund is restricted for residents' expenses.

2. Accounts receivable

	2015	2014
Northern Patient Transportation Program receivables	**12,827,411**	11,563,249
GST rebates receivable	**255,437**	279,509
Patient and other receivables	**2,465,894**	1,936,829
Allowance for doubtful accounts - Northern Patient Transportation Program receivables	**(8,900,000)**	(5,257,747)
Allowance for doubtful accounts - patient and other receivables	**(1,015,055)**	(1,468,935)
	5,633,687	7,052,905

3. Due from Manitoba Health

	2015	2014
2011-2012 Extended Health Benefit	**184,926**	184,926
2012-2013 Medical Remuneration	**-**	2,826,738
2013-2014 Medical Remuneration	**3,672,806**	3,672,807
2014-2015 Medical Remuneration	**3,489,072**	-
2012-2013 MAHCP Retention Bonuses	**4,937**	4,937
2014-2015 MAHCP Retention Bonuses	**1,178,026**	-
MAHCP Retention Bonus - DSM	**577,932**	-
2012-2013 Garden Hill Structural Floor Project	**1,604**	80,677
2013-2014 Northern Youth Crisis Funding	**663,706**	663,706
2014-2015 Northern Youth Crisis Funding	**17,804**	-
2012-2013 MNU Maternity Top-Up	**75,447**	75,447
2012-2013 Facility Support Maternity Top-Up	**2,714**	80,237
2013-2014 Colonoscopy Funding	**-**	105,000
2014-2015 Colonoscopy Funding	**35,000**	-
2012-2013 Health Spending Account	**39,156**	39,156
2012-2013 EMS Wage Standardization	**-**	6,850
2012-2013 Medical Education Coordinator	**110,000**	110,000
2014-2015 Medical Education Coordinator	**55,000**	-
2012-2013 MNU Retention Bonus Shortfall	**34,672**	34,672
2012-2013 HEPP Contribution Increase	**419,422**	419,422
2013-2014 Professional Technical Market Supplement	**57,013**	112,597
2013-2014 Immunization Funding	**200**	125,743
2014-2015 Immunization Funding	**117,569**	-
Grow Your Own Nurse Practitioners	**12,064**	432,064
Physician Assistant Funding	**183,771**	183,771
Nurse Sector Wage Standardization	**2,459,970**	-
Professional Technical Market Supplement	**81,414**	-
Cancer Patient Journey	**329,964**	-
DSM On-Call Funding	**130,000**	-
CUPE Maternity Leave Top-Up	**20,511**	-
	13,954,700	9,158,750

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4. Pre-retirement and vacation entitlements due from Manitoba Health

The amount recorded as a receivable from the Province of Manitoba for pre-retirement costs and vacation entitlements was initially determined based on the value of the corresponding actuarial liabilities for pre-retirement costs and vacation entitlements as at March 31, 2004. Subsequent to March 31, 2004, the Province of Manitoba has included in its ongoing annual funding to the Authority an amount equivalent to the change in the pre-retirement liability and for vacation entitlements, which includes annual interest accretion related to the receivables. The receivables will be paid by the Province of Manitoba when it is determined that the funding is required to discharge the related liabilities.

5. Capital assets

	Cost	***Accumulated amortization***	***2015 Net book value***
Land	**228,529**	**-**	**228,529**
Land improvements	**532,648**	**367,783**	**164,865**
Buildings	**114,791,947**	**59,853,957**	**54,937,990**
Computers	**3,690,120**	**2,976,010**	**714,110**
Equipment	**29,856,272**	**21,860,786**	**7,995,486**
Construction in progress	**12,493,909**	**-**	**12,493,909**
	161,593,425	**85,058,536**	**76,534,889**

	Cost	*Accumulated amortization*	*2014 Net book value*
Land	**228,529**	**-**	**228,529**
Land improvements	**532,648**	**366,748**	**165,900**
Buildings	**110,144,281**	**55,108,314**	**55,035,967**
Computers	**3,564,088**	**2,685,260**	**878,828**
Equipment	**28,192,627**	**20,532,931**	**7,659,696**
Construction in progress	**6,853,934**	**-**	**6,853,934**
	149,516,107	**78,693,253**	**70,822,854**

6. Bank indebtedness

The Authority has an authorized operating line of credit of $8,900,000 bearing interest at the bank's prime rate minus 0.50% (2014 - prime minus 0.50%). Security provided on this line of credit includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health. As at March 31, 2015 the bank's prime rate was 3.00% (2014 - 3.00%). Bank indebtedness is comprised of the following:

	2015	*2014*
Petty cash on hand and balances with banks	**625,248**	1,124,499
Operating line of credit balance	**(8,431,743)**	(1,370,053)
Outstanding cheques and other reconciling items	**(1,821,958)**	-
	(9,628,453)	(245,554)

7. Line of credit

The Authority maintains a line of credit facility to fund construction projects in progress. Upon completion of the construction projects in progress, the respective amounts will be converted to long-term debt. The amounts are due on demand and bear interest at a rate of prime minus 0.80% per annum (2014 - prime minus 0.80%). As at March 31, 2015 the bank's prime rate was 3.00% (2014 - 3.00%).

8. Deferred revenue

Deferred revenue consists of Manitoba Health funding received in the fiscal year for various programs. This allocation of funding is recognized as revenue when program expenses are incurred. The change in the deferred revenue balance for the year is as follows:

	2015	*2014*
Balance, beginning of year	**2,225,394**	2,706,564
Funding received during the year	**4,121,940**	2,740,326
Amount recognized as revenue during the year	**(5,094,443)**	(3,221,496)
Balance, end of year	**1,252,891**	2,225,394

9. Long-term debt

	2015	*2014*
Manufacturer's Life Insurance Company loan, with monthly payments equal to the energy savings including interest at 6.30% per annum, expected to be paid out by September 2021	**1,149,465**	1,292,251
Term loans due to Royal Bank of Canada, with monthly payments between $835 and $10,250 including interest at the bank's prime rate less 0.80% per annum, due from June 2021 to June 2053, secured by certain equipment	**5,648,329**	3,184,212
Loan payable to Royal Bank of Canada with monthly payments of $10,016 including interest at 3.72% per annum, due March 2016, secured by certain buildings	**1,174,700**	-
Mortgage payable to Canada Mortgage and Housing Corporation with monthly payments of $5,651 including interest at 4.61% per annum, due May 2027, secured by certain buildings	**56,487**	115,437
	8,028,981	4,591,900
Less: Current portion	**958,960**	390,917
	7,070,021	4,200,983

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2016	958,960
2017	766,757
2018	769,813
2019	772,984
2020	776,276
Thereafter	3,984,191

Interest on long-term debt amounted to $214,977 (2014 – $122,861).

10. Sick leave benefit obligation

The Authority's sick leave benefit obligation is based on an actuarial report prepared as of March 31, 2015. The following table presents information about the sick leave benefit obligations, the change in value and the balance of the obligation as at March 31, 2015:

	2015	*2014*
Sick leave benefit obligation, beginning of year	**1,811,637**	2,000,792
Current period service cost	**190,000**	-
Interest cost	**82,000**	-
Benefits paid	**(416,000)**	(189,155)
Actuarial (gain)/loss and other	**887,952**	-
Sick leave benefit obligation, end of year	**2,555,589**	1,811,637
Unamortized net actuarial gain (loss)	**(692,000)**	-
Sick leave accrued benefit liability, end of year	**1,863,589**	1,811,637

No actuarial valuation was obtained for the year ended March 31, 2014.

11. Accrued pre-retirement obligation

The Authority's pre-retirement obligation is based on an actuarial report prepared as of March 31, 2015. The valuation includes employees who qualify as at March 31, 2015, and an estimate for the remainder of the employees who have not yet met the years of service criteria. The following table presents information about accrued pre-retirement benefit obligations, the change in value and the balance of the obligation as at March 31, 2015:

	2015	*2014*
Pre-retirement benefit obligation, beginning of year	**7,580,000**	8,462,432
Current period service cost	**685,000**	892,000
Interest cost	**260,000**	182,000
Benefits paid	**(376,000)**	(663,000)
Actuarial (gain)/loss and other	**693,000**	(1,025,000)
Pre-retirement benefit obligation, end of year	**8,842,000**	7,848,432
Unamortized net actuarial gain (loss)	**637,000**	(268,432)
Pre-retirement accrued benefit liability, end of year	**9,479,000**	7,580,000

The actuarial valuation was based on a number of assumptions about future events including a discount rate of 2.55% (2014 - 3.35%), a rate of salary increases of 3.50% (2014 - 3.00%) and an expected average remaining service life of 8.5 years.

Funding for the pre-retirement obligation is recoverable from Manitoba Health for costs incurred up to March 31, 2004 on an Out-of-Globe basis in the year of payment. As of April 1, 2004, In-Globe funding has been amended to include these costs.

12. Deferred contributions related to expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted funds from the Province for major repairs and improvements to buildings.

13. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amounts of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Changes in the deferred contribution balance are as follows:

	2015	*2014*
Balance, beginning of year	**52,322,958**	55,707,301
Amount received during the year	**3,264,341**	2,122,801
Less: Amounts recognized as revenue during the year	**(6,365,283)**	(5,507,144)
Balance, end of year	**49,222,016**	52,322,958

14. Net assets invested in capital assets

	2015	*2014*
Net assets invested in capital assets are calculated as follows:		
Capital assets	**76,534,889**	70,822,854
Deferred contributions	**(49,222,016)**	(52,322,959)
Long-term debt	**(8,028,981)**	(3,244,633)
Line of credit	**(10,211,181)**	(4,021,408)
	9,072,711	11,233,854
Change in net assets invested in capital assets is calculated as follows:		
Amortization of deferred contributions related to capital assets	**6,365,283**	5,507,144
Amortization of capital assets	**(6,365,283)**	(5,507,144)
	-	-
Net changes in investment in capital assets		
Purchase of capital assets	**12,077,318**	11,362,637
Long term debt	**(4,784,348)**	(578,346)
Payment of capital lease obligation	**-**	47,126
Advances on line of credit	**(6,189,773)**	(3,571,408)
Manitoba Health - Capital asset funding	**(3,264,340)**	(2,122,801)
	(2,161,143)	5,137,208

15. Revenue from Manitoba Health

	2015	*2014*
Revenue as per Manitoba Health's funding document	**196,567,683**	192,889,453
Deduct:		
Payments on prior year receivables	**(4,225,434)**	(5,718,805)
Capital equipment funding	**(1,798,970)**	(1,887,216)
Nelson House PCH funding - flow through	**(665,235)**	(693,001)
Accounts receivable allowance	**-**	(511,241)
Ancillary program	**(185,127)**	-
Ambulance	**(439,710)**	(143,375)
Interest funding (actual)	**(95,341)**	(46,298)
Other	**(318,163)**	(96,516)
Provincial Nursing Station - Transitional	**(153,937)**	-
Provincial Acute Stroke Care Coordinator	**(54,179)**	-
Microsoft Licensing Fee	**183,453**	-
CIHI Fees	**42,940**	-
	(7,709,703)	(9,096,452)
Add: Accruals approved by Manitoba Health		
Medical remuneration	**3,489,072**	3,672,824
Medical Education reimbursement	**55,000**	55,000
MNU wage standardization	**2,459,970**	-
Mobile youth crisis program	**681,510**	663,706
Colonoscopy funding	**70,000**	105,350
EMS wage standardization	**81,414**	112,597
MAHCP retention bonus	**1,178,026**	630
MAHCP retention bonus - DSM	**577,932**	-
DSM on call funding	**130,000**	-
Deferred RHA office funding	**-**	631,000
Physician assisting funding	**-**	183,771
Grow your own nurse practitioner funding	**-**	432,064
Cancer Patient Journey Funding	**329,964**	-
Immunization funding	**117,569**	125,743
	9,170,457	5,982,685
Deduct:		
Deferred volume funding	**500,000**	-
	198,528,437	189,775,686

16. Related party transactions

The Pas Health Complex Foundation, Inc. and The Northern Health Foundation Inc. (together the "Foundations") are non-profit voluntary associations whose purpose is the betterment of health care at The Health Complex facilities. The aims and objectives of these Foundations coincide with those of the Authority. The Authority regularly provides the Foundations with a listing of project/equipment requirements for the Foundations to consider in their annual funding processes. During the year the Authority received donated equipment valued at $107,944 (2014 - $42,625).

17. Commitments and contingencies

(i) The Authority has entered into various operating leases for rental units to assist with accommodation needs of the organization. The amounts payable over the next four years are as follows:

2016	489,504
2017	452,328
2018	452,847
2019	389,424
	1,784,103

(ii) The Authority is subject to individual legal actions arising in the normal course of operations. It is not expected that these legal actions will have a material adverse effect on the financial position or operations of the Authority.

Due to the dismissal of three senior executives in a previous period in the Burntwood RHA, litigation proceedings remain ongoing. The likelihood of financial implications, if any, are not determinable at this time.

(iii) On July 1, 1987, a group of health care organizations ("Subscribers") formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks for its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2015.

18. Financial instruments

The Authority, as part of its operations, carries a number of financial instruments. It is management's opinion that the Authority is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Risk management policy

The Authority is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Authority'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 Authority's activities.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority is not exposed to significant credit risk as the receivable is spread among a large client base and geographic region and payment in full is typically collected when it is due. The Authority establishes an allowance for doubtful accounts based on management's estimate 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.

The Authority is not exposed to significant credit risk from Due from Manitoba Health, vacation entitlement receivable and retirement obligations receivable, as these receivables are due from the Province of Manitoba.

18. Financial instruments *(Continued from previous page)*

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of the Authority is the Canadian dollar. The Authority's transactions in U.S. dollars are infrequent and are limited to non-resident charges, certain purchases and capital asset acquisitions. The Authority does not use foreign exchange forward contracts to manage foreign exchange transaction exposures.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Authority to interest rate risk arises primarily on its bank indebtedness, line of credit and long-term debt, the majority of which include interest at variable rates based on the bank's prime rate. The Authority's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Authority manages its exposure to the interest rate risk of its assets and liabilities by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on assets and liabilities do not have a significant impact on the Authority’s results of operations.

19. Liability for contaminated sites

Effective for fiscal years beginning on or after April 1, 2014, public sector accounting standards requires recognition of a liability for remediation of contaminated sites where contamination exceeds environment site standards and a reasonable estimate of the amount can be made. Reporting requirements are limited to the contamination of soil, water and sediment. As of March 31, 2015, the Authority has no known contaminated sites or no known future potential contaminated sites.

20. Trusts under administration

At March 31, 2015, the balance of Resident trust funds held in trust is $99,573 (2014 - $120,753). These funds are not included in the balances of the Authority's financial statements.

21. Economic dependence

The Authority received approximately 91% (2014 - 90%) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations. This volume of funding transactions is normal within the industry, as regional health authorities are primarily funded by their respective provincial Ministries of Health.

Prairie Mountain Health
Consolidated Financial Statements
For the year ended March 31, 2015

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To the Board of Directors of Prairie Mountain Health:

Management has responsibility for preparing the accompanying consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian public sector accounting standards.

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

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee is appointed by the Board and has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Board of Prairie Mountain Health to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

Original document signed

Management

Original document signed

Management

Independent Auditors' Report

To the Members of Prairie Mountain Health:

We have audited the accompanying consolidated financial statements of Prairie Mountain Health, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Prairie Mountain Health as at March 31, 2015 and the results of their consolidated operations, changes in net assets, cash flows and their remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Brandon, Manitoba

June 13, 2015

MNP LLP
Chartered Accountants

Prairie Mountain Health
Consolidated Statement of Financial Position
As at March 31, 2015

		2015		2014
ASSETS				
Current Assets				
Cash and cash equivalents	$	48,073,504	$	60,291,168
Short-term investments *(Note 7)*		1,941,761		1,085,065
Accounts receivable *(Note 4)*		7,597,930		6,778,578
Due from Manitoba Health *(Note 5)*		37,468,424		23,421,064
Current portion of loan receivable *(Note 6)*		29,697		28,680
Inventories held for use		4,953,417		4,269,951
Prepaid expenses		1,320,109		2,159,028
		101,384,842		98,033,534
Due from Manitoba Health *(Note 5)*		21,933,303		21,933,303
Loan receivable *(Note 6)*		220,435		250,132
Investments *(Note 7)*		6,230,685		6,822,267
Capital assets *(Note 8)*		286,464,781		293,019,154
		314,849,204		322,024,856
	$	**416,234,046**	$	420,058,390
LIABILITIES				
Current Liabilities				
Demand loans *(Note 9)*	$	386,699	$	476,699
Accounts payable and accrued liabilities		40,925,645		36,361,493
Employee future benefits *(Note 10)*		31,417,201		30,282,536
Current portion of obligation under capital lease *(Note 12)*		627,518		340,696
Current portion of long-term debt *(Note 11)*		235,302		346,878
		73,592,365		67,808,302
Employee future benefits *(Note 10)*		49,388,000		50,226,000
Obligation under capital lease *(Note 12)*		1,354,667		679,231
Long-term debt *(Note 11)*		1,149,480		1,384,857
Deferred contributions *(Note 13)*		286,734,214		292,901,498
		338,626,361		345,191,586
	$	**412,218,726**	$	412,999,888
Commitments and contingencies *(Note 19)*				
NET ASSETS				
Invested in capital assets *(Note 15)*		8,477,350		6,440,986
Internally restricted *(Note 16)*		5,393,845		4,484,878
Externally restricted *(Note 16)*		84,964		34,162
Unrestricted		(9,940,839)		(3,901,524)
		4,015,320		7,058,502
	$	**416,234,046**	$	420,058,390

Approved on behalf of the Board

Original document signed **Director** Original document signed **Director**

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

Prairie Mountain Health
Consolidated Statement of Operations
For the year ended March 31, 2015

		2015	2014
REVENUE			
Manitoba Health operating income *(Note 17)*	$	502,459,882 $	495,607,835
Authorized/residential charges		31,595,502	31,503,826
Amortization of deferred contributions		17,205,076	18,746,439
Non-insured income		2,190,691	2,426,370
Ancillary revenue		2,543,319	3,266,062
Other income		12,844,248	6,226,555
Province of Manitoba		4,602,185	4,025,581
Investment income		993,125	957,740
		574,434,028	562,760,408
EXPENSES			
Acute care services		235,829,854	225,227,004
Personal care home services		134,368,922	131,431,557
Medical remuneration		40,359,923	38,364,137
Community based mental health services		22,151,897	21,608,095
Community based home care services		38,435,109	36,655,015
Community based health services		23,743,462	21,845,157
Emergency medical services		17,694,462	16,793,134
Regional undistributed costs		35,461,950	31,587,563
Amortization of capital assets		18,892,388	19,366,035
Future employee benefits		2,943,774	2,245,556
Therapy services		7,869,964	7,765,042
Ancillary expenses		2,098,126	2,777,863
		579,849,831	555,666,158
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	**$**	**(5,415,803)** $	7,094,250

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

Prairie Mountain Health
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2015

	Invested in Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	2015
Balance beginning of year	**$ 6,440,986**	**$ 4,484,878**	**$ 34,162**	**$ (3,901,524)**	**$ 7,058,502**
Excess (Shortfall) of revenue over expenses	**(1,999,951)**	**453,304**	**-**	**(3,869,156)**	**(5,415,803)**
Transfer (to) from deferred contributions	**2,319,019**	**-**	**-**	**(28,493)**	**2,290,526**
Investment in capital assets	**1,717,296**	**(45,312)**	**-**	**(1,671,984)**	**-**
Change in fair value of investments	**-**	**27,994**	**-**	**108,763**	**136,757**
Internally restricted assets	**-**	**472,981**	**802**	**(415,972)**	**57,811**
Elderly Persons Housing adjustments	**-**	**-**	**50,000**	**(49,109)**	**891**
Transfer (to) from Non-Devolved Org.	**-**	**-**	**-**	**(113,364)**	**(113,364)**
Balance end of year	**$ 8,477,350**	**$ 5,393,845**	**$ 84,964**	**$ (9,940,839)**	**$ 4,015,320**

	Invested in Capital Assets	Internally Restricted	Externally Restricted	Unrestricted	2014
Balance beginning of year	$ 8,570,602	$ 4,396,553	$ 28,149	$ (12,641,690)	$ 353,614
Excess (Shortfall) of revenue over expenses	(2,122,845)	143,022	-	9,074,073	7,094,250
Transfer (to) from deferred contributions	(49,246)	7,820	-	59,141	17,715
Investment in capital assets	42,475	(5,245)	-	35,979	73,209
Change in fair value of investments	-	(7,504)	-	(81,135)	(88,639)
Internally/Externally restricted assets	-	(49,768)	795	-	(48,973)
Elderly Persons Housing adjustments	-	-	5,218	(143,572)	(138,354)
Transfer (to) from Non-Devolved Org.	-	-	-	(204,320)	(204,320)
Balance end of year	$ 6,440,986	$ 4,484,878	$ 34,162	$ (3,901,524)	$ 7,058,502

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

Prairie Mountain Health
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
OPERATING TRANSACTIONS		
Excess (Shortfall) of revenue over expenses	$ (5,415,803)	$ 7,094,250
Adjustments to determine net cash provided by (used in) operating activities		
Gain/(loss) on disposal of capital assets	12,838	(505,910)
Amortization of capital assets	18,892,388	19,366,035
Amortization of deferred contributions	(17,205,076)	(18,746,439)
Change in deferred revenue	11,037,792	13,847,479
Changes in non-cash operating working capital items:		
Accounts receivable	(819,352)	461,091
Due from Manitoba Health	(14,047,360)	(3,492,900)
Loan receivable	28,680	27,697
Inventories held for use	(683,466)	176,191
Prepaid expenses	838,919	1,521,390
Accounts payable and accrued liabilities	4,564,152	(306,199)
Employee future benefits	296,665	2,482,967
Net assets	2,372,621	(45,269)
	(127,002)	21,880,383
CAPITAL TRANSACTIONS		
Proceeds on sale of capital assets	13,704	20,859
Cash used to acquire capital assets	(12,364,557)	(10,127,527)
	(12,350,853)	(10,106,668)
INVESTING TRANSACTIONS		
Portfolio investment transactions	**(265,114)**	31,191
FINANCING TRANSACTIONS		
Repayment of loans and advances	**525,305**	(338,729)
NET CHANGE IN CASH	**(12,217,664)**	11,466,177
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**60,291,168**	48,824,991
CASH AND CASH EQUIVALENTS, END OF YEAR	$ **48,073,504**	$ 60,291,168
Supplementary Information		
Interest received	993,125	908,299
Interest paid	205,220	68,415

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

Prairie Mountain Health
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2015

	2015	2014
Accumulated remeasurement gains and (losses) at beginning of year	**$ 241,985**	$ 336,122
Unrealized gains (losses) attributable to:		
Portfolio investments	**136,757**	(94,137)
Accumulated remeasurement gains and (losses) at end of year	**$ 378,742**	$ 241,985

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

1. Organization

On May 28, 2012, Regulation 63/2012 under the Regional Health Authorities Act (the "Act") was passed to amalgamate the Assiniboine Regional Health Authority, Brandon Regional Health Authority Inc. and Parkland Regional Health Authority Inc. and a new Region named the "Western Regional Health Authority" was established for the western Manitoba health region. On December 10, 2012, Regulation 151/2012 was passed under the "Act" changing the Region's name to Prairie Mountain Health. Prairie Mountain Health ("the Region", "PMH") commenced activity on April 1, 2012. The Region is involved in the provision of health care services to the western region of Manitoba. The Region is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Basis of accounting

In accordance with the requirements set out by the Chartered Professional Accountants of Canada, the Region has prepared these financial statements using Canadian public sector accounting standards ("PSAS", "PSA"). The Region's first reporting period using public sector standards was for the year ended March 31, 2013.

3. Significant accounting policies

These financial statements have been prepared in accordance with the Canadian public sector accounting standards and include the following significant accounting policies:

(a) Basis of Reporting

The Region provides community health care services, acute health care services and long term care services through devolved and contract facilities. The assets, liabilities, and operations of the following devolved organizations have been included in these consolidated financial statements:

Baldur Health Centre
Benito Health Centre
Birtle Health Centre
Boissevain Health Centre
Boissevain-Westview Lodge
Brandon Regional Health Centre
Carberry Health Centre
Cartwright-Davidson Memorial Health Centre
Community and Home Care Health Services
Community Mental Health Services
Country Meadows Personal Care Home
Child and Adolescent Treatment Centre - Brandon
Dauphin & District Ambulance Service
Dauphin Regional Health Centre
Deloraine Health Centre
Deloraine-Bren Del Win Lodge
Elkhorn-Elkwood Manor
Erickson Health Centre
Fairview Personal Care Home
Gilbert Plains Health Centre
Glenboro Health Centre
Grandview Hospital District
Grandview Personal Care Home
Hamiota Health Centre
Hamiota Health Centre Lilac Residence (East Wing)
Hamiota Health Centre Lilac Residence (North Wing)
Hartney Health Centre
Killarney-Tri Lake Health Centre
McCreary/Alonsa Health Centre
Melita Health Centre
Minnedosa Health Centre
Minnedosa Personal Care Home
Morley House of Shoal Lake Elderly Persons Housing
Morley House of Shoal Lake Lakeshore Lodge
Neepawa Health Centre
Neepawa-Country Meadows Personal Care Home
Oak Lake Ambulance
Pioneer Lodge Inc.
Reston Health Centre
Rideau Park Personal Care Home
Riverdale Personal Care Home Inc. Westwood Lodge
Rivers Health Centre
Roblin District Health Centre
Roblin & District Ambulance Service
Rossburn Health Centre
Russell Health Centre
Russell Personal Care Home
Ste. Rose Ambulance Service
Sandy Lake Personal Care Home
Shoal Lake-Strathclair Health Centre
Souris Health Centre
Swan Valley Ambulance Service
Swan Valley Health Centre
Swan Valley Lodge
Swan River Valley Personal Care Home
Tiger Hills Villa Inc.
Treherne-Tiger Hills Health Centre
Virden Health Centre
Virden-Sherwood Nursing Home
Virden-Westman Nursing Home
Waterhen Ambulance Service
Wawanesa Health Centre
Winnipegosis and District Ambulance Service
Emergency Medical Services –25 sites

3. Significant accounting policies *(continued)*

(a) Basis of Reporting (continued)

The Region also provides health care services, by means of operating agreements, through non-devolved facilities. The health care services provided are delivered under the control of the Region as the major funder. The financial position and results of operations of these related organizations have been consolidated in these financial statements. The following facilities are non-devolved:

Ste. Rose Health Centre
Winnipegosis General Hospital
Mossey River Personal Care Home Inc. – Winnipegosis
St. Paul's Home – Dauphin
The Salvation Army Dinsdale Personal Care Home – Brandon

For the year ending March 31, 2015, Dr Gendreau Personal Care Home and Ste. Rose Hospital amalgamated to form Ste. Rose Health Centre.

All significant inter-divisional transactions of non-devolved and contract facilities have been eliminated.

The Region has a contract arrangement with The Salvation Army Dinsdale Personal Care Home, which provides long term care in the community of Brandon. In addition, the organization carries out the charitable, educational, religious and other benevolent objects and purposes of the Salvation Army. The organization is a registered charity under the Income Tax Act. Operating fund surpluses are payable to the Region.

The other non-devolved organizations are referred to as affiliates. For the Region's affiliate organizations, if the retainable surplus exceeds 1.5% of the annual in-globe operating budget, as approved by the Region, the surplus in excess of 1.5% is an obligation payable to the Region.

The Region also receives funding from the Brandon Regional Health Centre Foundation, the Fairview Foundation and Dauphin Hospital Foundation and other community foundations/auxiliaries which organize fundraising drives to raise funds for the use of the Region or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of its board of directors. As there is no control, significant influence or economic interest between the Region and the Foundations, no financial information regarding the foundations are reported or disclosed in the financial statements of the Region.

(b) Revenue recognition

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

Manitoba Health operating income
Under the Health Services Insurance Act and regulations thereto, the Region is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

In Globe funding
In Globe funding is funding approved by Manitoba Health for Regional Health programs unless otherwise specified as Out of Globe funding. This includes volume changes and price increases for the five service categories of Acute Care, Long Term Care, Community and Mental Health, Home Care and Emergency Response and Transport. All additional costs in these five service categories must be absorbed within the global funding provided.

Any operating surplus greater than 2% of the budgeted amount related to In Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Region, or repaid to Manitoba Health. Under Manitoba Health policy the Region is responsible for In Globe deficits, unless otherwise approved by Manitoba Health.

3. Significant accounting policies *(continued)*

(b) Revenue recognition *(continued)*

Out of Globe funding
Out of Globe funding is funding approved by Manitoba Health for specific programs.

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

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

Amortization of deferred contributions
Where a grant or other restricted contribution, other than endowment contributions, is received but relates to expenses of one or more future periods, it is deferred and recognized as revenue in the same period as the related expenses are recognized. Contributions restricted for the purchase of capital assets or to repay long-term debt as a lump sum are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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.

Non-Insured income
Non-insured income is revenue received for products and services where the recipient does not have Manitoba Health coverage or where coverage is available from a third party. Revenue is recognized when the product is received and/or the service is rendered.

Ancillary income
Ancillary income comprises amounts received for preferred accommodations, non Manitoba Health activities and parking fees. Revenue is recognized when the service is provided.

Other income
Other income comprises recoveries for a variety of uninsured goods and services sold to patients or external customers. Revenue is recognized when the good is sold or the service is provided.

Investment income
Investment income comprises interest from cash, interest from fixed income investments, and realized gains and losses on the sale of investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

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.

(c) Contributed materials and services

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and an official receipt for income tax purposes has been issued to the donors.

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

(d) Cash and cash equivalents

The Region considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

3. Significant accounting policies *(continued)*

(e) *Financial Instruments*

Measurement of financial instruments
The Region initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transactions costs directly attributable to the instrument.

The Region subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Remeasurement Gains and Losses in the period incurred.

The Region uses the following measurement classifications for its financial assets and financial liabilities:

Cash and cash equivalents	Amortized Cost
Accounts receivable	Amortized Cost
Due from Manitoba Health	Amortized Cost
Loan receivable	Cost
Investments	Fair Value
Accounts payable and accrued liabilities	Amortized Cost

In accordance with Public Sector Accounting (PSA) standards adopted for April 1, 2011, the Region has elected to record investments at fair value, using market bid prices at year-end as a basis for valuation. Purchases and sales of investments are recorded at the trade date and transaction costs are expensed as incurred and recorded in the consolidated statement of operations. Any discount or premium arising on purchase is amortized over the period of maturity in order to reflect a yield based on purchase costs and a carrying value of the amount expected to be realized at maturity. Interest earned on investments and gains or losses resulting from net settlements in the period are recorded in the Statement of Operations.

The Region uses the following classifications of fair value measurements for its portfolio investments:

Prices quoted in active markets	Level 1
Observable bid prices in the markets	Level 2
Source other than observable market	Level 3

Impairment
At the end of each reporting period, the Region assesses whether there are any indications that a financial asset may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Region, including but not limited to the following events: significant decline in fair market value, significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Region determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Region identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset in the cost or amortized cost category, it reduces the carrying amount of the asset to the highest of the following:

(i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
(ii) the amount that could be realized by selling the asset at the statement of financial position date; and
(iii) the amount the Region expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights

The carrying amount of the asset in the cost or amortized cost category is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

3. Significant accounting policies *(continued)*

***(e) Financial instruments** (continued)*

When the extent of impairment of a previously written-down asset in the cost or amortized cost category decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of operations in the period the reversal occurs.

When the Region identifies a loss in value that is other than a temporary decline of a financial asset in the fair value category, the asset is written down to recognize the loss. The amount of the loss is recognized in the statement of operations and is not reversed if there is a subsequent increase in value.

Transaction costs
Transaction costs are added to the carrying value of items in the cost or amortized cost category when they are initially recognized, and expensed in the period incurred for items in the fair value category. Transaction costs include fees and commissions paid to agents, advisors, brokers and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Risk management
The Region is exposed to various risks through its financial instruments. The following analysis provides a measure of the Region's risk exposure and concentrations:

	Risks			
			Market risk	
Financial instruments	*Credit*	*Liquidity*	*Currency*	*Interest Rate*
Cash	X			X
Amounts receivable	X		X	
Accounts payable and accrued liabilities		X	X	

The Region manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews risk management policies and procedures on an annual basis.

The Region also has a specific Investment Policy that details the asset quality and proportion of fixed income and equity securities in which investments are made.

The Region does not use derivative financial instruments to manage its risks.

Credit risk

Credit risk arises from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Region could incur a financial loss. The Region's accounts receivable are comprised mostly of amounts due from the Government of Manitoba and from the facilities it funds, minimizing credit risk. The Region's policy is to limit extending credit to individuals and has been proactive in the implementation of processes to accept prepayment for products and services.

Management regularly reviews the aging of accounts receivable balances. Amounts deemed uncollectible are written down to their expected realizable values, by making an allowance for doubtful accounts adjustment, as soon as the account is determined not to be fully collectible. The Region considers the following factors in determining uncollectibility: age of the amount outstanding, knowledge gained surrounding change in economic circumstances of the third party, and the history of collectability based on the type of revenue stream.

Prior to authorizing the provision of a loan, the Region's management reviews the financial position of the potential loan recipient and considers current and historical evidence of cash flows and economic circumstances. It is not a policy of the Region to grant loans, however, special considerations are reviewed with the Board of Directors prior to a provision being granted. The Region's management regularly reviews loan balances and the principal and interest payments due to assess

3. Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

collectability and risk of loss. Valuation allowances are made when collection is in doubt. When there is sufficient evidence to support that an amount is uncollectible with no realistic prospect of recovery, a valuation allowance is recorded in order to reflect the loan, or class of loans, at the lower of cost and net recoverable value. Once all or part of a loan is written-off, it is not subsequently reversed. Interest is accrued on loans receivable to the extent it is deemed collectable.

Liquidity risk

Liquidity risk is the risk that the Region will not be able to meet a demand for cash or fund its obligations as they come due. The Region meets its liquidity requirements by anticipating investing and financing activities and holding assets that can be readily converted into cash. The Region has operating lines of credit available totaling $23,700,000 should it be required to meet temporary fluctuations in cash requirements. Lines of credit are approved by Manitoba Health and are in effect for the period ending March 31, 2018. The Region is not currently accessing the operating lines of credit.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of the Region is the Canadian dollar. The Region's transactions in U.S. dollars are infrequent and are limited to non-resident charges, certain purchases and capital asset acquisitions. The Region does not use foreign exchange forward contracts to manage foreign exchange transaction exposures. The Region's investment portfolio does not hold any investments in foreign currency.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Region to interest rate risk arises from its interest bearing assets. The Region's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Region manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Region's results of operations.

The primary objective of the Region with respect to its fixed income investments is to generate income and preserve capital. The Region manages the interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

Changes to risk

There have been no changes to the Region's risk exposures from the prior year.

(f) Inventories held for use

Inventories consist of medical supplies, drugs, linen and other supplies that are measured at average cost, except drugs which are valued at the actual cost using the first in, first out method. The cost of inventories includes purchase price, shipping, unrebated portion of goods and services tax, and provincial tax. Inventory is expensed when put into use.

3. Significant accounting policies *(continued)*

(g) Capital assets

Purchased capital assets are recorded at cost. The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. Land is carried at cost or fair market value at the date of acquisition and is not amortized.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the consolidated statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Contributed capital assets are recorded at fair value at the date of contribution.

The Region's objectives when managing capital assets are to safeguard its ability to operate as a going concern so it can continue to provide services to its members. An Annual Health Plan including an operating and capital budget is developed and monitored to ensure the Region's capital is maintained at an appropriate level. There were no changes in the Region's approach to capital management during the period.

If the retainable surplus exceeds 2% of the annual in globe operating funding, as approved by the Region, the surplus in excess of 2% is an obligation payable to Manitoba Health. For the fiscal year ended March 31, 2015, the Region was in compliance with this requirement.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses. Capital assets, excluding vehicles, are amortized on a straight-line basis over their estimated useful lives as follows:

Parking lots	8-15 years
Land improvements	15 years
Buildings and leasehold improvements	20-40 years
Building service equipment/equipment	4-20 years
Computer software and equipment	3-5 years

Vehicles are amortized on a declining balance basis using 30% as the annual rate and are included in Building Service Equipment/Equipment.

(h) Foreign currency transactions

Monetary assets and liabilities of the Region which are denominated in foreign currencies are translated at year-end exchange rates. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains and losses are included in the consolidated statement of operations.

(i) Management estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring use of significant estimates include useful life of capital assets, allowance for accounts deemed uncollectable and amounts recognized for employee benefit obligations. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

4. Accounts receivable

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

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	Total 2015
Patients/residents	$ 595,376	$ 449,747	$ 199,098	$ 1,921,492	**$ 3,165,713**
Trade receivables	1,074,381	139,737	66,796	694,173	**1,975,087**
GST receivable	248,608	176,741	2,580	19,214	**447,143**
Brandon Regional Health Centre Foundation	121,901	5,557	-	-	**127,458**
Approved capital funding	311,145	624,962	318,572	2,187,265	**3,441,944**
Accrued Interest	1,182	1,523	551	23,945	**27,201**
	$ 2,352,593	1,398,267	587,597	4,846,089	**9,184,546**
Less allowance for doubtful accounts:					
Patients/residents	-	-	-	(1,493,510)	**(1,493,510)**
Trade receivables	-	-	-	(93,106)	**(93,106)**
	-	-	-	(1,586,616)	**(1,586,616)**
	$ 2,352,593	**$ 1,398,267**	**$ 587,597**	**$ 3,259,473**	**$ 7,597,930**

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	Total 2014
Patients/residents	$ 942,753	$ 355,851	$ 355,270	$ 1,655,095	$ 3,308,969
Trade receivables	689,144	1,073,188	731,977	1,518,186	4,012,495
GST receivable	271,415	159,401	1,659	74,745	507,220
Brandon Regional Health Centre Foundation	256,128	-	-	-	256,128
Accrued Interest	44,956	-	-	24,910	69,866
	2,204,396	1,588,440	1,088,906	3,272,936	8,154,678
Less allowance for doubtful accounts:					
Patients/residents	(123,612)	(20,581)	(12,072)	(1,121,754)	(1,278,019)
Trade receivables	-	-	-	(98,081)	(98,081)
	(123,612)	(20,581)	(12,072)	(1,219,835)	(1,376,100)
	$ 2,080,784	$ 1,567,859	$ 1,076,834	$ 2,053,101	$ 6,778,578

5. Due from Manitoba Health

The amount recorded as a receivable from the Province for pre-retirement and related vacation 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 on-going annual funding to the Region, an amount equivalent to the change in pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related pre-retirement liabilities.

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	Total 2015
Retroactive salary increases	$ 10,977,218	$ -	$ -	$ 3,388,523	**$ 14,365,741**
Other operations	3,857,357	471,538	323,008	2,858,938	**7,510,841**
Out of Globe 2013/14	-	-	-	(15,116)	**(15,116)**
Out of Globe 2014/15	(4,246,808)	-	-	-	**(4,246,808)**
Approved capital funding	832,758	-	-	273,348	**1,106,106**
Vacation	-	-	-	17,906,173	**17,906,173**
Vacation-Non-Devolved Facilities	-	-	-	954,578	**954,578**
Less: allowance for doubtful accounts	-	-	-	(113,091)	**(113,091)**
	11,420,525	**471,538**	**323,008**	**25,253,353**	**37,468,424**
Pre-retirement	-	-	-	20,863,685	**20,863,685**
Pre-retirement-Non-Devolved Facilities	-	-	-	1,069,618	**1,069,618**
	$ -	**$ -**	**$ -**	**$ 21,933,303**	**$ 21,933,303**

5. Due from Manitoba Health *(continued)*

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	Total 2014
Retroactive salary increases	$ 2,808,458	$ -	$ -	$ 1,080,879	$ 3,889,337
Other operations	2,705,246	210,290	428,053	110,014	3,453,603
Out of Globe 2012/13	-	-	-	(334,998)	(334,998)
Out of Globe 2013/14	(875,748)	(839,479)	(839,479)	(839,478)	(3,394,184)
Approved capital funding	-		-	1,045,329	1,045,329
Vacation	-	-	-	17,906,173	17,906,173
Vacation-Non-Devolved Facilities	-	-	-	954,578	954,578
	4,637,956	(629,189)	(411,426)	19,922,497	23,519,838
Less: allowance for doubtful accounts	(98,774)	-	-	-	(98,774)
	4,539,182	(629,189)	(411,426)	19,922,497	23,421,064
Pre-retirement	-	-	-	20,863,685	20,863,685
Pre-retirement-Non-Devolved Facilities	-	-	-	1,069,618	1,069,618
	$ -	$ -	$ -	$ 21,933,303	$ 21,933,303

6. Loan receivable

On August 31, 2009 the Region advanced the Brandon YMCA $320,000 to establish and operate a day care facility. The full term of the loan is thirteen (13) years. The terms of the agreement are set out that during the first three years from and after the advance date, the borrower pays interest only.

	2015	2014
The Brandon YMCA 3.5% compounded semi-annually repayable at $9,516 quarterly, including interest, with the first quarterly payment due Nov 30, 2012. Loan is secured by property, matures August 31, 2022	$ 250,132	$ 278,812
Less current portion	(29,697)	(28,680)
	$ 220,435	$ 250,132

Principal payments due in the next five years are as follows:	2016	$ 29,697
	2017	30,750
	2018	31,840
	2019	32,969
	2020	34,139

7. Investments

	2015		2014	
	Cost	**Fair Value**	Cost	Fair Value
Various provincial, municipal and other bonds at interest rates from .1%-.4%, maturing in 90 days or less	$ 255,071	$ 248,951	$ 345,990	$ 357,545
Various provincial, municipal and other bonds at interest rates from .02%-.06%, maturing in 91 days to one year	338,228	327,606	619,885	608,954
Guaranteed investment certificates at interest rates from 1.5%-2.2%, maturing within one year	1,365,204	1,365,204	117,064	118,566
	1,958,503	**1,941,761**	1,082,939	1,085,065
Various provincial, municipal and other bonds at interest rates from 2.65%-8.5%, with varying maturities up to September 8, 2023	3,566,719	3,760,508	4,885,087	5,024,632
Government of Canada bonds at interest rates from 3.15%-8%, maturing June 1, 2029	354,041	499,836	561,171	659,388
Guaranteed investment certificates at interest rates from 2%-4.5% with varying maturities up to June 22, 2017	1,888,441	1,944,341	1,110,150	1,112,247
Investment in Tiger Hills Villa	26,000	26,000	26,000	26,000
	5,835,201	**6,230,685**	6,582,408	6,822,267
	$ 7,793,704	**$ 8,172,446**	$ 7,665,347	$ 7,907,332

Investments primarily consist of bonds and guaranteed investment certificates (GIC's) with maturity dates of 12 months or greater from date of acquisition. Investments maturing within 12 months from the year-end date are classified as current. Investments are fixed income instruments issued or guaranteed by Canadian governments and corporations and include federal and provincial bonds, municipal bonds, corporate debentures and mortgage-backed securities, with a minimum A rating by an independent rating agency. Interest earned on investments ranges from .02%-8.5% paid semi-annually or quarterly.

8. Capital assets

		2015	
	Cost	Accumulated Amortization	Net Book Value
Land and parking lots	$ 3,708,439	$ 4,941	$ 3,703,498
Land improvements	3,251,355	1,411,035	1,840,320
Buildings and leasehold improvements	379,132,959	149,001,289	230,131,670
Building service equipment/equipment	80,130,636	45,035,097	35,095,539
Assets under capital lease	3,205,393	398,513	2,806,880
Construction in progress	12,886,874	-	12,886,874
	$ 482,315,656	**$ 195,850,875**	**$ 286,464,781**

		2014	
	Cost	Accumulated Amortization	Net Book Value
Land and parking lots	$ 3,707,036	$ 4,441	$ 3,702,595
Land improvements	4,396,659	2,340,684	2,055,975
Buildings and leasehold improvements	376,499,404	139,723,346	236,776,058
Building service equipment/equipment	91,425,520	53,576,493	37,849,027
Assets under capital lease	1,691,436	297,582	1,393,854
Construction in progress	11,241,645	-	11,241,645
	$ 488,961,700	$ 195,942,546	$ 293,019,154

9. Demand loans

The demand loans have been authorized by the Province of Manitoba and are used to finance capital purchases for small projects. Interest is paid monthly based on interest rates of prime less 1%.

10. Employee future benefits

Employee future benefits include an accrued benefit obligation for pre-retirement, vacation and sick leave benefits.

Pre-retirement benefits obligation

The accrued benefit obligation for pre-retirement benefits are actuarially determined using the projected unit credit service pro-rated on service actuarial cost method and management's best estimates of expected future rates of return on assets, termination rates, employee demographics, salary rate increases plus age related merit/promotionF scale with nil for disability and employee mortality and withdrawal rates. The most recent actuarial report was prepared at March 31, 2015. The valuation includes employees who qualify at the fiscal year-end date and an estimate for the remainder of the employees who have not yet met the years of service criteria. The accrued pre-retirement benefit obligation for March 31, 2015 is based on an extrapolation of that valuation.

Based upon collective agreements and/or non-union policy, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable group pension plan. The Region's contractual commitment is to pay based upon one of the following (dependent on the agreement/policy applicable to the employee):

a) The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Healthcare Employees Pension Plan (HEPP) is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

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

b) The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Civil Service Superannuation Plan, is to pay out the following severance pay upon retirement to employees who have reached the age of 55 and have nine or more years of service:

   i. one week of severance pay for each year of service up to 15 years of service
   ii. two weeks of additional severance pay for each increment of five years service past the 15 years of service up to 35 years of service

c) The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the MGEU Collective Agreement, is to pay out one week's pay for each year of accumulated service, or portion thereof, upon retirement if the employee has accumulated ten (10) or more years of accumulated service, up to a maximum of fifteen (15) week's pay.

The actuarial valuation was based on a number of assumptions about future events as follows:

	2015	2014
Discount rate - March 31	**2.55%**	3.35%
Rate of salary increase - April 1	**3.50%**	3.00%
EARSL - March 31 (in years)	**7.4**	8

Actuarial gains and losses can arise in a given year as a result of (a) the difference between the actual return on plan assets in that year and the expected return on plan assets for that year, (b) the difference between the actual accrued benefit obligations at the end of the year and the expected accrued benefit obligations at the end of the year and (c) changes in actuarial assumptions. For the fiscal year beginning April 1, 2013, and in accordance with Canadian public sector accounting standards, gains or losses that arise in a given year, along with past service costs that arise from pre-retirement benefits plan amendments, are to be amortized into income over the expected average remaining service life (EARSL) of the related employee group. Prior to April 1, 2013 valuation, gains or losses have been recognized in the period they were incurred.

10. Employee future benefits *(continued)*

The pre-retirement valuation includes employees who qualify at the fiscal year-end date and an estimate for the remainder of the employees who have not yet met the years of service criteria. The following table presents information about accrued pre-retirement benefit obligations, the change in value and the balance of the obligation at March 31, 2015:

Change in Benefit Obligation – Pre-retirement

	2015	2014
Pre-retirement benefit obligation, beginning of year	$ 37,518,000	$ 43,542,424
Current period service cost	2,422,000	3,133,000
Interest cost	1,234,000	928,000
Benefits paid	(3,781,000)	(3,126,424)
Actuarial (gain)/loss	2,577,000	(6,959,000)
Pre-retirement benefit obligation, end of year	**39,970,000**	37,518,000
Unamortized net actuarial gain (loss)	1,991,000	5,202,000
Pre-retirement accrued benefit liability, end of year	**$ 41,961,000**	$ 42,720,000

Funding for the pre-retirement obligation is recoverable from Manitoba Health for costs incurred up to March 31, 2004 on an Out-of-Globe basis in the year of payment. As of April 1, 2004, In-Globe funding has been amended to include these costs.

Sick leave benefits obligation

For the year ending March 31, 2013, the Region adopted accrual accounting for the sick leave plan according to Canadian public sector accounting standards section 3255. Prior to that date the Region recognized benefit expenses equal to its payments for the actual payouts and no liability for accumulated sick leave was recorded in the statement of financial position. At the beginning of fiscal year April 1, 2011, a valuation of the Region's obligations for the accumulated sick leave bank was done for accounting purposes using the average usage of sick days used in excess of the annual sick days earned. Factors used in the calculation are as follows:

- Average employee daily wage
- Number of sick days used in the year
- Number of sick days earned in the year
- Excess days of used over earned
- Dollar value of the excess
- Number of unused sick days

Key assumptions used in the valuation were based on Management's best estimates. The valuation used the same assumptions about future events as was used for the pre-retirement valuation above.

The following table presents information about the accrued sick leave benefit obligation, the change in value and the balance of the obligation:

Change in Benefit Obligation – Sick Leave

	2015	2014
Sick Leave benefit obligation, beginning of year	$ 9,635,000	$ 11,864,000
Current period service cost	631,000	757,000
Interest cost	321,000	247,000
Expected benefits paid	(1,390,000)	(1,903,000)
Actuarial (gain)/loss	2,622,000	(1,330,000)
Sick Leave benefit obligation, end of year	**11,819,000**	9,635,000
Unamortized net actuarial gain (loss)	(4,392,000)	(2,129,000)
Sick leave accrued benefit liability, end of year	**$ 7,427,000**	$ 7,506,000

10. Employee future benefits *(continued)*

Vacation benefits obligation

The accrued benefit obligation for vacation benefits is valued using employee vacation bank balances at March 31 and salary rates. The total reported on the financial statements for vacation benefits at March 31, 2015 is **$31,417,201** ($30,282,536 – 2014).

11. Long-term debt

	2015	2014
Loan payable to City of Brandon at 6.5% interest, with annual payments of principal and interest of $124,827, unsecured, maturing 2015	$ -	$ 124,827
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 4.37% to 6.99%, due from April 30, 2016 to March 1, 2018, with monthly payments of principal and interest from $142 to $2,704, secured by buildings	139,816	214,253
Mortgages payable to Manitoba Housing at interest rates from 7.75% to 10.75%, due from April 30, 2022 to December 31, 2023, with monthly payments of principal and interest from $5,478 to $6,479, secured by buildings	802,780	870,486
Mortgage payable to the Royal Bank of Canada at 5.00%, monthly payments of $8,684 principal and interest, secured by a first charge against the Tiger Hills Villa land and buildings, a general assignment of all rents and leases and a chattel mortgage covering the appliances in the Tiger Hills Villa.	442,186	522,169
	1,384,782	1,731,735
Less: current portion	(235,302)	(346,878)
	$ 1,149,480	$ 1,384,857

Principal payments due in the next five years are as follows:

2016	$ 235,302
2017	218,080
2018	195,990
2019	195,146
2020	186,485
Thereafter	353,779

12. Obligation under capital lease

	2015	2014
Royal Bank of Canada monthly payments including interest of $11,641, bears interest at 4.11%, secured by the underlying equipment, expiring March 2016	$ 132,291	$ 274,883
Royal Bank of Canada monthly payments including interest of $27,479, bears interest at 3.41%, secured by the underlying equipment, expiring July 2019	1,302,954	-
Royal Bank of Canada monthly payments including interest of $8,085, bears interest at 3.49%, secured by the underlying equipment, expiring Feb 2018	268,507	354,383
Royal Bank of Canada monthly payments including interest of $10,391, bears interest at 3.8%, secured by the underlying equipment, expiring July 2017	278,433	390,661
	$ 1,982,185	$ 1,019,927
Less: current portion	(627,518)	(340,696)
	$ 1,354,667	$ 679,231

Principal payments due in the next five years are as follows:

2016	$ 627,518
2017	512,803
2018	438,895
2019	320,998
2020	81,971

13. Deferred contributions

Expended and unexpended deferred contributions represent restricted capital funding received. Expended deferred contributions related to capital assets represent the unamortized amount of funds received for the purchase of capital assets and the repayment of capital debt. The amortization of capital deferred contributions is recorded as revenue in the statement of operations. Unexpended deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment, major repairs, construction and other expenses. Other deferred contributions represent donations that were received from other sources restricted by site or by program for the purchase of capital assets or other items, as per the donor's request.

Changes in the deferred contributions balance are as follows:

	Expended	Unexpended	Other	2015	2014
Balance, beginning of year	$ 281,158,559	$ 8,980,769	$ 2,762,170	$ 292,901,498	$ 297,800,458
Manitoba Health Funding	385,161	2,020,847	-	2,406,008	669,150
Donations received	834,582	28,848	1,170,069	2,033,499	3,365,908
Interest earned	-	7,106	100,438	107,544	24,758
Other funding	38,966	4,337,904	-	4,376,870	4,887,191
Capital asset purchases	10,700,283	(471,971)	(688,813)	9,539,499	9,470,886
Operating expenses	(31,900)	(5,246,256)	(304,500)	(5,582,656)	(5,462,066)
Amortization	(17,256,953)	(18,534)	-	(17,275,487)	(18,428,835)
Principal payments on long-term debt	(522,115)	-	-	(522,115)	(97,800)
Reclassification	(1,158,402)	(197,952)	105,908	(1,250,446)	671,848
Balance, end of year	**$ 274,148,181**	**$ 9,440,761**	**$ 3,145,272**	**$ 286,734,214**	$ 292,901,498

During the 2006 fiscal year, the Province of Manitoba assumed the long-term and third-party debt of the Region which was recognized as borrowings in the Public Accounts of the Province of Manitoba. Accordingly, the Region has classified the long-term debt and short term financing as deferred contributions. The following long-term debt and short-term financing related to third parties are included in deferred contributions:

	2015	2014
Redevelopment loans repayable at prime less 1%	$ -	$ 71,731
Lines of Credit at prime less 1.05% per annum established via borrowing resolutions supported by letter of comfort from Manitoba Health	18,992,353	15,278,158
Canadian Mortgage and Housing Corporation (CMHC) 8% mortgage repayable monthly to Canadian Mortgage and Housing Corporation with payments of principal and interest of $3,410, maturing January 2017, secured by buildings	73,856	113,219
8% mortgage repayable monthly to Canadian Mortgage and Housing Corporation with payments of principal and interest of $2,235, maturing April 2025, secured by buildings	186,255	197,913
6.38% mortgage repayable monthly to Canadian Mortgage and Housing Corporation with payments of principal and interest of $3,688, maturing November 2019, secured by buildings	178,467	240,375
4.31% mortgage repayable monthly to Canadian Mortgage and Housing Corporation with payments of principal and interest of $15,058, maturing 2021, secured by buildings	1,036,164	1,169,511
Mortgages payable to Canadian Mortgage and Housing Corporation at interest rates from 1.64% to 10.50%, due from October 1, 2016 to May 1, 2029, with monthly payments of principal and interest from $1,368 to $27,241, secured by buildings	5,505,795	6,074,949
	$ 25,972,890	$ 23,145,856

14. Pension plan

The majority of the employees of the Region are members of the Healthcare Employees Pension Plan - HEPP (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual health entities within the related group and as such, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with Canadian public sector accounting standards, section 3250.

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 through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries to provide assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to HEPP to remain a constant percentage of employee's contributions. Variances between actual funding estimates and actual experience may be material and any differences are generally to be funded by the participating members.

The Healthcare Employees' Pension Plan is subject to the provisions of the Pension Benefits Act, Manitoba. This Act requires that the Plan's actuaries conduct two valuations – a going-concern valuation and a solvency valuation. In 2010, HEB Manitoba completed the solvency exemption application process, and has now been granted exemption for the solvency funding and transfer deficiency provision. As at December 31, 2013 the Plan's going concern ratio was 96.1%.

As at December 2008, the actuarial valuation shows a deficit of $388 million. In order to ensure the long-term sustainability of the Plan contribution rates increased 2.2% through a gradual implementation over 27 months from January 1, 2011 to April 1, 2013. Contributions to the Plan made during the year on behalf of its employees are included in the statement of operations.

The remaining employees of the Region are eligible for membership in the provincially operated Civil Service Superannuation Fund. The pension liability for the Region's employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participation in the pension plan by the Region and its employees. The Region is in receipt of an actuarial report on the Statement of Pension Obligations under the Civil Service Superannuation Act as at December 31, 2012.

During the year, the Region contributed **$22,868,442** ($20,010,312 – 2014) to the Pension Plan.

15. Invested in capital assets

	2015	2014
Capital Assets	$ 286,464,781	$ 293,019,154
Amounts financed by:		
Deferred contributions	(274,148,181)	(291,516,980)
Due from (to) operating account	(567,427)	7,518,494
Long term debt, bank advances and capital lease obligation	(3,271,823)	(2,579,682)
	$ 8,477,350	$ 6,440,986

16. Restricted assets

Internally restricted

The Board of Directors has restricted net assets related to non Manitoba Health activities of $5,393,845 ($4,484,878 - 2014). The revenue earned on these restricted assets is used for the operations of these non Manitoba Health activities and for possible capital asset purchases. Internally restricted net assets consist of donations, bequests, revenue from ancillary operations and other contributions.

Externally restricted

Net assets are restricted for scholarship purposes and are subject to externally imposed restrictions that the assets be maintained permanently. Investment income from this fund is restricted for a scholarship.

17. Manitoba Health revenue

	2015	2014
Allocation per Funding Document	$ 485,194,412	$ 482,547,564
Add One Time Funding:		
Additional global	-	5,000,000
Salary and benefit settlements	11,501,674	3,666,662
Interfacility transfers and lifeflight	3,674,440	3,268,153
COLA Plan increases	2,012,129	-
Primary care program improvement initiatives	635,807	242,742
Colonoscopy funding	459,254	563,955
Family physician stipends	284,115	323,538
Primary care nurses salaries and benefits	241,311	249,345
Provincial workplace injury reduction	147,078	206,123
Provincial medical device reprocessing	138,098	34,716
Emergency services billings	40,000	40,000
Cancer care hubs	15,083	132,400
Various program improvement initiatives	54,417	282,168
Medical remuneration year end settlement	-	434
Immunization program	-	347,360
Total Funding Approved by Manitoba Health	**$ 504,397,818**	$ 496,905,160
Add/(Deduct):		
Fee for service income	4,747,348	4,503,404
Medical remuneration year end settlement	(54,982)	-
Funding transferred to Manitoba Transportation Communications Centre (MTCC)	-	(19,103)
Funding transferred to Manitoba eHealth	-	(300,041)
Amounts recorded in deferred contributions	(2,468,400)	(2,123,670)
Non-global reconciliation	(4,161,902)	(3,357,915)
Total revenue from Manitoba Health	**$ 502,459,882**	$ 495,607,835

18. Capital disclosures

The Region operates a number of elderly persons housing facilities which are subject to capital requirements as part of Canada Mortgage and Housing Corporation (CMHC) and Manitoba Housing.

Under the terms of agreements with Manitoba Housing and CMHC, replacement reserve accounts are to be credited with amounts as determined in consultation with Manitoba Housing. 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 Manitoba Housing or CMHC from time to time. The funds in the account may only be used as approved. Withdrawals are credited to interest first and then principal.

Pursuant to the operating agreements with Manitoba Housing for Riverdale Personal Care Home Inc. Westwood Lodge, Tiger Hills Villa Inc. and Hamiota District Health Centre Inc. Lilac Residence (North Wing) elderly persons housing facilities, on a cumulative basis for all Manitoba Housing properties, any excess subsidy funding provided to the Region is to be repaid. Where a cumulative deficiency exists for Manitoba housing properties, the shortfall is the responsibility of Manitoba Housing subject to approval of project costs.

19. Commitments and contingences

(i) The Region has entered into various operating lease commitments. The amounts payable over the next five years are as follows:

2016	$ 1,387,264
2017	1,029,319
2018	1,008,218
2019	878,839
2020	335,798

(ii) The Region is subject to individual legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Region.

19. Commitments and contingences *(continued)*

(iii) Effective January 1, 2003 the Region joined in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks for its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2015.

20. Liability for contaminated sites

Effective for fiscal years beginning on or after April 1, 2014, public sector accounting standards requires recognition of a liability for remediation of contaminated sites where contamination exceeds environment site standards and a reasonable estimate of the amount can be made. Reporting requirements are limited to the contamination of soil, water and sediment. As of March 31, 2015, the Region has no known contaminated sites or no known future potential contaminated sites.

21. Related party transactions

The Region provides community health services through operations directly owned by the Region as well as through other organizations and agencies via a variety of agreements (Note 3(a), 3(b), 5 and 17). Transactions between the related parties are recorded at the exchange amount.

22. Trusts under administration

At March 31, the balance of funds held in trust is as follows:

	2015	2014
Resident trust funds	$ 308,683	$ 297,162
Public trustee trust funds	130	2,346
	$ 308,813	$ 299,508

These funds are not included in the balances of the Region's financial statements.

23. Disclosure of allocated expenses

Allocated expenses relate to expenses that have been assigned amongst programs where acute care and personal care homes share the same facility, and would not include all facilities under the Region. The portion of expense allocated is as follows:

	Acute	**Personal Care Homes**	**Community**	**Total 2015**	Total 2014
Administration	$ 966,901	$ 862,640	$ -	$ 1,829,541	$ 1,801,948
Food Services	3,869,771	11,805,529	86,718	15,762,018	13,696,185
Housekeeping	2,853,810	1,883,784		4,737,594	4,723,443
Laundry	473,895	1,351,651		1,825,546	1,676,648
Nursing	1,384,156	994,138		2,378,294	2,562,480
Plant Operations	2,827,805	2,049,200		4,877,005	6,354,525
Plant Maintenance	5,634,517	1,499,504		7,134,021	4,470,571
Balance, end of year	**$ 18,010,855**	**$ 20,446,446**	**$ 86,718**	**$ 38,544,019**	35,285,800

24. Economic dependence

The Region received approximately 87% (87% - 2014) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations. This volume of funding transactions is normal within the industry, as regional health authorities are primarily funded by their respective provincial Ministries of Health.

In 2012/13, Manitoba Health enacted a one-time accumulated surplus/deficit funding adjustment in order to position the new Region at a balanced net position at the opening of its operations. This resulted in a one-time surplus recovery of $1,368,007 for Prairie Mountain Health.

25. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Non-consolidated Financial Statements of

Southern Health-Santé Sud

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 944-3637
Fax: (204) 947-9390
www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of Southern Health-Santé Sud

We have audited the accompanying non-consolidated financial statements of Southern Health-Santé Sud, which comprise the non-consolidated statement of financial position as at March 31, 2015, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 public sector accounting standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Southern Health-Santé Sud as at March 31, 2015, and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants

June 24, 2015
Winnipeg, Manitoba

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Southern Health-Santé Sud
Non-consolidated Statement of Financial Position
March 31, 2015

		2015		2014
ASSETS				
CURRENT				
Cash and short term investments	$	32,342,029	$	39,467,152
Accounts receivable, net		3,039,663		2,930,260
Accounts receivable - Manitoba Health (Note 4)		13,606,759		2,394,267
Accounts receivable - contract sites		-		218,693
Accounts receivable - Foundations		558,787		670,014
Inventories		1,399,173		1,604,239
Prepaid expenses		2,622,373		951,365
Due from Manitoba Health - vacation entitlements		8,839,967		8,839,967
		62,408,751		57,075,956
NON-CURRENT				
Due from Manitoba Health - retirement entitlements		11,463,152		11,463,152
Capital assets (Note 5)		153,694,108		147,802,260
	$	227,566,011	$	216,341,368
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	$	19,844,855	$	18,969,385
Accounts payable - Diagnostic Services of Manitoba		473,979		798,801
Accounts payable - contract sites		64,393		-
Accrued vacation benefit entitlements		16,960,045		16,797,087
Current portion of long term debt (Note 7)		213,785		228,679
		37,557,057		36,793,952
NON-CURRENT				
Accrued retirement benefit entitlements		18,656,000		17,457,000
Due to contract sites - retirement entitlements		2,901,000		2,744,000
Due to DSM - benefit entitlements		1,385,910		1,282,985
Accrued sick leave benefit entitlements		6,539,353		6,788,420
Long term debt (Note 7)		845,075		1,063,685
		30,327,338		29,336,090
DEFERRED CONTRIBUTIONS (Note 8)				
Expenses of future periods		10,795,745		7,308,141
Capital assets		145,447,208		139,454,477
		156,242,953		146,762,618
COMMITMENTS AND CONTINGENCIES (Note 11)				
NET ASSETS				
Invested in capital assets (Note 9)		7,188,040		7,055,419
Internally restricted (Note 10)		1,633,301		90,611
Unrestricted		(5,382,678)		(3,697,322)
		3,438,663		3,448,708
	$	227,566,011	$	216,341,368

APPROVED BY THE BOARD OF DIRECTORS

Original document signed ____________________ Director

Original document signed ____________________ Director

Southern Health-Santé Sud
Non-consolidated Statement of Operations
For the year ended March 31, 2015

		2015		2014
REVENUE				
Manitoba Health, Healthy Living & Seniors (MHHLS) (Note 12)	$	**324,726,789**	$	311,510,986
Other government departments		**684,675**		355,432
Non-global patient and resident income		**12,910,917**		12,215,063
Other income		**10,254,678**		9,218,588
Amortization of deferred contributions - expenses of future periods (Note 8)		**4,164,269**		3,969,860
Amortization of deferred contributions - capital and foundations (Note 8)		**7,308,480**		6,653,760
Interest and donations		**947,399**		978,455
Ancillary operations (Schedule 1a)		**2,351,429**		2,402,515
		363,348,636		347,304,660
EXPENSES				
Acute care services		**109,195,279**		105,624,040
Long term care services		**48,807,969**		47,128,039
Medical remuneration		**27,319,377**		23,775,898
Community based therapy services		**5,738,055**		5,206,594
Community based mental health services		**9,073,145**		9,185,571
Community based home care services		**38,417,641**		37,509,711
Community based health services		**17,256,972**		15,398,830
Emergency medical services		**14,552,965**		13,920,148
Diagnostic services		**17,329,985**		16,309,280
Regional health authority undistributed		**21,320,455**		21,420,861
Contract Sites		**41,589,491**		40,065,311
Interest on long term debt		**424,022**		143,061
Pre-retirement leave		**2,857,375**		1,114,855
Sick leave		**(249,067)**		(167,668)
Amortization of capital assets		**7,570,073**		6,905,920
Major repairs		**95,713**		141,067
Ancillary operations (Schedule 1a)		**2,036,271**		2,133,057
		363,335,721		345,814,573
EXCESS OF REVENUE OVER EXPENSES	$	**12,915**	$	1,490,087

Southern Health-Santé Sud
Non-consolidated Statement of Changes in Net Assets
March 31, 2015

	Invested in Capital Assets	Internally Restricted	Unrestricted	March 31, 2015 Total	March 31, 2014 Total
Balance, beginning of year	$ 7,055,419	$ 90,611	$ (3,697,322)	$ 3,448,708	$ 1,958,425
Excess (deficiency) of revenue over expenses	(376,417)	-	389,332	12,915	1,490,087
Repayment of non-Manitoba Health funded long term debt	233,505	-	(233,505)	-	-
Investment in capital assets	275,533	-	(275,533)	-	-
Changes to internally restricted funds (Note 10)	-	1,542,690	(1,565,650)	(22,960)	196
Balance, end of year	$ 7,188,040	$ 1,633,301	$ (5,382,678)	$ 3,438,663	$ 3,448,708

Southern Health-Santé Sud
Non-consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	12,915	1,490,087
Items not affecting cash		
Amortization of capital assets	7,714,108	7,026,203
Amortization of deferred contributions related to expenses of future periods	(4,276,952)	(4,050,889)
Amortization of deferred contributions related to capital assets	(7,337,691)	(6,751,958)
	(3,887,620)	(2,286,557)
Changes in non-cash operating working capital items	(11,679,920)	6,164,111
Increase (decrease) in sick leave and retirement entitlements	1,209,858	(636,823)
	(14,357,682)	3,240,731
FINANCING ACTIVITIES		
Principal payments on long term debt	(233,505)	(295,610)
Deferred contributions received related to expenses of future periods	7,764,556	5,006,139
Deferred contributions received related to capital assets	13,330,422	16,462,157
	20,861,473	21,172,686
INVESTING ACTIVITIES		
Purchase of capital assets	(13,605,955)	(18,906,432)
Change in net assets	(22,959)	196
	(13,628,914)	(18,906,236)
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(7,125,123)	5,507,181
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	39,467,152	33,959,971
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 32,342,029	$ 39,467,152
CASH AND SHORT TERM INVESTMENTS IS COMPOSED OF:		
Cash	32,201,419	32,125,930
Short-term investments	140,610	7,341,222
	$ 32,342,029	$ 39,467,152

1. NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

These financial statements reflect the operating results and financial position of the Region as at March 31, 2015 and do not include the operating results and financial position of the nine contract facilities over which the Region has a direct economic interest. The Region has elected not to consolidate the results of these contract facilities, rather to provide note disclosure of the contractual arrangements and summary financial information relating to these entities, which is included in Note 17.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Canadian public sector accounting standards for government non-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB for Government NPOs) and reflect the following significant accounting policies:

a) Revenue recognition

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

Under the Health Insurance Act and regulations thereto, the Region is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health, Healthy Living and Seniors ("MHHLS"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by MHHLS with respect to the year ended March 31, 2015.

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 other than endowment 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.

b) Contributed services

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

c) Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Region's ability to provide services, its carrying value is written down to its residual value.

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

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

Construction in progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to capital assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Vacation pay

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

f) Pre-retirement entitlement obligations

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

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

The Region undertook an actuarial valuation of the accrued pre-retirement entitlements. The significant actuarial assumptions adopted in measuring the Region's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.55% (3.35% in 2014) and a rate of salary increase of 3.5% (3.0% in 2014) plus age related merit / promotion scale with actuarial derived provisions for disability.

Funding for the pre-retirement obligation at March 31, 2004 in the amount of $11,463,152 has been set up as a non-current receivable from the Province and includes $1,719,577 set aside for the contract facilities. 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 the Region, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when the Organization requires the funding to discharge the related pre-retirement liabilities.

g) Sick Leave obligations

The Region undertook a valuation of the non-vesting sick leave entitlements. The significant assumptions adopted in measuring the Region's sick leave entitlements include a discount rate of 2.55% (3.35% in 2014), a rate of salary increase of 3.5% (3.0% in 2014) and an EARSL of 7.62 (8.00 in 2014).

h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for government NPOs 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas of key estimation include post-employment benefits, compensated absence liabilities and allowance for doubtful accounts.

i) Long-lived Assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies

j) Financial Instruments

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

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

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

4. ACCOUNTS RECEIVABLE/PAYABLE - MANITOBA HEALTH, HEALTHY LIVING & SENIORS

Accounts Receivable/Payable - MHHLS includes the following:

	2015	2014
Current year's operating funding		
Medical year end payable	$ (2,666,595)	$ (3,752,236)
Targeted wait time volume funding	3,921,695	1,097,345
Inter Facility Transfers	1,294,621	885,995
St. Claude Wellness Centre	-	99,000
Manitoba Nurses Union and related employees contract funding	5,643,388	1,691,264
Facility Support contract funding	1,837,742	-
DSM positions/activity	398,840	491,518
Immunization per dose	280,654	277,345
HEPP COLA	1,313,995	-
Steinbach PCN Project Manager	-	121,978
Bethesda Regional Health Centre emergency room funding	426,753	-
Nurse Practitioners - Carman, St. Pierre/St. Malo	98,023	-
Niverville Positions/Expenses	296,941	142,824
Cancer Patient Journey medical positions	51,545	-
Ile-des-Chenes EMS Facility	157,000	-
Manitoba Government Employee Union Professional Technical retroactive settlement	-	227,245
Manitoba Government Employee Union Professional Technical market adjustments	-	738,504
Other programs	32,888	92,514
	13,087,489	2,113,296
Approved capital projects	519,270	280,971
	$ 13,606,759	$ 2,394,267

In Globe Funding

In Globe funding is funding provided by MHHLS for regional programs unless otherwise specified as Out of Globe funding. This includes volume changes and price increases for the five service categories of Acute Care, Long Term Care, Community and Mental Health, Home Care and Emergency Response and Transport. All additional costs in these five service categories must be absorbed from within the global funding provided by MHHLS.

Any operating surplus greater than 2% of the budget related to In Globe funding arrangements is recorded on the statement of financial position as a payable to MHHLS until such time as MHHLS reviews the financial statements. At that time, MHHLS determines what portion of the approved surplus may be retained by the Region, or repaid to MHHLS.

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

Out of Globe Funding

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

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

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

5. CAPITAL ASSETS

	2015 Cost	2015 Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Land	$ 1,634,819	$ -	$ 1,634,819	$ 1,634,819
Land improvements	2,105,160	454,347	1,650,813	1,861,329
Buildings	172,359,097	58,768,508	113,590,589	96,353,710
Building renovations and upgrades	11,792,024	3,184,853	8,607,171	8,968,805
Leasehold improvements	69,169	17,292	51,877	55,336
Building service equipment	6,021,499	1,747,431	4,274,068	3,551,383
Major equipment	64,018,124	51,877,330	12,140,794	11,561,677
Computers, software and automobiles	10,379,784	8,267,833	2,111,951	2,050,820
Construction in progress	9,632,026	-	9,632,026	21,764,381
	$ 278,011,702	$ 124,317,594	$ 153,694,108	$ 147,802,260

6. AVAILABLE CREDIT FACILITY

MHHLS has authorized the Region to set up a credit facility with the Region's financial institutions for operating requirements in the amount of $14,700,000, with an interest rate of prime minus 1.00%. The balance drawn at March 31, 2015 was $nil (2014 $nil).

7. LONG TERM DEBT

	2015	2014
CMHC mortgage payable in monthly blended installment of $14,795 bearing interest at 4.170% due June 1, 2020. Secured by land and building	$ 836,485	$ 976,271
CMHC mortgage payable in monthly blended installment of $486 bearing interest at 5.875% due August 1, 2017. Secured by land and building	13,142	18,059
CMHC mortgage payable in monthly blended installment of $5,178 bearing interest at 1.53% due November 1, 2017. Secured by land and building.	162,274	221,448
CMHC mortgage, repaid during the year.	-	22,905
CMHC mortgage payable in monthly blended installment of $887 bearing interest at 7.875% due August 1, 2020. Secured by land and building	46,959	53,681
	1,058,860	1,292,364
Less: current portion	213,785	228,679
	$ 845,075	$ 1,063,685

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

2016	$ 213,785
2017	221,795
2018	215,304
2019	236,835
2020	260,518

8. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

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

	2015	2014
Balance, beginning of year	$ 7,308,141	$ 6,352,891
Additional contributions received	7,764,556	5,006,139
Less amounts amortized to revenue	(4,164,269)	(3,969,860)
Less amounts amortized to revenue - ancillary	(112,683)	(81,029)
	$ 10,795,745	$ 7,308,141

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	$ 139,454,477	$ 129,744,278
Additional contributions received	13,330,422	16,462,157
Less amounts amortized to revenue	(7,308,480)	(6,734,789)
Less amounts amortized to revenue - ancillary	(29,211)	(17,169)
	$ 145,447,208	$ 139,454,477

9. NET ASSETS - INVESTED IN CAPITAL ASSETS

a) Invested in capital assets is calculated as follows:

		2015		2014
Capital assets	$	153,694,108	$	147,802,260
Amounts financed by:				
Deferred contributions		(145,447,208)		(139,454,477)
Long term debt		(1,058,860)		(1,292,364)
	$	7,188,040	$	7,055,419

b) Change in net assets invested in capital assets is calculated as follows:

		2015		2014
Excess (deficiency) of revenues over expenses	$	7,337,691	$	6,751,958
Amortization of deferred contributions related to capital assets		(7,714,108)		(7,026,203)
Amortization of capital assets		(376,417)		(274,245)
Repayment of non-MHHLS funded long term debt		233,505		295,610
Investment in capital assets		13,605,955		18,906,431
Amounts funded by deferred contributions		(13,330,422)		(16,462,157)
		275,533		2,444,274
	$	132,621	$	2,465,639

10. NET ASSETS - INTERNALLY RESTRICTED

The board of directors has restricted $1,633,301 (2014 - $90,611) in net assets to be used for the purchase of specified capital assets. Included in this total is $1,000,000 for a pharmacy drug dispensing machine and $556,505 for a laundry facility for the new Notre Dame hospital that was transfered out of Unrestricted Net Assets as approved by the board of directors during the year.

11. COMMITMENTS AND CONTINGENCIES

a) The Region is subject to individual legal actions arising in the normal course of business. The effect of any contingent claims relating to these legal actions is not determinable at the date of the audit report.

b) The Healthcare Insurance Reciprocal of Canada ("HIROC") is an organization that pools the public liability insurance risks of all its members. The Region may be subject to reassessment for losses, if any, experienced by the pool for the years in which it was a member, and these losses could be material. No reassessments have been made to March 31, 2015.

c) As disclosed in the March 31, 2013 audited statements, the Region was aware of significant cost overruns related to the Ste. Anne Hospital Operating Room Re-Development project. The project was predominantly completed during the 2013-14 operating year and the final overage totalled $2,710,854, including $275,533 of costs incurred during the 2014-15 year. The total overage was funded by using the Region's Unrestricted Net Assets. Discussions are ongoing with MHHLS regarding possible additional funding to help cover this overage

d) The Region has signed building lease agreements and its minimum aggregate lease payments over the next five years are as follows:

2016	$	1,483,164
2017		1,035,916
2018		659,056
2019		591,700
2020		556,391
	$	4,326,227

12. MANITOBA HEALTH, HEALTHY LIVING & SENIORS REVENUE

MHHLS revenue includes the following:

	2015	2014
Revenue as per final approved budget	$ 310,641,478	$ 302,181,396
Province of Manitoba loan principal	(1,415,920)	(1,034,644)
Amounts recorded as deferred contributions	(94,782)	(94,782)
	309,130,776	301,051,970
Current year's estimated out of globe amounts	(153,622)	(25,023)
One time operational funding - contract settlements	5,789,867	2,388,995
One time operational funding - wait list	3,315,050	1,637,395
One time operational funding - DSM Expenses	331,863	475,924
One time operational funding - Bethesda emergency room	2,044,753	1,300,000
One time operational funding - cancer care journey	316,680	-
One time operational funding - Heritage Life PCH Niverville	649,218	3,307,922
One time operational funding - EMS Inter-facility transfer	2,913,647	2,615,123
One time operational funding - medical remuneration	(2,666,595)	(2,016,872)
One time operational funding - mobile primary care bus	576,268	-
One time operational funding - primary care networks	512,787	316,266
One time operational funding - Ile-des-Chenes EMS station	157,000	-
One time operational funding - HEPP Cost of Living adjustment	1,313,995	-
One time operational funding - St. Claude Wellness Centre	85,483	99,000
One time operational funding - immunization	280,654	277,345
One time operational funding - other	128,965	82,942
	$ 324,726,789	$ 311,510,986

13. RELATED PARTY AND ECONOMIC DEPENDENCE

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

14. ACCOUNTING TREATMENT FOR FOUNDATIONS

The Region has not disclosed the inter-relationships nor the degree of economic dependence with its Foundations because none of the large number of organizations that make up this group are controlled by the Region and the organizations are individually immaterial to the Region as a whole.

15. PENSION PLAN

Most of the employees of the Region are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants' Handbook section 3462.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 7.9% of basic annual earnings up to the Canada Pension Plan ceiling and 9.5% of earning in excess of the ceiling, contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employees' contributions.

Effective April 1, 2014, contributions began to establish Cost of Living Adjustment funds ("COLA") for the pension plan. Active pension plan members and their employers each contribute 0.8% of pensionable earnings to the fund. Effective April 1, 2015, active pension plan members and their employers will contribute 1.0% of pensionable earnings, with 90% of contributions going to the active members fund and 10% going to the retired members fund. COLA increases are done on an "ad hoc" basis and are not guaranteed. The earliest date a COLA increase may be granted is January 1, 2018.

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, 2013, indicates a deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits of $203,558,000 (2012 - $375,897,000) as well as a solvency deficiency of $1,097,114,000 (2012 - $2,353,521,000). Actual contributions to the plan made during the year by the Region on behalf of its employees amounted to $10,675,000 (2014 - $10,648,000) for the pension plan and $1,048,997 (2014 $nil) for the COLA plan and are included in the statement of operations.

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

16. FINANCIAL INSTRUMENTS

The Region, through its financial assets and liabilities has exposure to various risks in the normal course of operations. The Region's objective in risk management is to optimize the risk return within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the organization's activities. The Region's risk management strategies are unchanged from the previous year. The following analysis provides a measurement of those risks at March 31, 2015.

Credit Risk

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

Credit risk is the risk that the Region will incur a loss due to the failure by its debtors to meet their contractual obligations. The Region's credit risk is primarily attributable to its accounts receivables. The amounts disclosed in the balance sheet are net of allowance of doubtful accounts in the amount of $2,307,832 (2014 - $2,926,052) estimated by the management based on previous experience and its assessment of the current economic environment. The credit risk on cash is limited because the counterparties are primarily chartered banks with a high credit rating assigned by national credit-rating agencies.

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

Liquidity Risk

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

Interest Rate Risk

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

Foreign Exchange Risk

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

17. RELATED ENTITIES

Through various agreements and other arrangements the Region has an economic interest in nine contract facilities which are contracted to provide health care services within the geographic area under the mandate of the Region. The Region does not directly control these contract facilities through an ability to control the board or similar means, rather the Region has a direct economic interest in these contact facilities by virtue of these facilities holding and managing resources as an extension of the mandate of the Region. Under the various arrangements the health care services provided by the contract facilities are delivered under the control of the Region as the majority funder.

These contract facilities include: Salem Home Inc., Tabor Home Inc., Eden Mental Health Centre, Rock Lake Health District, Prairie View Lodge Inc., Menno Home for the Aged Inc. (personal care home division), Rest Haven Inc., Villa Youville Inc. - Nursing and Heritage Life PCH. These entities are incorporated under the Corporations Act of Manitoba and are registered charities under the Income Tax Act and as such are exempt from income taxes.

The Region has not consolidated the operating results and financial position of these contract facilities in these financial statements, rather has elected to report its economic interest in these contract facilities through note disclosure.

These contract facilities are classified as not-for-profit organizations in the private sector and as such have adopted Part III – Accounting Standards for Not-for-Profit Organizations as their accounting framework. Under this accounting framework these contract facilities have not recognized a liability for accrued sick leave which does not vest.

17. RELATED ENTITIES (continued)

A summary of the financial statements of these contract facilities is presented below.

Financial Position

	2015			2014		
	Total Assets	Total Liabilities	Net Assets	Total Assets	Total Liabilities	Net Assets
Salem Home Inc.	$ 9,354,927	$ 8,983,087	$ 371,840	$ 9,131,647	$ 8,798,258	$ 333,389
Tabor Home Inc.	3,786,243	2,592,607	1,193,636	3,468,906	2,610,956	857,950
Eden Mental Health Centre	2,509,567	3,049,881	(540,314)	2,862,044	3,173,561	(311,517)
Rock Lake District Health District	3,105,904	2,636,513	469,391	2,427,968	2,026,067	401,901
Prairie View Lodge	927,312	771,946	155,366	414,225	230,860	183,365
Menno Home for the Aged Inc. (PCH Division)	1,946,642	1,810,124	136,518	1,953,394	1,826,570	126,824
Rest Haven Nursing Home	4,461,173	4,163,302	297,871	4,576,628	4,389,494	187,134
Villa Youville Inc. - Nursing	7,506,313	7,565,210	(58,897)	7,684,234	7,804,576	(120,342)
Heritage Life PCH	15,314,515	15,172,174	142,341	15,746,790	15,742,183	4,607
	$ 48,912,596	$ 46,744,844	$ 2,167,752	$ 48,265,836	$ 46,602,525	$ 1,663,311

Results of Operations and Cash Flows

2015

	Revenue	Expenses	Surplus / (Deficit)	Cash Flow from Operations	Cash Flow from Financing Activities	Cash Flow from Investing Activities
Salem Home Inc.	$ 11,974,375	$ 11,935,924	$ 38,451	$ 350,778	$ 412,787	$ (449,080)
Tabor Home Inc.	5,201,029	4,865,343	335,686	29,710	122,857	687,814
Eden Mental Health Centre	9,066,170	9,294,967	(228,797)	(229,649)	50,000	12,590
Rock Lake District Health District	6,532,246	6,464,756	67,490	667,690	35,829	(43,619)
Prairie View Lodge	1,495,057	1,523,056	(27,999)	353,816	281,973	(471,535)
Menno Home for the Aged Inc. (PCH Division)	3,434,743	3,425,049	9,694	(15,112)	41,054	(29,315)
Rest Haven Nursing Home	5,163,651	5,052,914	110,737	626,753	33,531	(80,133)
Villa Youville Inc. - Nursing	5,883,267	5,821,822	61,445	27,724	(1,700)	(13,822)
Heritage Life PCH	7,316,896	7,179,162	137,734	468,273	(630,068)	335,450
	$ 56,067,434	$ 55,562,993	$ 504,441	$ 2,279,983	$ 346,263	$ (51,650)

2014

	Revenue	Expenses	Surplus / (Deficit)	Cash Flow from Operations	Cash Flow from Financing Activities	Cash Flow from Investing Activities
Salem Home Inc.	$ 11,749,812	$ 11,747,098	$ 2,714	$ (103,886)	$ 420,699	$ (454,791)
Tabor Home Inc.	5,205,255	4,733,683	471,572	(98,250)	56,621	(267,956)
Eden Mental Health Centre	8,808,601	9,349,319	(540,718)	(1,136,952)	370,348	(346,644)
Rock Lake District Health District	6,708,207	6,500,017	208,190	(60,055)	76,421	(78,552)
Prairie View Lodge	1,505,785	1,518,592	(12,807)	(56,670)	33,798	(38,864)
Menno Home for the Aged Inc. (PCH Division)	3,325,483	3,269,881	55,602	(139,155)	52,327	(41,611)
Rest Haven Nursing Home	4,930,075	4,813,877	116,198	(292,314)	562,920	(560,575)
Villa Youville Inc. - Nursing	5,636,276	5,700,413	(64,137)	(311,276)	(5,229)	(11,046)
Heritage Life PCH	3,903,861	3,880,608	23,253	(14,629)	2,922,367	(1,784,260)
	$ 51,773,355	$ 51,513,488	$ 259,867	$ (2,213,187)	$ 4,490,272	$ (3,584,299)

18. MANITOBA HOUSING INCOME RECONCILIATION

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

19. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Southern Health-Santé Sud
Non-Consolidated Statement of Operations - Ancillary Operations
For the year ended March 31, 2015

	Elderly Persons' Housing	Handivan	Retail Pharmacy	Other	**2015**	2014
REVENUE						
Outside sources	$ 1,056,236	$ 52,257	$ 1,101,042	$ -	**$ 2,209,535**	$ 2,304,317
Amortization of deferred contributions - Capital	12,420	16,791	-	-	**29,211**	17,169
Amortization of deferred contributions - Future Periods	112,684	-	-	-	**112,684**	81,029
	1,181,340	69,048	1,101,042	-	**2,351,430**	2,402,515
EXPENSES						
Operating	712,862	35,414	980,989	4,769	**1,734,034**	1,873,279
Amortization of capital assets	109,247	34,787	-	-	**144,034**	120,282
Interest on long term debt	45,141	-	-	-	**45,141**	58,466
Major repairs	113,063	-	-	-	**113,063**	81,029
	980,313	70,201	980,989	4,769	**2,036,272**	2,133,057
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 201,027	$ (1,153)	$ 120,053	$ (4,769)	**$ 315,158**	$ 269,458

Southern Health-Santé Sud
Non-Consolidated Statement of Operations - Elderly Persons' Housing
For the year ended March 31, 2015

	Regency House	Rotary Park	Crescent Lodge	Centennial Apartments	Boyne Towers	2015	2014
REVENUE							
Rental Income	$ 339,281	$ 198,687	$ 45,091	$ 138,594	$ 238,021	$ 959,674	$ 928,042
MHRC Subsidy	42,064	2,691	1,573	18,912	15,515	80,755	182,510
Amortization of deferred contributions - Capital	5,399	79	111	584	6,247	12,420	8,773
Amortization of deferred contributions - Major Repairs	15,236	44,091	11,278	6,505	35,574	112,684	81,029
Other	5,306	4,521	1,644	915	3,421	15,807	15,339
	407,286	250,069	59,697	165,510	298,778	1,181,340	1,215,693
EXPENSES							
Purchased Services	24,022	24,022	10,032	15,048	703	73,827	76,225
Interdepartmental Services	10,100	15,900	4,900	5,800	24,492	61,192	61,192
Salaries and Benefits	-	-	-	-	22,270	22,270	21,714
Mortgage Interest	37,262	3,881	895	2,891	212	45,141	58,466
Property Taxes	33,237	14,969	6,883	19,913	17,302	92,304	97,961
Insurance	5,100	3,000	1,000	4,100	4,600	17,800	17,500
Major repairs	15,564	44,141	11,279	6,505	35,574	113,063	81,029
Maintenance	43,354	38,837	5,135	8,249	23,923	119,498	176,500
Reserve for Major Repairs	10,300	22,700	4,000	9,600	36,000	82,600	61,600
Electricity	57,948	20,260	12,117	29,788	32,994	153,107	170,765
Natural Gas	-	13,553	-	-	3,871	17,424	17,023
Water and Sewer	20,611	14,599	5,543	4,678	5,880	51,311	46,154
Professional Fees - Audit	800	800	800	800	800	4,000	4,000
Telephone	7,478	1,760	-	-	795	10,033	9,530
Supplies	2,654	2,395	12	331	2,105	7,497	8,725
Amortization of capital assets - Land Improvements	1,558	-	-	-	611	2,169	-
Amortization of capital assets - Building	55,246	3,390	2,184	19,745	25,150	105,715	101,298
Amortization of capital assets - Equipment	1,363	-	-	-	-	1,363	1,590
	326,593	224,207	64,780	127,448	237,282	980,314	1,011,274
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 80,692	$ 25,861	$ (5,083)	$ 38,062	61,495	$ 201,026	$ 204,420
Manitoba Housing Income Reconciliation: (Note 18)							
Principal payments on mortgage	(139,786)	(6,722)	(4,918)	(59,174)	(22,905)	(233,505)	(289,598)
Depreciation land improvements	1,558	-	-	-	611	2,169	-
Depreciation buildings	55,246	3,390	2,184	19,745	25,150	105,715	101,298
Depreciation equipment	1,363	-	-	-	-	1,363	1,590
Amortization of deferred contributions	(5,399)	(79)	(111)	(584)	(6,247)	(12,420)	(8,773)
(Income) loss for Manitoba Housing Purposes	$ (6,326)	$ 22,450	$ (7,928)	$ (1,951)	$ 58,104	$ 64,349	$ 8,937
ACCUMULATED SURPLUS / (DEFICIT)	(294,164)	85,271	(87,899)	(109,187)	27,025	(378,954)	(443,302)
Reserve for Major Repairs Balance	23,292	7,997	22,892	59,065	51,866	165,114	191,670

Consolidated Financial Statements of the

WINNIPEG REGIONAL HEALTH AUTHORITY

March 31, 2015

WINNIPEG REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Winnipeg Regional Health Authority. The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. Of necessity, the consolidated financial statements include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

Ernst & Young LLP provides an independent audit of the consolidated financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the consolidated financial statements prepared by management.

Original document signed

Lori Lamont
Interim President & Chief Executive Officer

Original document signed

Glenn McLennan, CMA
Vice-President & Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Directors of the
Winnipeg Regional Health Authority

We have audited the accompanying consolidated financial statements of the **Winnipeg Regional Health Authority** [the "Authority"], which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the consolidated financial statements 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the **Winnipeg Regional Health Authority** as at March 31, 2015, and the results of its operations and changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Winnipeg, Canada
June 23, 2015

Chartered Accountants

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WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Financial Position
As at March 31
(in thousands of dollars)

		2015		2014
ASSETS				
CURRENT				
Cash and cash equivalents	$	**15,924**	$	97,552
Accounts receivable (Note 3)		**221,238**		140,907
Inventory		**31,624**		31,062
Prepaid expenses		**13,762**		16,395
Investments (Note 6)		**8,753**		14,852
Employee benefits recoverable from Manitoba Health, Healthy Living and Seniors (Note 4)		**78,957**		78,957
		370,258		379,725
CAPITAL ASSETS, NET (Notes 5 and 9)		**1,671,934**		1,558,470
OTHER ASSETS				
Employee future benefits recoverable from Manitoba Health, Healthy Living and Seniors (Note 16)		**82,499**		82,499
Investments (Note 6)		**61,099**		101,729
	$	**2,185,790**	$	2,122,423
LIABILITIES AND NET ASSETS				
CURRENT				
Bank indebtedness (Note 9)	$	**52,875**	$	-
Accounts payable and accrued liabilities (Notes 7 and 10)		**262,209**		253,803
Deferred contributions, future expenses (Note 8)		**55,192**		86,686
Employee benefits payable (Note 4)		**109,604**		106,736
Current portion of long-term debt (Note 9)		**42,763**		51,508
		522,643		498,733
NON-CURRENT				
Long-term debt (Note 9)		**33,573**		24,929
Employee future benefits payable (Note 16)		**223,097**		221,079
Deferred contributions, capital (Note 11)		**1,400,295**		1,336,078
		1,656,965		1,582,086
COMMITMENTS AND CONTINGENCIES (Note 13)				
NET ASSETS		**10,144**		43,277
ACCUMULATED REMEASUREMENT LOSSES		**(3,962)**		(1,673)
	$	**2,185,790**	$	2,122,423

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Original document signed
.... Dr. Jerry Gray, Board Chair

Original document signed
.... Reg Kliewer, Treasurer

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Operations
For the year ended March 31
(in thousands of dollars)

	2015	2014
REVENUE		
Manitoba Health, Healthy Living and Seniors operating income	**$ 2,537,413**	$ 2,476,900
Separately funded primary health programs	**4,775**	4,789
Patient and resident income	**44,052**	44,248
Recoveries from external sources	**61,536**	55,528
Investment income	**2,816**	3,301
Other revenue	**5,794**	2,814
Amortization of deferred contributions, capital	**84,086**	77,058
Recognition of deferred contributions, future expenses	**51,170**	32,743
	2,791,642	2,697,381
EXPENSES		
Direct operations	**2,335,931**	2,250,394
Interest	**880**	488
Amortization of capital assets	**101,062**	86,925
	2,437,873	2,337,807
FACILITY FUNDING		
Long-term care facility funding	**299,733**	296,082
Community health agency funding	**46,074**	43,855
Adult day care facility funding	**2,954**	3,185
Long-term care community therapy services	**827**	1,219
GRANT FUNDING		
Grants to facilities and agencies	**36,453**	29,878
	2,823,914	2,712,026
OPERATING DEFICIT	**(32,272)**	(14,645)
NON-INSURED SERVICES		
Non-insured services income	**66,094**	66,922
Non-insured services expenses	**59,158**	61,915
NON-INSURED SERVICES SURPLUS	**6,936**	5,007
DEFICIT FOR THE YEAR	**(25,336)**	(9,638)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Changes in Net Assets
For the year ended March 31
(in thousands of dollars)

	2015				
	Unrestricted	Investment in Capital Assets	Internally Restricted Net Assets (Note 12)	Endowment Accounts	Total
Balance, beginning of year	$ (143,872)	$ 156,233	$ 28,787	$ 2,129	$ 43,277
Misericordia Adjustment (Note 19)	-	(6,221)	(1,604)	-	(7,825)
Deficit for the year	(10,607)	(13,877)	(852)	-	(25,336)
Interfund transfers	(35,253)	37,956	(2,703)	-	-
Endowments received	-	-	-	28	28
Balance, end of year	$ (189,732)	$ 174,091	$ 23,628	$ 2,157	$ 10,144

	2014				
	Unrestricted Net Assets	Investment in Capital Assets	Internally Restricted Net Assets (Note 12)	Endowment Accounts	Total
Balance, beginning of year	$ (134,694)	$ 154,212	$ 29,905	-	$ 49,423
Middlechurch adjustment (Note 18)	277	920	166	-	1,363
Surplus (deficit) for the year	4,403	(15,226)	1,185	-	(9,638)
Interfund transfers	(13,858)	16,327	(2,469)	-	-
Endowments received	-	-	-	2,129	2,129
Balance, end of year	$ (143,872)	$ 156,233	$ 28,787	$ 2,129	$ 43,277

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31
(in thousands of dollars)

	2015	2014
Accumulated remeasurement (losses) gains at beginning of year	$ (1,673)	$ 417
Unrealized losses attributable to:		
Derivative – interest rate swap (Note 10)	(3,062)	(1,312)
Investments	1,170	(768)
Realized (gains) losses reclassified to statement of operations		
Derivative - interest rate swap (Note 10)	-	-
Investments	(397)	(10)
Net remeasurement loss for the year	(2,289)	(2,090)
Accumulated remeasurement losses at end of year	$ (3,962)	$ (1,673)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Cash Flows
For the year ended March 31
(in thousands of dollars)

		2015		2014
OPERATING ACTIVITIES				
Deficit for the year	$	(25,336)	$	(9,638)
Items not affecting cash				
Amortization of capital assets		101,062		95,127
Amortization of deferred contributions, capital assets		(84,086)		(79,901)
Recognition of deferred contributions, future expenses		(51,170)		(33,374)
Net change in employee benefits		4,886		12,034
		(54,644)		(15,752)
Changes in non-cash operating working capital balances		(79,939)		(2,671)
Deferred contributions received - future expenses		19,675		22,192
		(114,908)		3,769
FINANCING ACTIVITIES				
Deferred contributions, capital received		148,303		186,869
Proceeds of line of credit		52,875		-
Proceeds of long-term debt		4,767		16,847
Long-term debt repayments		(4,868)		(6,152)
		201,077		197,564
CAPITAL ACTIVITIES				
Purchase of capital assets		(214,526)		(216,132)
		(214,526)		(216,132)
INVESTING ACTIVITIES				
Decrease (increase) in investments, net		46,729		(42,452)
		46,729		(42,452)
DECREASE IN CASH AND CASH EQUIVALENTS		(81,628)		(57,251)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		97,552		154,803
CASH AND CASH EQUIVALENTS, END OF YEAR	$	15,924	$	97,552

The accompanying notes and schedules are an integral part of the consolidated financial statements.

1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority ("the Authority", "WRHA") was established as of May 28, 2012 under the Regional Health Authorities Act, as the successor to the Winnipeg Regional Health Authority established on December 1, 1999.

The Authority provides community health services, long term care services and acute care services. In addition, the Authority provides information technology services to all regional health authorities in Manitoba, Diagnostic Services of Manitoba, CancerCare Manitoba, the Addictions Foundation of Manitoba, as well as health-care providers and their colleges and associations through its operations of Manitoba eHealth.

The scope of the Authority's operations is classified into these three distinct segments:

i. Direct Operations provided through:
   - Direct Ownership – Home Care services, Mental Health services, Public Health services, Primary Care services, Manitoba eHealth services, Long Term Care Services (Middlechurch Home of Winnipeg and Riverpark Gardens sites), Acute Care services (Churchill Health Centre, Deer Lodge Centre, Grace General Hospital, Health Sciences Centre, Pan Am Clinic, and Victoria General Hospital sites), and Medical Remuneration.
   - Community Hospitals (Concordia Hospital, Seven Oaks General Hospital) – by means of agreements to further regionalization and operating agreements.
   - Other Hospitals (Misericordia Health Centre, Riverview Health Centre, St. Boniface General Hospital), Volunteer Enterprises of the Health Sciences Centre Inc. (VENT) and Manitoba Adolescent Treatment Centre ("MATC") – by means of operating agreements.

ii. Long-term care and community health services – provided through non-proprietary and proprietary personal care homes and community health agencies by means of service purchase agreements.

iii. Other health services – provided through various agencies by means of grant funding mechanisms.

The Authority is a not-for-profit organization. Under the Income Tax Act, the Authority is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Canadian public sector accounting standards including PS 4200 - 4270 ("PSAB for GNFPO").

a) Controlled entities

The Authority consolidates organizations involved in the delivery of health care services that it controls through the ability to determine the strategic operating, capital, investing and financial policies. Controlled organizations not directly involved in the delivery of health care services are not consolidated (Note 15).

b) Revenue recognition

The Authority follows the deferral method of accounting for contributions:

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

ii. Externally restricted contributions – recognized as revenue in the year in which the related expenses are recognized.

iii. 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.

iv. Endowment contributions requiring the externally restricted contribution be maintained in perpetuity – recognized as direct increase to net assets.

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

Investment income, including realized gains and losses, is recorded as revenue when earned. Investment income from endowment net assets is recognized (a) as revenue when earned if no external restriction exists; (b) as revenue in the year in which the related expenses are incurred if an external restriction on the use of investment income exists; or (c) added to endowment net assets if external restriction requires investment income to be held in perpetuity.

c) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid instruments, such as certificates of deposit, term deposits, treasury notes and other money market instruments, which generally have original maturities of less than three months from the date of issuance.

d) Inventory

Inventory held for internal use consists of medical supplies, drugs, linen and other supplies that are measured at the lower of cost and replacement cost. Inventory held for sale is measured at the lower of cost and net realizable value. Cost for all types of inventory is calculated using the weighted average cost formula.

e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis at the following annual rates:

Buildings	2-10%
Furniture and equipment	4-33%
Computer hardware and software	10-33%
Leasehold improvements	over the life of the lease

Interest on the debt associated with construction in progress projects is capitalized as incurred.

f) Employee future benefits

The Authority accrues its obligations under employee benefit plans and the related costs. The Authority has adopted the following policies:

Multi-employer plans

Defined contribution accounting is applied for multi-employer pension plans, whereby contributions are expensed on an accrual basis, as the Authority has insufficient information to apply defined benefit plan accounting.

Other defined benefit plans

The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected unit credit service pro-rated on service actuarial cost method and management's best estimate assumptions. Actuarial gains (losses) are amortized on a straight-line basis. The period of amortization is equal to the expected average remaining service life (EARSL) of active employees. Past service cost are expensed when incurred. Liabilities are measured using a discount rate determined by reference to the Authority's cost of borrowing. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service period of the active employees.

g) Use of estimates

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

The Authority is funded by the Province of Manitoba using Manitoba Health, Healthy Living and Seniors ("Manitoba Health") funding mechanisms. These consolidated financial statements use funding mechanisms approved by Manitoba Health for the year ended March 31, 2015.

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

Other amounts estimated by management include amortization of capital assets, employee future benefits payable and allowance for doubtful accounts.

h) Financial instruments

The Authority classifies its financial instruments at either fair value or amortized cost. The Authority determines the classification of its financial instruments at initial recognition. The Authority's accounting policy for each category is as follows:

Fair value

The fair value category includes derivatives and investments.

Derivatives and investments are measured at fair value and the unrealized gains or losses arising from remeasurement are recorded and presented in the consolidated statement of remeasurement gains and losses. In the year of settlement or disposal, the gains or losses are reclassified to the consolidated statement of operations.

The Authority recognizes investments based on trade dates. Transaction costs related to investments are added to the carrying value of the instrument.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. If the loss in value subsequently reverses, the write down in the consolidated statement of operations is not reversed until the investment is sold.

Amortized cost

The amortized cost category includes accounts receivable, accounts payable and long-term debt. These financial instruments are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs are recognized when the amount of a loss is known with sufficient accuracy, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the consolidated statement of operations. If the loss in value subsequently reverses, the write down in the consolidated statement of operations is not reversed.

(in thousands of dollars)

3. ACCOUNTS RECEIVABLE

	2015	2014
Manitoba Health - operating, capital and fee for service	$ 179,171	$ 105,356
Accounts receivable from other Province of Manitoba departments	1,024	597
Facility advances and receivables	3,482	3,243
Patient related and other	41,691	33,895
Allowance for doubtful accounts	(4,130)	(2,184)
	$ 221,238	$ 140,907

There are no significant amounts that are past due or impaired.

4. EMPLOYEE BENEFITS

The Authority records a provision for employee benefits including accrued vacation, overtime, and statutory holiday entitlements. Prior to March 31, 2004, changes in the liability related to employee benefits were recoverable from Manitoba Health. The amount of funding which will be provided by Manitoba Health for employee benefits has been capped at the amount owing as at March 31, 2004 and has been recorded as a receivable of $78,957 on the consolidated statement of financial position. Manitoba Health has indicated that payment of this receivable, when required, is guaranteed by the Province of Manitoba. Any changes from the March 31, 2004 liability amount are reflected in the consolidated statement of operations.

An analysis of the changes in the employee benefits payable is as follows:

	2015	2014
Balance, beginning of year	$ 106,736	$ 103,303
Increase in vacation/overtime/statutory holiday entitlements	2,868	3,433
Balance, end of year	$ 109,604	$ 106,736

5. CAPITAL ASSETS

	2015		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 18,926	$ -	$ 18,926
Buildings	1,339,199	(542,714)	796,485
Buildings under capital lease	16,690	(869)	15,821
Furniture and equipment	939,335	(784,463)	154,872
Computer hardware and software	238,354	(125,765)	112,589
Leasehold improvements	76,338	(31,861)	44,477
Construction in progress	528,764	-	528,764
	$ 3,157,606	$ (1,485,672)	$ 1,671,934

(in thousands of dollars)

	2014		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 18,902	$ -	$ 18,902
Buildings	1,334,663	(517,557)	817,106
Buildings under capital lease	16,690	(452)	16,238
Furniture and equipment	908,516	(747,975)	160,541
Computer hardware and software	233,365	(99,848)	133,517
Leasehold improvements	70,277	(25,442)	44,835
Construction in progress	367,331	-	367,331
	$ 2,949,744	$ (1,391,274)	$ 1,558,470

The Authority has capitalized interest on some projects up until they are substantially complete. The amount of interest capitalized during the year amounted to $3,355 (2014 - $3,302).

6. INVESTMENTS

	Fair value hierarchy level	2015	2014
Investments at fair value			
Money market investments	**Level 2**	**$ 321**	$ 1,110
Government bonds	**Level 2**	**12,740**	52,382
Corporate bonds	**Level 2**	**40,333**	43,330
Guaranteed Investment Certificates (GICs)	**Level 2**	**16,676**	19,893
		70,070	116,715
Less: amounts included with accrued interest		**(218)**	(134)
		69,852	116,581
Less: amounts maturing/redeemable within one year, included in current assets		**(8,753)**	(14,852)
		$ 61,099	$ 101,729

The fair value hierarchy level is provided to present the degree of objectivity of the fair values of the investment portfolio. The levels are defined as follows:

Level 1: Unadjusted quoted prices in an active market for an identical asset or liability

Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

None of the above investments are considered impaired, and no write-down was recorded during the year as there were no declines in the values of these investments that were concluded to be other than a temporary decline in value.

The Authority manages the liquidity risk associated with its investments by limiting the types of eligible investments. At the time of purchase, corporate bonds and government bonds are limited to a rating of A or higher and money market investments are limited to R1 or better.

(in thousands of dollars)

The Authority is exposed to the effects of future changes in the prevailing level of interest rates. Changes in the market interest rates have a direct effect on the fair value of the Authority's investments. The Authority mitigates the interest rate risk exposure of its Government and Corporate bonds and GICs by staggering maturity dates. As at March 31, 2015, the maturity dates are as follows:

	Government	Corporate	GICs	Effective Yield
Within 1 year	$ 575	$ 3,258	$ 4,862	3.07%
2 to 5 years	8,159	33,545	11,814	2.69%
5 to 10 years	3,977	2,216	-	2.82%
Over 10 years	29	1,314	-	3.33%
	$ 12,740	$ 40,333	$ 16,676	

Money market investments are not exposed to significant interest rate risk due to the short-term maturity of these investments.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accounts payable and accrued liabilities	**$ 190,683**	$ 174,338
Accounts payable to Manitoba Health	**5,565**	17,436
Accrued salaries	**53,554**	50,320
Holdbacks on construction contracts	**12,407**	11,709
	$ 262,209	$ 253,803

8. DEFERRED CONTRIBUTIONS, FUTURE EXPENSES

Deferred contributions related to future expenses represent the unspent amount of funding received for the Authority's operating expenses not yet incurred. The recognition of deferred contributions, future expenses is recorded as revenue in the consolidated statement of operations.

	2015	2014
Funding provided by Manitoba Health	**$ 11,090**	$ 45,729
Funding provided by other sources	**44,102**	40,957
Deferred contributions, future expenses	**$ 55,192**	$ 86,686

	2015	2014
Balance, beginning of year	**$ 86,686**	$ 97,882
Amount received during the year	**20,927**	22,192
Transferred to deferred contributions, capital	**(6)**	(14)
Less: amount recognized as revenue - programs	**(51,170)**	(32,743)
Less: amount recognized as revenue - non-insured services	**(1,245)**	(631)
Balance, end of year	**$ 55,192**	$ 86,686

(in thousands of dollars)

9. LONG-TERM DEBT

		2015		2014
1.720% Banker's Acceptance, maturing April 15, 2015 Health Sciences Centre Tecumseh Street Parkade (Note 10)	$	31,762	$	33,052
5.9% Obligation Under Capital Lease, maturing March 31, 2053 WRHA capital lease for Access St. James Monthly principal and interest payments $92		16,196		16,415
3.58% Bank Loan, maturing October 30, 2024 Monthly principal and interest payments $48 St. Boniface General Hospital Atrium		12,877		8,233
Prime minus 0.65% Mortgage payable, maturing December 31, 2015 Health Sciences Centre Kleysen Institute		6,643		7,188
7.38% Mortgage payable, maturing August 31, 2018 Monthly principal and interest payments $157 Nutrition and Food Services		5,684		7,095
1.405% Banker's Acceptance, maturing April 28, 2015 Health Sciences Centre Emily Street Parkade (Note 10)		2,163		3,027
Prime minus 0.65% Term Loan, maturing September 30, 2022 Monthly principal and interest payments $9 Grace General Hospital Ancillary Parking Lot		739		889
Prime Non-Revolving Term Credit Facility, no fixed maturity Riverview Health Centre Boilers		137		212
5.75% Mortgage Payable, Maturing March 31, 2018 Monthly principal and interest payments $3 Middlechurch		135		157
Prime plus 0.30% Demand Loan , repaid during the year Monthly principal and interest payments $3 Churchill Health Centre		-		148
Prime plus 0.25% Term Loan, maturing September 1, 2014 Monthly principal and interest payments $4 Grace General Hospital Hospice		-		21
		76,336		76,437
Less amounts due within one year, included in current liabilities		(42,763)		(51,508)
	$	33,573	$	24,929

(in thousands of dollars)

The Health Sciences Centre Tecumseh Street Parkade Loan has been collateralized by the Tecumseh Street Parkade, which at March 31, 2015 had a net book value of $35,730 (2014 - $37,226). The Health Sciences Centre Emily Street Parkade Loan has been collateralized by the Emily Street Parkade which at March 31, 2015 had a net book value of $4,429 (2014 - $4,759). The assigned results of the HSC Business and Innovative Services have also been secured against both of the parkade loans.

The Health Sciences Centre Kleysen Institute loan, which has been collateralized by an assignment of funding pledges, had at March 31, 2015 a net book value of $6,643 (2014 - $7,188). Principal repayments will match the timing of the receipt of the pledges. The Authority anticipates approximately $6,643 of repayment in the next year.

The St. Boniface General Hospital Atrium Loan maturing on October 30, 2024 is collateralized by an assignment of existing and future leases and rents related to the St. Boniface General Hospital Atrium. In accordance with the terms of the loan agreement, the Hospital cannot sell, transfer, assign, mortgage, lease, encumber, or otherwise dispose of any building or land associated with the Atrium without the lender's consent.

The Grace General Hospital Ancillary Parking Lot Loan has been collateralized by the revenue from the Grace Ancillary parking lot. The Grace General Hospital Hospice Loan has been secured with the Hospice building which at March 31, 2015 had a net book value of $2,966 (2014 - $3,072).

In addition to the long-term debt above, the Authority has unsecured operating lines of credit which at March 31, 2015 amount to $99,900 (2014 - $36,000). As at March 31, 2015, $52,875 is being utilized (2014 - $nil).

The principal repayments over the next five fiscal years and thereafter are as follows:

	Bank Loans	Capital Lease
2015/16	$ 42,621	$ 142
2016/17	2,044	150
2017/18	2,178	162
2018/19	1,156	201
2019/20	609	213
Thereafter	11,532	15,328

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Authority has entered into interest rate swaps to convert a floating interest rate debt instrument into a fixed interest rate debt instrument for each of the Emily Street Parkade ("Emily") and Tecumseh Street Parkade ("Tecumseh") at the Health Sciences Centre. These interest rate swaps relate to banker's acceptances (listed in Note 9), which are automatically renewed monthly until the end of the swap agreement.

The notional amount of the Emily swap at March 31, 2015 is $2,163 (2014 - $3,027), maturing on July 23, 2017 with a fixed rate of 4.105%. The fair value of this swap has been calculated as $(80) (2014 - $(132)), resulting in a derivative liability of $80 (2014 - $132) included in accounts payable and accrued liabilities.

The notional amount of the Tecumseh swap at March 31, 2015 is $31,762 (2014 - $33,052) maturing on November 15, 2039 with a fixed rate of 4.4%. The fair value of this swap has been calculated at $(5,939) (2014 - $(2,825)), resulting in a derivative liability of $5,939 (2014 - $2,825) included in accounts payable and accrued liabilities.

(in thousands of dollars)

The counterparty to this contract is a major Canadian financial institution. The Authority does not anticipate any material adverse effect on its financial position resulting from the involvement in this type of contract, nor does it anticipate non-performance by the counterparty given their high credit rating.

11. DEFERRED CONTRIBUTIONS, CAPITAL

Deferred contributions related to capital assets represent the unamortized and unspent amount of funding received for the purchase of the Authority's capital assets. The amortization of deferred contributions, capital is recorded as revenue in the consolidated statement of operations.

	2015	2014
Balance, beginning of year	**$ 1,336,078**	$ 1,229,096
Amount received during the year	**151,313**	186,869
Transferred from deferred contributions, future expenses	**6**	14
Less: amount amortized to revenue - programs	**(84,086)**	(77,058)
Less: amount amortized to revenue - non-insured services	**(3,016)**	(2,843)
Balance, end of year	**$ 1,400,295**	$ 1,336,078

The Authority entered into long-term loan agreements with various financial institutions to provide debt financing to the Authority. The Province of Manitoba continues to pay the principal and interest on this long-term debt. During the 2005 fiscal year, this long-term debt was assumed by the Province of Manitoba and was recognized as borrowings in the Public Accounts (Special Purpose Financial Statements) of the Province of Manitoba as at April 1, 2004. Accordingly, since the Province of Manitoba has recognized the long-term debt as its borrowings, the Authority incorporated the following long-term debt balance of $273,674 (2014 - $271,914) as part of its deferred contributions - capital balance.

12. INTERNALLY RESTRICTED NET ASSETS

Annually, the Board of Directors determines the amount, if any, to be transferred between unrestricted and internally restricted net assets. Internally restricted net assets include amounts set aside by the Authority and its consolidated entities for the following purposes:

	2015	2014
Laundry Capital Assets	**$ 2,984**	$ 2,705
Concordia Capital Assets	**664**	664
Deer Lodge Capital Assets	**281**	281
Grace Capital Assets	**3,321**	3,286
Victoria Capital Assets	**329**	292
Seven Oaks Ancillaries & Wellness Institute	**5,017**	3,996
Health Sciences Centre Internally Restricted	**1,033**	994
Riverview Internally Restricted	**3,874**	3,777
Middlechurch	**179**	180
Misericordia Ancillary Fund	**749**	6,045
St. Boniface Internally Restricted	**6,801**	6,567
Total	**$ 25,232**	$ 28,787

(in thousands of dollars)

13. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Authority

b) As at March 31, 2015, the Authority had agreements to lease various premises occupied by the Authority, as well as commitments to lease various equipment. Lease payments for the next five years are as follows:

	Premises	Equipment
2015/16	$18,262	$6,831
2016/17	17,696	4,037
2017/18	17,435	1,601
2018/19	16,776	778
2019/20	15,840	565

c) As at March 31, 2015, the Authority had capital commitments of approximately $71,010 (2014 - $158,814) and equipment purchase commitments of approximately $21,448 (2014 - $10,529).

14. HIROC

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 to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces and territories where it is licensed. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if 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, 2015.

15. RELATED ENTITIES

The Authority provides community health services through operations directly owned by the Authority, as well as through other organizations and agencies via a variety of agreements (Note 1). Transactions between the related parties are recorded at the exchange amount.

The Authority is the majority funder of the Community Hospitals, the Other Hospitals and MATC, which act as the Authority's agents in providing health care services mandated by the Province of Manitoba. These health care services are delivered under the control of the Authority from an accounting perspective. This determination of control is based largely on the fact that the Community Hospitals', the Other Hospitals', MATC's, and VENT's services and purposes are integrated with that of the Authority such that they and the Authority have common and complementary objectives. Moreover, due to the existence of operating agreements between the Authority and the Community Hospitals, Other Hospitals and MATC, the Authority has the ability to determine their strategic operating, capital, investing and financing policies.

(in thousands of dollars)

The controlled Community Hospitals, Other Hospitals, MATC, and VENT have been consolidated into the Authority's financial statements due to the nature of the agreements in existence, while the controlled Seven Oaks General Hospital Foundation Inc. and St. Boniface General Auxiliary Inc. have not been consolidated since they are not directly involved in the delivery of health care services. Note 15 (a) provides a financial summary of these controlled non-consolidated entities.

For accounting purposes the relationships with these organizations and agencies are as follows:

a) **Controlled entities**

The Community Hospitals, Other Hospitals, MATC and VENT are controlled and have been consolidated into the Authority's financial statements.

The consolidated entities within the Authority exercise control over the following entities by virtue of their ability to determine their operating, investing, or financing policies. The following entities are controlled, but not consolidated:

Seven Oaks General Hospital Foundation Inc.
St. Boniface General Auxiliary Inc.

These entities were incorporated under the Corporations Act of Manitoba, are registered charities for the purposes of the Income Tax Act and, accordingly, are exempt from income taxes. The aim of these entities is to advance the welfare of their respective hospitals and patients.

A financial summary of these entities is as follows:

		2015		2014
Financial Position				
Total assets	$	1,748	$	1,792
Total liabilities		193		239
Total net assets	$	1,555	$	1,553
Results of Operations				
Total revenue	$	1,204	$	1,253
Total expenses		1,206		1,152
(Deficit) surplus from operations	$	(2)	$	101
Cash Flows				
Used in operating activities	$	(54)	$	-
Provided by (used in) financing, capital and investing activities		(28)		33
(Decrease) increase in cash	$	(83)	$	33

During the year, the controlled and not consolidated entities contributed $340 (2014 - $425) to various facilities within the Authority. The Authority incurred expenses of $nil (2014 - $nil) with the listed entities. As at March 31, 2015, various facilities within the Authority had aggregate amounts of $45 (2014 - $90) receivable from and $nil (2014 - $nil) payable to the entities above.

b) Significant influence

The consolidated entities within the Authority exercise significant influence over a number of hospital foundations and other similar organizations by virtue of their ability to affect the entities' strategic operating, investing, and financing policies. These entities were incorporated under the Corporations Act of Manitoba, are registered charities for the purposes of the Income Tax Act and, accordingly, are exempt from income taxes. The aim of these entities is to advance the welfare of their respective hospitals and patients.

During the year, these entities contributed $4,741 (2014 - $7,384) to various facilities within the Authority. The Authority incurred expenses of $nil (2014 - $nil) with the above entities. As at March 31, 2015, various facilities within the Authority had aggregate amounts of $2,248 (2014 - $2,814) receivable from and $194 (2014 - $29) payable to the entities above.

c) Economic interest

The consolidated entities within the Authority have an economic interest in a number of organizations that support a hospital by virtue of the organizations holding resources that must be used to produce revenue for the consolidated entities within the Authority.

During the year, these entities contributed $2,841 (2014 - $3,543) to various facilities within the Authority. The Authority incurred expenses of $7,825 (2014 - $nil) with these entities. As at March 31, 2015, various facilities within the Authority had aggregate amounts of $448 (2014 - $793) receivable from and $nil (2014 - $nil) payable to these entities.

In addition to these entities, the Authority has an economic interest in proprietary and non-proprietary personal care homes and community health agencies. Funding is provided to these entities through service purchase agreements to deliver service on behalf of the Authority. As at March 31, 2015, the Authority had aggregate amounts of $nil (2014 - $nil) receivable from and $26,670 (2014 - $16,744) payable to proprietary and non-proprietary personal care homes and community health agencies.

16. EMPLOYEE FUTURE BENEFITS

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable group pension plan. The Authority's contractual commitment is to pay based upon a formula (dependent on the agreement/policy applicable to the employee).

The most recent valuation of the obligation was performed as at December 31, 2014, projected to March 31, 2015.

(in thousands of dollars)

Information about the Authority's accrued retirement benefit plan at March 31 is as follows:

	2015	2014
Accrued benefit obligation	**$ 173,119**	$ 164,995
Funded status – plan deficit	**$ (173,119)**	$ (164,995)
Adjustment for Middlechurch (Note 18)	**-**	(373)
Unamortized net actuarial loss (gain)	**(14,084)**	(18,638)
Accrued benefit (liability)	**$ (187,203)**	$ (184,006)

The change in the Authority's accrued retirement benefit plan is comprised of the following:

	2015	2014
Accrued benefit (liability) – beginning of year	**$ (184,006)**	$ (177,753)
Adjustment for Middlechurch (Note 18)	**-**	(373)
In-year (expense)	**(12,674)**	(17,316)
Benefits paid	**9,477**	11,436
Accrued benefit (liability) – end of year	**$ (187,203)**	$ (184,006)

The expense related to the Authority's accrued retirement benefit plans consists of the following:

	2015	2014
Current service cost	**$ 9,905**	$ 13,340
Amortization of actuarial (gain) loss	**(2,244)**	413
Interest cost	**5,013**	3,563
	$ 12,674	$ 17,316

The significant actuarial assumptions adopted for measuring the Authority's accrued benefit obligations are as follows:

	2015	2014
Discount rate	**2.550 %**	3.350 %
Salary escalation	**3.500 %**	3.000 %
EARSL	**7.6 Yrs**	8.3 Yrs

The significant actuarial assumptions adopted in measuring the Authority's expense for the retirement benefit plan are as follows:

	2015	2014
Discount rate	**3.350 %**	2.125 %
Salary escalation	**3.000 %**	3.000 %

The amount of funding which will be provided by Manitoba Health for pre-retirement entitlement obligations has been capped at the amount owing as at March 31, 2004 and has been recorded as a receivable of $82,499 on the consolidated statement of financial position. Manitoba Health has indicated that payment of this receivable, when required, is guaranteed by the Province of Manitoba. Any changes from the March 31, 2004 liability amount are reflected in the consolidated statement of operations.

(in thousands of dollars)

b) Pension plans

Most of the employees are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer, defined benefit, highest consecutive average earnings, contributory pension plan available to all eligible employees. The Authority is a Signatory Board and Settlor of the Plan. All of the relevant financial information is contained within the financial information of the Plan.

Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $82,575 (2014 - $77,878) and are included as an expense in the consolidated statement of operations.

The most recent valuation for financial reporting purposes completed by the Plan as at December 31, 2013 disclosed net assets available for benefits of $5,490,934 with pension obligations of $5,231,833, resulting in a surplus of $259,101.

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

Some employees are eligible for membership in the multi-employer City of Winnipeg Employees' Benefits Program, which includes the Civic Employees' Pension Plan. The Civic Employees' Pension Plan is a defined benefit pension plan operated by the City of Winnipeg. During the year, the Authority expensed $1,871 (2014 - $1,308) for current year's contributions. The most recent valuation for financial reporting purposes completed by this plan as at December 31, 2013 disclosed net assets available for benefits of $3,909,462 with pension obligations of $3,793,023, resulting in a surplus of $116,439.

Some employees are eligible for membership in the multi-employer Home Care Workers' Benefit Trust, which includes the Manitoba Home Care Pension Plan. The Manitoba Home Care Pension Plan is a defined contribution pension plan. During the year, the Authority expensed contributions of $1,500 (2014 - $1,528) to this plan.

c) Sick leave liability

The Authority provides sick leave benefits that accumulate, but do not vest.

Information about the Authority's sick leave liability at March 31 is as follows:

	2015	2014
Balance, beginning of year	**$ 37,073**	$ 35,336
Net (decrease) increase sick leave liability	**(1,179)**	1,737
Balance, end of year	**$ 35,894**	$ 37,073

(in thousands of dollars)

The significant actuarial assumptions adopted for measuring the Authority's accrued benefit obligation are as follows:

	2015	2014
Discount rate	**2.550 %**	3.350 %
Salary escalation	**3.500 %**	3.000 %
EARSL	**7.6 Yrs**	8.3 Yrs

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

	2015	2014
Discount rate	**3.350 %**	2.125 %
Salary escalation	**3.000 %**	3.000 %

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Authority is exposed to various financial risks through transactions in financial instruments.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority is exposed to credit risk in connection with its accounts receivable, interest rate swap, and investment activities.

The Authority's accounts receivable are comprised mostly of amounts due from the Government of Manitoba and from the facilities that it funds, minimizing credit risk. These receivable balances are monitored on an on-going basis. An impairment allowance is set up based on the Authority's judgment on a case by case basis. There are no significant amounts that are past due or impaired.

The Authority's credit risk associated with an interest rate swap is minimized by entering into an agreement with a major Canadian financial institution.

With respect to credit risk arising from investment activities, the Authority manages this risk by developing an investment policy that establishes criteria for the selection of investments that include benchmarks for the creditworthiness of entities.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

Market risk

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

The Authority is exposed to market risks through the derivative instruments entered into. The Authority uses derivative instruments only for risk management purposes and not for generating trading profit. As such, any change in cash flows associated with derivative instruments due to their exposure to market risks is designed to be offset by changes in cash flows related to the risk being hedged.

Interest rate risk

Interest rate risk includes the risk arising from fluctuations in short-term interest rates and the volatility of those rates on the issuance of floating rate debt. The Authority is exposed to interest rate risk with respect to its investments because the fair value will fluctuate due to changes in market interest rates. In addition, the Authority is exposed to interest rate risk with respect to its long-term debt because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time.

The Authority uses derivative instruments to manage exposure to changes in interest rates. The Authority's objective for holding these derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of this exposure.

The Authority has entered into an interest rate swap to manage the interest rate cash flow exposure associated with a proportion of total debt that is subject to variable rates. The contracts have an effect of converting the floating rate of interest to a fixed rate.

Under the swap, the Authority has agreed with other parties to exchange, at specified intervals, the difference between fixed rate contracts and floating-rate interest amounts calculated by reference to the agreed notional amounts, as well as amounts reflecting the amortization of principal amounts.

The fair value of the bond portfolio is also subject to changes in the interest rate. The bonds held as investments have interest rates ranging from 1.15% to 5%, and maturities from April 27, 2015 to March 5, 2037. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of $1,652 (2014 - $2,310) on net assets and accumulated remeasurement gains (losses).

The interest payments on the variable rate long-term debt are subject to changes in the interest rate. A 1% change in the interest rate would result in an impact of $75 (2014 - $444) on interest expense on the consolidated statement of operations.

Offsetting the change on the variable rates of the Tecumseh and Emily Street Parkades is the interest rate swap. A 1% increase in interest rates, with all other variables held constant, would result in an estimated impact of $3,435 (2014 - $3,351) on net assets and accumulated remeasurement gains (losses).

Liquidity Risk

The Authority is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Authority manages its liquidity risk by monitoring cash requirements through cash forecasts to ensure sufficient resources are available to meet its obligations.

The maturities of financial liabilities are provided in the notes to the consolidated financial statements related to these liabilities.

Foreign exchange and other price risk

The Authority has minimal exposure to foreign exchange and other price risks.

18. MIDDLECHURCH ASSET TRANSFER

On January 1, 2014, the Authority acquired the assets and assumed the liabilities of Middlechurch Home of Winnipeg Inc. (now "Middlechurch"). As a result of the acquisition, the net assets of the Authority as at March 31, 2014 had increased by $1,363 and the accrued retirement entitlement as at March 31, 2014 had increased $373.

19. MISERICORDIA TRANSFER OF ASSETS

Effective March 31, 2015 Misericordia Health Centre transferred assets to a separately held corporation for the purposes of supporting the work of the Misericordia General Hospital in providing assistance for programs designed to support the needs of an aging population in accordance with the legacy of the Misericordia Sisters. The net value of the assets transferred amounted to $7,825, resulting in a corresponding decrease in net assets of $7,825 on the consolidated WRHA financial statements.

The assets transferred were previously held in the Ancillary funds of Misericordia General Hospital and were assets derived from the legacy of the Sisters of Misericordia and did not derive, either directly or indirectly, from funding of the Winnipeg Regional Health Authority, Manitoba Health or other Government sources.

20. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

ADMINISTRATIVE COSTS

The Canadian Institute of Health Information ("CIHI") defines a standard set of guidelines for the classification and coding of financial and statistical information for use by all Canadian health service organizations. The Authority adheres to these coding guidelines.

The most current definition of administrative costs determined by CIHI includes: General Administration (including Acute/Long-term Care/Community Administration, Patient Relations, Community Needs Assessment, Risk Management, Quality Assurance, and Executive costs), Finance, Human Resources, Labour Relations, Nurse/Physician Recruitment and Retention, and Communications.

The administrative cost percentage indicator (administrative costs as a percentage of total operating costs) adheres to CIHI definitions.

At the request of Manitoba Health, the presentation of administrative costs has been modified to include new categorizations in order to increase transparency in financial reporting. These categories and their inclusions are as follows:

Corporate
Includes: General Administration, Acute Care/Long-term Care/Community Services Administration, Executive Offices, Board of Trustees, Planning & Development, Community Health Assessment, Risk Management, Internal Audit, Finance & Accounting, Communications, Telecommunications, and Mail Service.

Recruitment & Human Resources
Includes: Personnel Records, Recruitment & Retention (General, Physicians, Staff, and Nurses), Labour Relations, Employee Compensation & Benefits Management, Employee Health & Assistance Programs, Occupational Health & Safety, and Provincial Labour Relations Secretariat.

Patient Care Related
Includes: Utilization Management, Cancer Standards & Guidelines, Patient Relations, Infection Control, Quality Assurance (Medical, Nursing, and Other), and Accreditation.

(in thousands of dollars)

ADMINISTRATIVE COSTS (continued)

Administrative costs and percentages for the Authority (including hospitals, non-proprietary personal care homes and community health agencies) are:

	2015					
	Acute Care Facilities and Corporate Office		Personal Care Homes and Community Health Agencies		Total	
	$	%	$	%	$	%
Corporate	$59,604	2.29%	$12,595	5.23%	$72,199	2.54%
HR and Recruitment	26,654	1.02%	1,975	0.82%	28,629	1.01%
Patient Care Related	18,120	0.69%	1	0.00%	18,120	0.64%
	$104,378	4.00%	$14,571	6.05%	$118,948	4.19%

	2014					
	Acute Care Facilities and Corporate Office		Personal Care Homes and Community Health Agencies		Total	
	$	%	$	%	$	%
	(Restated)		(Restated)		(Restated)	
Corporate	$56,627	2.20%	$13,715	5.54%	$70,342	2.49%
HR and Recruitment	23,376	0.91%	2,009	0.81%	25,385	0.90%
Patient Care Related	17,337	0.67%	21	0.01%	17,358	0.62%
	$97,340	3.78%	$15,745	6.36%	$113,085	4.01%

The 2015 figures presented are based on preliminary data available at time of publication. Restatements were made to the 2014 figures to reflect the final data that was submitted after the publication date.

ADMINISTRATIVE COSTS

The Canadian Institute of Health Information (CIHI) defines a standard set of guidelines for the classification and coding of financial and statistical information for use by all Canadian health service organizations. The Authority adheres to these coding guidelines.

Financial Statements of

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place
Personal Care Home)

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada
Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of 3885136 Manitoba Association Inc. (Operating as Calvary Place Personal Care Home)

We have audited the accompanying financial statements of Calvary Place Personal Care Home, which comprise the statement of financial position as at March 31, 2015 and the statement of operations and changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calvary Place Personal Care Home as at March 31, 2015 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.

Deloitte LLP

Chartered Accountants

Winnipeg, Manitoba
June 29, 2015

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3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statements of Operations and Changes in Net Assets
Year Ended March 31, 2015

	2015	2014
INCOME		
Residents		
Winnipeg Regional Health Authority funding	**$ 5,669,798**	$ 5,533,570
Residential charge	**1,876,185**	1,819,126
Amortization of deferred contributions - property	**270,643**	277,520
Other income	**17,736**	23,259
	7,834,362	7,653,475
EXPENSES		
Salaries	**4,829,918**	4,771,997
Employee benefits	**1,006,873**	948,800
Payroll tax	**104,335**	101,721
Incontinence supplies	**42,129**	42,938
Medical and surgical supplies	**45,577**	49,067
Operating - Schedule	**904,317**	906,066
Physical plant - Schedule	**295,390**	318,669
Amortization of fixed assets	**270,643**	277,520
Administration - Schedule	**94,033**	87,621
Nursing - Schedule	**145,567**	164,423
	7,738,782	7,668,822
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES FOR THE YEAR	**95,580**	(15,347)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	**400,055**	415,402
UNRESTRICTED NET ASSETS, END OF YEAR	**$ 495,635**	$ 400,055

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	$ 649,328	$ 806,883
Accounts receivable	323,485	252,769
G.S.T. recoverable	6,574	5,859
Supplies	19,993	22,828
Prepaid expenses	10,349	10,449
Due from Manitoba Health - vacation pay	228,184	228,184
	1,237,913	1,326,972
DUE FROM MANITOBA HEALTH - PRE-RETIREMENT ENTITLEMENTS	561,000	484,000
FIXED ASSETS (Note 3)	6,037,921	6,181,825
TRUST AND ACTIVITY FUND ASSETS	174,257	161,433
	$ 8,011,091	$ 8,154,230
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	$ 665,359	$ 774,861
Government remittances payable	10,585	66,072
Due to Winnipeg Regional Health Authority	66,334	85,984
	742,278	926,917
PRE-RETIREMENT ENTITLEMENTS	561,000	484,000
DEFERRED CONTRIBUTIONS (Note 5)	6,037,921	6,181,825
TRUST AND ACTIVITY FUND LIABILITIES	174,257	161,433
	7,515,456	7,754,175
CONTINGENCY (Note 6)		
NET ASSETS		
Unrestricted	495,635	400,055
	$ 8,011,091	$ 8,154,230

APPROVED BY THE BOARD

Original document signed .... Director

Original document signed .... Director

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of income over expenses for the year	$ **95,580**	$ (15,347)
Items not affecting cash		
Amortization of fixed assets	**270,643**	277,520
Amortization of deferred contributions - property	**(270,643)**	(277,520)
	95,580	(15,347)
Changes in non-cash operating working capital items		
Accounts receivable	**(70,716)**	(80,123)
G.S.T. recoverable	**(715)**	(865)
Supplies	**2,835**	(1,907)
Prepaid expenses	**100**	(969)
Due from Manitoba Health - pre-retirement entitlements	**(77,000)**	(20,620)
Accounts payable and accrued liabilities	**(109,502)**	106,880
Government remittances payable	**(55,487)**	(18,381)
Due to Winnipeg Regional Health Authority	**(19,650)**	8,009
Pre-retirement entitlements	**77,000**	20,620
	(157,555)	(2,703)
FINANCING ACTIVITY		
Deferred contributions received	**126,739**	41,889
INVESTING ACTIVITY		
Fixed asset purchases	**(126,739)**	(41,889)
NET DECREASE IN CASH POSITION	**(157,555)**	(2,703)
CASH POSITION, BEGINNING OF YEAR	**806,883**	809,586
CASH POSITION, END OF YEAR	$ **649,328**	$ 806,883

1. ORGANIZATION

3885136 Manitoba Association Inc. (Operating as Calvary Place Personal Care Home) was incorporated on August 20, 1998 and commenced active operations on January 24, 2000. The Personal Care Home is overseen by a Board of Directors pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes. The Personal Care Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies of the Personal Care Home:

a) *Revenue recognition*

The Personal Care Home follows the deferral method of accounting for contributions which include donations and government grants.

The Personal Care Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions and residential charges 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 fixed assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related fixed assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fixed assets

Purchased fixed assets are recorded at cost. Contributed fixed assets are recorded at fair value at the date of contribution.

Fixed assets are amortized on a straight-line basis over the following estimated useful lives:

Building	40 years
Computer equipment and software	5 years
RDF equipment	5 – 7 years
Nursing equipment	7 years
Furniture	15 years
Major equipment	5 – 25 years

c) Retirement entitlement obligation

The Personal Care Home has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

- Have ten years of service and have reached the age of 55, or
- Qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee, or
- Retire at or after age 65, or
- Terminate employment at any time due to permanent disability.

The Personal Care Home 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. A long-term receivable has also been recorded in the same amount at yearend to represent the funding commitment for these retirement entitlements from Manitoba Health.

d) Due from Manitoba Health – vacation pay

Until the fiscal year ended March 31, 2004, funding for vacation entitlements was provided by the Winnipeg Regional Health Authority in the period in which expenditures were made. Accordingly, the cost of the accrued vacation pay at March 31, 2004 was accrued to enable an appropriate matching of expenses with income secured at that date. For the year ended March 31, 2005 and onwards Manitoba Health is no longer funding this liability and the change in the current year liability is recorded as a charge against current year operations. The receivable from Manitoba Health includes only the accrued liability to March 31, 2004.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, pre-retirement entitlements, and the estimated useful life of fixed assets. Actual results could differ from these estimates.

f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Personal Care Home becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

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

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

3. FIXED ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	**$ 424,712**	**$ -**	**$ 424,712**	$ 424,712
Building	**8,675,726**	**3,265,786**	**5,409,940**	5,553,332
Computer equipment and software	**24,905**	**24,905**	**-**	-
RDF equipment	**300,947**	**300,947**	**-**	-
Nursing equipment	**243,349**	**141,760**	**101,589**	103,097
Furniture	**623,413**	**547,851**	**75,562**	70,169
Major equipment	**166,969**	**140,851**	**26,118**	30,515
	$10,460,021	**$ 4,422,100**	**$ 6,037,921**	$ 6,181,825

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2015		2014
Trade	$	**117,991**	$	196,248
Wages		**160,206**		190,026
Accrued vacation pay		**387,162**		388,587
	$	**665,359**	$	774,861

5. DEFERRED CONTRIBUTIONS

The deferred contributions balance at the end of the year relates to fixed assets and represents the unamortized amount and unspent amount of funding received for repayment of the principal portion on the long-term debt. These contributions were received from Heritage Benevolent Association Inc. and Manitoba Health.

	2015	2014
Balance, beginning of year	**$ 6,181,825**	$ 6,417,456
Contributions	**126,739**	41,889
Amortization	**(270,643)**	(277,520)
Balance, end of year	**$ 6,037,921**	$ 6,181,825

6. CONTINGENCY

The Personal Care Home is responsible for any in-globe deficits but may unconditionally retain the greater of 50% of its operating surplus and 2% of the global budget indicated in its funding letter from Winnipeg Regional Health Authority. The actual amount of the settlement is determined after a review of the details by Winnipeg Regional Health Authority and negotiation with the Personal Care Home.

If deficits are incurred, additional funding may be provided by Winnipeg Regional Health Authority for expenses not initially included in the budget.

7. PENSION PLAN

Substantially all employees of the Personal Care Home are members of the Health Employees Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the CICA Handbook section 3461.

The Personal Care Home's liability under the pension plan is limited to the contributions required during the year under the respective agreements. Contributions to the Plan made during the year by the Personal Care Home on behalf of its employees amounted to $457,458 (2014 - $347,821) and are included in the statement of operations.

8. FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the Personal Care Home's cash flows, financial position and revenue. The Personal Care Home does not use derivative instruments to reduce exposure to interest risk.

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Schedules of Operating, Physical Plant, Administration and Nursing Expenses
Year Ended March 31, 2015

	2015	2014
OPERATING EXPENSES		
Food	**$ 767,486**	$ 766,355
Other supplies and expenses	**55,650**	61,751
Purchased services	**81,181**	77,960
	$ 904,317	$ 906,066
PHYSICAL PLANT EXPENSES		
Heat, light and power	**$ 103,929**	$ 112,723
Insurance and property taxes	**91,037**	93,888
Repairs and maintenance	**60,323**	62,324
Water	**40,101**	49,734
	$ 295,390	$ 318,669
ADMINISTRATION EXPENSES		
Membership fees	**$ 6,027**	$ 3,332
Postage and delivery	**1,853**	1,669
Printing, stationery and office supplies	**24,073**	23,651
Professional fees	**47,187**	39,662
Sundry	**3,060**	7,857
Telephone and fax	**11,180**	10,727
Travel and education	**653**	723
	$ 94,033	$ 87,621
NURSING EXPENSES		
Companion regular	**$ 8,425**	$ 13,858
One on one care	**122,016**	136,679
Oxygen	**-**	329
Travel - ambulance, stretcher, taxi	**15,126**	13,557
	$ 145,567	$ 164,423

Combined Financial Statements of

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Year ended March 31, 2015

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

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Year ended March 31, 2015

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KPMG

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Member of Actionmarguerite (Saint-Boniface) Inc. and Actionmarguerite (Saint-Vital) Inc.

We have audited the accompanying combined financial statements of Actionmarguerite (Saint-Boniface) Inc. and Actionmarguerite (Saint-Vital) Inc., which comprise the combined statement of financial position as at March 31, 2015, the combined statement of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of Actionmarguerite (Saint-Boniface) Inc. and Actionmarguerite (Saint-Vital) Inc. as at March 31, 2015, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information in the Schedule is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

KPMG LLP

Chartered Accountants

June 12, 2015

Winnipeg, Canada

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Combined Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 6,693,349	$ 5,490,059
Construction holdback held in trust	37,453	26,021
Accounts receivable	342,599	294,882
Employee benefits recoverable from Winnipeg Regional health Authority (note 2)	1,209,435	1,209,435
Receivable from Winnipeg Regional Health Authority (note 3)	1,929,916	684,436
Current portion of investments (note 4)	400,000	780,431
Current portion of long-term receivable from Winnipeg Regional Health Authority (note 5)	103,284	103,284
Inventory	93,146	107,648
Prepaid expenses	88,625	67,468
	10,897,807	8,763,664
Investments (note 4)	–	400,000
Long-term receivables from Winnipeg Regional Health Authority (note 5)	1,769,862	1,132,776
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 2)	3,349,942	3,514,540
Capital assets (note 6)	18,919,754	18,380,818
Leasehold estate (note 7)	52,473	55,807
Other assets	1,000	1,000
	$ 34,990,838	$ 32,248,605

	2015	2014

Liabilities, Deferred Contributions and Fund Balances

	2015	2014
Current liabilities:		
Bank indebtedness (note 8)	$ 1,232,798	$ 502,428
Accounts payable	849,348	618,997
Accrued liabilities	3,814,553	3,943,063
Advances from Winnipeg Regional Health Authority (note 9)	426,356	426,356
Bank loan (note 10)	39,893	60,773
Current portion of long-term debt (note 11)	260,290	247,529
	6,623,238	5,799,146
Employee future benefits (note 2)	3,731,160	3,895,758
Long-term debt (note 11)	2,985,120	3,245,345
	6,716,280	7,141,103
	13,339,518	12,940,249
Deferred contributions for (note 12):		
Expenses of future periods	26,067	27,395
Capital assets	16,857,902	15,021,558
	16,883,969	15,048,953
Fund balances:		
Capital Fund (note 13)	1,685,031	1,045,254
Internally Restricted Fund (note 14)	3,082,320	3,214,149
	4,767,351	4,259,403
	$ 34,990,838	$ 32,248,605

See accompanying notes to financial statements.

On behalf of the Board of Directors:

Original document signed

Original document signed

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Combined Statement of Operations and Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	Operating Fund	Ancillary Operations Funds	Internally Restricted Fund	Capital Fund	2015 Total	2014 Total
Revenue:						
Winnipeg Regional Health Authority	$ 28,128,185	$ –	$ –	$ –	$ 28,128,185	$ 26,835,686
Resident and service fees	8,431,369	–	–	–	8,431,369	8,301,732
	36,559,554	–	–	–	36,559,554	35,137,418
Amortization of deferred contributions (note 12)	–	–	–	963,440	963,440	943,843
Offset income:						
Cafeteria	150,026	–	–	–	150,026	160,900
Interest	3,223	–	104,894	–	108,117	101,541
Donations	11,841	–	82,560	–	94,401	81,020
Fundraisers	–	–	6,588	–	6,588	8,390
Parking	137,617	–	–	–	137,617	137,907
Grants	6,393	–	–	–	6,393	11,096
Recoveries:						
General	455,664	–	–	–	455,664	413,070
Ancillary operations (note 12)	–	5,436	–	–	5,436	6,602
	764,764	5,436	194,042	–	964,242	920,526
	37,324,318	5,436	194,042	963,440	38,487,236	37,001,787
Expenses:						
Amortization	–	–	–	1,083,155	1,083,155	1,056,858
Salaries and wages	25,827,401	–	–	–	25,827,401	25,038,178
Employee benefits	6,034,939	–	–	–	6,034,939	5,478,005
Other supplies and expenses	686,121	–	3,502	–	689,623	679,557
Medical and surgical supplies	493,647	–	–	–	493,647	503,818
Drugs	16,721	–	–	–	16,721	21,591
Food costs	1,318,152	–	–	–	1,318,152	1,374,687
Utilities	758,495	–	–	–	758,495	843,212
Telephone and sundry	160,560	–	–	–	160,560	123,382
Travel	255,995	–	–	–	255,995	255,828
Professional and other fees	214,359	–	–	–	214,359	144,158
Advertising and public relations	13,112	–	–	–	13,112	20,097
Insurance	85,724	–	–	–	85,724	83,700
Equipment	326,580	–	–	–	326,580	362,728
Buildings and grounds	476,783	–	–	–	476,783	474,267
Interest	218,606	–	–	–	218,606	233,165
Ancillary operations	–	5,436	–	–	5,436	6,602
	36,887,195	5,436	3,502	1,083,155	37,979,288	36,699,833
Excess (deficiency) of revenue over expenses before the undernoted	437,123	–	190,540	(119,715)	507,948	301,954
Winnipeg Regional Health Authority prior year adjustments	–	–	–	–	–	(1,573)
Winnipeg Regional Health Authority employee future benefits receivable (note 2)	(164,598)	–	–	–	(164,598)	72,544
Employee future benefits (note 2)	164,598	–	–	–	164,598	(72,544)
Excess (deficiency) of revenue over expenses	$ 437,123	$ –	$ 190,540	$ (119,715)	$ 507,948	$ 300,381

See accompanying notes to financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Combined Statement of Operations and Changes in Fund Balances (continued)

Year ended March 31, 2015, with comparative information for 2014

	Operating Fund	Ancillary Operations Funds	Internally Restricted Fund	Capital Fund	2015 Total	2014 Total
Fund balance, beginning of year	$ –	$ –	$ 3,214,149	$ 1,045,254	$ 4,259,403	$ 3,959,022
Excess (deficiency) of revenue over expenses	437,123	–	190,540	(119,715)	507,948	300,381
Transfer to Capital Fund	(56,934)	–	(702,558)	759,492	–	–
Transfer of Personal Care Home Program surplus	(283,792)	–	283,792	–	–	–
Transfer of Adult Day Program surplus	(8,582)	–	8,582	–	–	–
Transfer of Supportive Housing Program surplus	(87,815)	–	87,815	–	–	–
Fund balances, end of year	$ –	$ –	$ 3,082,320	$ 1,685,031	$ 4,767,351	$ 4,259,403

See accompanying notes to combined financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Combined Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	$ 507,948	$ 300,381
Adjustments for:		
Amortization of capital assets	1,083,155	1,056,858
Amortization of deferred contributions related to capital assets	(963,440)	(943,843)
Changes in the following:		
Construction holdback held in trust	(11,432)	(26,021)
Accounts receivable	(47,717)	13,162
Receivable from Winnipeg Regional Health Authority	(1,245,480)	444,526
Inventory	14,502	(9,695)
Prepaid expenses	(21,157)	105,141
Accounts payable	230,351	(252,078)
Accrued liabilities	(128,510)	485,289
Advances from Winnipeg Regional health Authority	–	(461,687)
Net decrease in deferred contributions related to future periods	(1,328)	(1,479)
	(583,108)	710,554
Investing activities:		
Investments	780,431	500,000
Long-term receivables from Winnipeg Regional Health Authority	(740,370)	(393,783)
Repayments of long-term receivables from Winnipeg Regional Health Authority	103,284	103,285
	143,345	209,502
Capital:		
Additions to capital assets	(1,618,757)	(867,495)
Financing activities:		
Bank indebtedness	730,370	383,783
Increase in deferred contributions related to capital assets	2,799,784	800,302
Repayments on bank loan	(20,880)	(20,880)
Repayments of long-term debt principal	(247,464)	(235,821)
	3,261,810	927,384
Increase in cash and cash equivalents	1,203,290	979,945
Cash and cash equivalents, beginning of year	5,490,059	4,510,114
Cash and cash equivalents, end of year	$ 6,693,349	$ 5,490,059
Cash and cash equivalents is comprised of the following:		
Cash	$ 1,964,918	$ 3,860,059
Cash equivalents	4,728,431	1,630,000
Cash and cash equivalents, end of year	$ 6,693,349	$ 5,490,059

See accompanying notes to combined financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements

Year ended March 31, 2015

General:

Actionmarguerite (Saint-Boniface) Inc. (Saint-Boniface) was incorporated on July 9, 1968 under the laws of Manitoba as Taché Nursing Centre Hospitalier Taché Inc. and operated under the name Centre Taché Centre. The articles were amended on June 1, 2011 to change the name of the corporation to Actionmarguerite (Saint-Boniface) Inc.

Actionmarguerite (Saint-Vital) Inc. (Saint-Vital) was incorporated January 22, 1976 under the laws of Manitoba as Foyer St. Boniface Inc. - St. Boniface Home Inc. and subsequently changed its name to Foyer Valade Inc. in 1988 to coincide with the relocation of the facility to River Road. The articles were amended on June 1, 2011 to change the name of the corporation to Actionmarguerite (Saint-Vital) Inc.

Saint-Boniface functions as a bilingual long-term care facility and also provides a respite program, Adult Day Program and provides care services for the Supportive Housing Program. Saint-Vital functions as a long-term care facility mandated by the Provincial Government to provide services to French speaking residents.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

(a) Basis of presentation:

These combined financial statements represent an aggregation of the financial statements of Saint-Boniface and Saint-Vital (together, the Corporations), which are under common control. All significant inter-company balances and transactions have been eliminated.

(b) Fund accounting:

Assets, liabilities, revenues and expenses related to the Corporations capital assets are recorded in the Capital Fund.

Assets, liabilities, revenues and expenses related to the Corporations ancillary activities are recorded in the Ancillary Operations Fund.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

1. Significant accounting policies (continued):

The Internally Restricted Fund represents funds received through donations, interest and retainable surpluses from operations. Expenditures of donations require the approval of the Board of Directors. Other withdrawals from the Internally Restricted Fund require the approval of the Member of the Corporations.

All other assets, liabilities, revenues and expenses are reported in the Operating Fund.

(c) Revenue recognition:

The Corporations are funded primarily by the Winnipeg Regional Health Authority (WRHA) in accordance with Service Purchase Agreements. The Service Purchase Agreements for the Adult Day Program and the Personal Care Home Program for the Corporations expired March 31, 2015, however it continues to be in effect until a new agreement is finalized.

As the care provider for the Supportive Housing Program at Chez Nous and Windsor Park Place, funding is received from the WRHA in accordance with a Service Purchase Agreement which expired on September 30, 2013, however it continues to be in effect until a new agreement is finalized. Operating grants are recorded as revenue in the period to which they relate.

The Corporations follow the deferral method of accounting for contributions as follows:

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue of the appropriate fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized in the Operating Fund in the year in which it is earned. Restricted investment income is recognized on an accrual basis and is allocated to the appropriate category in the Internally Restricted Fund.

Volunteers are an integral part of carrying out the activities of the Corporations. These contributed services are not recognized in the combined financial statements because of the difficulty in determining their fair value.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term deposits which are highly liquid with original maturities of less than three months.

(e) Operating deficits or surpluses:

In accordance with the terms and conditions of the Service Purchase Agreements, annual operating deficits are the responsibility of the Corporations. For the Personal Care Home Program and Adult Day Program, annual operating surpluses less than 2 percent of the net cost of insured services are retained by the Corporations. Those surpluses that are retained by the Corporations are subject to review by the WRHA. Annual operating surpluses in excess of 2 percent of the net cost of insured services are repayable to the WRHA.

(f) Capital assets:

Capital asset purchases are recorded at cost and equipment donations are recorded at fair market value at the time of receipt. Amortization is recorded for the full year in the year of acquisition and no amortization is taken in the year of disposal. Amortization of work in progress commences when construction of the related asset is completed and the asset is used in the operations of the Corporations.

Amortization is calculated using the straight-line method at rates which amortize the assets over their estimated useful lives. The amortization rates are as follows:

Asset	Rate
Land improvements	5%
Buildings	2%
Equipment and building service equipment and software licenses and fees	6 ¼% to 20%

(g) Leasehold estate:

The value to the leasehold estate is being amortized against the deferred contribution to which it relates on a straight-line basis over the 60 year period of the lease.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

1. **Significant accounting policies (continued):**

(h) Financial instruments:

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 Corporations have not elected to carry any financial instruments 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 effective interest method.

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 Corporations determine 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 of the amount the Corporations expect 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.

(i) Inventory:

Inventory is valued at the lower of cost and replacement cost.

(j) Employee benefits:

The Corporations record a provision for employee benefits comprised of accrued vacation. A further provision for employee future pre-retirement benefits, being an actuarial estimate of the Corporations' obligation to make a cash payment to certain qualifying employees based on years of service upon retirement has also been recorded. The cost of the Corporations' employee pre-retirement benefits is accrued as earned based on an actuarial estimation.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

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1. Significant accounting policies (continued):

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

(k) Income taxes:

The Corporations are registered charities within the meaning of the *Income Tax Act* and therefore are exempt from income taxes under Section 149(1) of the Act.

(l) 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 combined financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and employee future benefits. Actual results could differ from those estimates.

2. Employee benefits:

(a) Employee future benefits:

Employee future benefits consist of:

	2015	2014
Pre-retirement benefits	$ 3,028,495	$ 3,232,495
Accumulated non-vested sick leave benefits	702,665	663,263
	$ 3,731,160	$ 3,895,758

The Corporations maintain an employee pre-retirement benefits plan for substantially all of their employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

2. Employee benefits (continued):

The estimation of the future pre-retirement benefits obligation has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the Corporations' future pre-retirement benefits obligation include mortality and withdrawal rates, a discount rate of 2.55 percent (2014 - 3.35 percent), a rate of salary increase of 3.50 percent (2014 - 3.00 percent) plus an age-related merit/promotion scale with no provision for disability.

Information about the Corporations pre-retirement benefits plan is as follows:

	2015	2014
Accrued benefit obligation:		
Balance, beginning of year	$ 3,232,495	$ 3,093,025
Current benefit cost	206,000	235,632
Interest	95,000	66,483
Benefits paid	(473,000)	(174,748)
Balance, end of year	3,060,495	3,220,392
Amortized actuarial gain (loss)	(32,000)	12,103
Pre-retirement benefits	$ 3,028,495	$ 3,232,495

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the combined statements of financial position.

The recoverable has been adjusted, based on direction from WRHA, to include the incremental increases or decreases in the related liability since 2007, which includes an interest component. The decrease recorded in fiscal 2015 was $204,000 (2014 - increase of $139,470) and is recorded in the combined statements of operations. The employee future pre-retirement benefits recoverable from WRHA at March 31, 2015 aggregates $2,647,277 (2014 - $2,851,277) and has no specified terms of repayment.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

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2. Employee benefits (continued):

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grants provided to the Corporations. Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Since 2010, including 2015, actual funding provided by WRHA has been 100 percent of actual pre-retirement benefits paid.

The Corporations provide accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Corporations' accumulated non-vested sick leave benefits include a discount rate of 2.55 percent (2014 - 3.35 percent) and a rate of salary increase of 3.50 percent (2014 - 3.00 percent).

A recoverable from the WRHA of $702,665 (2014 - $663,263) for the accumulated non-vested sick leave benefits has been recorded in the combined statements of financial position. The recoverable has been adjusted, based on direction from WRHA, for the incremental change in the accumulated non-vested sick leave benefits. The increase recorded in 2015 was $39,402 (2014 - decrease of $66,926) and is recorded in the combined statements of operations.

(b) Accrued vacation benefits:

The cost of the Corporations vacation benefits is accrued when the benefits are earned by the employees and is included in accrued liabilities on the combined statements of financial position. The vacation benefits liability at March 31, 2015 is $1,896,056 (2014 - $1,872,096).

The funding received in each subsequent fiscal year from the WRHA includes the employee benefits recoverable of $1,209,435 as included on the combined statements of financial position. The employee benefits recoverable from the WRHA are maintained at the value of the vacation benefits liability at March 31, 2004.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

3. Receivable from Winnipeg Regional Health Authority:

	2015			2014
	Saint-Boniface	Saint-Vital	Combined	Combined
Receivable:				
Prior years'	$ 516,494	$ 174,095	$ 690,589	$ 286,458
Salaries and benefits	804,804	399,073	1,203,877	431,112
Employee pre-retirement benefits	359,483	79,378	438,861	174,748
Other	54,904	65,271	120,175	171,035
	1,735,685	717,817	2,453,502	1,063,353
Payable:				
Prior years'	322,472	48,324	370,796	141,237
Resident charges-resident fees	40,433	80,720	121,153	188,180
Interest	755	103	858	1,736
Other	30,779	–	30,779	47,764
	394,439	129,147	523,586	378,917
	$ 1,341,246	$ 588,670	$ 1,929,916	$ 684,436

Over/under funding occurs when non-global items (including resident fees revenue and interest expense) are over/under the amounts budgeted by the WRHA. Over/under funded amounts are payable to/receivable from the WRHA.

4. Investments:

At March 31, 2015, the Corporations have invested in government investment certificates aggregating $400,000 (2014 - $1,180,431) which are interest bearing at 2.60 percent (2014 - 2.30 percent to 3.15 percent). During the year ending March 31, 2016, $400,000 (2015 - $780,431) of the government investment certificates will mature and have been disclosed in current assets on the combined statement of financial position.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

5. Long-term receivables from Winnipeg Regional Health Authority:

	2015	2014
Sprinkler system upgrade (Saint-Boniface)	$ 230,342	$ 265,322
Nurse call system upgrade (Saint-Boniface)	107,675	123,695
Replacement of windows and bricks (Saint-Boniface)	400,976	453,260
Replacement of generator (Saint-Boniface)	498,586	393,783
Tub replacement and renovations (Saint-Vital)	196,026	–
Roof replacement (Saint-Boniface)	307,427	–
Roof replacement (Saint-Vital)	132,114	–
	1,873,146	1,236,060
Current portion	103,284	103,284
	$ 1,769,862	$ 1,132,776

The Corporations have seven (2014 - four) long-term receivables from WRHA relating to capital projects. The long-term receivable for the nurse call system upgrade requires monthly principal payments of $1,335 plus interest at prime less 0.25 percent and matures December 31, 2021; the long-term receivable for the sprinkler system upgrade requires monthly principal payments of $2,915 plus interest at prime less 0.25 percent and matures March 31, 2022; and the long-term receivable for the replacement of windows and bricks requires monthly principal payments of $4,357 plus interest at prime less 0.25 percent and matures December 31, 2022. The long-term receivables for the replacement of a generator, tub replacement and renovations and roof replacements are approved to a maximum of $489,075, $196,026, $307,049 and $157,764, respectively, and the terms and conditions of the receivable will be finalized with the WRHA during fiscal 2016 upon completion of the related assets.

6. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land improvements	$ 482,242	$ 457,794	$ 24,448	$ 31,731
Buildings	28,022,558	13,734,577	14,287,981	14,951,308
Building service equipment	2,640,135	1,168,734	1,471,401	1,590,840
Equipment	6,127,637	4,362,799	1,764,838	1,127,124
Software licences and fees	517,483	352,560	164,923	190,257
Work in progress	1,206,163	–	1,206,163	489,558
	$ 38,996,218	$ 20,076,464	$ 18,919,754	$ 18,380,818

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

7. Leasehold estate:

The original building operated by Saint-Boniface is situated on property leased from Despins Charities Inc., a corporation with the same Member as the Corporations, at a rental of $1 per annum. The 60 year lease expires December 31, 2030. The land is held as a leasehold estate registered under the *Real Property Act* in the Winnipeg Land Titles Office. At the termination of the lease, the title to the land reverts to the lessor.

The 1971 estimated fair market value of the economic rent of the leasehold estate was $16,500 per annum, based on an appraisal made by E. Karl Farstad & Associates Ltd. as of January 17, 1972. The discounted present value of such rental over the 60 year period is estimated to be $200,000 using an interest factor of 8 ¼ percent per annum. The $200,000 discounted present value of the lease was recorded in the accounts at December 31, 1971 as an asset with an offsetting credit to deferred contributions to recognize the value of the donation of the leasehold estate made by Taché Hospital for Chronic and Geriatric Patients.

The addition to the original building is situated on two properties leased from Despins Charities Inc. and the Catholic Health Corporation of Manitoba (CHCM), the Member of the Corporations, at a rental of $2 per annum. The leases expire December 31, 2030. The land is held as a leasehold estate registered under the *Real Property Act* in the Winnipeg Land Titles Office. At the termination of the lease, the title to the land reverts to the lessor. No economic value of these additional leases is reflected in the combined financial statements.

Saint-Boniface also leases additional property from Despins Charities Inc. at a rental of $1 per annum. No economic value of this additional lease is reflected in the combined financial statements.

The building operated by Saint-Vital is situated on property leased from Despins Charities Inc. at a rental of $1 per annum. The sixty year lease expires June 30, 2046. The land is held as a leasehold estate registered under *The Real Property Act* in the Winnipeg Land Titles Office. At the termination of the lease, the title to the land reverts to the lessor. No economic value of this lease is reflected in the combined financial statements.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

8. Bank indebtedness:

At March 31, 2015, the Corporations had authorized lines of credit of $2,849,914 (2014 - $2,189,075) of which $1,232,798 (2014 - $502,428) was used to finance the following projects:

	2015		2014	
	Authorized	Outstanding borrowings	Authorized	Outstanding borrowings
Operating line of credit	$ 1,500,000	$ –	$ 1,500,000	$ –
38 bed addition (Saint-Vital)	200,000	98,645	200,000	108,645
Replacement of generator (Saint-Boniface)	489,075	498,586	489,075	393,783
Tub replacement and Renovations (Saint-Vital)	196,026	196,026	–	–
Roof replacement (Saint-Vital)	157,764	132,114	–	–
Roof replacement (Saint-Boniface)	307,049	307,427	–	–
	$ 2,849,914	$ 1,232,798	$ 2,189,075	$ 502,428

The lines of credit bear interest at the bank's prime rate less 0.25 percent per annum. Interest is payable monthly in arrears and the principal is payable on demand. The line of credit for the 38 bed addition is guaranteed by Fondation Actionmarguerite Foundation Inc., a corporation with the same Member as the Corporations. The line of credit for the replacement of a generator is supported by Manitoba Health and on completion of the asset during fiscal 2016, the line of credit will be replaced with a long-term financing loan.

The Corporations have issued letters of guarantee aggregating $1,090,000 (2014 - $1,090,000) through its lender to provide guarantees to a supplier.

9. Advances from Winnipeg Regional Health Authority:

At March 31, 2015, to offset related funding commitments outstanding from prior year receivables, funding advances from the WRHA aggregated $426,356 (2014 - $426,356). These advances are unsecured, non-interest bearing and have no fixed terms of repayment.

10. Bank loan:

The bank loan is held by Caisse Financial Group, is repayable on demand, is supported by a borrowing resolution of the Board of Directors together with borrowing approval from the WRHA, and bears interest at the Caisse Financial Group's prime lending rate minus 0.50 percent. The loan is being repaid at $1,740 monthly, plus interest.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

11. Long-term debt:

	2015	2014
Long-term financing on nurse call system upgrade, payable in monthly principal payments of $1,340 plus interest at prime less 0.25%, due December 31, 2021	$ 107,675	$ 123,695
Long-term financing on sprinkler system upgrade, payable in monthly principal payments of $2,794 plus interest at prime less 0.25%, due March 31, 2022	230,342	265,322
Long-term financing on replacement of windows and bricks, payable in monthly principal payments of $4,357 plus interest at prime less 0.25%, due December 31, 2022	400,976	453,260
7 7/8% first mortgage on 1973 construction, payable in monthly blended payments of $14,783, due April 1, 2023	1,063,178	1,154,256
First mortgage on 1978 construction, payable in monthly blended payments of $13,375, due February 1, 2018. The effective interest rate after giving consideration to forgiveness clauses is 8%	1,443,239	1,496,341
	3,245,410	3,492,874
Current portion	260,290	247,529
	$ 2,985,120	$ 3,245,345

The long-term financing loans, supported by Manitoba Health and WRHA, are payable to Caisse Financial Group. Both mortgages are payable to the Canada Mortgage and Housing Corporation.

Principal repayments required over the next five years and thereafter are as follows:

2016	$ 260,290
2017	274,198
2018	289,351
2019	305,877
2020	323,886
Thereafter	1,791,808
	$ 3,245,410

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

12. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for resident programs.

	2015	2014
Balance, beginning of year	$ 27,395	$ 28,874
Add amount received related to future periods	4,108	5,123
Less amount recognized as revenue in the year	(5,436)	(6,602)
Balance, end of year	$ 26,067	$ 27,395

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of these contributions is recorded as revenue in the combined statements of operations.

	2015	2014
Balance, beginning of year	$ 15,021,558	$ 15,165,099
Additional contributions received	2,799,784	800,302
Less amounts amortized to revenue	(963,440)	(943,843)
Balance, end of year	$ 16,857,902	$ 15,021,558

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.
Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

12. Deferred contributions (continued):

The balance of unamortized capital contributions related to capital assets consists of the following:

	2015	2014
Unamortized capital contributions used to purchase assets	$ 14,642,241	$ 14,571,356
Unspent contributions:		
Equipment reserve	345,233	277,062
Major repairs	176,054	158,878
Donations	14,374	14,262
Cash equivalents	1,680,000	–
	$ 16,857,902	$ 15,021,558

On February 28, 2007, the Province of Manitoba approved the consolidation of $5,200,000 of the Corporations' borrowings with its Department of Finance. The advance has been recorded as a deferred contribution.

The advance received is governed by a promissory note payable to the Province of Manitoba which bears interest at 5.1 percent and requires monthly principal payments of $21,667 plus interest. At March 31, 2015, the outstanding principal balance on the note was $3,098,334 (2014 - $3,358,334). No further funding is expected to be received with respect to this obligation and no revenue or expense is recorded in connection with its extinguishment, except for the amortization of the deferred contribution.

13. Capital Fund:

	2015	2014
Capital assets	$ 18,919,754	$ 18,380,818
Leasehold estate	52,473	55,807
	18,972,227	18,436,625
Amount financed by:		
Deferred contributions	(14,642,241)	(14,571,356)
Mortgages	(2,506,417)	(2,650,597)
Bank loan	(39,893)	(60,773)
Line of credit	(98,645)	(108,645)
	$ 1,685,031	$ 1,045,254

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Notes to Combined Financial Statements (continued)

Year ended March 31, 2015

14. Internally Restricted Fund:

	2015	2014
To be expended only with the approval of the Member of the Corporation	$ 2,519,969	$ 2,727,562
Other internal projects	562,351	486,587
	$ 3,082,320	$ 3,214,149

15. Related party transactions:

During the year ended March 31, 2015, Fondation Actionmarguerite Foundation Inc. provided donations of $94,670 (2014 - $84,285) to the Corporations.

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.

16. Employee pension plan:

During the year, the Corporations contributed $1,881,022 (2014 - $1,635,739) on behalf of its eligible employees who are members of the Healthcare Employees' Pension Plan - Manitoba (HEPP), a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Corporations are accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period.

The most recent actuarial valuation of the plan as at December 31, 2013, reported the plan had a deficiency of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency 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. On April 1, 2014 employer contribution rates increased to 8.7 percent (2014 - 7.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.3 percent (2014 - 9.5 percent) on earnings in excess of YMPE. On April 1, 2015, with the inclusion of contributions towards the Healthcare Employees' Pension Plan - Manitoba, Cost of Living Adjustment Plan, employer contribution rates increased to 8.9 percent of pensionable earnings up to the YMPE and 10.5 percent on earnings in excess of YMPE.

17. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporations are exposed to credit risk with respect to accounts receivable, employee benefit recoverable from Winnipeg Regional Health Authority, receivable from Winnipeg Regional Health Authority, long-term receivables from Winnipeg Regional Health Authority, future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority and cash and cash equivalents.

The Corporations assess, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporations at March 31, 2015 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the combined statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the combined statement of operations. There was no allowance for doubtful accounts at March 31, 2015 and 2014. As at March 31, 2015 and 2014, there were no accounts receivable past due.

There have been no significant changes to the credit risk exposure from 2014.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporations will be unable to fulfill their obligations on a timely basis or at a reasonable cost. The Corporations manages their liquidity risk by monitoring their operating requirements. The Corporations prepare budgets and cash forecasts to ensure they have sufficient funds to fulfill their obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

The contractual maturities of bank indebtedness, bank loan and long-term debt are disclosed in note 8, 10 and 11, respectively.

There have been no significant changes to the liquidity risk exposure from 2014.

17. Financial risks and concentration of credit risk (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Corporations to cash flow interest rate risk. The Corporations is exposed to this risk on its variable interest long-term financing loans and its bank loan.

The Corporations are also exposed to fair value risk on their fixed-rate instruments including long-term receivables from Winnipeg Regional Health Authority and mortgages payable.

There has been no change to the interest rate risk exposure from 2014.

ACTIONMARGUERITE (SAINT-BONIFACE) INC. AND ACTIONMARGUERITE (SAINT-VITAL) INC.

Schedule of Combined Statement of Operations - Operating Fund

Year ended March 31, 2015, with comparative information for 2014

	PCH Program Saint-Vital	PCH Program Saint-Boniface	Adult Day Program	Supportive Housing Program	2015 Total	2014 Total
Revenue:						
Winnipeg Regional Health Authority	$ 7,829,849	$ 19,119,097	$ 421,139	$ 758,100	$ 28,128,185	$ 26,835,686
Resident and service fees	2,887,251	5,124,735	38,076	381,307	8,431,369	8,301,732
	10,717,100	24,243,832	459,215	1,139,407	36,559,554	35,137,418
Offset income:						
Cafeteria	42,582	107,443	–	–	150,025	160,900
Interest	1,498	1,725	–	–	3,223	4,040
Donations	6,542	5,299	–	–	11,841	10,020
Parking	44,131	90,524	–	2,962	137,617	137,907
Shared services	277,139	573,551	–	–	850,690	821,294
Grants	–	6,393	–	–	6,393	11,096
Recoveries:						
General	58,186	397,478	–	–	455,664	413,070
	430,078	1,182,413	–	2,962	1,615,453	1,558,327
	11,147,178	25,426,245	459,215	1,142,369	38,175,007	36,695,745
Expenses:						
Salaries and wages	8,014,174	17,736,829	234,597	692,490	26,678,090	25,859,472
Employee benefits	1,699,672	4,160,294	35,956	139,017	6,034,939	5,478,005
Other supplies and expenses	218,565	423,197	2,983	41,376	686,121	673,877
Medical and surgical supplies	120,709	372,938	–	–	493,647	503,818
Drugs	2,776	13,945	–	–	16,721	21,591
Food costs	362,626	758,633	28,015	168,878	1,318,152	1,374,687
Utilities	218,272	540,223	–	–	758,495	843,212
Telephone and sundry	49,874	99,554	2,124	9,008	160,560	123,382
Travel	59,542	62,450	132,758	1,245	255,995	255,828
Professional and other fees	29,276	183,853	–	1,230	214,359	144,158
Advertising and public relations	205	11,597	–	1,310	13,112	20,097
Insurance	32,706	53,018	–	–	85,724	83,700
Equipment	89,784	222,596	14,200	–	326,580	362,728
Buildings and grounds	216,297	260,486	–	–	476,783	474,267
Interest	1,407	217,199	–	–	218,606	233,165
	11,115,885	25,116,812	450,633	1,054,554	37,737,884	36,451,987
Excess of revenue over expenses before the undernoted	31,293	309,433	8,582	87,815	437,123	243,758
Winnipeg Regional Health Authority employee future benefits receivable	41,508	(206,106)	–	–	(164,598)	72,544
Employee future benefits	(41,508)	206,106	–	–	164,598	(72,544)
Excess of revenue over expenses	31,293	309,433	8,582	87,815	437,123	243,758
Transfer to Capital Fund	(4,891)	(52,043)	–	–	(56,934)	(59,943)
Program surplus	$ 26,402	$ 257,390	$ 8,582	$ 87,815	$ 380,189	$ 183,815

Shared services:

The Corporations have an agreement to share the cost of specific employee services based on the time spent on each program. Revenue and expenses related to shared services have been eliminated in the Combined Statement of Operations and Changes in Fund Balances.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.

Financial Statements
For the year ended March 31, 2015

BETHANIA MENNONITE PERSONAL CARE HOME, INC.

Financial Statements
For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Directors of BETHANIA MENNONITE PERSONAL CARE HOME, INC.

We have audited the accompanying financial statements of **BETHANIA MENNONITE PERSONAL CARE HOME, INC.** which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Bethania Mennonite Personal Care Home Inc. as at March 31, 2015 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.

BDO Canada LLP
Chartered Accountants

Winnipeg, Manitoba
June 8, 2015

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Financial Position

March 31		2015		2014
Assets				
Current Assets				
Cash and bank	$	32,203	$	286,425
Restricted cash and cash equivalents (Note 2)		10,130		113,939
Accounts receivable (Note 3)		416,072		69,294
Due from related parties (Note 4)		180,598		39,982
Inventories		57,500		57,797
Prepaid expenses		14,331		12,892
Vacation entitlement receivable (Note 5)		497,632		497,632
		1,208,466		1,077,961
Retirement obligations asset (Note 12)		991,268		898,268
Capital assets (Note 6)		1,587,147		1,629,575
	$	3,786,881	$	3,605,804
Liabilities and Net Assets				
Current Liabilities				
Bank indebtedness (Note 11)	$	48,698	$	-
Accounts payable and accrued liabilities (Note 7)		681,529		731,590
Accrued vacation entitlements (Note 5)		572,423		537,147
Due to related parties (Note 4)		9,628		2,515
Current portion of legal settlement		-		40,000
		1,312,278		1,311,252
Accrued retirement obligations (Note 12)		818,999		725,999
Deferred contributions (Note 8)		1,207,193		1,138,788
		3,338,470		3,176,039
Commitments and contingencies (Note 9)				
Net Assets				
Invested in capital assets		447,463		582,158
Unrestricted net assets (deficiency)		948		(152,393)
		448,411		429,765
	$	3,786,881	$	3,605,804

Approved by the Board:

Original document signed ______ Director

Original document signed ______ Director

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

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Operations and Changes in Net Assets

For the year ended March 31	2015	2014
Revenue		
Winnipeg Regional Health Authority	$ 7,805,443	$ 7,210,916
Residential charges	2,715,669	2,657,710
Other income (Page 18)	142,841	157,204
	10,663,953	10,025,830
Expenses		
Drugs and medical supplies	140,413	145,567
Food	414,930	374,001
Health and education tax levy	138,474	132,271
Other supplies and expenses	736,558	802,639
Salaries and benefits	8,795,978	8,044,656
Utilities and taxes	323,933	300,384
	10,550,286	9,799,518
Excess of revenue over expenses before amortization	113,667	226,312
Amortization		
Deferred contributions (Note 8)	220,145	224,287
Capital assets (Note 6)	(256,558)	(263,454)
	(36,413)	(39,167)
Excess of revenue over expenses before undernoted	77,254	187,145
Retrospective deferral for 2014 WRHA capital funding	(58,608)	-
Excess of revenue over expenses	18,646	187,145
Net assets, beginning of year	429,765	242,620
Net assets, end of year	$ 448,411	$ 429,765

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

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Cash Flows

For the year ended March 31		2015		2014
Cash Provided by (used in):				
Cash Flows from Operating Activities				
Excess of revenue over expenses	$	18,646	$	187,145
Adjustments for non-cash items				
Amortization of capital assets		256,558		263,454
Change in pre-retirement entitlement receivable		93,000		20,108
Change in accrued pre-retirement entitlement		(93,000)		(20,108)
Net decrease in deferred contributions		68,405		(232,275)
		343,609		218,324
Changes in non-cash working capital (Note 10)		(536,208)		60,591
Net cash provided by (used in) operating activities		(192,599)		278,915
Cash Flows from Investing Activities				
Purchase of capital assets		(214,130)		(97,979)
Net cash flows used in investing activities		(214,130)		(97,979)
Net increase (decrease) in cash and cash equivalents		(406,729)		180,936
Cash and cash equivalents, beginning of year		400,364		219,428
Cash and cash equivalents, end of year	$	(6,365)	$	400,364
Represented by:				
Cash and bank	$	32,203	$	286,425
Restricted cash and cash equivalents		10,130		113,939
Bank indebtedness		(48,698)		-
	$	(6,365)	$	400,364

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

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of the Organization

Bethania Mennonite Personal Care Home, Inc. (the "Home") is incorporated under the laws of the Province of Manitoba. The Home is principally involved in providing licensed personal care services. The Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Bethania, a Mennonite Organization, provides compassionate, outstanding long term care and affordable housing for seniors.

Effective April 1, 2005, all assets of Bethania Mennonite Personal Care Home, Inc. - Memorial Fund were transferred to Bethania Mennonite Memorial Foundation Inc.

These financial statements present the financial position and results of operations of the personal care home operated as Bethania Mennonite Personal Care Home, Inc. As such, the financial statements for the year ended March 31, 2015 do not include the assets, liabilities, equity, revenues and expenses of Bethania Mennonite Memorial Foundation Inc, an organization related by common control.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) - Part III of the CPA Canada Handbook.

Revenue Recognition

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

Under the Health Insurance Act and regulations hereto, the Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority ("WRHA"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the WRHA with respect to the year ended March 31, 2015.

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

a) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree. The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement.

1. **Nature of Operations and Summary of Significant Accounting Policies** (continued)

Revenue Recognition (continued)

b) Surpluses - In July 2009 the WRHA agreed that the Home could retain 100% of surpluses until the accumulated deficit has been fully recovered. After that time, the Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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.

Revenue from the residential services and marketed services is recognized when the goods are sold or the service is provided.

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 operations. 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 that 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.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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. Measurement uncertainty exists in the amortization of assets and deferred contributions over the estimated useful lives of the assets and WRHA receivables since year end reconciliations have not been conducted for several previous years.

Inventories

Inventories are carried at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Employee Future Benefits

The organization maintains a multi-employer pension for its personnel. The expense for this plan is equal to the organization's required contribution for the year.

Pre-retirement entitlement and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

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

Land improvements	4-6.7%
Building	2-10%
Computer equipment	20%
Furniture, fixtures and equipment	5-20%

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent assets segregated for use for replacement reserves or debenture repayment reserves with a maturity of less than 3 months.

2. Restricted Cash and Cash Equivalents

	2015	2014
Restricted cash	**$ 10,130**	$ 113,939

The fair value of cash on deposit is equal to its carrying value.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Notes to Financial Statements

For the year ended March 31, 2015

3. Accounts Receivable

	2015	2014
Receivable from residents	$ 38,839	$ 15,655
Accrued interest receivable	-	1,127
Winnipeg Regional Health Authority	320,662	-
Other	25,962	25,906
GST rebate receivable	30,609	26,606
	$ 416,072	$ 69,294

4. Due from (to) Related Parties

	2015	2014
285 Pembina Inc.	$ 25,642	$ 4,993
ArlingtonHaus Inc.	11,890	1,979
Bethania Mennonite Memorial Foundation Inc.	28,437	5,205
BethaniaHaus Inc.	5,930	1,954
Autumn House	558	291
Pembina Place Mennonite Personal Care Home, Inc.	108,141	25,464
KingsfordHaus Inc.	-	96
	$ 180,598	$ 39,982
Bethania Housing & Projects Inc.	$ (5,618)	$ (2,515)
KingsfordHaus Inc.	(4,010)	-
	$ (9,628)	$ (2,515)

Amounts due from (to) related parties are non-interest bearing with no specific terms of repayment.

During the year, the Home had the following transactions with related organizations:

	2015	2014
Salary costs paid on behalf of and recovered from related parties	$ 680,087	$ 515,137
Salary and IT expenses charged by related party	248,838	142,512
Maintenance fee recovery	19,553	21,606

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. All parties are related by common control.

For the year ended March 31, 2015

5. Accrued Vacation Entitlements

The Home 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 Home'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:

	2015	2014
Balance, beginning of year	$ 497,632	$ 497,632
Net changes in vacation entitlements receivable	-	-
Balance, end of year	$ 497,632	$ 497,632

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

	2015	2014
Balance, beginning of year	$ 537,147	$ 496,867
Net change in accrued vacation entitlements	35,276	40,280
Balance, end of year	$ 572,423	$ 537,147

6. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 1	$ -	$ 1	$ -
Land improvements	340,263	340,263	340,263	337,697
Building	5,186,728	4,252,266	5,173,169	4,075,534
Computer equipment	337,093	337,093	337,093	337,093
Furniture, fixtures and equipment	4,464,905	3,827,947	4,264,333	3,750,686
Intangible assets	10,208	-	10,208	-
Deferred software licenses	5,518	-	5,518	-
	$ 10,344,716	$ 8,757,569	$ 10,130,585	$ 8,501,010
Cost less accumulated amortization		$ 1,587,147		$ 1,629,575

Amortization of capital assets for the year ended March 31, 2015 is $256,558 (2014 - $263,454).

7. Accounts Payable and Accrued Liabilities

	2015	2014
Trade accounts payable	$ 173,868	$ 197,267
Accrued liabilities	126,029	76,628
Salaries and employee benefits payable	279,480	315,885
Winnipeg Regional Health Authority	-	42,847
Government remittances payable	102,152	98,963
	$ 681,529	$ 731,590

8. Deferred Contributions

Changes in the deferred contribution balance are as follows:

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	$ 1,005,708	$ 1,212,049
Funding for principal repayments on debenture	113,015	62,615
Winnipeg Regional Health Authority 2014 adjustment	58,608	-
Transfer from replacement reserves	214,124	42,766
Long-term debt principal reductions	(90,433)	(87,435)
Amounts amortized to revenue	(220,145)	(224,287)
Balance, end of year (carried forward)	1,080,877	1,005,708

Unspent Equipment Funding

Unspent equipment funding related to equipment replacement represents the unspent amount of funding received for the purchase of equipment. Equipment funding is not recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	41,709	48,924
Contributions - Winnipeg Regional Health Authority	188,039	-
Interest allocation	276	684
Transfer to deferred contributions - capital asset purchases	(171,217)	(7,899)
Balance, end of year (carried forward)	$ 58,807	$ 41,709

For the year ended March 31, 2015

8. **Deferred Contributions** (continued)

		2015		2014
Capital assets (brought forward)	$	1,080,877	$	1,005,708
Unspent equipment funding (brought forward)		58,807		41,709
Unspent Major Repairs Funding Unspent major repairs funding related to equipment repairs represent the unspent amount of funding received for the replacement of equipment. Major repairs funding is not recorded as revenue in the statement of operations.				
Balance, beginning of year		74,859		95,090
Contributions - Winnipeg Regional Health Authority		14,424		14,424
Interest allocation		18		244
Transfer to deferred contributions - capital asset purchases		(39,816)		(34,899)
Balance, end of year		49,485		74,859
Insurance Reserve Balance, beginning of year		16,512		15,000
Contributions - Winnipeg Regional Health Authority		1,512		1,512
Balance, end of year		18,024		16,512
Total deferred contributions balance	$	1,207,193	$	1,138,788

The long-term debt that has been incorporated in deferred contributions includes the following:

		2015		2014
Royal Bank Loan - interest at 2 1/2%, requiring monthly principal and interest payments of $2,904 funded by the Winnipeg Regional Health Authority, maturing April 1, 2022	$	180,004	$	205,416
Royal Bank Loan - interest at 2 1/2%, requiring monthly principal and interest payments of $2,787 funded by the Winnipeg Regional Health Authority, maturing April 1, 2022		174,608		199,853
CMHC Mortgage - interest at 7 7/8%, requiring monthly principal and interest payments of $5,217 funded by the Winnipeg Regional Health Authority, secured by a first charge against land and building, maturing July 1, 2020		272,754		312,529
	$	627,366	$	717,798

9. Commitments and Contingencies

a) Bethania Mennonite Personal Care Home, Inc. has signed a borrowing resolution covering capital expenditures of $2,575,090 for Pembina Place Mennonite Personal Care Home Inc. The borrowing resolution is secured by a letter of comfort from Manitoba Health.

b) The nature of the Home's activities is such that there is usually litigation pending or in prospect at any time. With respect to potential claims at March 31, 2015, management believes the Home has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

c) 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 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, 2015. The Home is a named insured under the WRHA policy with HIROC.

10. Changes in Non-cash Working Capital

	2015	2014
Accounts receivable	$ (346,778)	$ 20,202
Inventories	297	-
Prepaid expenses	(1,439)	335
Due from (to) related parties	(133,503)	(40,727)
Accounts payable and accrued liabilities	(90,061)	40,501
Accrued vacation payable	35,276	40,280
	$ (536,208)	$ 60,591

11. Bank Indebtedness

The Home has a line of credit with The Royal Bank to a maximum of $500,000 which carries an interest rate of Royal Bank prime plus (effective rate at March 31, 2015 - 2.85%). The line of credit is secured by a general assignment of accounts receivable. The line of credit was unutilized as at March 31, 2015.

12. Employee Future Benefits

a) Accrued retirement obligation

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home'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 Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.9% (2014 - 3.6%) and a rate of salary increase of 3.5% (2014 - 2.0%) 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 the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, 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.

	2015	2014
Employee future benefits recoverable from		
Manitoba Health	**$ 652,360**	$ 652,360
Winnipeg Regional Health Authority	**338,908**	245,908
	$ 991,268	$ 898,268

12. Employee Future Benefits (continued)

a) Accrued retirement entitlement (continued)

An analysis of the changes in the employee benefits payable is as follows:

		2015		2014
Balance, beginning of year	$	**725,999**	$	705,891
Net change in pre-retirement entitlements		**93,000**		20,108
Balance, end of year	$	**818,999**	$	725,999

b) Pension plan

Substantially all of the employees of the Home 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, combined with the contributions 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, 2013 indicates the plan is in a deficit. The board of the Plan continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $495,509 (2014 - $447,206) and are included in the statement of operations.

13. Funding of Future Employee Benefits

Effective April 1, 2004 Manitoba Health directed all health care facilities (including non-profit personal care homes) to discontinue establishing a receivable from Manitoba Health for the funding of future employee benefits given that the responsibility for payment of same would be transferred to the WRHA. Contrary to the long-standing practice prior to April 1, 2004, the WRHA has since directed all health care facilities to record the future employee benefits liability, but not the corresponding receivable. Commencing in 2007, the WRHA has agreed to fund the change in accrued pre-retirement liability for the WRHA funded portions; however, they did not agree to fund changes in accrued vacation pay.

The Home has taken the position that Unfunded Future Employee Benefits (which include Pre-retirement Leave and Vacation Accrual) is recoverable from the WRHA.

The Home's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Based on this understanding, the corresponding responsibility for the future funding of these benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including Bethania Mennonite Personal Care Home, Inc.).

14. Economic Dependence

The Home is economically dependent upon government and other agencies for funding its operations.

15. Comparative Figures

Certain prior year's figures have been reclassified to conform with the current year's presentation.

16. Financial Risk Management

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home'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 Home'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 Home to credit risk consist principally of accounts receivable, related party receivable, vacation entitlements receivable, and retirement obligations receivable.

16. **Financial Risk Management** (continued)

Credit risk (continued)

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

		2015		2014
Accounts receivable and related party receivables	$	**596,670**	$	109,276
Vacation entitlements receivable		**497,632**		497,632
Retirement obligations receivable		**991,268**		898,268
	$	**2,085,570**	$	1,505,176

Accounts receivable and related party receivables: The Home 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 Home 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.

Vacation entitlements receivable and retirement obligations receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Regional Health Authority.

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 Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

The Home 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 and the Home is not exposed to other price risk.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Schedule of Supplementary Information

For the year ended March 31		2015		2014
Other Income				
BethaniaHaus meal recoveries	$	6,398	$	7,096
Dietary recoveries		38,829		65,006
Shared service recoveries		29,592		24,973
Other recoveries and miscellaneous		68,022		60,129
	$	142,841	$	157,204

Financial Statements of

CLINIQUE YOUVILLE CLINIC INC.

Year ended March 31, 2015

CLINIQUE YOUVILLE CLINIC INC.

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Year ended March 31, 2015

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KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Member of Clinique Youville Clinic Inc.

We have audited the accompanying financial statements of Clinique Youville Clinic Inc., which comprise the statement of financial position as at March 31, 2015, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Clinique Youville Clinic Inc. as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 12, 2015

Winnipeg, Canada

CLINIQUE YOUVILLE CLINIC INC.

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 377,224	$ 400,810
Short-term investments	537,253	526,623
Accounts receivable	6,691	6,746
Receivable from Winnipeg Regional Health Authority (note 2)	149,551	64,153
Employee benefits recoverable from Winnipeg Regional Health Authority (note 3[a])	125,848	125,848
Prepaid expenses	39,036	36,696
	1,235,603	1,160,876
Capital assets (note 4)	74,159	85,258
Future employee pre-retirement and sick leave benefits recoverable from Winnipeg Regional Health Authority [notes 3(b) and 3(c)]	231,297	225,031
	$ 1,541,059	$ 1,471,165
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 3[a])	$ 407,281	$ 329,868
Future employee pre-retirement benefits payable (note 3[b])	240,617	233,617
Sick leave benefits payable (note 3[c])	28,821	29,555
	676,719	593,040
Deferred contributions for (note 5):		
Future expense	191,881	270,633
Capital assets	68,142	76,548
	260,023	347,181
Fund balances:		
Unrestricted:		
Operations	107,774	75,572
Internally restricted	490,526	446,662
Capital fund	6,017	8,710
	604,317	530,944
Commitments (note 8)		
	$ 1,541,059	$ 1,471,165

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

Original document signed

Date JUNE 12, 2015

CLINIQUE YOUVILLE CLINIC INC.

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	Operations	Ancillary Programs	Internally Restricted	Capital Fund	2015 Total	2014 Total
Revenue:						
Winnipeg Regional Health Authority	$ 2,786,943	$ –	$ –	$ –	$ 2,786,943	$ 2,678,643
Other	89,433	3,467	–	–	92,900	142,274
Insurance recoveries	6,491	–	–	–	6,491	6,252
Amortization of deferred contributions related to capital assets [note 5(b)]	–	–	–	20,862	20,862	71,101
Interest and donations	–	–	43,864	–	43,864	33,372
Communication and Special Projects	–	4,139	–	–	4,139	–
Diabetes Cardiac Initiative	–	63,811	–	–	63,811	78,849
Student Volunteers	–	100	–	–	100	57
Healthy Baby Program	–	39,334	–	–	39,334	37,075
Intergenerational Community Outreach	–	1,996	–	–	1,996	4,937
Pathways	–	2,624	–	–	2,624	8,280
Nobody’s Perfect Special Projects	–	44,740	–	–	44,740	51,642
Nobody’s Perfect Program	–	74,821	–	–	74,821	86,430
Nutrition Programs	–	798	–	–	798	4,063
Seniors on the Move	–	3,020	–	–	3,020	–
Teen Clinic Volunteer Funding	–	4,063	–	–	4,063	4,883
Young Adult Type 1	–	5,972	–	–	5,972	5,513
	2,882,867	248,885	43,864	20,862	3,196,478	3,213,371
Expenses:						
Amortization of capital assets	–	–	–	23,555	23,555	80,627
Salaries and benefits	2,323,300	185,315	–	–	2,508,615	2,501,407
Building, equipment and maintenance	412,466	–	–	–	412,466	385,219
Printing, stationery and telephone	44,533	9,644	–	–	54,177	54,507
Supplies and services	53,685	48,690	–	–	102,375	101,197
Clinical supplies	16,681	5,236	–	–	21,917	58,196
	2,850,665	248,885	–	23,555	3,123,105	3,181,153
Excess (deficiency) of revenue over expenses	32,202	–	43,864	(2,693)	73,373	32,218
Fund balances, beginning of year	75,572	–	446,662	8,710	530,944	498,726
Fund balances, end of year	$ 107,774	$ –	$ 490,526	$ 6,017	$ 604,317	$ 530,944

See accompanying notes to financial statements.

CLINIQUE YOUVILLE CLINIC INC.

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Operating activities:		
Excess of revenue over expenses	$ 73,373	$ 32,218
Items not involving cash:		
Amortization of capital assets	23,555	80,627
Amortization of deferred contributions related to capital assets	(20,862)	(71,101)
Change in non-cash working capital balances:		
Accounts receivable	55	15,640
Receivable from Winnipeg Regional Health Authority	(85,398)	(44,143)
Prepaid expenses	(2,340)	824
Future employee pre-retirement and sick leave benefits recoverable from Winnipeg Regional Health Authority	(6,266)	(30,754)
Accounts payable and accrued liabilities	77,413	22,862
Future employee pre-retirement benefits payable	7,000	23,915
Sick leave benefits payable	(734)	6,839
Deferred contributions received related to future expense	170,133	304,244
Deferred contributions recognized as revenue in the year	(248,885)	(284,988)
	(12,956)	56,183
Capital activities:		
Purchase of capital assets	(12,456)	(28,628)
Deferred contributions received or receivable related to capital assets	12,456	26,589
	–	(2,039)
Investing activities:		
Increase in short-term investments	(10,630)	(11,458)
Increase (decrease) in cash	(23,586)	42,686
Cash, beginning of year	400,810	358,124
Cash, end of year	$ 377,224	$ 400,810

See accompanying notes to financial statements.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements

Year ended March 31, 2015

General:

The corporation was established March 3, 1983 by the Grey Nuns of Manitoba, without share capital and operates under the name Centre Youville Centre. Effective October 5, 2000, the Catholic Health Corporation of Manitoba assumed sponsorship. The corporation operates two health resource centres, a Community Health Resource Centre in St. Vital and a Diabetes Education Resource Centre in St. Boniface. The mandate of the corporation includes:

- The creation of a comprehensive community based resource for the promotion of healthy lifestyles by assisting people to assume responsibility for their own health and well-being, and to create an awareness of their own resources by offering education, direction and support.

- Nurse managed care and an expanded role outside of the traditional illness focused model of care for health professionals.

- Services for people across their life span with health care teams working together with the community to support programs that range from: maternal child health to chronic diseases; prenatal to parenting workshops; adolescent to women’s health services; as well as a community health information line.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the PS 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

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

Operating grants are recorded as revenue in the period to which they relate.

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.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. Significant accounting policies (continued):

Externally restricted contributions are recorded as deferred contributions and 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 at a rate corresponding with the amortization rate for the related capital assets.

Volunteers are an integral part of carrying out the activities of the corporation. These contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

(b) Operating deficits or surpluses:

The corporation is funded primarily by the Winnipeg Regional Health Authority (WRHA). The corporation's Service Purchase Agreement with the WRHA continues in effect until March 31, 2016.

In accordance with the terms and conditions of the Service Purchase Agreement between the corporation and the WRHA, annual operating deficits are the responsibility of the corporation. The corporation may retain the greater of 50 percent of the annual operating surplus related to insured services and 2 percent of the global budget as provided by the WRHA, in any fiscal year. Those surpluses that are retained by the corporation are subject to review by the WRHA. Annual operating surpluses in excess of 2 percent of the net cost of insured services are repayable to the WRHA.

(c) Fund accounting:

The corporation reports the operations and ancillary programs separately in the unrestricted fund.

Revenue and expenses related to patient care program delivery are reported in the Operations Fund.

The Ancillary Programs Fund includes revenue and expenses related to grant and donation funding used for purposes as designated by the donor, grantor, or other contributor. The use of the funds includes support for research, education, and clinical program activities. Surplus from the Ancillary Program Fund is transferred to internally restricted funds once the programs are complete.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

The Internally Restricted Fund represents funds received through donations and interest income. All expenditures from this fund require the approval of the Board of Directors.

The Capital Fund reports the revenue and expenses related to capital asset equipment and construction projects. Funding for capital assets purchased with internally designated funds is recorded as an inter-fund transfer.

(d) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported 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 corporation has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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 effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The corporation did not incur any remeasurement gains and losses during the year ended March 31, 2015 (2014 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. Significant accounting policies (continued):

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(e) Capital assets:

Capital assets are recorded at cost and are amortized over their estimated useful lives using the following annual rates and methods:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	5 years

(f) Future employee benefits:

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

The accumulated non-vested sick leave liability is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

CLINIQUE YOUVILLE CLINIC INC.
Notes to Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(g) Employee benefits:

The cost of the corporation's vacation benefits is accrued when the benefits are earned by the employees and is reported in accounts payable and accrued liabilities on the statement of financial position. WRHA provides funding for a portion of vacation benefits payable, and this amount is reported as employee benefits recoverable from WRHA on the statement of financial position.

(h) Income taxes:

The corporation is a registered charity within the meaning of the *Income Tax Act* and therefore is exempt from income taxes under Section 149 (1) of the *Income Tax Act*.

(i) 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 expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable, capital assets and obligations related to employee future benefits and amounts deferred for future program expenses. Actual results could differ from those estimates.

2. Receivable from Winnipeg Regional Health Authority:

The details of receivable from WRHA are as follows:

	2015	2014
Basic equipment funding	$ 9,391	$ 26,589
Healthcare spending account	13,205	5,684
Pension contribution increases	15,253	1,907
Pre-retirement funding	31,291	–
Union increases	78,332	24,012
Other	2,079	5,961
	$ 149,551	$ 64,153

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

3. Employee benefit plans:

(a) Employee benefits:

The corporation records a provision for employee benefits including vacation and statutory holiday entitlements. At March 31, 2015, accounts payable and accrued liabilities includes employee benefits payable of $164,470 (2014 - $171,359).

During fiscal 2008, the WRHA confirmed that it will fund a portion of these employee benefits, which is limited to the amount estimated at March 31, 2004. Accordingly, the corporation has recorded a recoverable in the amount of $125,848, representing amounts due from WRHA, and reflects the estimated liability for accumulated employee benefits at that date. Each year thereafter, the corporation is expected to fund the change in the liability from annual funding provided by the WRHA.

(b) Future employee pre-retirement benefits:

The corporation maintains an employee 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.

The estimation of the future pre-retirement benefits obligation has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the corporation's pre-retirement benefit plan obligations include mortality and withdrawal rates, a discount rate of 2.55 percent (2014 - 3.35 percent) and a rate of salary increase of 3.5 percent (2014 - 3.0 percent) plus an age related merit/promotion scale with no provision for disability.

Information about the corporation's pre-retirement benefit plan obligations are as follows:

	2015	2014
Benefit plan obligations:		
Balance, beginning of year	$ 233,617	$ 209,702
Current service cost	20,000	17,934
Pre-retirement pay-out	(18,000)	–
Interest cost	7,000	5,060
Balance, end of year	242,617	232,696
Amortized actuarial loss (gain)	(2,000)	921
Benefit plan obligations, end of year	$ 240,617	$ 233,617

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

3. Employee benefit plans (continued):

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004 and was recorded as a long-term receivable on the statement of financial position.

In addition, during fiscal 2007, the WRHA approved partial funding of the incremental increases in the future employee pre-retirement benefits liability for fiscal 2005 and 2006 of $22,708.

The amount recoverable has been adjusted, based on direction from WRHA, to include the incremental increases in the related liability since 2007, which include an interest component. The increase recorded in fiscal 2015 was $7,000 (2014 - $23,915) recorded as revenue in the statement of operations.

The future employee pre-retirement benefits recoverable from WRHA at March 31, 2015 aggregates $202,476 (2014 - $195,476) and has no specified terms of repayment.

Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Cash funding provided by the WRHA for 2015 was 100 percent (2014 - 100 percent) of actual pre-retirement benefits paid.

(c) Accrued sick-leave entitlement:

The corporation provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the corporation's accumulated non-vested sick leave benefits include a discount rate of 2.55 percent (2014 - 3.35 percent) and a rate of salary increase of 3.5 percent (2014 - 3.0 percent).

A recoverable from the WRHA of $28,821 (2014 - $29,555) for the accumulated non-vested sick leave benefits has been recorded on the statement of financial position. The recoverable has been adjusted, based on direction from WRHA, for the incremental change in the accumulated non-vested sick leave benefits. The decrease recorded in 2015 was $734 (2014 - $6,839 increase) and is recorded in the statement of operations.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

4. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and fixtures	$ 206,626	$ 172,030	$ 34,596	$ 32,680
Computer equipment	329,865	293,060	36,805	52,578
Leasehold improvements	430,399	427,641	2,758	–
	$ 966,890	$ 892,731	$ 74,159	$ 85,258

5. Deferred contributions:

(a) Future expense:

Deferred contributions related to future expense represent unspent externally restricted grants and donations for research, education and programs.

	2015	2014
Balance, beginning of year	$ 270,633	$ 251,377
Add amount received related to future periods	170,133	304,244
Less amount recognized as revenue in the year	(248,885)	(284,988)
Balance, end of year	$ 191,881	$ 270,633

The amount of deferred contributions recognized as revenue during the year is recorded in the statement of operations in ancillary programs.

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the capital fund in the statement of operations.

	2015	2014
Balance, beginning of year	$ 76,548	$ 121,060
Additional contributions received or receivable	12,456	26,589
Less amounts amortized to revenue	(20,862)	(71,101)
Balance, end of year	$ 68,142	$ 76,548

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

5. Deferred contributions (continued):

During fiscal 2014, the corporation undertook server upgrades totaling nil (2014 - $28,628) of which nil (2014 - $26,589) was funded through basic equipment funding received from the WRHA. The balance of the cost was funded by the corporation.

6. Employee pension plan:

Eligible employees of the corporation are members of the Healthcare Employees' Pension Plan - Manitoba (HEPP), a multi-employer defined benefit pension plan.

During the year, the corporation contributed $152,266 (2014 - $145,181) on behalf of its employees. The most recent funding actuarial valuation of the plan as at December 31, 2012 reported that the plan had a deficiency of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency 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. On April 1, 2014, employer contribution rates are 7.9 percent (2014 - 7.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 9.5 percent (2014 - 9.5 percent) on earnings in excess of YMPE. On April 1, 2015, with the inclusion of contributions toward the Cost of Living Adjustment Plan, employer contribution rates increased to 8.7 percent of pensionable earnings up to the YMPE and 10.5 percent on earnings in excess of YMPE.

7. Related party transactions:

(a) From Youville's inception in 1983 to March 31, 2015, the Regina Grey Nuns and the Grey Nuns of Manitoba Inc. have contributed $1,499,026 to Clinique Youville Clinic Inc. The Grey Nuns of Manitoba Inc. did not make any contributions during the years ended March 31, 2015 and 2014. There have been no contributions by Regina Grey Nuns since 1996.

(b) In 2013, the corporation entered into a memorandum of understanding with St. Boniface General Hospital to assist with the corporation's Diabetes Cardiac Surgery Initiative project. During the year, the corporation funded $37,200 (2014 - $37,200) to the St. Boniface General Hospital in connection with this project.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

8. Commitments:

The corporation has committed to lease premises for the St. Boniface and St. Vital centres through August 2018 and January 2017, respectively, as per the following schedule:

Fiscal:		
2016	$	207,925
2017		191,425
2018		96,425
2019		40,177

9. Financial risks:

The corporation has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The corporation is exposed to credit risk with respect to its accounts receivable, receivable from WRHA, cash and short-term investments.

The corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the corporation at March 31, 2015 is the carrying value of these assets.

At March 31, 2015, all accounts receivable were current. There were no amounts past due.

There have been no significant changes to the credit risk exposure from 2014.

(b) Liquidity risk:

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

All accounts payable and accrued liabilities are due within fiscal 2016.

There have been no significant changes to the liquidity risk exposure from 2014.

Financial Statements of

DONWOOD MANOR PERSONAL CARE HOME INC.

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Donwood Manor Personal Care Home Inc.

We have audited the accompanying financial statements of Donwood Manor Personal Care Home Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of changes in net assets, operations and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Donwood Manor Personal Care Home Inc. as at March 31, 2015 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.

Deloitte LLP

Chartered Accountants

May 26, 2015
Winnipeg, Manitoba

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DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Resident trust bank	$ 49,347	$ 30,614
Account receivable (Note 3)	70,326	86,249
Due from Winnipeg Regional Health Authority (Note 8)	333,868	135,858
Prepaid expenses	14,145	16,391
Inventories	55,677	61,699
Due from related parties (Note 4)	36,634	40,263
Vacation entitlements receivable (Note 5)	273,191	273,191
	833,188	644,265
RETIREMENT OBLIGATION ASSETS (Note 14)	683,333	592,333
RESTRICTED DEPOSITS		
Expenses of future periods	64,794	60,931
CAPITAL ASSETS (Note 6)	5,516,664	5,787,450
	$ 7,097,979	$ 7,084,979
LIABILITIES		
CURRENT		
Bank indebtedness (Note 7)	$ 263,550	$ 142,791
Accounts payable and accruals	556,644	325,547
Due to related parties (Note 4)	33,898	39,105
Mortgage amortization grant received in advance	4,274	4,274
Resident trust account	26,896	21,712
Current portion of long-term debt (Note 9)	251,524	296,221
Accrued vacation entitlements (Note 5)	445,600	412,151
	1,582,386	1,241,801
ACCRUED RETIREMENT OBLIGATIONS (Note 14)	683,333	597,892
LONG-TERM DEBT (Note 9)	202,190	236,994
DEFERRED CONTRIBUTIONS (Note 10)		
Expenses of future periods	16,694	15,900
Capital Assets	4,934,304	5,103,542
	7,418,907	7,196,129
COMMITMENTS AND CONTINGENCIES (Note 12)		
DEFICIENCY IN NET ASSETS		
Unrestricted net assets	(449,574)	(261,843)
Invested in capital assets (Note 11)	128,646	150,693
	(320,928)	(111,150)
	$ 7,097,979	$ 7,084,979

APPROVED BY THE BOARD

Original document signed .... Director

Original document signed .... Director

DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015		
	Invested in capital assets	Unrestricted Net Assets	Total
Balance, beginning of year	**$ 150,693**	**$ (261,843)**	**$ (111,150)**
Excess of expenditures over revenues for the year	**(861)**	**(208,917)**	**(209,778)**
Net changes in invested in capital assets	**(21,186)**	**21,186**	**-**
Balance, end of year	**$ 128,646**	**$ (449,574)**	**$ (320,928)**

	2014		
	Invested in capital assets	Unrestricted Net Assets	Total
Balance, beginning of year	$ 140,844	$ (183,444)	$ (42,600)
Excess of revenue over expenditures for the year	(861)	(67,689)	(68,550)
Net changes in invested in capital assets	10,710	(10,710)	-
Balance, end of year	$ 150,693	$ (261,843)	$ (111,150)

DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Operations
For the Year Ended March 31, 2015

	Budget (Unaudited)	2015	2014
REVENUE			
Winnipeg Regional Health Authority (Note 13)	$ 5,850,093	$ 6,369,382	$ 5,947,850
Residential charges	2,037,400	2,061,372	2,037,117
Amortization of deferrred contributions related to capital assets	-	347,098	332,987
Recoveries	376,622	440,047	468,856
Contributed services - value in kind (Note 2 e))	-	63,524	59,803
Interest income	-	634	799
Other income	-	12,963	4,493
	8,264,115	9,295,020	8,851,905
EXPENSE			
Operating (Schedule)	8,402,477	9,093,315	8,526,804
Amortization of capital assets	-	347,959	333,848
Contributed services (Note 2 e))	-	63,524	59,803
	8,402,477	9,504,798	8,920,455
EXCESS OF EXPENDITURES OVER REVENUE BEFORE OTHER ITEMS	(138,362)	(209,778)	(68,550)
OTHER ITEMS			
Change in accrued retirement obligations			
WRHA funding accrued	-	28,000	24,688
Liability for the year	-	(28,000)	(24,688)
	-	-	-
EXCESS OF EXPENDITURES OVER REVENUE	$ (138,362)	$ (209,778)	$ (68,550)

DONWOOD MANOR PERSONAL CARE HOME INC.

Statement of Cash Flows

For the Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of expenditures over revenue	$ (209,778)	$ (68,550)
Items not affecting cash:		
Amortization of capital assets	347,959	333,848
Amortization of deferred contributions - capital assets	(347,098)	(332,987)
	(208,917)	(67,689)
Changes in non-cash operating working capital items:		
Accounts receivable	15,923	(65,646)
Due from WRHA	(198,010)	(106,630)
Prepaid expenses	2,246	17,409
Inventories	6,022	11,949
Accounts payable and accrued liabilities	231,097	(569)
Vacation entitlements accrued	33,449	-
Accrued retirement obligation change, net	(5,559)	5,548
	(123,749)	(205,628)
FINANCING ACTIVITIES		
Change in bank indebtedness	120,759	142,791
Proceeds from deferred contributions	177,860	201,792
Repayment of long-term debt	(79,501)	(76,975)
Due to related parties	(5,207)	-
Deferred contributions - expenses of future periods	794	(16,352)
	214,705	251,256
INVESTING ACTIVITIES		
Due from related parties	3,629	45,923
Acquisition of capital assets	(77,173)	(135,527)
Increase in resident trust	5,184	938
Increase in resident trust bank	(18,733)	(9,100)
Increase in restricted deposits - expenses of future periods	(3,863)	(14,488)
	(90,956)	(112,254)
NET CHANGE IN CASH	-	(66,626)
CASH, BEGINNING OF YEAR	-	66,626
CASH, END OF YEAR	$ -	$ -

1. NATURE OF BUSINESS

Donwood Manor Personal Care Home Inc. (the "Home") changed its name effective June 3, 1997. Previously it was known as the Mennonite Brethren Geriatric Association of Metro Winnipeg Inc., which was incorporated on February 13, 1969. The entity continues to provide residential care and has retained its registration as a charitable organization.

Effective April 1, 1999, government funding is primarily provided by the Winnipeg Regional Health Authority (the "WRHA") through a service purchase agreement. The WRHA is responsible for the overall planning and integration of services to the region and the appropriate allocation of funding to Winnipeg's hospitals, community based health services, long-term care services, health promotion and disease prevention services.

Donwood Manor Personal Care Home Inc. is a member of the Donwood Group of companies which operate under the control of a common Board of Directors and provide long-term care and assisted living services to senior citizens in Winnipeg. Other entities in the Group include Donwood Manor EPH Inc., Donwood South Inc., Winnipeg Condominium Corporation No. 297 and Donwood West Inc.

Also related to the Group is the Donwood Manor Foundation Inc. and its related entities, Valhalla Cove Inc. and Donwood Management Inc. by virtue of overlapping board membership and management.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) *Capital assets*

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following terms:

Buildings	40 years
Furniture and equipment	5 - 10 years

b) *Revenue recognition*

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition (continued)

Under the *Health Insurance Act* and regulations thereto, the Home is funded primarily through the WRHA by the Province of Manitoba in accordance with budget arrangements established by the WRHA. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect discussions with the WRHA with respect to the year ended March 31, 2015.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts as follows:

i) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement dated March 6, 2002.

ii) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year or 2% of the global budget indicated in its funding letter from the WRHA for any such fiscal year. Any surplus beyond the foregoing levels shall be repaid to the WRHA on demand.

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 expenditures are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Revenue from residential and other services is recognized when the goods are sold or the service is provided.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

d) Inventories

Inventories are carried at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis.

e) Contributed services

A substantial number of volunteers contribute a significant amount of volunteer time each year. The fair value of the hours provided to the Corporation have been estimated by Management and recorded in the statement of operations.

f) Employee future benefits

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.

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these financial statements are included in the determination of the useful lives of capital assets, accrued vacation entitlements and accrued retirement obligations. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

	2015	2014
Receivable from residents	$ **1,210**	$ -
Accounts receivable	**51,632**	47,918
Goods and Services Tax	**17,484**	38,331
	$ **70,326**	$ 86,249

4. DUE FROM (TO) RELATED PARTIES

	2015	2014
Due from Donwood Manor EPH Inc.	$ **32,075**	$ 8,686
Due from Donwood South Inc.	**-**	3,183
Due from Donwood Manor Foundation Inc.	**-**	25,441
Due from Valhalla Cove Inc.	**-**	1,441
Due from Donwood Management Inc.	**1,267**	1,267
Due from Winnipeg Condominium Corporation No. 297	**3,292**	245
	$ **36,634**	$ 40,263

	2015	2014
Due to Donwood Manor Foundation Inc.	$ **(29,559)**	$ (39,105)
Due to Donwood South Inc.	**(632)**	-
Due to Valhalla Cove Inc.	**(3,707)**	-
	$ **(33,898)**	$ (39,105)

Amounts due from related parties are unsecured and non-interest bearing with no specific terms of repayment.

The amount due to Donwood Manor Foundation Inc. of $29,559 is a loan payable that bears interest at 3.50% with principal repayments as follows:

2016	$ 9,602
2017	9,938
2018	10,019

Administrative salaries are charged to Winnipeg Condominium Corporation No. 297 in the amount of $15,606 (2014 - $15,116). These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for sales of product or services.

5. ACCRUED VACATION ENTITLEMENTS

The Home 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.

6. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 15,000	$ -	$ 15,000	$ 15,000
Buildings	9,476,211	4,738,794	4,737,417	4,949,603
Furniture and equipment	2,294,133	1,529,886	762,247	822,847
	$ 11,785,344	$ 6,268,680	$ 5,516,664	$ 5,787,450

7. BANK INDEBTEDNESS

The Home has accessed $263,550 of its approved line of credit of $500,000 with the Royal Bank of Canada. This line of credit is secured by a general assignment of book debts and bears interest at prime.

8. DUE (TO) FROM WINNIPEG REGIONAL HEALTH AUTHORITY

	2015	2014
2004/2005 funding adjustment	$ (107,034)	$ (107,034)
2005/2006 funding adjustment	26,226	26,226
2006/2007 funding adjustment	(39,364)	(39,364)
2007/2008 funding adjustment	23,334	23,334
2008/2009 funding adjustment	(66,344)	(66,344)
2009/2010 funding adjustment	(9,323)	(9,323)
2010/2011 funding adjustment	66,022	66,022
2011/2012 funding adjustment	82,724	82,724
2012/2013 funding adjustment	(22,277)	(19,261)
2013/2014 funding adjustment	48,481	178,878
2014-2015 funding adjustment	331,423	-
	$ 333,868	$ 135,858

9. LONG-TERM DEBT

	2015	2014
Generator loan	$ 215,278	$ 260,938
CMHC loan	238,436	272,277
	453,714	533,215
Less: current portion	(251,524)	(296,221)
	$ 202,190	$ 236,994

The generator loan bears interest at prime less 0.5% and is repayable in monthly amounts of $3,805 plus interest. Matures January 1, 2016.

The CMHC loan bears interest at 7.875% and is repayable in monthly blended amounts of $4,469. Matures August 1, 2020.

Principal repayments over the next five years are expected to be as follows:

2016	$ 251,524
2017	39,205
2018	42,407
2019	45,870
2020	49,615

10. DEFERRED CONTRIBUTIONS

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs and equipment replacement.

	2015	2014
Balance, beginning of year	$ 15,900	$ 32,252
Add: amount received during the year	24,799	24,799
Less: expenditures for the year	(24,005)	(41,151)
	$ 16,694	$ 15,900

10. DEFERRED CONTRIBUTIONS (continued)

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	$ 5,103,542	$ 5,234,737
Add: WRHA contributions	177,860	190,792
Add: Foundation contribution	-	11,000
Less: amounts amortized to revenue	(347,098)	(332,987)
	$ 4,934,304	$ 5,103,542

11. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 5,516,664	$ 5,787,450
Less: amounts financed by deferred contributions	(4,934,304)	(5,103,542)
Less: amounts financed by long-term debt	(453,714)	(533,215)
	$ 128,646	$ 150,693

Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Amortization of deferred contributions	$ 347,098	$ 332,987
Amortization of capital assets	(347,959)	(333,848)
Purchase of capital assets	77,173	135,527
Amounts funded by WRHA capital asset funding	(77,173)	(124,817)
Amounts repaid during the year	79,501	76,975
Mortgage repayments funded by WRHA	(79,501)	(76,975)
Funding received for capital assets previously purchased	(21,186)	-
	$ (22,047)	$ 9,849

12. COMMITMENTS AND CONTINGENCIES

a) The nature of the Home's activities are such that there may be litigation pending or in progress at any time. With respect to claims at March 31, 2015 management believes the Home has valid defenses and appropriate insurance coverage in place or has made sufficient provision for any uninsured payments to be made. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

b) 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 to exchange with other 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, if 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, 2015.

The Home is a named insured under the WRHA policy with HIROC.

13. REVENUE FROM THE WINNIPEG REGIONAL HEALTH AUTHORITY

WRHA Revenue per final funding report	$ 5,328,121
Add:	
Staffing increase for hours of care	627,249
MNU salaries and benefits	85,662
PIECES training	3,720
Health care and pension benefits	68,299
Current change in pre-retirement liability	91,000
Pre-retirement actual payouts (100% funded by WRHA)	44,041
Support staff increases	95,724
Supplemental staffing	128,903
Median rate funding	19,989
Miscellaneous	5,958
	1,170,545
Less:	
Principal repayment	(79,512)
Interest repayment	(20,664)
Reserve for major repairs	(5,136)
Residential charges repayable	(23,972)
	(129,284)
Revenue from WRHA	$ 6,369,382

14. EMPLOYEE FUTURE BENEFITS

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home'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 of continuous 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

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2012. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.90% (2014 - 4.10%) and a rate of salary increase of 3.50% (2014 - 3.00%) plus age related merit/promotion scale with a provision for potential 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 actual funding to the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, the WRHA 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.

	2015	2014
Employee future benefits recovered from		
Manitoba Health	$ **372,737**	$ 372,737
WRHA	**310,596**	225,155
	$ **683,333**	$ 597,892

14. EMPLOYEE FUTURE BENEFITS (continued)

b) 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" or "HEPP")) 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 eleven 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, combined with the contribution 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, 2012 indicates the plan is in a deficit. The HEPP board continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. The Home has fully met its obligations and has fully paid the required premiums. Contributions to the plan made during the year by the Home on behalf of its employees amounted to $497,984 (2014 - $426,003) and are included in the statement of operations.

15. FUNDING OF FUTURE EMPOYEE BENEFITS

Effective April 1, 2004 Manitoba Health directed all health care facilities (including non-profit personal care homes) to discontinue establishing a receivable from Manitoba Health for the funding of future employee benefits given that the responsibility for payment of same would be transferred to the WRHA. Contrary to the long-standing practice prior to April 1, 2004, the WRHA has since directed all health care facilities to record the future employee benefits liability, but not the corresponding receivable for the fiscal years ending March 31, 2005 and 2006.

For the fiscal years ending March 31, 2007-2012, the WRHA has agreed to fund the change in pre-retirement leave and as such, the receivable has been adjusted to reflect this.

15. FUNDING OF FUTURE EMPOYEE BENEFITS (continued)

The Home has taken the position that Unfunded Future Employee Benefits (which include Pre-retirement Leave and Vacation Accrual) should be recoverable from the WRHA. For the fiscal year ending March 31, 2015, the unfunded portion of future employee benefits amounts to $nil (2014 - $nil).

The Home's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Based on this understanding, the corresponding responsibility for the future funding of these benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including Donwood Manor PCH).

16. CAPITAL MANAGEMENT

The Home considers its capital to include its Unrestricted Net Assets and Invested in Capital Assets balances. There have been no changes to what the Home considers to be its capital since the previous period.

As a not-for-profit entity, the Home's operations are reliant on revenues generated annually. The Home has accumulated a deficit over its history, which are included in the unrestricted net assets in the statement of financial position.

The Home is currently endeavoring to eliminate this accumulated deficit and return to a position which would enable it to more adequately fund its working capital requirements.

17. FINANCIAL RISK MANAGEMENT

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home'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 Home'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 Home to credit risk consist principally of accounts receivable.

17. FINANCIAL RISK MANAGEMENT (continued)

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Account receivable	$ 80,059	$ 86,249
Due from the WHRA	333,868	135,858
Vacation entitlements receivable	273,191	273,191
Retirement obligations receivable	683,333	592,333
	$ 1,370,451	$ 1,087,631

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

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

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

Foreign exchange risk

The Home 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.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's method of presentation.

DONWOOD MANOR PERSONAL CARE HOME INC. **Schedule**
Schedule of Supplementary Information
For the Year Ended March 31, 2015

	Budget (Unaudited)	2015	2014
OPERATING COSTS			
Salaries			
Nursing services	$ 4,044,652	$ 4,421,268	$ 4,120,450
Special services	216,343	232,680	196,635
General services	1,726,093	1,726,496	1,739,455
Employee Benefits			
Canada Pension Plan	272,242	262,406	245,061
Employment Insurance	142,089	148,425	138,973
Registered pension	459,342	497,984	426,003
Health and education levy	128,248	139,055	130,982
Workers Compensation Insurance	125,862	131,821	135,442
Dental plan insurance	22,040	38,916	117,932
Group Life Insurance	481	13,207	12,738
Group health care	41,604	53,784	-
Disability and rehabilitation	133,920	118,608	114,588
Employee Assistance Program	8,156	31,464	7,136
Pre-retirement leave	-	135,041	18,854
Medical Supplies			
Medical / surgical supplies	53,760	56,836	60,105
Incontinence supplies	58,500	60,632	55,812
Hygiene supplies	10,000	12,584	11,781
Drugs, pharmaceutical supplies	756	1,023	1,480
Other supplies and expenses	7,500	4,535	3,167
Resident transportation	15,900	13,139	14,818
Recreation therapy / volunteer	8,196	9,241	9,998
Food services supplies	375,008	383,787	377,400
Laundry and linen supplies	21,156	23,187	29,666
Housekeeping supplies	27,008	31,594	29,914
Physical plant			
Natural gas	65,000	72,672	63,334
Water and sewer	49,500	55,161	51,301
Electricity	95,680	114,010	108,247
Insurance - property	10,000	17,564	5,563
Property taxes	42,545	35,113	39,414
Security and fire	15,000	16,054	-
Maintenance	100,894	122,088	133,533
Insurance - liability	4,000	4,318	14,166
Membership fees	3,500	3,810	3,862
Professional fees	19,996	15,107	15,340
Advertising	5,000	3,794	2,981
Staff education and travel	14,500	13,035	14,543
Computer expenses	57,406	24,401	28,901
Bank charges and interest	7,000	7,141	6,684
Office and misceleanous expenses	42,600	41,336	40,545
	$ 8,431,477	$ 9,093,315	$ 8,526,804

Financial Statements of

EDEN MENTAL HEALTH CENTRE

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Eden Mental Health Centre

We have audited the accompanying financial statements of Eden Mental Health Centre, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Eden Mental Health Centre as at March 31, 2015 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.

Deloitte LLP

Chartered Accountants

June 30, 2015
Winnipeg, Manitoba

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EDEN MENTAL HEALTH CENTRE
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	$ 192,492	$ 359,551
Accounts receivable	64,033	68,872
Inventory	52,410	58,010
Prepaid expenses	17,572	28,643
Vacation entitlement receivable (Note 3)	268,606	268,606
	595,113	783,682
CAPITAL ASSETS (NOTE 4)	1,470,278	1,643,726
DUE FROM SOUTHERN HEALTH - SANTÉ SUD PRE-RETIREMENT ENTITLEMENT (NOTE 3)	418,000	395,000
RESTRICTED ASSETS	26,176	39,636
	$ 2,509,567	$ 2,862,044
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 513,812	$ 401,621
Advanced payments received	341,666	-
Due to Southern Health - Santé Sud (Note 5)	439,516	989,623
Accrued vacation entitlements (Note 3)	410,111	389,915
	1,705,105	1,781,159
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (NOTE 6)	926,776	997,402
PRE-RETIREMENT ENTITLEMENT (NOTE 3)	418,000	395,000
	3,049,881	3,173,561
CONTINGENCIES (NOTE 11)		
NET ASSETS		
Invested in Capital Assets (Note 7)	543,502	646,324
Internally Restricted	392	8,659
Unrestricted	(1,084,208)	(966,500)
	(540,314)	(311,517)
	$ 2,509,567	$ 2,862,044

APPROVED BY THE DIRECTORS

Original document signed .... Director   Original document signed .... Director

EDEN MENTAL HEALTH CENTRE
Statement of Operations
Year Ended March 31, 2015

	2015	2014
REVENUE		
Southern Health - Santé Sud (Note 8)	$ 8,405,051	$ 8,137,552
Interest income	2,741	10,723
Other income	36,056	81,678
Pharmacy income	546,361	531,936
Amortization of deferred contributions	70,626	42,461
Parking recovery	5,335	4,251
	9,066,170	8,808,601
EXPENSES		
Administration	671,157	743,892
Amortization	124,318	108,511
Dietary	350,860	347,055
Housekeeping	175,764	173,377
Medical records	261,553	252,808
Nursing department	2,661,743	2,750,094
Occupational therapy	119,207	121,449
Pharmacy - in patient	211,026	228,464
Pharmacy - out patient	414,974	371,844
Plant maintenance	316,031	339,969
Pre-retirement leave	38,571	54,066
Psychiatric clinic	2,289,783	2,196,524
Psychogeriatric	129,803	176,363
Social work	1,530,177	1,484,903
	9,294,967	9,349,319
DEFICIENCY OF REVENUE OVER EXPENSES	$ (228,797)	$ (540,718)

EDEN MENTAL HEALTH CENTRE
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015			
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	$ 646,324	$ 8,659	$ (966,500)	$ (311,517)
Deficiency of revenue over expenses	(53,692)	(8,267)	(166,838)	(228,797)
Investment in capital assets	(49,130)	-	49,130	-
Balance, end of year	$ 543,502	$ 392	$ (1,084,208)	$ (540,314)

	2014			
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	$ 691,887	$ 24,458	$ (487,144)	$ 229,201
Deficiency of revenue over expenses	(66,050)	(15,799)	(458,869)	(540,718)
Investment in capital assets	20,487	-	(20,487)	-
Balance, end of year	$ 646,324	$ 8,659	$ (966,500)	$ (311,517)

EDEN MENTAL HEALTH CENTRE
Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	$ (228,797)	$ (540,718)
Items not affecting cash:		
Amortization of deferred contributions	(70,626)	(42,461)
Amortization expense	124,318	108,511
	(175,105)	(474,668)
Changes in non-cash working capital balances:		
Accounts receivable	4,839	12,237
Inventory	5,600	(2,318)
Prepaid expenses	11,071	(18,178)
Accounts payable and accrued liabilities	112,191	(261,815)
Advanced payments received	341,666	-
Due to Southern Regional Health Authority	(550,107)	(415,861)
Accrued vacation entitlements	20,196	23,651
	(229,649)	(1,136,952)
FINANCING ACTIVITIES		
Funding received for capital assets	50,000	65,000
Deferred contributions received - capital assets	-	305,348
	50,000	370,348
INVESTING ACTIVITIES		
Purchase of capital assets	(870)	(390,835)
Change in restricted assets	13,460	44,191
	12,590	(346,644)
DECREASE IN CASH POSITION	(167,059)	(1,113,248)
CASH POSITION, BEGINNING OF YEAR	359,551	1,472,799
CASH POSITION, END OF YEAR	$ 192,492	$ 359,551

1. NATURE OF BUSINESS

Eden Mental Health Centre (the "Facility") was incorporated under the Manitoba Corporations Act in 1957. The Facility operates a community psychiatric clinic, acute care hospital and related rehabilitation programs for people of Manitoba with mental health issues. The Facility is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Revenue recognition*

The Facility follows the deferral method of accounting for contributions which include donations and government grants. The Facility is funded primarily by the Province of Manitoba, through the Southern Health – Santé Sud ("SHSS"). Funding is in accordance with budget arrangements established by Manitoba Health, with regional adjustments made by the SHSS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

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, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance 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.

Pharmacy sales are recognized at the point of sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Inventory*

Carrying value is determined at the lower of cost and net realizable value with cost determined on a first-in, first-out basis. Net realizable value is the estimated selling price less the costs necessary to make the sale.

c) *Contributed services*

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

d) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated useful life of an asset, are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to residual value.

Capital assets are amortized on a declining balance basis following the year of acquisition using the following annual rates:

Buildings	5%
Computer equipment	20%
Equipment	10%
Furniture and fixtures	20%
Leasehold improvements	10%
Land improvements	10%

e) *Pre-Retirement entitlement obligation*

The Facility has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they have ten years service and have reached the age of 55 or qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

The Facility has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end statement of financial position 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 SHSS on an out-of-globe basis in the year of payment.

f) *Internally restricted net assets*

The Internally restricted net assets are internally restricted for the use of the volunteer program.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

h) *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value. The Facility subsequently measures all its financial assets and financial liabilities at amortized cost.

i) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of significant estimates relate to the useful life of capital asset and the pre-retirement entitlement. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. VACATION AND PRE-RETIREMENT ENTITLEMENT RECEIVABLES

	2015	2014
Vacation entitlement receivable	**$ 268,606**	$ 268,606
Pre-retirement entitlement receivable	**418,000**	395,000

Funding for the vacation entitlement obligation earned by employees of the Facility as at March 31, 2004 in the amount of $268,606 has been set up as a current receivable due from SHSS, with an equal and off-setting liability included in accrued vacation entitlements. Accrued vacation entitlements, totalling $410,111 (2014 – $389,915), also includes obligations relating to accrued vacation entitlements that have arisen since March 31, 2004.

Funding for the pre-retirement obligation at March 31, 2015 in the amount of $464,000 (2014 – $395,000) has been set up as a non-current receivable from SHSS. The amount recorded as a receivable for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004 and has been updated annually since then. The receivable will be paid by SHSS when the Facility requires the funding to discharge the related pre-retirement liabilities.

3. VACATION AND PRE-RETIREMENT ENTITLEMENT RECEIVABLES (continued)

The significant actuarial assumptions adopted in measuring the Facility's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 2.125% (3.35% in 2014) and a rate of salary increase of 3.50% (3.00% in 2014) plus age related merit / promotion scale with actuarial derived provisions for disability.

4. CAPITAL ASSETS

	2015			2014
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 2,031**	**$ -**	**$ 2,031**	$ 2,031
Buildings	**2,292,292**	**1,469,515**	**822,777**	867,115
Computer equipment	**262,980**	**162,483**	**100,497**	169,054
Equipment	**1,142,020**	**837,966**	**304,054**	337,838
Leasehold improvements	**407,541**	**179,061**	**228,480**	253,867
Land improvements	**47,587**	**35,148**	**12,439**	13,821
	$ 4,154,451	**$ 2,684,173**	**$ 1,470,278**	$ 1,643,726

5. DUE TO SOUTHERN HEALTH – SANTÉ SUD

	2015	2014
Estimated year end payable – non global	**$ 1,208,657**	$ 1,845,594
Estimated year end (receivable) - supplementary	**(769,141)**	(855,971)
	$ 439,516	$ 989,623

6. DEFERRED CONTRIBUTIONS

	2015	2014
Related to capital assets		
Balance, beginning of year	**$ 997,402**	$ 734,515
Add: additional contributions received	**-**	305,348
Less: amounts amortized to revenue	**(70,626)**	(42,461)
	$ 926,776	$ 997,402

7. NET INVESTMENT IN CAPITAL ASSETS

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

	2015	2014
Capital assets	**$ 1,470,278**	$ 1,643,726
Less: amounts to be amortized to revenue	**(926,776)**	(997,402)
	$ 543,502	$ 646,324

b) *Changes in net assets invested in capital assets is calculated as follows:*

	2015	2014
Amortization of deferred contributions related to capital assets	**$ 70,626**	$ 42,461
Less: amortization expense	**(124,318)**	(108,511)
	(53,692)	(66,050)
(Refund) purchase of capital assets	**(49,130)**	325,835
Amounts funded by deferred contributions	**-**	(305,348)
	(49,130)	20,487
	$ (102,822)	$ (45,563)

8. SOUTHERN HEALTH – SANTÉ SUD REVENUE

Southern Health – Santé Sud revenue includes the following:

	2015	2014
Revenue per final budget	**$ 7,908,299**	$ 7,826,549
Current year end estimated – non-global amount	**240,146**	111,303
Other year end adjustments	**185,398**	90,792
One time funding	**71,208**	108,908
	$ 8,405,051	$ 8,137,552

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

9. PENSION PLAN

Substantially all employees of the Facility are members of the Health Employees Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities with the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for a defined contribution plan in accordance with the requirement of the Canadian Institute of Chartered Accountants' Handbook section 3462.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.8% of basic annual earnings up to the Canada Pension Plan ceiling and 8.4% of earning in excess of the ceiling, contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of 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, 2012, indicates a deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits of $309,100,000 as well as a solvency deficiency of $2,095,047,000. Actual contributions to the plan made during the year by the Facility on behalf of its employees amounted to $362,762 (2014 - $328,687) and are included in the statement of operations.

10. BANK INDEBTEDNESS

The Facility has an available line of credit of $500,000 which is secured by a general security agreement. Interest is calculated at the bank's prime rate, payable monthly and due on demand. The line of credit was not drawn upon at year-end.

11. CONTINGENCIES

The Facility is subject to individual legal actions arising in the normal course of business. The effect of any contingent claims relating to these legal actions is not determinable at the date of the audit report.

The Healthcare Insurance Reciprocal of Canada ("HIROC") is an organization that pools the public liability insurance risks of all its members. The Facility may be subjected to reassessment for losses, if any, experienced by the pool for the years in which it was a member, and these losses could be material. No reassessments have been made to March 31, 2015.

12. ECONOMIC DEPENDENCE

The Facility receives in excess of 90% of its total revenue from SHSS and is economically dependent on SHSS for its continued operations.

13. CAPITAL MANAGEMENT

The Facility defines its capital as the amounts included in the Net Asset balances.

The Facility's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to its residents.

The Facility sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

14. COMPARATIVE FIGURES

Certain prior period comparatives have been reclassified to conform to the current year's presentation.

Financial Statements of

FRED DOUGLAS PERSONAL CARE HOME,

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Year ended March 31, 2015

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fred Douglas Society Inc.

We have audited the accompanying financial statements of Fred Douglas Personal Care Home, a Division of Fred Douglas Society Inc., which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fred Douglas Personal Care Home, a Division of Fred Douglas Society Inc. as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Accountants

June 17, 2015

Winnipeg, Canada

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash (note 2)	$ 305,648	$ 196,066
Accounts receivable (note 3)	811,687	511,251
Inventories and prepaid expenses	41,112	33,304
Employee benefits recoverable from Winnipeg Regional Health Authority (note 11[iii])	355,603	355,603
Short-term investments (note 4)	58,038	70,978
Receivable from related entities (note 5)	39,904	348,072
	1,611,992	1,515,274
Investments (note 4)	148,127	132,935
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 11[i])	1,059,327	1,016,719
Capital assets (note 6)	4,136,198	4,141,096
	$ 6,955,644	$ 6,806,024

		2015		2014

Liabilities, Deferred Contributions and Net Assets

Current liabilities:				
Accounts payable and accrued liabilities	$	931,500	$	1,012,947
Bank financing (note 7)		252,715		323,048
		1,184,215		1,335,995
Employee future benefits (note 11[i])		1,032,345		989,737
Deferred contributions (note 8):				
Donations		11,252		12,734
Expenses of future periods		15,966		14,454
Capital assets		3,061,001		3,029,858
Equipment reserve		42,242		20,507
Reserve for major repairs		253,054		202,270
		3,383,515		3,279,823
Net assets:				
Unrestricted		533,087		412,279
Invested in capital assets (note 9)		822,482		788,190
		1,355,569		1,200,469
Commitment (note 12)				
	$	6,955,644	$	6,806,024

See accompanying notes to financial statements.

On behalf of the Board:

Original document signed

Director "Eric Jensen, Chair - Board of Directors"

Original document signed

Director "Larry Beeston, Chair - Finance Committee"

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Winnipeg Regional Health Authority - Operating	$ 7,075,924	$ 6,900,087
Winnipeg Regional Health Authority - Adult Day Program	214,157	212,448
Resident charges	2,396,924	2,321,973
Participant charges - Adult Day Program	34,403	35,228
Donations and grants	12,845	18,254
Amortization of deferred contributions (note 8[c])	239,020	220,655
	9,973,273	9,708,645
Other income:		
Ancillary	950	1,927
Investment	2,105	3,422
Cafeteria	45,174	43,785
Other	36,401	34,122
	84,630	83,256
Total revenue	10,057,903	9,791,901
Expenses:		
Operating	9,428,166	9,238,901
Adult Day Program	219,592	240,453
Amortization of capital assets	255,045	236,495
	9,902,803	9,715,849
Excess of revenue over expenses before the undernoted	155,100	76,052
Employee future benefits adjustment (note 11)	(42,608)	47,887
Funding (reduction) for employee future benefits (note 11)	42,608	(47,887)
Excess of revenue over expenses	$ 155,100	$ 76,052

See accompanying notes to financial statements.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	Unrestricted	Invested in capital assets	2015 Total	2014 Total
Net assets, beginning of year	$ 412,279	$ 788,190	$ 1,200,469	$ 1,124,417
Excess (deficiency) of revenue over expenses	171,125	(16,025)	155,100	76,052
Transfer for bank financing payments	(70,333)	70,333	–	–
Transfer of funds related to capital asset additions	20,016	(20,016)	–	–
Net assets, end of year	$ 533,087	$ 822,482	$ 1,355,569	$ 1,200,469

See accompanying notes to financial statements.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Operating activities:		
Excess of revenue over expenses	$ 155,100	$ 76,052
Items not involving cash:		
Amortization of capital assets	255,045	236,495
Amortization of deferred contributions related to capital assets	(239,020)	(219,569)
Change in non-cash operating working capital:		
Restricted cash	(67,684)	(26,603)
Accounts receivable	(300,436)	(181,582)
Inventories and prepaid expenses	(7,808)	(5,300)
Accounts payable and accrued liabilities	(81,447)	96,502
Net increase in deferred contributions related to donations, expenses of future periods, and reserve for major repairs	50,814	49,453
	(235,436)	25,448
Capital activities:		
Purchase of capital assets	(250,147)	(141,089)
Deferred contributions received for capital assets and equipment reserves	291,898	139,057
	41,751	(2,032)
Investing activities:		
Increase in investments	(2,252)	(23,124)
Change in receivable from related entities	308,168	(133,504)
	305,916	(156,628)
Financing activities:		
Repayment of bank financing	(70,333)	(70,056)
Increase (decrease) in cash	41,898	(203,268)
Cash, beginning of year	58,296	261,564
Cash, end of year (note 2)	$ 100,194	$ 58,296

See accompanying notes to financial statements.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements

Year ended March 31, 2015

General:

Fred Douglas Personal Care Home, a Division of Fred Douglas Society Inc. (the Division) operates a 136-bed personal care home and 90-space adult day program in Winnipeg, Manitoba. Fred Douglas Society Inc. is an outreach ministry of the United Church of Canada.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

(a) Basis of presentation:

These financial statements include only the assets, liabilities, operations and net assets of the Division. These financial statements have been prepared solely for the purposes of management. As these financial statements have not been prepared for general purposes, readers may require further information. Non-consolidated financial statements of Fred Douglas Society Inc. (the Society) (unaudited) have been prepared for distribution to the Board of Directors.

(b) Revenue recognition:

The Division follows the deferral method of accounting for contributions, which includes government funding. The Division is funded primarily by the 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. The Division's SPA with the WRHA expired March 31, 2015, however an extension to the agreement expiring December 15, 2015 has been agreed to between the Division and the WRHA.

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.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. Significant accounting policies (continued):

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.

Investment income includes interest income and realized investment gains and losses.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported 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. Management has not elected to record any financial instruments 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 effective interest method.

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 Division 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 Division 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.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(d) 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 Division's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis at the following rates:

Asset	Rate
Buildings	40 years
Furniture, equipment and computer software	3 to 10 years

(e) Employee future benefits:

The cost of the Division'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 Division's employee future pre-retirement benefits include mortality and withdrawal rates, a discount rate of 2.55 percent (2014 - 3.35 percent), a rate of salary increase of 3.5 percent (2014 - 3.00 percent) plus an age-related merit/promotion scale with no provision for disability.

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

(f) Contributed services:

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

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

1. Significant accounting policies (continued):

(g) Income taxes:

The Society is exempt from tax under Section 149 of the *Income Tax Act.*

(h) 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 expenses 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.

2. Cash:

	2015	2014
Cash - unrestricted	$ 100,194	$ 58,296
Restricted cash	205,454	137,770
	$ 305,648	$ 196,066

Restricted cash, along with restricted investments disclosed in note 4, represents cash held for deferred contributions related to donations, expenses of future periods, equipment reserve and reserve for major repairs.

The Division has a demand revolving credit facility with a maximum limit of $500,000 (2014 - $500,000). The operating credit line bears interest at prime rate plus 1 percent (2014 - prime rate plus 1 percent). The facility is secured by a general security agreement and a first charge collateral mortgage against property of the Society. At March 31, 2015, the Division has not utilized this facility (2014 - nil).

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

3. Accounts receivable:

	2015	2014
Accounts receivable	$ 24,403	$ 42,233
Receivable from Winnipeg Regional Health Authority:		
Pre-retirement leave	269,074	293,012
MGEU contract increases	168,413	88,858
MNU contract increases	149,538	47,836
Group health benefit funding	22,987	28,503
Resident charges	(15,469)	(216)
Capital funding	180,382	39,620
Pension increase funding	44,568	5,571
Surplus recovery (a)	(70,000)	(70,000)
Other	37,791	35,834
	$ 811,687	$ 511,251

(a) In accordance with the terms and conditions of the SPA, the surplus the Division may retain is the greater of 50 percent of the operating surplus and 2 percent of the global budget as provided by the WRHA, in any fiscal year. The remaining operating surplus of the Division in any fiscal year is repayable to the WRHA. The surplus recovery balance in both 2014 and 2015 relates to the operating surplus for fiscal 2013, which will be paid upon review by the WRHA.

4. Investments:

	2015		2014	
	Average effective yield	Carrying value	Average effective yield	Carrying value
Government investment certificates	2.41%	$ 189,907	2.69%	$ 186,108
Money market fund		16,258		17,805
		206,165		203,913
Current portion, shown as short-term investments		(58,038)		(70,978)
		$ 148,127		$ 132,935

The government investment certificates mature during fiscal years 2016 to 2019.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

4. Investments (continued):

The allocation of investments between unrestricted and restricted is as follows:

	2015	2014
Unrestricted investments	$ 89,105	$ 91,718
Restricted investments	117,060	112,195
	$ 206,165	$ 203,913

5. Receivable from related entities:

The receivable from (payable to) related entities are as follows:

	2015	2014
Fred Douglas Heritage House Inc.	$ 3,608	$ 77,033
Fred Douglas Foundation, Inc.	21,047	57,469
Fred Douglas Apartments	12,051	52,683
Fred Douglas Courts	4,834	148,673
6032281 Manitoba Association Inc.	(41)	129
Fred Douglas Society Inc.	(1,595)	12,085
	$ 39,904	$ 348,072

Fred Douglas Heritage House Inc. is an organization controlled by the Society. 6032281 Manitoba Association Inc. is a wholly-owned subsidiary of Fred Douglas Heritage House Inc. Fred Douglas Apartments and Fred Douglas Courts are divisions of the Society. Fred Douglas Foundation, Inc. is an organization over which the Society exercises significant influence. The receivables from/payable to these entities are non-interest bearing, with no fixed terms of repayment and are unsecured.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

6. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 17,137	$ –	$ 17,137	$ 17,137
Buildings	9,751,074	6,361,468	3,389,606	3,529,936
Furniture, equipment and computer software	2,536,105	1,806,650	729,455	594,023
	$ 12,304,316	$ 8,168,118	$ 4,136,198	$ 4,141,096

7. Bank financing:

	2015	2014
3.00% mortgage, Assiniboine Credit Union, payable $3,095 monthly including principal and interest, maturing January 25, 2016	$ 179,668	$ 211,281
3.00% demand term loan, Assiniboine Credit Union, interest at payable $3,563 monthly including principal and interest, maturing January 25, 2016	73,047	111,767
	$ 252,715	$ 323,048

The Assiniboine Credit Union mortgage and term loan are secured as disclosed in note 2 for the demand revolving credit facility.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

8. Deferred contributions:

(a) Donations:

Deferred contributions related to donations represent restricted funding received for specific improvement projects and enhancements to resident living.

		2015		2014
Balance, beginning of year	$	12,734	$	14,491
Contributions received		7,081		12,449
Amounts recognized as revenue in the year		(8,563)		(14,206)
Balance, end of year	$	11,252	$	12,734

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent restricted funding received for future expenses related to insurance deductibles and claims.

		2015		2014
Balance, beginning of year	$	14,454	$	14,028
Contributions received		1,512		1,512
Amounts recognized as revenue in the year		–		(1,086)
Balance, end of year	$	15,966	$	14,454

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

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8. Deferred contributions (continued):

(c) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets.

	2015	2014
Balance, beginning of year	$ 3,029,858	$ 3,089,786
Transfer from deferred contributions - equipment reserve	2,065	28,742
Contributions received	268,098	130,899
Amounts amortized to revenue in the year	(239,020)	(219,569)
Balance, end of year	$ 3,061,001	$ 3,029,858

(d) Equipment reserve:

Deferred contributions related to equipment reserve represent unspent contributions for the future purchase of capital assets. When the capital assets are purchased, an equivalent amount is transferred from this reserve to the deferred contributions related to capital assets.

	2015	2014
Balance, beginning of year	$ 20,507	$ 41,091
Contributions received	23,800	8,158
Transfer to deferred contributions - capital assets	(2,065)	(28,742)
Balance, end of year	$ 42,242	$ 20,507

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

8. Deferred contributions (continued):

(e) Reserve for major repairs:

Deferred contributions related to reserve for major repairs represent restricted funding received for the future purchase of equipment replacement and major repairs.

	2015	2014
Balance, beginning of year	$ 202,270	$ 151,486
Contributions received	50,784	50,784
Balance, end of year	$ 253,054	$ 202,270

9. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 4,136,198	$ 4,141,096
Deferred contributions - capital assets	(3,061,001)	(3,029,858)
Bank financing	(252,715)	(323,048)
	$ 822,482	$ 788,190

10. Related party transactions:

During the year, the Division received $625 (2014 - $3,038) in funding for improvements and resident services and $16,332 (2014 - nil) in funding for capital assets from Fred Douglas Foundation, Inc.

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.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

11. Employee future benefits and employee benefits:

(i) Employee future benefits consists of:

	2015	2014
Pre-retirement benefits	$ 762,005	$ 763,005
Accumulated non-vested sick leave benefits	270,340	226,732
	$ 1,032,345	$ 989,737

The Division 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 Division's pre-retirement benefits plan is as follows:

	2015	2014
Accrued benefit obligation:		
Balance, beginning of year	$ 763,005	$ 811,133
Current benefit cost	50,000	55,635
Interest	22,000	15,697
Amortized actuarial loss (gain)	(8,000)	2,858
Benefits paid	(65,000)	(122,318)
Liability for benefits	$ 762,005	$ 763,005

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

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

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement obligation at March 31, 2005, and was recorded as a long-term receivable on the statement of financial position. The receivable has been adjusted, based on direction from WRHA, to include the incremental increases or decreases in the related liability for fiscal years 2007 to 2015. The decrease in fiscal 2015 was $1,000 (2014 - $48,128) and is recorded in the statement of operations.

The employee future pre-retirement benefits recoverable from WRHA at March 31, 2015 aggregates $788,987 (2014 - $789,987) and has no specified terms of repayment.

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grant provided to the Division. Beginning April 1, 2005, the WRHA established a policy of providing additional funding, averaging approximately 88 percent of actual pre-retirement benefits paid. Actual additional funding provided by WRHA for 2015 was 100 percent (2014 - 100 percent) of actual pre-retirement benefits paid.

The Division provides accumulating sick leave benefits to substantially all of its employees. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Division's accumulated non-vested sick leave benefits include a discount rate of 2.55 percent (2014 - 3.35 percent) and a rate of salary increase of 3.50 percent (2014 - 3.00 percent).

A recoverable from the WRHA of $270,340 (2014 - $226,732) for the accumulated non-vested sick leave benefits has been recorded in the statement of financial position. The recoverable has been adjusted, based on direction from WRHA, for the incremental change in the accumulated non-vested sick leave benefits. The increase recorded in 2015 was $43,608 (2014 - $241) and is recorded in the statement of operations.

(ii) Eligible employees of the Division are members of the Healthcare Employees' Pension Plan - Manitoba (HEPP), a multi-employer defined benefit pension plan.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

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

During the year, the Division contributed $481,014 (2014 - $435,278) on behalf of its employees. The most recent funding actuarial valuation of the plan as at December 31, 2013 reported that the plan had a deficiency of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency 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. On April 1, 2014, employer contribution rates increased to 8.7 percent (2014 - 7.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.3 percent (2014 - 9.5 percent) on earnings in excess of YMPE. On April 1, 2015, with the inclusion of contributions toward the Cost of Living Adjustment Plan, employer contribution rates increased to 9.7 percent of pensionable earnings up to the YMPE and 11.3 percent on earnings in excess of YMPE.

(iii) The cost of the Division's vacation benefits is accrued when the benefits are earned by the employees and is included in accounts payable and accrued liabilities on the statement of financial position. The vacation benefits liability at March 31, 2015 is $500,035 (2014 - $479,572).

The funding received in each subsequent fiscal year from the Winnipeg Regional Health Authority includes the employee benefits recoverable of $355,603 as included on the statement of financial position. The employee benefits recoverable from Winnipeg Regional Health Authority is maintained at the value of the vacation benefits liability at March 31, 2004.

12. Commitment:

For fiscal 2016, the Division has a service purchase agreement for the adult day program for annual transportation service of approximately $100,000.

13. Financial risks:

The Division is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Division to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Notes to Financial Statements (continued)

Year ended March 31, 2015

13. Financial risks (continued):

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

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

There has been no change to the above noted risk exposures from 2014.

14. Trusts under administration:

At March 31, 2015, the balance of funds held in trust on behalf of the residents who reside at the Division was $25,868 (2014 - $26,797).

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Schedule - Operating Expenses

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Nursing services:		
Medical supplies and services	$ 55,227	$ 42,994
Resident transportation	46,882	41,072
Incontinence supplies	67,224	57,327
Nursing administration	17,996	17,428
	187,329	158,821
Resident services:		
Activities	15,966	17,537
Other	8,357	12,190
	24,323	29,727
General administration:		
Advertising	2,062	4,828
Audit and professional fees	119,615	60,498
Bank charges and interest	2,040	866
Bonding and insurance	5,235	7,167
Data processing and communications	58,216	58,546
Delivery and courier	652	533
Equipment lease and maintenance	20,892	30,422
Meetings and miscellaneous	1,021	2,567
Licenses and membership fees	6,270	9,542
Postage	5,118	2,974
Printing, stationery and office supplies	11,432	10,455
Staff and resident events and appreciation	15,006	14,587
Travel	2,280	2,194
	249,839	205,179
Dietary:		
Food	320,055	295,494
Glassware and cutlery	1,655	3,842
Supplies	17,277	20,365
	338,987	319,701
Laundry:		
Supplies	3,968	5,618
Linen:		
Supplies and service	81,353	83,105
Housekeeping:		
Supplies	35,891	34,777
Carried forward	921,690	836,928

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Schedule - Operating Expenses (continued)

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Brought forward	$ 921,690	$ 836,928
Physical plant:		
Operations:		
Electricity	96,283	86,994
Natural gas	44,493	48,050
Insurance	33,215	18,659
Taxes	21,268	26,088
Water	65,925	63,325
Maintenance and repairs:		
Buildings and grounds	208,097	209,520
Equipment	16,699	18,781
Other	8,295	7,016
Bank loan interest	2,642	3,154
Interest on bank financing	5,518	5,439
	502,435	487,026
Salaries:		
Nursing	4,776,442	4,664,624
Administration	414,457	445,070
Resident services	274,906	276,971
Dietary	547,055	543,231
Support services	496,218	483,885
Employee benefits	1,474,963	1,474,418
Accrued vacation	20,000	26,748
	8,004,041	7,914,947
Total operating expenses	$ 9,428,166	$ 9,238,901

HOLY FAMILY HOME

NOTICE OF RELEASE

THE ACCOMPANYING FINANCIAL STATEMENTS OF THE HOLY FAMILY HOME FOR THE YEAR ENDED MARCH 31, 2015 AND THE AUDITORS' REPORT TO THE HOLY FAMILY HOME BOARD WERE APPROVED AND ACCEPTED BY THE HOLY FAMILY HOME BOARD AT THE ANNUAL MEETING OF JUNE 22, 2015.

Original document signed

....

(Chairperson of the Holy Family Home Board)

Original document signed

....

(Chairperson of the Finance and Audit Committee)

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND

INDEPENDENT AUDITORS' REPORT

COMBINED FINANCIAL STATEMENTS

MARCH 31, 2015

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND

MARCH 31, 2015

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PKBW GROUP 219 Fort Street Winnipeg, Manitoba Canada R3C 1E2

INDEPENDENT AUDITORS' REPORT

PKBW
GROUP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

To the Board of Directors of
Holy Family Home, Inc. and
The Advisory Council of
Sisters Servants of Mary Immaculate

We have audited the accompanying combined financial statements of Holy Family Home, Inc. and Sisters Servants of Mary Immaculate Plant Fund, which comprise the combined statement of financial position as at March 31, 2015, and the combined statements of operations, combined changes in net assets, and combined cash flow for the year then ended, and a combined summary of significant accounting policies and other explanatory information. These financial statements have been prepared by management using basis of accounting described in Note 2(a).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and the fair presentation of these combined financial statements in accordance with the basis of accounting as described in Note 2(a), and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion
In our opinion, these combined financial statements present fairly, in all material respects, the financial position of Holy Family Home, Inc. and Sisters Servants of Mary Immaculate Plant Fund as at March 31, 2015, and its combined results of operations and cash flow for the year then ended in accordance with the basis of accounting described in Note 2(a).

Basis of Accounting and Restriction on Distribution
Without modifying our opinion, we draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the management of Holy Family Home, Inc. and Sisters Servants of Mary Immaculate Plant Fund to report to the Winnipeg Regional Health Authority (WRHA). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management and owners of Holy Family Home, Inc. and Sisters Servants of Mary Immaculate Plant Fund to comply with the requirements of its WRHA funding agreement, and should not be distributed to parties other than the management and owners of Holy Family Home, Inc. and Sisters Servants of Mary Immaculate Plant Fund and the WRHA.

PKBW Group
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

Winnipeg, Manitoba
June 22, 2015

T 204.942.0861 F 204.947.6834 E admin@pkbwgroup.ca A member of BHD with affiliated offices across Canada and internationally

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

ASSETS

	HOLY FAMILY HOME, INC.	SSMI PLANT FUND	2015 TOTAL	2014 TOTAL
CURRENT ASSETS				
Cash (Note 3)	$ 1,235,363	2,171,947	3,407,310	957,161
Accounts receivable	109,818	-	109,818	89,884
Due from WRHA (Note 2(b))	2,118,964	-	2,118,964	1,348,380
Due from WRHA - Accrued vacation pay (Note 4)	719,492	-	719,492	719,492
Due from Holy Family Home, Inc.	-	1,216,209	1,216,209	605,733
Inventory	69,464	-	69,464	63,909
Prepaid expenses	11,931	-	11,931	11,475
	4,265,032	3,388,156	7,653,188	3,796,034
DUE FROM WRHA - PRE-RETIREMENT LEAVE (Note 4)	1,679,686	-	1,679,686	1,482,686
INVESTMENTS (Note 3)	-	-	-	185,699
TANGIBLE CAPITAL ASSETS (Notes 2(c) and 5)	-	8,334,262	8,334,262	5,947,457
	$ 5,944,718	11,722,418	17,667,136	11,411,876

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

LIABILITIES AND NET ASSETS

	HOLY FAMILY HOME, INC.	SSMI PLANT FUND	2015 TOTAL	2014 TOTAL
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 1,849,218	17,867	1,867,085	1,736,407
Source deductions payable	147,586	-	147,586	151,421
GST payable	3,258	-	3,258	14,876
Accrued vacation pay (Note 4)	1,072,797	-	1,072,797	1,018,922
Demand loans (Note 11)	-	3,963,015	3,963,015	842,664
Current portion of long-term debt (Note 6)	-	122,422	122,422	198,675
Due from SSMI Plant Fund	1,216,209	-	1,216,209	605,733
Due to SSMI Works (Note 10)	(152,192)	3,239,307	3,087,115	857,047
	4,136,876	7,342,611	11,479,487	5,425,745
ACCRUED PRE-RETIREMENT LEAVE (Note 4)	1,950,000	-	1,950,000	1,753,000
LONG-TERM DEBT (Note 6)	-	2,358,688	2,358,688	2,451,377
DEFERRED CONTRIBUTIONS				
Deferred capital contributions (Notes 2(d) and 7)	-	948,096	948,096	961,743
Deferred contributions for major building repairs (Notes 2(d) and 8)	-	214,784	214,784	191,648
	-	1,162,880	1,162,880	1,153,391
NET ASSETS				
Internally restricted (Schedule 1)	16,707	-	16,707	16,707
Invested in tangible capital assets	-	949,589	949,589	1,485,949
Unrestricted				
Unfunded employee future benefits (Note 4(d))	(623,618)	-	(623,618)	(569,744)
Unrestricted	464,753	(91,350)	373,403	(304,549)
	(142,158)	858,239	716,081	628,363
	$ 5,944,718	11,722,418	17,667,136	11,411,876

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUE		
Resident services		
Winnipeg Regional Health Authority (Note 12)	$ 13,966,471	13,690,275
Resident/ participant charges	5,000,400	4,851,787
	18,966,871	18,542,062
Offset income		
Dietary	87,648	106,607
Investment income (Note 9)	25,839	19,818
Amortization of deferred capital contributions (Note 7)	184,905	158,945
Recognition of deferred contributions for major building repairs (Note 8)	-	73,026
Debt servicing funding	233,274	178,590
Miscellaneous	185,039	110,739
	716,705	647,725
	19,683,576	19,189,787
EXPENSES		
Salaries and benefits		
Nursing	11,431,541	11,073,800
Special	1,162,775	1,100,856
General	3,553,774	3,440,186
	16,148,090	15,614,842
Nursing services	481,159	458,914
Special services	29,429	30,127
General administration	440,681	482,171
Dietary	829,804	776,742
Laundry and linen	243,687	242,936
Housekeeping	56,748	52,255
Physical plant	848,681	825,111
Debt structure and amortization (Notes 5 and 6)	608,194	607,374
Bad debts	(12,638)	30,377
	19,673,835	19,120,849
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS AND ADULT DAY CARE	9,741	68,938
OTHER ITEMS		
Pre-retirement leave funded	416,024	22,231
Pre-retirement leave expense	(172,024)	(22,231)
Unfunded employee future benefits (Note 4)	(53,874)	9,588
	190,126	9,588
EXCESS OF REVENUE OVER EXPENSES BEFORE ADULT DAY CARE	199,867	78,526
ADULT DAY CARE		
Winnipeg Regional Health Authority (Note 12)	269,160	271,458
Participant charges	34,072	32,423
Salaries and benefits	(139,877)	(129,770)
General administration	(104,461)	(100,071)
Dietary	(7,667)	(14,865)
	51,227	59,175
EXCESS OF REVENUE OVER EXPENSES	$ 251,094	137,701

HOLY FAMILY HOME, INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2015

	2015						
	UNRESTRICTED						
	HOLY FAMILY HOME, INC.						
	UNFUNDED EMPLOYEE FUTURE BENEFITS (Note 4)	UNRESTRICTED	SSMI PLANT FUND	SUB-TOTAL	INTERNALLY RESTRICTED (Schedule 1)	INVESTED IN TANGIBLE CAPITAL ASSETS	TOTAL
BALANCE , BEGINNING OF YEAR	(569,744)	381,928	(686,477)	(874,293)	16,707	1,485,949	628,363
Excess (deficiency) of revenue over expenses	(53,874)	309,056	11,785	266,967	-	(15,873)	251,094
Pre-retirement leave remeasurement (Note 2 (i))	-	(244,000)	-	(244,000)	-	-	(244,000)
Transfer from SSMI (Note 10)	-	17,769	-	17,769	-	62,855	80,624
Transfer (Note 14)	-	-	583,342	583,342	-	(583,342)	-
BALANCE, END OF YEAR	$ (623,618)	464,753	(91,350)	(250,215)	16,707	949,589	716,081

	2014						
	UNRESTRICTED						
	HOLY FAMILY HOME, INC.						
	UNFUNDED EMPLOYEE FUTURE BENEFITS (Note 4)	UNRESTRICTED	SSMI PLANT FUND	SUBTOTAL	INTERNALLY RESTRICTED (Schedule 1)	INVESTED IN TANGIBLE CAPITAL ASSETS	TOTAL
BALANCE , BEGINNING OF YEAR	$ (579,332)	183,718	(860,870)	(1,256,484)	16,707	1,658,497	418,720
Excess (deficiency) of revenue over expenses	9,588	198,210	7,192	214,990	-	(77,289)	137,701
Transfer from SSMI (Note 10)	-	-	-	-	-	71,942	71,942
Transfer (Note 14)	-	-	167,201	167,201	-	(167,201)	-
BALANCE, END OF YEAR	$ (569,744)	381,928	(686,477)	(874,293)	16,707	1,485,949	628,363

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2015

	2015	2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 251,094	137,701
Add non-cash item(s):		
Amortization of tangible capital assets	423,066	414,824
Amortization of deferred capital contributions	(184,905)	(158,945)
Recognition of deferred contributions for major building repairs	-	(73,026)
	489,255	320,554
Change in non-cash working capital:		
Accounts receivable	(19,934)	75,742
Due from WRHA	(770,584)	(252,475)
Due from WRHA - Accrued vacation pay and pre-retirement leave	(197,000)	118,106
Inventory	(5,555)	(5,595)
Prepaid expenses	(456)	(539)
Accounts payable and accrued liabilities	130,678	(356,909)
Source deductions payable	(3,835)	(24,743)
GST payable	(11,618)	14,269
Accrued vacation pay and pre-retirement leave	250,875	(127,694)
	(138,174)	(239,284)
INVESTING ACTIVITIES		
Change in investments held for capital purposes	185,699	(23,210)
Purchase of tangible capital assets - equipment and building improvements	(2,809,871)	(952,032)
	(2,624,172)	(975,242)
FINANCING ACTIVITIES		
Long-term debt principal repayments	(168,942)	(160,822)
Increase (decrease) in demand loans	3,120,351	842,664
Additions of externally restricted fund balances - reserves	23,136	23,136
Deferred capital contributions	171,258	187,748
Pre-retirement leave remeasurement	(244,000)	-
Due to (from) related parties	2,230,068	(708,398)
Transfers from (to) related parties	80,624	71,942
	5,212,495	256,270
INCREASE (DECREASE) IN CASH	2,450,149	(958,256)
CASH, BEGINNING OF YEAR	957,161	1,915,417
CASH, END OF YEAR	$ 3,407,310	957,161

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. ACCOUNTING ENTITIES

Holy Family Home, Inc. (HFH) was incorporated by a Special Act of the Province of Manitoba on May 6, 1963. HFH is sponsored, owned and operated by the Ukrainian Catholic Congregation of Sisters Servants of Mary Immaculate (SSMI). HFH is a not-for-profit organization and is exempt from income tax under the Income Tax Act. The purpose of HFH is to operate as a personal care home for the elderly and infirm which provides a high level of physical, spiritual and cultural care for the 276 residents of HFH within the motto of the Sisters "To Serve is to Love".

The Ukrainian Catholic Congregation of Sister Servants of Mary Immaculate (SSMI) is a Federally incorporated religious organization operating as a not-for-profit organization and as a registered charity under the Income Tax Act. The SSMI Plant Fund records the major tangible capital assets less the related debt and the equity belonging to SSMI in Winnipeg, Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Accounting Framework

These combined financial statements are in accordance with Canadian accounting standards for not-for-profit organizations except for the application of CICA Handbook Section 4450, paragraph 14 which requires an organization to either consolidate in its financial statements all entities under its control or provide disclosure in the notes to the financial statements of the total assets, liabilities, net assets, revenues, expenses, and cash flows from operating, financing, and investing activities reported in the period along with disclosure of details of any restrictions, by major category, on the resources of the controlled organizations and disclosure of the significant differences in accounting policies from those followed by the reporting organizations. These combined financial statements only report on the assets, liabilities, net assets, revenues, expenses and cash flows of Holy Family Home, Inc. and SSMI Plant Fund and do not include the total assets, liabilities, net assets, revenues, expenses and cash flows of all entities controlled by Sisters Servants of Mary Immaculate.

(b) Winnipeg Regional Health Authority Funding

HFH is funded by the Winnipeg Regional Health Authority (WRHA) under the provisions of the Health Services Insurance Act, the Regional Health Authority Act and a purchased services agreement for the total of its approved budgeted expenses.

HFH is funded by the WRHA under the global budget concept and any in-globe deficit is not recoverable from WRHA and any in-globe surplus in excess of 2% of the net in-globe approved costs is refundable to WRHA. All deficits and surpluses on out-of-globe expenses are subject to year end review and payment or reimbursement to the WRHA at year end. HFH records all amounts recoverable or repayable at year end, subject to the WRHA audit, as due from or due to WRHA and as Revenue Fund Unrestricted Fund surplus or deficit.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Winnipeg Regional Health Authority Funding (Continued)

The WRHA performs a final review of HFH's audited financial statements to finalize the amounts of any retainable surplus or recoverable deficit, at which time any adjustments determined are booked by HFH. All adjusted retainable surplus, net of deficits are then transferred from the Revenue Fund Unrestricted Fund to the Plant Fund Unrestricted Fund owned by the SSMI. The WRHA has completed their reviews of HFH's audited financial statements up to and including March 31, 2004.

(c) Tangible Capital Assets

Tangible capital assets, owned and accounted for by SSMI in the Plant Fund, are recorded at cost. All minor equipment costing less than $2,000 is charged to expense under directive by the WRHA.

Equipment is amortized over its estimated useful life on a straight-line basis over 5, 10 and 15 years.

Buildings are amortized over their estimated useful life on a straight-line basis over 50 to 65 years. Building renovations are amortized over the remaining useful life of the related building.

Assets under development or construction are not amortized until available for use.

(d) Deferred Contributions

Deferred contributions received for the funding and acquisition of tangible capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related tangible capital asset.

Deferred contributions received for major building repairs represent unspent balances of amounts funded for future expenditures. These deferred contributions are utilized for expenditures approved by the WRHA.

(e) Contributed Services and Donated Materials

Contributed services and donated materials are not recognized in the financial statements.

(f) Revenue Recognition

HFH follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Restricted contributions include lump sum payments received to fund tangible capital assets purchases which are recognized as deferred capital contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectibility is reasonably assured. Unrestricted contributions include debt servicing funding which is recognized as revenue in the period received.

Revenue is recognized when products and services are delivered to the customer and ultimate collection is reasonably assured at the time of performance.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments

Financial instruments held by the organization include cash, accounts receivable, accrued interest receivable, investments, accounts payable and accrued liabilities, loan advances, and long-term debt. The organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The organization subsequently measures its financial instruments at cost or amortized cost . Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

(h) Accounting estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include the useful life of tangible capital assets and amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

(i) Change in accounting policy

The organization has retrospectively applied Section 3463 of Part III of the CICA Handbook effective for its March 31, 2015 fiscal year. Section 3463 requires the organization to determine the amount of remeasurements and other items for the year in accordance with employee future benefits, paragraphs 3462.085 -.090 in Part II of the CICA Handbook. The remeasurements and other items are recognized directly in net assets as a separately identified line item in the statement of financial position rather than in the statement of operations.

3. CASH AND INVESTMENTS

	Cash	Investments	Total 2015	Total 2014
Home				
Holy Family Home, Inc.	$ 1,235,363	-	1,235,363	786,040
Plant Fund				
SSMI Plant fund	2,068,358	-	2,068,358	103,522
Major building repairs reserve fund	81,086	-	81,086	244,248
Equipment amortization fund	22,503	-	22,503	9,050
	2,171,947	-	2,171,947	356,820
	$ 3,407,310	-	3,407,310	1,142,860

The investments are part of a jointly held investment pool by SSMI with yields of 1.55% to 3.42% maturing between April 1, 2015 and March 28, 2016.

4. VACATION PAY AND PRE-RETIREMENT LEAVE

		Accrued Vacation Pay and Pre-Retirement Leave	Accrued Vacation Pay and Pre-Retirement Leave Payable	Unfunded Employee Future Benefits
March 31, 2014	Vacation pay	$ 719,492	1,018,922	(299,430)
	Pre-retirement leave	1,482,686	1,753,000	(270,314)
		$ 2,202,178	2,771,922	(569,744)
March 31, 2015	Vacation pay	$ 719,492	1,072,797	(353,305)
	Pre-retirement leave	1,679,686	1,950,000	(270,314)
		$ 2,399,178	3,022,797	(623,619)

(a) Vacation Pay Receivable/ Payable

HFH has a receivable from the WRHA for vacation pay of $719,492 which was capped in 2003/04. Effective for the fiscal year 2004/2005, Manitoba Health has directed that healthcare facilities may no longer accrue as a receivable, the revenue equivalent to the change on the vacation pay liability. As a result of the above, the unfunded portion of the liability for the current fiscal year was $nil (2014 - $nil).

(b) Pre-retirement Leave Receivable

HFH has a receivable from the WRHA for pre-retirement leave of $1,679,686 (2014 - $1,482,686) which represents the balance receivable at March 31, 2004 plus the change in the liability for the following fiscal years 2006/2007 to 2014/2015. For the 2004/2005 and 2005/2006 fiscal years, Manitoba Health directed that healthcare facilities were not allowed to accrue as a receivable, the revenue equivalent to the change in the retirement entitlement obligation liability.

(c) Pre-retirement Leave Payable

HFH has a contractual commitment to pay a retirement allowance to employees if they are over age fifty-five and have ten years of service or if their period of service when added to their age exceeds eighty. HFH has recorded an accrual based upon an actuarial valuation at March 31, 2015 of $1,950,000 (2014 - $1,753,000) for those employees who qualified for the retirement allowance. For the fiscal year ending March 31, 2015, HFH paid out retirement allowances to their employees in the amount of $219,024 (2014 - $104,953) in which the WRHA funded 100% of the payable. The unfunded portion for the fiscal year 2015 was $nil (2014 - $nil).

(d) Unfunded Employee Future Benefits

HFH has recorded the unfunded future employee benefits (which includes Vacation Pay) as a separate balance within its unrestricted net assets. HFH has taken the position that the unfunded future employee benefits are recoverable from the WRHA, and that the change in policy is contrary to the terms of the Service Purchase Agreement.

First, HFH's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat. Secondly, in keeping with the terms of the Service Purchase Agreement, future employee benefits should be recognized, both as a liability and as a receivable.

(d) Unfunded Employee Future Benefits (continued)

The corresponding responsibility for the future funding of the same benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including HFH). Failure to acknowledge future funding responsibility of negotiated future employee benefits results in incorrect disclosure of HFH's financial position within the Audited Financial Statements (understated assets). HFH has taken the position that the Audited Financial Statements should properly reflect a future employee benefits receivable from Manitoba Health/WRHA equal to the future employee benefits payable. HFH has expressed considerable concern to the WRHA regarding the impact of the policy change referred to above, and the manner in which Employee Future Benefit liabilities are to be funded and recorded in HFH's Audited Financial Statements. In 2015 the unfunded employee future benefits increased by $53,874 (2014 - ($9,588)).

5. TANGIBLE CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 191,548	-	191,548	-
Park Improvements	196,806	-	196,806	-
Redwood Park	69,158	-	69,158	-
Building - Phase I	1,616,588	1,416,621	1,616,588	1,383,485
Building - Phase II	3,957,077	2,801,808	3,957,077	2,762,895
Building - Phase V	1,621,247	1,163,069	1,621,247	1,092,580
Building - Phase VI	3,529,698	-	950,991	-
Building - Link	1,500,962	900,590	1,500,962	879,148
Building - Canopy	70,161	56,999	70,161	54,076
Building Improvements	1,432,510	342,879	1,422,980	280,106
Equipment	3,074,403	2,286,504	2,933,552	2,173,897
Equipment - Phase I	350,892	350,892	350,892	350,892
Equipment - Link	95,483	95,483	95,483	95,483
Religious Mosaic and Icons	42,574	-	42,574	-
	$ 17,749,107	9,414,845	15,020,019	9,072,562
Net book value	$ 8,334,262		5,947,457	

Building – Phase VI is in the pre-construction phase. The balance included in tangible capital assets represents the accumulated cost of engineering consulting fees to date. Amortization will not commence until the construction of the building is complete.

Total amortization expensed in the statement of operations is $423,066 (2014- $414,824).

6. LONG-TERM DEBT

	2015	2014
Toronto Dominion Bank due April 1, 2018, prime plus 0.50%, repayable in monthly installments of $1,850 plus interest. Accrued interest $227 (2014 - $368).	$ 85,795	107,995
Toronto Dominion Bank due March 30, 2017, prime plus .50%, repayable in monthly installments of $1,830 plus interest.	118,075	140,035
CMHC Mortgage due in 2021, 6.875%, repayable in monthly installments of $7,707 including principal and interest, secured by mortgage on Phase I land and building. Accrued interest $2,878 (2014 - $3,194).	449,724	509,501
CMHC Mortgage due in 2028, 10.00%, repayable in monthly installments of $20,630 including principal, interest and subsidy of $3,853 monthly, secured by mortgage on Phase II land and building. Accrued interest $15,452 (2014 - $15,934).	1,827,516	1,892,521
	2,481,110	2,650,052
Less: current portion	122,422	198,675
	$ 2,358,688	2,451,377

The principal portion of long-term debt is repayable for the years ended as follows:

Year ending March 31,	2015	$ 122,422
	2016	129,964
	2017	197,243
	2018	127,655
	2019	112,554
	Thereafter	1,791,272
		$ 2,481,110

Total interest expensed in the statement of operations is $185,128 (2014 - $192,551).

7. DEFERRED CAPITAL CONTRIBUTIONS

	Funds for Future Capital Purchases	Tangible Capital Assets	2015 Total	2014 Total
BALANCE, BEGINNING OF YEAR	$ 11,807	949,936	961,743	932,940
Add: Deferred contributions - WRHA	48,300	146,650	194,950	176,488
Transfer for tangible capital assets purchased	(34,692)	-	(34,692)	-
Donations - HFH Ladies Auxiliary	-	11,000	11,000	11,260
	25,415	1,107,586	1,133,001	1,120,688
Deduct: Amortization of deferred contributions	-	184,905	184,905	158,945
BALANCE, END OF YEAR	$ 25,415	922,681	948,096	961,743

8. DEFERRED CONTRIBUTIONS FOR MAJOR BUILDING REPAIRS

	Phase 1	Phase 2	2015 Total	2014 Total
BALANCE, BEGINNING OF YEAR	$ 66,862	124,786	191,648	241,538
Add: Deferred contributions - WRHA	8,136	15,000	23,136	23,136
	74,998	139,786	214,784	264,674
Deduct: Recognition of deferred contributions	-	-	-	73,026
BALANCE, END OF YEAR	$ 74,998	139,786	214,784	191,648

9. INVESTMENT INCOME

	2015	2014
Holy Family Home, Inc. investment income	$ 14,054	7,192
SSMI Plant Fund investment income	11,785	12,626
	$ 25,839	19,818

10. RELATED PARTY TRANSACTIONS

Holy Family Home, Inc. (HFH) and Sisters Servants of Mary Immaculate Plant Fund (SSMI) are related to Sisters Servants of Mary Immaculate because they are all under common ownership and control of SSMI. All transactions, except as otherwise noted, between the related parties are at cost and consist of donations, expenses paid and transfers of cash to fulfill investment of surplus funds in investment certificates and Treasury Bills held jointly for the purpose of obtaining higher yields by the related parties. Any outstanding balances due to (from) the related parties are non-interest bearing, unsecured and due on demand.

During the current year the Sisters Servants of Mary Immaculate approved a transfer of net assets totaling $80,624 (2014 - $71,942) from Sisters Servants of Mary Immaculate to Sisters Servants of Mary Immaculate Plant Fund to fund equipment additions, residence repairs and building improvements.

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
COMBINED NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

11. DEMAND LOANS

During the year the organization established lines of credit totalling $533,138 from the Carpathia Credit Union for previously self-funded building improvements. The lines of credit are due on demand, bear interest at the Bank of Canada's overnight rate plus 1.35%, and are secured by credit agreements signed by the organization in the amount of $533,138 and letters of comfort from Manitoba Health in the amount of $533,138.

The organization also established a line of credit of $4,500,000 from the Carpathia Credit Union for the initial planning process for the personal care home bed additions. The line of credit is due on demand, bears interest at the Bank of Canada's overnight rate plus 1.35%, and is secured by a credit agreement signed by the organization in the amount of $4,500,000 and a letter of comfort from Manitoba Health in the amount of $4,500,000.

At March 31, the organization has utilized its credit facilities follows:

	2015	2014
Carpathia Credit Union line of credit, bearing interest at 2.10%, for purpose of planning bed additions.	$ 3,502,894	474,755
Carpathia Credit Union line of credit, bearing interest at 2.10%, for purpose of boiler replacement.	248,727	123,385
Carpathia Credit Union line of credit, bearing interest at 2.10%, for purpose of roof replacement.	211,394	244,524
	$ 3,963,015	842,664

12. WINNIPEG REGIONAL HEALTH AUTHORITY FUNDING

	2015	2014
Total funds received during year	$14,835,131	14,339,003
Add:		
Change in pre-retirement leave	197,000	(118,106)
	15,032,131	14,220,897
Deduct:		
Loan funding deferred	222,288	176,760
Pre-retirement leave funded	416,024	22,231
Year end adjustments receivable	-	1,366
Major reserves funding deferred	23,136	23,136
Residential charges claw back	135,052	35,671
	796,500	259,164
	$14,235,631	13,961,733
Funding broken down as follows:		
Resident Services	$13,966,471	13,690,275
Adult Day Care	269,160	271,458
	$14,235,631	13,961,733

13. FINANCIAL RISK MANAGEMENT

(a) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities, accrued vacation pay and pre-retirement leave, and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than one month.

The organization's approach to managing liquidity risk is to manage its cashflow to ensure it will always have sufficient liquidity to meet liabilities when due. At March 31, 2015, the organization has a cash balance of $3,407,310.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments which potentially subject the organization to credit risk and concentrations of credit risk consist principally of accounts receivable and amounts due from WRHA.

Management manages credit risk associated with accounts receivable and amounts due from WRHA by regularly pursuing collections and annually confirming amounts due from WRHA.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the organization is exposed to interest rate risk due to its Toronto Dominion Bank loan being at a variable rate.

Management mitigates interest rate risk on its investments by locking in to term deposits at guaranteed rates of return and varying maturity dates. Interest rate risk on other long-term debt is mitigated by the debt being at fixed rates for the remainder of their terms.

14. TRANSFER OF NET ASSETS

During the year $583,342 was transferred to the SSMI Plant Fund from net assets invested in tangible capital assets. The transfer relates to previously self-funded purchases of tangible capital assets including the construction of Phase VI, building improvements, and equipment that have now been funded through borrowings and WHRA debt service funding.

15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

SCHEDULE 1

HOLY FAMILY HOME, INC.
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
SCHEDULE OF INTERNALLY RESTRICTED NET ASSETS
YEAR ENDED MARCH 31, 2015

		UNIFORMS	BEDDING AND LINEN	PAINTING AND DECORATING	2015 TOTAL	2014 TOTAL
BALANCE, BEGINNING OF YEAR	$	2,502	14,205	-	16,707	16,707
Deficiency of revenue over expenses from operations		-	-	-	-	-
BALANCE, END OF YEAR	$	2,502	14,205	-	16,707	16,707

HOPE CENTRE HEALTH CARE INCORPORATED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

Klinic Incorporated
(Operating as Klinic Community Health Centre)
Financial Statements
March 31, 2015

booke
& partners
CHARTERED ACCOUNTANTS

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& partners
CHARTERED ACCOUNTANTS

500 - Five Donald Street
Winnipeg, Manitoba R3L 2T4
Tel: (204) 284-7060
Fax: (204) 284-7105
www.bookeandpartners.ca

Independent Auditors' Report

To the Members of
Klinic Incorporated

We have audited the accompanying financial statements of Klinic Incorporated, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Klinic Incorporated as at March 31, 2015 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.

Winnipeg, Canada
May 27, 2015

Booke & Partners
Chartered Accountants

Klinic Incorporated
Statement of Operations
Year Ended March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2015 Total	2014 Total
Revenues						
Grants and other revenue (Page 14)	$10,429,778	$ -	$ -	$ -	**$10,429,778**	$ 9,691,994
Donations	-	-	-	7,406	**7,406**	6,208
Interest	-	-	-	7,707	**7,707**	5,647
Amortization of deferred revenues	-	5,131	72,168	-	**77,299**	74,425
	10,429,778	5,131	72,168	15,113	**10,522,190**	9,778,274
Expenses						
Expenditures (Page 14)	10,359,089	-	-	-	**10,359,089**	9,918,701
Amortization	49,048	9,267	67,707	-	**126,022**	118,374
Special projects (recovery)	-	-	-	(1,567)	**(1,567)**	1,144
	10,408,137	9,267	67,707	(1,567)	**10,483,544**	10,038,219
Excess (deficiency) of revenues over expenses from operations	21,641	(4,136)	4,461	16,680	**38,646**	(259,945)
Pre-retirement leave (Note 9)	(45,800)	-	-	-	**(45,800)**	(7,526)
(Deficiency) excess of revenues over expenses	$ (24,159)	$ (4,136)	$ 4,461	$ 16,680	**$ (7,154)**	$ (267,471)

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Klinic Incorporated
Statement of Changes in Fund Balances
Year Ended March 31

					2015	2014
	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	**Total**	Total
Fund balances, beginning of year	$ (407,489)	$ 32,298	$ 184,864	$ 434,114	**$ 243,787**	$ 511,258
(Deficiency) excess of revenues over expenses	(24,159)	(4,136)	4,461	16,680	**(7,154)**	(267,471)
Transfer to Capital Asset Fund for purchase of capital assets	(31,183)	31,183	-	-	**-**	-
Fund balances, end of year	$ (462,831)	$ 59,345	$ 189,325	$ 450,794	**$ 236,633**	$ 243,787

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Klinic Incorporated
Statement of Financial Position
March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2015 Total	2014 (Note 13) Total
Assets						
Current						
Cash (Note 3)	$ 805,748	$ -	$ -	$ 31,014	**$ 836,762**	$ 966,166
Cash in trust - external projects (Notes 3 and 4)	31,209	-	-	-	**31,209**	39,345
Receivables (Note 5)	1,251,328	-	-	-	**1,251,328**	1,062,311
Prepaid expenses	15,517	-	-	-	**15,517**	11,082
	2,103,802	-	-	31,014	**2,134,816**	2,078,904
Interfund balances (Note 6)	(488,795)	-	69,015	419,780	**-**	-
Pre-retirement leave receivable from Winnipeg Regional Health Authority	519,822	-	-	-	**519,822**	385,622
Capital assets (Note 7)	33,247	122,433	770,108	-	**925,788**	968,119
	$ 2,168,076	$ 122,433	$ 839,123	$ 450,794	**$ 3,580,426**	$ 3,432,645
Liabilities						
Current						
Payables and accruals	$ 1,344,015	$ -	$ -	$ -	**$ 1,344,015**	$ 1,301,217
Deferred revenue (Note 8)	210,474	-	-	-	**210,474**	209,208
Current portion of obligation under capital lease (Note 11)	13,209	-	-	-	**13,209**	24,530
Funds in trust - external projects (Note 4)	31,209	-	-	-	**31,209**	39,345
	1,598,907	-	-	-	**1,598,907**	1,574,300
Deferred revenue (Note 8)	-	63,088	649,798	-	**712,886**	749,331
Obligation under capital lease (Note 11)	-	-	-	-	**-**	13,227
Pre-retirement leave (Note 9)	1,032,000	-	-	-	**1,032,000**	852,000
	2,630,907	63,088	649,798	-	**3,343,793**	3,188,858
Fund balances						
Invested in capital assets	-	59,345	120,310	-	**179,655**	148,147
Unrestricted - retainable	(462,831)	-	69,015	450,794	**56,978**	95,640
	(462,831)	59,345	189,325	450,794	**236,633**	243,787
	$ 2,168,076	$ 122,433	$ 839,123	$ 450,794	**$ 3,580,426**	$ 3,432,645

Approved by the Board

Original document signed Director

Original document signed Director

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

Klinic Incorporated
Statement of Cash Flows
March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2015 Total	2014 Total
Cash flows from operating activities						
Cash received from:						
Winnipeg Regional Health Authority	$ 7,845,948	$ -	$ -	$ -	**$ 7,845,948**	$ 6,984,906
Province of Manitoba	1,300,547	-	-	-	**1,300,547**	1,449,460
Government of Canada	199,186	-	-	-	**199,186**	67,005
University of Winnipeg	122,500	-	-	-	**122,500**	130,390
Workshops and honorariums	52,372	-	-	-	**52,372**	46,892
Fundraising	-	-	-	-	**-**	135
Donations	7,625	-	-	7,406	**15,031**	(14,519)
External projects	225,321	-	-	-	**225,321**	175,796
Interest	887	-	-	7,707	**8,594**	19,451
Other sources	812,336	-	-	8,000	**820,336**	544,600
Cash paid for:						
Human resources and benefits	(9,422,199)	-	-	-	**(9,422,199)**	(8,857,261)
Materials and services	(992,856)	-	-	6,438	**(986,418)**	(1,082,184)
External projects	(233,457)	-	-	-	**(233,457)**	(180,548)
Interest	(1,611)	-	-	-	**(1,611)**	(2,358)
	(83,401)	-	-	29,551	**(53,850)**	(718,123)
Cash flows from financing and investing activities						
Winnipeg Regional Health Authority contribution towards capital assets	-	-	-	-	**-**	4,419
Purchase of capital assets	(11,653)	(71,472)	(565)	-	**(83,690)**	(74,862)
Net cash used in financing and investing activities	(11,653)	(71,472)	(565)	-	**(83,690)**	(70,443)
Net (decrease) increase in cash	(95,054)	(71,472)	(565)	29,551	**(137,540)**	(788,566)
Cash, beginning of year	982,899	-	-	22,612	**1,005,511**	1,794,077
Interfund adjustments	(50,888)	71,472	565	(21,149)	**-**	-
Cash, end of year (Note 3)	$ 836,957	$ -	$ -	$ 31,014	**$ 867,971**	$ 1,005,511

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

1. Purpose of the organization

Klinic Incorporated (the organization) is a Community Health Centre offering health and social services in part of the core area of Winnipeg as well as providing specialized crisis, sexual assault counselling, family abuse counselling, public education and training for the Province of Manitoba.

The organization is an incorporated not-for-profit organization under the Income Tax Act and is a registered charity.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

a) Fund accounting

The Operating Fund reports all revenues and expenses related to program delivery and administrative activities. The Operating Fund reports the assets (including computer equipment), liabilities, revenues and expenses related to the organization's activities.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets (excluding computer equipment).

The Wilson House Fund reports the assets, liabilities, revenues and expenses related to the organization's building at 545 Broadway, known as The Wilson House.

The Donation Fund reports assets, liabilities, receipts and disbursements related to all donations. The Donation Fund is used to support existing programs.

b) Revenue recognition

The organization follows the deferral method of accounting for contributions.

Unrestricted contributions, consisting of grants, are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to the programs are recognized as revenue in the year in which the related expenses are incurred.

Workshops and fundraising revenue are recognized as revenue in the appropriate fund when the event is held.

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CHARTERED ACCOUNTANTS

2. Summary of significant accounting policies - continued

c) Capital assets

Purchased property and equipment are recorded in the appropriate fund at cost. Contributed capital assets are recorded at fair value at the date of contribution.

d) Amortization

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Operating Fund		
Computer equipment	3 years	straight-line
Computer equipment under capital lease	3 years	straight-line
Capital Asset Fund		
Building	20 years	straight-line
Furniture and equipment	10 - 20 years	straight-line
Website	10 years	straight-line
Wilson House Fund		
Building	20 years	straight-line

e) Pre-retirement leave benefits

The cost of the organization's employee pre-retirement leave benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions used in measuring the organization's future employee benefit payable include retirement, termination and mortality rates, a discount rate of 2.9% (2014 - 3.6%), a rate of salary increase of 3.5% (2014 - 3.0%) plus an age-related merit/promotion scale with provision for disability.

f) External projects

External projects are sponsored by the organization and directed by third party organizations. The organization provides administrative services to these projects including receipt of funding, disbursement of expenditures and financial reporting. Funding committed for the current fiscal year but received subsequent to the year-end is recorded as funding receivable for external projects. Funding received but not fully disbursed is included in funds in trust - external projects.

2. Summary of significant accounting policies - continued

g) Allocation of expenses

The organization classifies its expenses by program and allocates its salaries and benefits expense to a number of programs to which the expenses relate. Salaries and benefits expense has been allocated based on the number of hours incurred directly in the undertaking of the programs.

h) Accounting estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

i) Financial instruments

It is management's opinion that the organization is not exposed to significant credit, currency, interest rate, liquidity, market or price risk arising from its financial instruments.

3. Cash

	2015	2014
Operating Fund		
Cash and short-term investments	**$ 805,748**	$ 943,554
Cash in trust - external projects	**31,209**	39,345
	836,957	982,899
Donation Fund	**31,014**	22,612
	$ 867,971	$ 1,005,511

The organization has available an operating line of credit with an authorized limit of $25,000 (2014 - $25,000) bearing interest at prime. The line of credit was not in use at March 31, 2015 (2014 - $NIL).

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CHARTERED ACCOUNTANTS

4. Cash in trust - external projects

Funds in trust for external projects is as follows:

	2015	2014
Manitoba Public Health Association	$ 15,092	$ 17,527
Downtown Parent Coalition	5,715	7,766
West Central Community Guide	2	2
Manitoba Network for Suicide Prevention	3,303	3,765
Wellness Committee	4,936	4,855
Pregnancy Prevention Media Campaign	-	1,857
Trauma Forum	521	1,790
Mothers Support Circle	434	434
Male Childhood Abuse Workshop	669	669
Take Back the Night	537	680
	$ 31,209	$ 39,345

5. Receivables

	2015	2014 (Note 13)
Winnipeg Regional Health Authority	$ 1,061,846	$ 611,670
Less: advance	300,000	-
Net Winnipeg Regional Health Authority	761,846	611,670
Other	489,482	450,641
	$ 1,251,328	$ 1,062,311

6. Interfund balances

The interfund balances are non interest bearing and have no fixed terms of repayment.

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CHARTERED ACCOUNTANTS

7. Capital assets

2015

	Cost	Accumulated Amortization	Net Book Value
Operating Fund			
Computer equipment	$ 93,647	$ 73,781	$ 19,866
Computer equipment under capital lease	73,591	60,210	13,381
	167,238	133,991	33,247
Capital Asset Fund			
Building	2,420,530	2,381,328	39,202
Furniture and equipment	360,486	287,069	73,417
Website	9,814	-	9,814
	2,790,830	2,668,397	122,433
Wilson House Fund			
Land	160,500	-	160,500
Building	1,354,146	744,538	609,608
	1,514,646	744,538	770,108
	$ 4,472,714	$ 3,546,926	$ 925,788

2014

	Cost	Accumulated Amortization	Net Book Value
Operating Fund			
Computer equipment	$ 81,993	$ 49,263	$ 32,730
Computer equipment under capital lease	73,591	35,680	37,911
	155,584	84,943	70,641
Capital Asset Fund			
Building	2,417,362	2,378,595	38,767
Furniture and equipment	301,997	280,536	21,461
	2,719,359	2,659,131	60,228
Wilson House Fund			
Land	160,500	-	160,500
Building	1,353,581	676,831	676,750
	1,514,081	676,831	837,250
	$ 4,389,024	$ 3,420,905	$ 968,119

8. Deferred revenue

The deferred revenue reported in the Operating Fund represents restricted funding and unspent resources received in the current year and externally restricted funding that are related to the subsequent year.

Changes in the deferred revenue balances for the Operating Fund are as follows:

	2015	2014
Beginning balance	**$ 209,208**	$ 307,982
Less: amounts recognized as revenue during the year	**(69,789)**	(136,951)
Add: amounts received related to next year	**71,055**	38,177
	$ 210,474	$ 209,208

Changes in the deferred revenue balances for the Capital Asset Fund are as follows:

Beginning balance	**$ 27,930**	$ 25,796
Less: amounts recognized as revenue during the year	**(5,131)**	(2,285)
Add: contributions	**40,289**	4,419
	$ 63,088	$ 27,930

Changes in the deferred revenue balances for the Wilson House Fund are as follows:

Beginning balance	**$ 721,401**	$ 793,541
Less: amounts recognized as revenue during the year	**(72,168)**	(72,140)
Add: contributions	**565**	-
	$ 649,798	$ 721,401

Deferred revenue reported in the Capital Asset Fund and Wilson House Fund includes the unamortized portion of funds to acquire and renovate the organization's premises. Deferred revenue is amortized on the statement of operations.

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CHARTERED ACCOUNTANTS

9. Pre-retirement leave benefits

The organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006, the organization was instructed by the Winnipeg Regional Health Authority to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. Actual expenditures for pre-retirement payouts are recorded in operations.

Change in obligation	**2015**	2014
Opening balance	**$ 852,000**	$ 822,720
Increase in obligation	**180,000**	29,280
Ending balance	**$ 1,032,000**	$ 852,000
Pre-retirement leave		
Current year retirement benefits paid	**$ (95,790)**	$ (17,069)
Current year recovery	**95,790**	17,069
Increase in obligation	**(180,000)**	(29,280)
Increase in receivable	**134,200**	21,754
	$ (45,800)	$ (7,526)

10. Pension

Effective June 1, 2003, the organization adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the "Plan"). As part of the agreement, the organization's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made to the Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, $614,937 (2014 - $568,571) was expensed for the purpose of the Plan.

Prior to June 1, 2003 the organization had a defined contribution pension plan.

Pension contributions are included in employee benefits expense of the applicable programs.

Klinic Incorporated
Notes to the Financial Statements
March 31, 2015

11. Obligation under capital lease

	2015	2014
Obligation under capital lease	**$ 13,209**	$ 37,757
Less: current portion of obligation	**13,209**	24,530
	$ -	$ 13,227

Obligation under capital lease includes interest rates between 14.51% and 15.46%. The lease is secured by computer equipment.

12. Economic dependence

The volume of financial activity undertaken by the organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the organization to continue as a going concern.

13. Comparative figures

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

LHC PERSONAL CARE HOME INC.

Financial Statements

Year Ended March 31, 2015

LHC PERSONAL CARE HOME INC.
Index to Financial Statements
Year Ended March 31, 2015

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CRAIG & ROSS
CHARTERED ACCOUNTANTS

June 18, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of LHC Personal Care Home Inc.

We have audited the accompanying financial statements of LHC Personal Care Home Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LHC Personal Care Home Inc. as at March 31, 2015 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.

The financial statements for the year ended March 31, 2014 were audited by another accounting firm and are presented for comparative purposes only.

Craig & Ross

Chartered Accountants

1515 ONE LOMBARD PLACE WINNIPEG MB R3B 0X3 (204) 956-9400 FAX (204) 956-9424
www.craigross.com

LHC PERSONAL CARE HOME INC.
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	$ 377,253	$ 642,910
Restricted cash - resident trust	20,298	16,878
Restricted cash - reserve fund	187,532	203,784
Accounts receivable - residents	-	41,439
Accounts receivable - other	8,436	15,427
Due from Lions Manor *(Note 7)*	11,764	213,534
Vacation entitlement receivable *(Note 4)*	138,650	138,650
Prepaid expenses	16,221	29,917
	760,154	1,302,539
PRE-RETIREMENT ENTITLEMENT RECEIVABLE *(Note 4)*	185,453	157,453
CAPITAL ASSETS *(Note 5)*	8,420,502	8,721,469
	$ 9,366,109	$ 10,181,461
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 54,223	$ 213,596
Resident trust payable	20,298	16,878
Accrued vacation payable	383,168	333,448
Due to Winnipeg Regional Health Authority *(Note 3)*	113,711	478,785
	571,400	1,042,707
ACCRUED PRE-RETIREMENT ENTITLEMENT *(Note 4)*	206,000	178,000
DEFERRED CONTRIBUTIONS *(Note 9)*	7,544,755	7,860,624
	8,322,155	9,081,331
NET ASSETS	1,043,954	1,100,130
	$ 9,366,109	$ 10,181,461

ON BEHALF OF THE BOARD

Original document signed _Director_

Original document signed _Director_

LHC PERSONAL CARE HOME INC.
Statement of Operations
Year Ended March 31, 2015

	2015	2014
REVENUE		
Winnipeg Regional Health Authority	$ 5,735,490	$ 5,444,819
Resident charges	2,215,998	2,187,629
Other	43,124	43,712
	7,994,612	7,676,160
EXPENDITURES		
Electricity	150,966	152,816
Health and education levy	110,407	102,089
Insurance	40,184	45,597
Medical remuneration	18,829	18,334
Medical supplies and equipment	152,728	143,166
Natural gas	64,093	74,884
Operational supplies and services	216,381	229,948
Other employee benefits	903,948	785,127
Other nursing expenses	4,300	7,466
Plant maintenance	147,550	119,144
Pre-retirement payout	-	11,354
Professional fees	8,094	32,256
Property taxes	81,371	90,395
Purchased meals *(Note 7)*	880,803	860,303
Resident travel	16,241	3,531
Salaries	5,176,491	4,788,982
Water and waste	48,974	43,209
Workers Compensation premiums	64,554	75,402
	8,085,914	7,584,003
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR BEFORE OTHER ITEMS	(91,302)	92,157
OTHER ITEMS		
Amortization of deferred contributions	461,504	331,087
Amortization of capital assets	(398,378)	(332,440)
Change in pre-retirement obligation	(28,000)	12,418
	35,126	11,065
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR BEFORE PRIOR YEAR ADJUSTMENTS	(56,176)	103,222
PRIOR YEAR ADJUSTMENTS		
Winnipeg Regional Health Authority	-	66,076
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR (page 4)	$ (56,176)	$ 169,298

LHC PERSONAL CARE HOME INC.
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015	2014
NET ASSETS - BEGINNING OF YEAR	**$ 1,100,130**	$ 930,832
Excess (deficiency) of revenue over expenditures for the year (page 3)	**(56,176)**	169,298
NET ASSETS - END OF YEAR	**$ 1,043,954**	$ 1,100,130

LHC PERSONAL CARE HOME INC.
Statement of Cash Flow
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over other items	$ (56,176)	$ 169,298
Items not affecting cash:		
Amortization of capital assets	398,378	332,440
Net increase in resident trust	(3,420)	(1,884)
Net decrease (increase) in reserve funds	16,252	(7,680)
Change in deferred contributions	(315,869)	75,948
Change in deferred funds	-	(4,360)
	39,165	563,762
Changes in non-cash working capital:		
Accounts receivable	48,430	(24,393)
Prepaid expenses	13,696	(7,468)
Pre-retirement entitlement receivable	(28,000)	12,418
Accounts payable and accrued liabilities	(159,373)	71,023
Resident trust payable	3,420	1,884
Accrued vacation payable	49,720	(18,677)
Accrued pre-retirement entitlement	28,000	(12,418)
	(44,107)	22,369
Cash flow from (used by) operating activities	(4,942)	586,131
INVESTING ACTIVITY		
Purchase of capital assets	(97,411)	(399,355)
FINANCING ACTIVITIES		
Due from a related party	201,770	(247,959)
Due to Winnipeg Regional Health Authority	(365,074)	(20,961)
Cash flow used by financing activities	(163,304)	(268,920)
DECREASE IN CASH FLOW	(265,657)	(82,144)
Cash - beginning of year	642,910	725,054
CASH - END OF YEAR	$ 377,253	$ 642,910

1. ENTITY DEFINITION

LHC Personal Care Home Inc. is a not-for-profit organization, incorporated under the laws of the Province of Manitoba. The organization is principally involved in providing licensed personal care services to 116 residents, operating under a services purchase agreement with the Winnipeg Regional Health Authority ("WRHA"). As the entity is a not-for-profit organization it is exempt from income taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, they 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. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. There has been no change in this risk assessment from the prior year.

The organization's financial instruments consist of cash, accounts receivable, due from related parties, vacation entitlement receivable, pre-retirement entitlement receivable, accounts payable and accrued liabilities, resident trust payable, accrued vacation payable, due to WRHA, due to a related party, and accrued pre-retirement entitlement.

Transaction costs for financial instruments are expensed in the period incurred and recognized in excess of revenue over expenditures.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs and replacement of furniture and equipment are charged to expenditures. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its net realizable value.

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

Land improvements	10%
Buildings	2.5%
Computer hardware and software	33%
Furniture, fixtures and equipment	10%

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

LHC Personal Care Home Inc. follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations hereto, the organization is funded primarily by the WRHA in accordance with budget arrangements established by the Province of Manitoba. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect arrangements approved by the WRHA with respect to the year ended March 31, 2015.

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

1. Deficits - The WRHA shall not be responsible for past or future deficits of the organization in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by the organization other than those set forth in the service purchase agreement.

2. Surpluses - The organization may unconditionally retain the greater of 50% of its insured services surplus in any fiscal year and 2% of the global budget allocation indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

Unrestricted contributions and pledges 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 expenditures are recognized. Contributions and pledges restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Contributed services

The operations of the organization depend on the contribution of time by volunteers . The fair value of donated services cannot be reasonably determined and is therefore not reflected in these financial statements.

Employee future benefits

Substantially all of the employees of the organization are members of a defined benefit pension plan as described in note 10. As it is a multiemployer plan, insufficient information is available to account for the plan using defined benefit plan accounting standards. Therefore, the plan is accounted for using defined contribution plan accounting standards.

3. DUE TO WINNIPEG REGIONAL HEALTH AUTHORITY

	2015	2014
3 tilt commodes	$ -	$ 4,650
Bridge funding	(300,000)	(551,786)
COLA increases	33,425	-
CUPE salary increases	100,000	-
Capital interest	-	(3,316)
Dialysis transporting funding	1,210	-
Employer assistance program	-	4,516
Employer pension and dental benefit increases	-	4,837
Enhanced orientation new LTC nurses	736	-
Floor cleaner	-	7,265
Flu immunization costs	501	534
Health spending account	17,314	12,800
IT project	-	44,504
Leap year residential charges	-	9,268
MNU salary increases	135,730	32,293
Median adjustment	-	6,210
Non-union D&R funding increase	9,000	-
Non-union funding increase	29,000	14,000
Pre-retirement payout	11,354	36,005
Residential charges	(142,644)	(110,742)
Sara Lift/electric beds	-	10,177
Seminar reimbursement	385	-
Supplemental staffing	(9,722)	-
	$ (113,711)	$ (478,785)

4. CURRENT AND FUTURE EMPLOYEE BENEFITS RECOVERABLE FROM WRHA

Employee retirement obligations are accrued as incurred based on an actuarial estimation while vacation benefits are accrued as earned by the employees.

Due to the nature of the benefits, the benefits recoverable and payable are classified as long-term debt whereas the vacation benefits recoverable and payable are classified as current.

The amount of funding which will be provided by Manitoba Health, through the WRHA, for pre-retirement entitlement obligations is capped at the amount owing as at March 31, 2004, adjusted for allocations from the WRHA in 2005. Commencing in 2007, the WRHA has agreed to fund the change in accrued pre-retirement liability for the WRHA funded positions. The Province of Manitoba has guaranteed to the WRHA, and through it to the organization, the outstanding receivable as at March 31, 2004, which will be paid when required. Any change in the liability amount will be reflected as a current year expenditure on the statement of operations. The amount of the receivable is being recorded on a non-discounted basis. The accounting policy is consistent with that advocated and followed by Manitoba Health, a related party to WRHA. The fair value of the receivable on a discounted basis would be significantly less than the carrying value and the difference could be materially influenced by the effective discount rate utilized.

5. CAPITAL ASSETS

	2015 Cost	2015 Accumulated amortization	2014 Cost	2014 Accumulated amortization
Land improvements	**$ 17,289**	**$ 17,289**	$ 17,289	$ 15,696
Land	**189,282**	**-**	189,282	-
Buildings	**12,324,767**	**4,619,951**	12,324,767	4,311,759
Computer hardware and software	**98,060**	**34,035**	48,556	1,352
Furniture, fixtures and equipment	**1,621,615**	**1,159,236**	1,573,709	1,103,327
	$ 14,251,013	**$ 5,830,511**	$ 14,153,603	$ 5,432,134
Net book value	**$ 8,420,502**		$ 8,721,469	

6. BANK INDEBTEDNESS

The organization has a revolving line of credit with a maximum limit of $200,000. The loan is secured by a general security agreement on all of the organization's assets. Interest on advances is paid monthly at bank prime plus 1%, with repayment due on demand.

7. RELATED PARTIES

Lions Club of Winnipeg Senior Citizens Home ("Lions Manor") is the sponsor of the project. The capital assets, long-term debt and deferred contributions related to capital assets were transferred from the sponsor at cost. The sponsor has an integral role in LHC Personal Care Home Inc. operations by providing support for administration, maintenance, dietary and other services. Dietary is charged based on a rate per resident meal day.

The following is a summary of the organization's related party transactions:

	2015	2014
Dietary	**$ 880,803**	$ 860,303

The transactions are in the normal course of operations and are recorded at the exchange amount.

The identified related parties are governed by a common Board of Directors.

At the end of the year, the amount due from a related party is as follows:

	2015	2014
Lions Manor	**$ 11,764**	$ 213,534

The balances are non-interest bearing, due on demand and are unsecured.

8. COMMITMENTS AND CONTINGENCIES

The nature of the health care industry is such that there may be litigation pending or in process at any time. As at March 31, 2015, no litigation is in process. With respect to potential claims at March 31, 2015, management believes the organization has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the organization's financial position.

9. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statements of operations at rates which match the amortization of the related capital asset purchased with the donation, grant or approved borrowing.

	2015	2014
Balance, beginning of year	$ 7,656,841	$ 7,588,573
Transfers from equipment funding	97,410	399,355
Transfers from major repairs funding	64,475	-
Less amounts amortized to revenue	(461,504)	(331,087)
Balance, end of year	7,357,222	7,656,841

Unspent major repairs funding represents the unspent amount of funding received for building and building service repairs. Major repairs funding is not recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	82,127	74,447
Contributions - Winnipeg Regional Health Authority	72,156	7,680
Purchases	(64,475)	-
Balance, end of year	89,808	82,127

Unspent equipment funding represents the unspent amount of funding received for the replacement of equipment. Equipment funding is not recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	121,656	121,656
Contributions - Winnipeg Regional Health Authority	73,479	399,355
Purchases	(97,410)	(399,355)
Balance, end of year	97,725	121,656
Total deferred contributions balance	$ 7,544,755	$ 7,860,624

10. PENSION PLAN

Substantially all of the employees of the organization are members of the Healthcare Employees Pension Plan (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.

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 available audited financial statements of the Plan as at December 31, 2013 indicates the Plan is in a deficit position. Contributions to the Plan made during the year by the organization on behalf of its employees amounted to $397,091 (2014 - $332,497) and are included in the consolidated statement of operations.

11. ECONOMIC DEPENDENCE

The organization is economically dependent upon government for funding its operations.

LUTHER HOME CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2015

CRAIG & ROSS
CHARTERED ACCOUNTANTS

June 11, 2015

INDEPENDENT AUDITORS' REPORT

To the Directors of the Luther Home Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Luther Home Corporation, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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.

Qualified Opinion

In our opinion, except for the effects of following certain accounting policies as disclosed in Note 3 in order to comply with the Operating Agreement with the Manitoba Housing Renewal Corporation, the financial statements present fairly, in all material respects, the financial position of Luther Home Corporation as at March 31, 2015, 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.

Craig & Ross

Chartered Accountants

1515 ONE LOMBARD PLACE WINNIPEG MB R3B 0X3 (204) 956-9400 FAX (204) 956-9424
www.craigross.com

LUTHER HOME CORPORATION

Statement of Financial Position

March 31, 2015

		2015		2014 (Note 14)
ASSETS				
CURRENT				
Cash and marketable securities *(Note 4)*	$	**718,612**	$	580,370
Accounts receivable		**344,839**		220,509
Prepaid expenses		**16,809**		13,044
Inventory		**22,876**		27,025
		1,103,136		840,948
DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY *(Note 5)*		**538,272**		518,271
CAPITAL ASSETS *(Note 6)*		**5,576,623**		5,786,996
	$	**7,218,031**	$	7,146,215
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued expenses	$	**1,013,181**	$	920,439
Subsidy due to Manitoba Housing		**18,528**		21,946
Current portion of long-term debt *(Note 7)*		**110,153**		100,944
		1,141,862		1,043,329
Term loans due on demand *(Note 7)*		**503,841**		631,934
		1,645,703		1,675,263
ACCRUED BENEFIT ENTITLEMENT		**343,154**		324,599
LONG-TERM DEBT *(Note 7)*		**1,892,479**		2,002,518
DEFERRED CONTRIBUTIONS				
Capital assets		**533,830**		531,612
Subsidy surplus reserve		**79,719**		78,563
Replacement reserve *(Note 8)*		**135,272**		139,335
		4,630,157		4,751,890
NET ASSETS				
Unrestricted		**2,170,060**		2,253,560
Internally restricted - Sterkell *(Note 9)*		**151,839**		125,000
Internally restricted - Christ Lutheran Church *(Note 9)*		**253,679**		-
Internally restricted - Memorial Fund *(Note 9)*		**12,296**		15,765
		2,587,874		2,394,325
	$	**7,218,031**	$	7,146,215

APPROVED ON BEHALF OF THE BOARD

Original document signed ______ *Director*

Original document signed ______ *Director*

LUTHER HOME CORPORATION

Statement of Operations

Year Ended March 31, 2015

	2015	2014 (Note 14)
REVENUE		
Long-term care *(Schedule 1)*	$ 6,056,024	$ 5,854,627
1080 Powers *(Schedule 2)*	523,606	518,313
1084 Powers *(Schedule 3)*	324,414	332,223
364 Leila *(Schedule 4)*	529,490	463,003
Adult Day Program *(Schedule 5)*	143,896	137,420
Home Care Program *(Schedule 6)*	332,688	332,688
Management Services *(Schedule 7)*	7,732	9,429
Memorial Fund *(Schedule 8)*	29,015	33,619
Donation Fund - Sterkell	26,839	125,000
Donation Fund - Christ Lutheran Church	253,679	-
	8,227,383	7,806,322
EXPENSES		
Long-term care *(Schedule 1)*	6,065,735	5,776,235
1080 Powers *(Schedule 2)*	508,606	503,313
1084 Powers *(Schedule 3)*	269,266	245,278
364 Leila *(Schedule 4)*	532,467	435,750
Adult Day Program *(Schedule 5)*	143,041	138,223
Home Care Program *(Schedule 6)*	350,594	332,065
Management Services *(Schedule 7)*	33,660	22,327
Memorial Fund *(Schedule 8)*	32,484	33,357
	7,935,853	7,486,548
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	291,530	319,774
OTHER		
Benefit bank value change - vacation	(18,555)	13,082
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	272,975	332,856
ALLOCATION TO REPLACEMENT RESERVE	78,418	125,017
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,008	1,008
EXCESS OF REVENUE OVER EXPENSES	$ 193,549	$ 206,831

LUTHER HOME CORPORATION

Statement of Changes in Net Assets

Year Ended March 31, 2015

	Internally Restricted			Unrestricted	2015	2014
	Sterkell	Christ Lutheran Church	Memorial Fund			
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED	$ -	$ -	$ 15,765	$ 2,253,560	$ 2,269,325	$ 2,187,494
PRIOR PERIOD ADJUSTMENT *(Note 14)*	125,000	-	-	-	125,000	-
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	125,000	-	15,765	2,253,560	2,394,325	2,187,494
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	26,839	253,679	(3,469)	(83,500)	193,549	206,831
NET ASSETS - END OF YEAR	$ 151,839	$ 253,679	$ 12,296	$ 2,170,060	$ 2,587,874	$ 2,394,325

LUTHER HOME CORPORATION

Statement of Cash Flow

Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	$ 193,549	$ 81,831
Adjustments for:		
Allocation to replacement reserve	78,418	110,017
Amortization of capital assets	293,570	285,344
Amortization of deferred contributions related to capital assets	(44,973)	(92,054)
	520,564	385,138
Adjustments for changes in non-cash working capital:		
Accounts receivable	(124,330)	(142,560)
Inventories	4,149	(6,548)
Prepaid expenses	(3,765)	13,450
Accounts payable and accrued expenses and Manitoba Housing	89,324	(11,482)
Accrued benefit entitlement	18,555	(18,025)
Cash flow from operating activities	504,497	219,973
INVESTING ACTIVITIES		
Purchase of capital assets	(83,197)	(117,173)
Due from Winnipeg Regional Health Authority	(20,001)	30,228
Cash flow from investing activities	(103,198)	(86,945)
FINANCING ACTIVITIES		
Change in deferred contributions	(34,134)	88,928
Repayment of term loans	(128,093)	(145,702)
Repayment of long-term debt	(100,830)	(92,195)
Cash flow from financing activities	(263,057)	(148,969)
INCREASE (DECREASE) IN CASH FLOW	138,242	(15,941)
CASH - BEGINNING OF YEAR	580,370	596,311
CASH - END OF YEAR	$ 718,612	$ 580,370

1. INCORPORATION AND OPERATIONS

Luther Home Corporation (the "Corporation") was incorporated on May 25, 1968 as a non-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 group home for mentally challenged individuals.

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)

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, they 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.

	Rate
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)

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 non-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 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.

(continues)

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 the Memorial Fund and two Donation Funds. 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 interest, 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 1.47% at year end. Restricted cash and marketable securities are amounts allocated to reserve and trust accounts that are subject to restrictions.

	2015	2014
Cash and marketable securities, restricted	$ 214,740	$ 217,598
Cash and marketable securities, unrestricted	503,872	363,132
	$ 718,612	$ 580,370

5. DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY (WRHA)

	2015	2014
Vacation entitlement	$ 133,100	$ 133,100
Pre-retirement entitlement	405,172	385,171
	$ 538,272	$ 518,271

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, 2015, the WRHA fully funded the change in the pre-retirement entitlement.

6. CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land – 1081 Andrews St.	$ 51,952	$ -	$ 51,952	$ -
Buildings – 1081 Andrews St.	3,064,366	1,354,496	3,064,366	1,258,726
Automotive – 1081 Andrews St.	74,399	71,099	74,399	69,021
Real time locating system – computer	16,461	10,226	9,335	9,335
Computer and system software – 1081 Andrews St.	183,011	181,970	183,011	181,448
Furniture, equipment and improvements – 1081 Andrews St.	2,865,584	2,091,000	2,789,510	1,990,538
Real time locating system	167,863	142,683	167,863	125,897
Buildings – 364 Leila Ave	229,430	102,103	229,430	96,727
Furniture and fixtures – 364 Leila Ave.	24,404	23,907	24,404	23,575
Land, building and equipment – 1080 Powers St.	2,889,843	642,000	2,889,843	570,648
Land, building and equipment – 1084 Powers St.	1,925,129	1,296,335	1,925,129	1,296,335
	$ 11,492,442	$ 5,915,819	$ 11,409,245	$ 5,622,249
Net book value	$ 5,576,623		$ 5,786,996	

7. LONG-TERM DEBT

	2015	2014
Mortgage loan, with MHRC, bearing interest at 10.125% per annum, repayable in monthly instalments of $21,387, including interest and secured by the land and building at 1080 Powers Street, due July 1, 2027.	**$ 1,828,354**	$ 1,899,706
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.	**174,277**	203,756
Term demand loan, with Bank of Montreal, bearing interest at prime plus .75%, repayable in monthly principal payments of $2,633, secured by assignment of proceeds of the contract with the WRHA for the laundry project, due February 1, 2016.	**57,873**	89,493
Term demand loan, with Bank of Montreal, bearing interest at prime plus .75% repayable in monthly principal payments of $1,975, secured by assignment of proceeds of the contract with the WRHA for the emergency generator, due March 1, 2020.	**120,234**	143,934
Term demand loan, with Bank of Montreal, bearing interest at prime plus .75%, secured by assignments of proceeds of the contract with the WRHA for the boiler replacements, due September 1, 2023.	**226,670**	259,790
Term demand loan, with Bank of Montreal, bearing interest at prime plus .75%, for renovations at 1084 Powers Street, due September 1, 2017.	**99,064**	138,716
	2,506,473	2,735,396
Less: Term loans due on demand	**503,841**	631,934
Less: Current portion of long-term debt	**110,153**	100,944
	$ 1,892,479	$ 2,002,518

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2016	**$ 109,000**
2017	**120,000**
2018	**131,000**
2019	**143,000**
2020	**149,000**

8. REPLACEMENT RESERVE

1081 Andrews Street

Under the terms of the agreement with WRHA, the replacement reserve account was credited in the amount of $4,776 (2014 -$18,776). 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 $15,000 (2014 - $15,000) 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.

9. INTERNALLY RESTRICTED FUNDS

During the 2013 fiscal year, the Board of Directors approved using the Memorial Fund to fund the deficiency of revenue of expenses of the operations of the Chaplaincy Services (Schedule 8) in the amount of $17,538. For the current year, a deficit on the operations of the Chaplaincy Services in the amount of $3,469 was transferred from the Memorial Fund.

During the current year, two donations were received from the Christ Lutheran Church, with specific conditions on the use of the donated funds.

10. PROVINCIAL HOME CARE

1084 Powers Street received $332,688 (2014 - $332,688) from the WRHA – Home Care Division during the current year as a reimbursement of staff salaries and benefits paid.

11. RESIDENTIAL SUPPORT PROGRAM

364 Leila Avenue received $529,490 (2014 - $463,003) from Family Services during the current year for residential services.

12. ECONOMIC DEPENDENCE

A significant portion of Luther Home's revenues are received from the WRHA and MHRC. Of the total revenue, 70% (2014 – 70%) is from these organizations.

13. 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 $355,414 (2014 - $311,015). This amount was determined by contributing 8.7% of eligible salaries up to $53,600 and 10.3% of the portion of salaries in excess of $53,600 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, 2013, indicates the Plan is fully funded.

14. PRIOR PERIOD ADJUSTMENT

During the current year, management discovered that a restricted donation that had been deferred on the statement of financial position should have been recognized as revenue in the prior year. Therefore, the financial statements have been retroactively restated to reflect this adjustment.

The effect of this restatement on the prior year financial statements is as follows:

- Accounts payable and accrued expenses decreased by	$125,000
- Internally restricted net assets – Sterkell increased by	$125,000
- Unrestricted net assets decreased by	$125,000
- Donation Fund – Sterkell revenue increased by	$125,000
- Excess of revenue over expenses after other and allocation of replacement reserve increased by	$125,000
- Net assets – End of Year increased by	$125,000

LUTHER HOME CORPORATION

Schedule 1

Statement of Operations
Long-Term Care

Year Ended March 31, 2015

	2015	2014
REVENUE FROM RESIDENT SERVICES		
Winnipeg Regional Health Authority	$ 4,283,833	$ 4,069,149
Amortization of deferred contributions	44,973	92,054
Residential charges	1,330,367	1,358,908
	5,659,173	5,520,111
OFFSET REVENUES		
Dietetics	138,517	136,511
Interest	-	108
Parking	12,557	13,067
Project maintenance	191,301	136,685
Other	54,476	48,145
	396,851	334,516
	6,056,024	5,854,627
EXPENSES		
Administration	70,415	92,479
Amortization of capital assets	216,511	214,964
Food	237,844	226,514
Interest on long-term debt	29,473	34,899
Maintenance and repairs	77,914	85,243
Medical supplies	89,934	86,044
Other supplies and expenses	150,622	142,888
Purchased services	24,663	25,956
Salaries, benefits and payroll levy	5,032,476	4,739,537
Utilities	135,883	127,711
	6,065,735	5,776,235
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	(9,711)	78,392
ALLOCATION TO REPLACEMENT RESERVE	4,776	4,776
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,008	1,008
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (15,495)	$ 72,608

LUTHER HOME CORPORATION

Schedule 2

Statement of Operations
1080 Powers St.

Year Ended March 31, 2015

	Budget 2015 (unaudited)	**Actual 2015**	Actual 2014
REVENUES			
Manitoba Housing Renewal Corporation - subsidy	$ -	**$ 280,209**	$ 280,082
Rental revenue	213,500	**219,427**	214,993
Cablevision	16,000	**17,010**	16,956
Other	6,000	**6,960**	6,282
	235,500	**523,606**	518,313
EXPENSES			
Administration *(Schedule A1)*	25,400	**31,140**	31,408
Amortization of capital assets	-	**71,352**	64,641
Cablevision	16,000	**15,941**	15,904
Electricity	39,100	**47,162**	47,317
Insurance	3,500	**4,266**	2,747
Interest on long-term debt	-	**185,295**	192,006
Repairs and maintenance *(Schedule A3)*	71,200	**74,886**	71,905
Natural gas	19,000	**16,167**	15,701
Property taxes	-	**23,562**	23,435
Water	17,000	**20,307**	16,303
	191,200	**490,078**	481,367
EXCESS OF REVENUE OVER EXPENSES BEFORE EXCESS SUBSIDY AND ALLOCATION	44,300	**33,528**	36,946
EXCESS SUBSIDY DUE TO MANITOBA HOUSING RENEWAL CORPORATION	-	**(18,528)**	(21,946)
ALLOCATION TO REPLACEMENT RESERVE	15,000	**15,000**	15,000
EXCESS OF REVENUE OVER EXPENSES	$ 29,300	**$ -**	$ -

LUTHER HOME CORPORATION

Schedule 3

Statement of Operations
1084 Powers St.

Year Ended March 31, 2015

	2015	2014
REVENUES		
Rental revenue	$ 314,649	$ 321,482
Other	9,765	10,741
	324,414	332,223
EXPENSES		
Administration	39,120	39,120
Cablevision	19,284	18,309
Electricity	25,612	26,145
Insurance	6,836	5,316
Interest on long- term debt	4,491	6,007
Janitorial services	18,716	17,331
Maintenance and repairs	81,667	68,193
Natural gas	20,539	15,867
Other supplies and expenses	1,597	1,523
Professional fees	2,160	2,428
Property taxes	32,022	27,986
Security	2,010	1,935
Water	15,212	15,118
	269,266	245,278
EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION	55,148	86,945
ALLOCATION TO REPLACEMENT RESERVE	58,642	79,460
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (3,494)	$ 7,485

LUTHER HOME CORPORATION

Schedule 4

Statement of Operations
364 Leila Ave.

Year Ended March 31, 2015

		2015		2014
REVENUES				
Province of Manitoba - residential support program	$	**437,694**	$	437,664
Province of Manitoba - residential support program - Extra staffing		**78,538**		17,532
Province of Manitoba - residential support program - Benefits		**13,258**		7,807
		529,490		463,003
EXPENSES				
Administration		**39,700**		13,200
Amortization of capital assets		**5,708**		5,739
Electricity		**4,274**		4,108
Food supplies		**26,770**		22,323
Insurance		**556**		358
Janitorial services		**4,410**		3,452
Maintenance and repairs		**11,174**		10,512
Natural gas		**958**		974
Other supplies and expenses		**3,861**		3,226
Professional fees		**2,160**		2,428
Property taxes		**4,265**		4,536
Salaries, benefits and payroll levy		**422,269**		359,130
Telephone		**3,609**		3,779
Water		**2,753**		1,985
		532,467		435,750
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES BEFORE ALLOCATION		**(2,977)**		27,253
ALLOCATION TO REPLACEMENT RESERVE		**-**		25,781
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$	**(2,977)**	$	1,472

LUTHER HOME CORPORATION

Schedule 5

Statement of Operations
Adult Day Program

Year Ended March 31, 2015

		2015		2014
REVENUES				
Winnipeg Regional Health Authority	$	125,223	$	120,704
Participant charges		18,673		16,716
		143,896		137,420
EXPENSES				
Other supplies and expenses		16,457		16,344
Salaries, benefits and payroll levy		62,086		57,057
Travel		64,498		64,822
		143,041		138,223
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$	855	$	(803)

LUTHER HOME CORPORATION

Schedule 6

Statement of Operations
Home Care Program

Year Ended March 31, 2015

	2015	2014
REVENUES		
Winnipeg Regional Health Authority	$ 332,688	$ 332,688
EXPENSES		
Other supplies and expenses	15,180	15,180
Salaries, benefits and payroll levy	335,414	316,885
	350,594	332,065
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (17,906)	$ 623

LUTHER HOME CORPORATION

Schedule 7

Statement of Operations
Management Services

Year Ended March 31, 2015

	2015	2014
REVENUE		
Other	$ 7,732	$ 9,429
EXPENSES		
Board expenses	2,917	2,430
Education	17,250	-
Legal fees	-	7,248
Miscellaneous	25	-
Scholarship	1,000	998
Staff appreciation	9,330	9,003
Tenant and staff gifts	3,138	2,648
	33,660	22,327
DEFICIENCY OF REVENUE OVER EXPENSES	$ (25,928)	$ (12,898)

LUTHER HOME CORPORATION

Schedule 8

Statement of Operations
Memorial Fund

Year Ended March 31, 2015

		2015		2014
REVENUES				
General contributions	$	29,015	$	33,619
EXPENSES				
Miscellaneous		60		68
Spiritual care		32,424		33,289
		32,484		33,357
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$	(3,469)	$	262

LUTHER HOME CORPORATION

Schedule 9

Supplementary Information

Year Ended March 31, 2015

	Long-Term Care	1080 Powers Street	1084 Powers Street	364 Leila Avenue	Total
REPLACEMENT RESERVE					
RESERVE FOR CAPITAL ASSETS					
Opening balance	$ 15,171	$ 104,363	$ -	$ -	$ 119,534
Current allocation	45,687	15,000	58,642	-	119,329
Interest earned	223	1,536	-	-	1,759
Current expenditures	(45,522)	(18,173)	(58,642)	-	(122,337)
Ending balance	15,559	102,726	-	-	118,285
RESERVE FOR MAJOR REPAIRS					
Opening balance	10,729	-	-	-	10,729
Current allocation	4,776	-	-	-	4,776
Interest earned	157	-	-	-	157
Current expenditures	(8,755)	-	-	-	(8,755)
Ending balance	6,907	-	-	-	6,907
RESERVE FOR INSURANCE DEDUCTIBLE					
Opening balance	9,072	-	-	-	9,072
Current allocation	1,008	-	-	-	1,008
Ending balance	10,080	-	-	-	10,080
TOTAL	$ 32,546	$ 102,726	$ -	$ -	$ 135,272
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION					
CAPITAL ASSETS					
Opening balance	$ 6,340,437	$ 2,889,844	$ 1,925,129	$ 253,835	$ 11,409,245
Additions	83,198	-	-	-	83,198
Ending balance	6,423,635	2,889,844	1,925,129	253,835	11,492,443
ACCUMULATED DEPRECIATION					
Opening balance	3,634,962	570,649	1,296,335	120,303	5,622,249
Current year depreciation	216,511	71,352	-	5,708	293,571
Ending balance	3,851,473	642,001	1,296,335	126,011	5,915,820
NET BOOK VALUE	$ 2,572,162	$ 2,247,843	$ 628,794	$ 127,824	$ 5,576,623
SUBSIDY SURPLUS					
Opening balance	$ -	$ -	$ 78,563	$ -	$ 78,563
Interest earned	-	-	1,156	-	1,156
Ending balance	$ -	$ -	$ 79,719	$ -	$ 79,719
LONG-TERM DEBT					
Opening balance	$ 696,974	$ 1,899,706	$ 138,717	$ -	$ 2,735,397
Principal payment	(117,919)	(71,352)	(39,653)	-	(228,924)
Ending balance	579,055	1,828,354	99,064	-	2,506,473
Less: Current portion and term loans due on demand	(436,318)	(78,612)	(99,064)	-	(613,994)
	$ 142,737	$ 1,749,742	$ -	$ -	$ 1,892,479

LUTHER HOME CORPORATION

Schedule 10

Combined Statement of Revenues and Expenditures

Year Ended March 31, 2015

	2015												2014
	Long-Term Care	Other	1080 Powers Street	1084 Powers Street	364 Leila Avenue	Adult Day Program	Home Care Program	Management Services	Memorial Fund *(Restricted)*	Fund Sterkell *(Restricted)*	Fund Christ Lutheran *(Restricted)*	Total	Total
REVENUE													
Regional Health Authority	$ 4,283,833	$ -	$ -	$ -	$ -	$ 125,223	$ 332,688	$ -	$ -	$ -	$ -	$ 4,741,744	$ 4,522,541
Manitoba Housing		-	280,209	-	-	-	-	-	-	-	-	280,209	280,082
Residential support		-	-	-	529,490	-	-	-	-	-	-	529,490	463,003
Rental	1,330,367	-	219,427	314,649	-	18,673	-	-	-	-	-	1,883,116	1,912,099
Amortization	44,973	-	-	-	-	-	-	-	-	-	-	44,973	92,054
Other	396,851	-	23,970	9,765	-	-	-	7,732	29,015	26,839	253,679	747,851	546,390
	6,056,024	-	523,606	324,414	529,490	143,896	332,688	7,732	29,015	26,839	253,679	8,227,383	7,816,169
EXPENSES													
Amortization	216,511	-	71,352	-	5,708	-	-	-	-	-	-	293,571	285,344
Interest on long-term debt	29,473	-	185,295	4,491	-	-	-	-	-	-	-	219,259	232,912
Other	626,729	-	140,495	143,678	85,915	80,955	15,180	33,660	60	-	-	1,126,672	1,088,686
Purchased services	24,663	-	-	2,160	2,160	-	-	-	-	-	-	28,983	30,812
Utilities	135,883	-	111,464	100,221	16,415	-	-	-	-	-	-	363,983	339,386
Salaries, benefits, levy	5,032,476	-	-	18,716	422,269	62,086	335,414	-	32,424	-	-	5,903,385	5,519,255
	6,065,735	-	508,606	269,266	532,467	143,041	350,594	33,660	32,484	-	-	7,935,853	7,496,395
	(9,711)	-	15,000	55,148	(2,977)	855	(17,906)	(25,928)	(3,469)	26,839	253,679	291,530	319,774
BENEFIT BANK CHANGE	-	(18,555)	-	-	-	-	-	-	-	-	-	(18,555)	13,082
EXCESS (DEFICIENCY)	(9,711)	(18,555)	15,000	55,148	(2,977)	855	(17,906)	(25,928)	(3,469)	26,839	253,679	272,975	332,856
ALLOCATION TO REPLACEMENT RESERVE	4,776	-	15,000	58,642	-	-	-	-	-	-	-	78,418	125,017
ALLOCATION TO INSURANCE DEDUCTIBLE RESERVE	1,008	-	-	-	-	-	-	-	-	-	-	1,008	1,008
EXCESS (DEFICIENCY)	$ (15,495)	$ (18,555)	$ -	$ (3,494)	$ (2,977)	$ 855	$ (17,906)	$ (25,928)	$ (3,469)	$ 26,839	$ 253,679	$ 193,549	$ 206,831

MFL OCCUPATIONAL HEALTH

AND SAFETY CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2015

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2015

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SIMON HALL CHARTERED ACCOUNTANT
100 - 338 Broadway
WINNIPEG, MANITOBA
R3C 0T3

AUDITOR`S REPORT

TO THE DIRECTORS,
MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.,
Winnipeg, Manitoba

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of MFL Occupational Health and Safety Centre, which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBIILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Not For Profit Reporting Standards, for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requriements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well asevaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements reflect fairly, in all material respects, the financial position of MFL Occupational Health and Safety Centre as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian Not For Profit Reporting Standards.

SIMON HALL
CHARTERED ACCOUNTANT

June 18, 2015
Winnipeg, Manitoba

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2015

	Operating Fund	Special Projects Fund	Total 2015	Total 2014
	$	$	$	$
CURRENT ASSETS:				
Cash Note 3	104,345	-	104,345	78,893
Short term investments Note 4	272,248	175,000	447,248	447,253
Accounts Rec Note 5	78,910	-	78,910	109,101
TOTAL ASSETS	455,503	175,000	630,503	635,247
CURRENT LIABILITIES:				
Accounts payable & accrued liabilities Note 8	145,282	-	145,282	202,218
Repayable to WRHA Note 9	78,895	-	78,895	65,839
Deferred revenue Note 10	37,177	-	37,177	19,971
	261,354	-	261,354	288,028
CONTINGENT LIABILITIES: (note 11)				
NET ASSETS:				
Internally restricted	-	175,000	175,000	175,000
Unrestricted	194,149	-	194,149	172,219
	194,149	175,000	369,149	347,219
TOTAL LIABILITIES & NET ASSETS	455,503	175,000	630,503	635,247

APPROVED BY BOARD:

Original document signed : Director

Original document signed : Director

: Director

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF OPERATIONS

AS AT MARCH 31, 2015

	Operating Fund $	Special Projects Fund $	**Total 2015 $**	Total 2014 $
REVENUES:				
WRHA: Medical Clinic	796,618	-	**796,618**	809,592
WRHA: recoveries	(13,345)	-	**(13,345)**	(23,941)
WRHA: reimbursements	-	-	-	14,746
Interest & other	7,342	-	**7,342**	4,539
WCB Research & Workplace Innovation Program	19,235	-	**19,235**	-
Fundraising	6,893	-	**6,893**	27,981
Citizenship & Immigration Canada	105,462	-	**105,462**	95,593
Deferred contribution for capital assets	-	-	-	-
Deferred revenue in	-	-	-	-
Deferred revenue out	(16,406)	-	**(16,406)**	-
Total Revenues	905,799	-	**905,799**	928,510
EXPENDITURES:	883,867	-	**883,867**	923,470
EXCESS OF REVENUE OVER EXPENDITURES	21,932	-	**21,932**	5,040

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF OPERATIONS CONT'D.

AS AT MARCH 31, 2015

	Operating Fund $	Special Projects Fund $	**Total 2015 $**	Total 2014 $
EXPENDITURES BREAKDOWN - OPERATING:				
Amortization on equip	-	-	**-**	-
Audit & accounting	10,498	-	**10,498**	8,999
Accreditation Fees	202	-	**202**	10,480
Computer software and services	2,828	-	**2,828**	6,176
Bank charges	481	-	**481**	443
Delivery	166	-	**166**	136
Employee benefits	101,806	-	**101,806**	99,584
Equipment rental & minor purchases	12,796	-	**12,796**	18,718
Fundraising	-	-	**-**	4,915
Insurance	5,306	-	**5,306**	5,088
Memberships	250	-	**250**	-
Legal	25	-	**25**	25
License fees	461	-	**461**	747
Meeting Expense	1,388	-	**1,388**	1,594
Miscellaneous	7,709	-	**7,709**	1,114
Newsletter	10,040	-	**10,040**	7,639
Printing/Stationery & Office Supplies	10,692	-	**10,692**	10,902
Postage	647	-	**647**	635
Pre-retirement	(24,000)	-	**(24,000)**	2,746
Publications	2,617	-	**2,617**	2,343
Public relations	2,200	-	**2,200**	1,282
Purchased services	22,838	-	**22,838**	23,619
Rent	70,509	-	**70,509**	70,509
Staff education & recruitment	450	-	**450**	2,251
Staff parking	6,905	-	**6,905**	7,430
Staff travel & exp.	3,069	-	**3,069**	3,142
Telephone	7,472	-	**7,472**	7,698
Work place services	6,882	-	**6,882**	2,051
Wages & salaries	619,630	-	**619,630**	623,204
Total Operating Expenditures	883,867	-	**883,867**	923,470

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS

AS AT MARCH 31, 2015

	Operating Fund $	Special Projects Fund $	**Total 2015 $**	Total 2014 $
Fund balance, beginning of year	172,217	175,000	**347,217**	342,177
Surplus (deficiency) for the year	21,932	-	**21,932**	5,040
Interfund transfers	-	-	-	-
Closing fund balance	194,149	175,000	**369,149**	347,217

"See Auditor's Report and Accompanying Notes"

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING MARCH 31, 2015

	2015 $	2014 $
CASH PROVIDED BY OPERATIONS:		
Surplus for the year	21,932	5,040
Add: amortization	-	-
	21,932	5,040
Change in working capital:		
Accounts receivable	30,191	(23,927)
Short term investments	5	(100,000)
Accounts payable & accrued liabilities	(56,938)	13,750
Repayable to WRHA	13,056	23,943
Deferred revenue	17,206	800
	3,520	(85,434)
Cash from (used for) operations	25,452	(80,394)
CASH PROVIDED BY INVESTMENT & FINANCING ACTIVITIES:		
Deferred contributions	-	-
Cash from (used for) investing & financing	-	-
Increase (decrease) in cash for the year	25,452	(80,394)
Cash, beginning of year	78,893	159,287
Cash, end of year (note 3)	104,345	78,893

"See Auditor's Report and Accompanying Notes"

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. FORM OF ORGANIZATION

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC. was incorporated as a non-share, non-profit organization under the Cooperatives Act of Manitoba and is non-taxable pursuant to paragraph 149(1)1 of the Income Tax Act. The purpose of the organization is to assist individuals and groups in Manitoba to improve workplace health and safety.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations, which encompass the following principles:

i) Capital Assets

Capital asset acquisitions are accounted for on the following basis:

Purchases of computers, equipment and furniture are capitalized in the year of their purchase and are amortized over their useful life on a straight line basis over the following estimated number of years:

Computers	3 years
Office furniture	10 years
Equipment	10 years

Revenues received which are designated for capital purchases are deferred in the year of receipt and recognized annually at the same rate as the amortization on the related assets.

ii) Investments

Investments are recorded at lower of cost and market value.

iii) Recognition of Revenues

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. 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.

Revenue from Winnipeg Regional Health Authority is recognized when received or receivable; any subsequent settlement is shown as an adjustment to income in the year of adjustment.

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

iv) Fund Accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Special Projects fund reports on revenues and expenses related to the allocation to and from the Operating Fund by the vote of the Board of Directors of internally restricted funds to be used on extraordinary projects of the Centre.

v) Financial Instruments

It is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

vi) Use of Estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

3. CASH

	2015	2014
	$	$
Operating	104,250	78,798
Shares	95	95
	104,345	78,893

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

4. SHORT TERM INVESTMENTS

	2015	2014
	$	$
Daily interest account	447,248	447,253

5. ACCOUNTS RECEIVABLE

	2015	2014
Trade receivables	77,101	107,416
Receiver General (GST)	1,809	1,685
	78,910	109,101

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2015	Net Book Value 2014
	$	$	$	$
Audio visual equipment	11,738	(11,738)	-	-
Computers	46,750	(46,750)	-	-
Leasehold improvements	89,226	(89,226)	-	-
Medical equipment	29,052	(29,052)	-	-
Office equipment	28,694	(28,694)	-	-
Office furniture	34,112	(34,112)	-	-
Security system	574	(574)	-	-
Phone system	7,700	(7,700)	-	-
Total	247,846	(247,846)	-	-

7. INVESTMENT IN UNION CENTRE INC.

Union Centre Inc.

The M.F.L. - O.H.C. invested principal of $150,000 plus interest accrued at 11% per annum to December 31, 1993 in the acquisition of the Union Centre. This totalled to $204,669. Subsequent to December 31, 1993 the investment was interest-free with no fixed repayment terms. The M.F.L. - O.H.C. is entitled to repayment of their investment plus interest accrued to December 31, 1993 upon the disposition of the Union Centre.

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 $	2014 $
Trade payables	12,537	30,078
Accrued liabilities	119,273	157,546
Trust liabilities	13,472	14,594
	145,282	202,218

9. REPAYABLE TO WRHA

Revenue in excess of expenditures:

	2015	2014
2011/2012	25,776	25,776
2012/2013	16,122	16,122
2013/2014	23,941	23,941
2014/2015	13,056	-
	78,895	65,839

10. DEFERRED REVENUE

	2015	2014
R.W.I.P.	16,406	-
Other	9,371	9,371
WRHA: Insurance reserve	11,400	10,600
	37,177	19,971

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

11. CONTINGENT LIABILITY

Subsequent to the annual audit, Winnipeg Regional Health Authority, the Centre's primary funder, performs its own financial reviews to determine additional amounts owed to the Centre or recoveries due back. As these amounts are not known at the time of the audit, Winnipeg Regional Health Authority revenues to the Centre are listed on these statements on a confirmed payment basis from Winnipeg Regional Health Authority with prior year adjustments listed in the year of notification.

12. PUBLIC SECTOR DISCLOSURE ACT

In accordance with the Public Sector Disclosure Act the following compensation in excess of $50,000 during the year was paid to M.F.L. employees:

	Wages	Benefits	Other	Total
	$	$	$	$
Executive Director	71,614	7,951	-	79,565
Health Educator	52,855	5,869	-	58,724
Librarian	48,854	5,425	-	54,279
Occupational Health Specialist	51,460	5,714	-	57,174
Occupational Health Nurse	85,480	9,492	-	94,972
Occupational Health Nurse	68,591	7,616	-	76,207
Cross Cultural	63,014	6,997	-	70,011
Finance/Office Admin	67,875	7,537	-	75,412

13. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year presentation.

14. FINANCIAL COMMITMENTS

The MFL - OHC leases its office space from the Union Centre. The monthly lease cost is The lease is in effect to April 30, 2018.

15. ECONOMIC DEPENDENCE

The Centre derives the majority of its revenues pursuant to an agreement with the Winnipeg Regional Health Authority.

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS

FOR THE YEAR MARCH 31, 2015

OPERATING FUND

	W.R.H.A. PAGE 15	Donations & Other Programs	Citizenship & Immigration Canada	**Total Fund 2015**	Total Fund 2014
	$	$	$	**$**	$
REVENUES:					
WRHA: Medical Clinic	796,618	-	-	**796,618**	809,592
: recoveries	(13,345)	-	-	**(13,345)**	(23,941)
: reimbursement	-	-	-	-	14,746
Interest & other	-	7,342	-	**7,342**	4,539
R.W.I.P.	-	2,829	-	**2,829**	-
Fundraising	-	6,893	-	**6,893**	27,981
Citizenship & Immigration Canada	-	4,988	100,474	**105,462**	95,593
Deferred contributions for capital assets	-	-	-	-	-
Deferred revenue out	-	-	-	-	-
Total Revenues	783,273	22,052	100,474	**905,799**	928,510
EXPENDITURES - OPERATING:					
Total Operating Expenditures	768,671	14,721	100,475	**883,867**	923,470
Surplus/ (deficit)	14,602	7,331	(1)	**21,932**	5,040

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS CONTINUED

FOR THE YEAR MARCH 31, 2015

OPERATING FUND EXPENDITURE BREAKDOWN

	WRHA	Donations & Other Programs	C.I.C	**Total Operating Fund 2015**	Total Operating Fund 2014
	$	$	$	**$**	$
EXPENDITURES BREAKDOWN - OPERATING:					
Accreditation fees	202	-	-	**202**	10,480
Auditing/accounting	10,498	-	-	**10,498**	8,999
Bank charges	481	-	-	**481**	443
Computer software & service	2,828	-	-	**2,828**	6,176
Delivery	166	-	-	**166**	136
Employee benefits	93,192	-	8,614	**101,806**	99,584
Equipment rental & minor purchases	12,796	-	-	**12,796**	18,718
Fundraising	-	-	-	**-**	4,915
Memberships	250	-	-	**250**	-
Insurance	5,306	-	-	**5,306**	5,088
Legal	25	-	-	**25**	25
License fees	461	-	-	**461**	747
Meeting Expense	1,388	-	-	**1,388**	1,594
Miscellaneous	6,594	327	788	**7,709**	1,114
Newsletter	-	10,040	-	**10,040**	7,639
Office supplies/Printing/ Stationery	4,411	653	5,628	**10,692**	10,902
Postage	647	-	-	**647**	635
Pre-retirement	(24,000)	-	-	**(24,000)**	2,746
Publications	2,617	-	-	**2,617**	2,343
Public relations	2,200	-	-	**2,200**	1,282
Purchased services	2,470	-	20,368	**22,838**	23,619
Rent	70,509	-	-	**70,509**	70,509
Staff education & recruitment	450	-	-	**450**	2,251
Staff parking	5,705	1,200	-	**6,905**	7,430
Staff travel	1,555	239	1,275	**3,069**	3,142
Telephone	7,472	-	-	**7,472**	7,698
Workplaces services	6,882	-	-	**6,882**	2,051
Wages & salaries	553,566	2,262	63,802	**619,630**	623,204
Total Operating Expenditures	768,671	14,721	100,475	**883,867**	923,470

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

WRHA FUNDED OPERATING PROGRAMS

	ACTUAL 2015 $	ACTUAL 2014 $
REVENUES:		
WRHA: Medical Clinic	796,618	809,592
WRHA: Supplemental funding	-	-
WRHA: Reimbursements	-	14,746
WRHA: recoveries	(13,345)	(23,941)
Total Revenues	783,273	800,397
EXPENDITURES - OPERATING:		
Accreditation Fees	202	10,480
Amortization of equipment	-	-
Audit & accounting	10,498	8,999
Bank charges & interest	481	443
Computer software & services	2,828	6,176
Delivery	166	136
Employee benefits	93,192	87,264
Equipment rental & minor purchases	12,796	13,055
Memberships	250	-
Insurance	5,306	5,088
Legal	25	25
Licence fees	461	747
Meeting expenses	1,388	1,594
Miscellaneous	6,594	914
Pre-retirement expenses	(24,000)	2,746
Printing/stationery/office	4,411	5,719
Postage	647	635
Public relations	2,200	1,282
Publications	2,617	2,343
Purchased services	2,470	3,753
Rent	70,509	70,509
Staff education & recruitment	450	1,811
Staff parking	5,705	6,230
Staff travel & expenses	1,555	2,118
Telephone	7,472	7,698
Workplace services	6,882	2,051
Wages & salaries	553,566	563,444
Total Operating Expenditures	768,671	805,260
EXCESS OF REVENUE OVER EXPENDITURES	14,602	(4,863)

MFL OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF RWIP OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

R.W.I.P.

	Total 2015 $	Total 2014 $
REVENUES:		
Revenue	19,235	-
Deferred revenue out	(16,406)	-
Total Revenues	2,829	-
EXPENDITURES:		
Refreshments	327	-
Travel	239	-
Wages & benefits	2,262	-
Total Operating Expenditures	2,828	-
Excess of Revenue Over Expenditures	1	-

MAIN STREET PROJECT, INC. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

MEADOWOOD MANOR AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

Financial Statements of

MENNO HOME FOR THE AGED INC.
(PERSONAL CARE HOME DIVISION)

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

Independent Auditor's Report

To the Board Members of
Menno Home for the Aged Inc. (Personal Care Home Division)

We have audited the accompanying financial statements of Menno Home for the Aged Inc. (Personal Care Home Division), which comprise the statement of financial position as at March 31, 2015 and the statements of changes in net assets, operations and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Menno Home For the Aged Inc. (Personal Care Home Division) as at March 31, 2015 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.

Deloitte LLP

Chartered Accountants

June 2, 2015
Winnipeg, Manitoba

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MENNO HOME FOR THE AGED INC.
(PERSONAL CARE HOME DIVISION)
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	$ 137,295	$ 140,668
Accounts receivable (Note 4)	16,172	14,362
Prepaid expenses	2,927	3,844
Inventories	22,550	25,177
Due from Southern Health - Santé Sud (Note 5)	72,342	15,912
Vacation entitlements receivable (Note 6)	108,516	108,516
	359,802	308,479
PRE-RETIREMENT OBLIGATION ASSETS (Note 14)	221,000	209,000
CAPITAL ASSETS (Note 7)	1,365,840	1,435,915
	$ 1,946,642	$ 1,953,394
LIABILITIES		
CURRENT		
Accounts payable and accruals	$ 188,915	$ 166,176
Accrued vacation entitlements (Note 6)	186,771	183,875
Current portion of long term debt (Note 9)	-	41,580
	375,686	391,631
PRE-RETIREMENT OBLIGATIONS (Note 14)	221,000	209,000
LONG TERM DEBT (Note 9)	-	308,371
DEFERRED CONTRIBUTIONS (Note 10)		
Expenses of future periods	17,291	5,572
Capital assets	1,196,147	911,996
	1,810,124	1,826,570
COMMITMENTS AND CONTINGENCIES (Note 12)		
NET ASSETS		
Unrestricted net assets	(33,175)	(47,144)
Invested in capital assets (Note 11)	169,693	173,968
	136,518	126,824
	$ 1,946,642	$ 1,953,394

APPROVED BY THE BOARD

Original document signed
.... Director

Original document signed
.... Director

MENNO HOME FOR THE AGED INC.
(PERSONAL CARE HOME DIVISION)
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015		
	Invested in capital assets	Unrestricted Net Assets	Total
Balance, beginning of year	$ 173,968	$ (47,144)	$ 126,824
Excess of (expenses over revenues) revenue over expenses for year	(4,255)	13,949	9,694
Net changes in invested in capital assets	(20)	20	-
Balance, end of year	$ 169,693	$ (33,175)	$ 136,518

	2014		
	Invested in capital assets	Unrestricted Net Assets	Total
Balance, beginning of year	$ 188,420	$ (117,198)	$ 71,222
Excess of (expenses over revenues) revenue over expenses for year	(3,717)	59,319	55,602
Net changes in invested in capital assets	(10,735)	10,735	-
Balance, end of year	$ 173,968	$ (47,144)	$ 126,824

MENNO HOME FOR THE AGED INC.
(PERSONAL CARE HOME DIVISION)
Statement of Operations
For the Year Ended March 31, 2015

	2015	2014
REVENUE		
Southern Health - Santé Sud (Note 13)	**$ 2,619,957**	$ 2,424,391
Residential charges	**565,369**	607,450
CMHC capital funding	**6,021**	36,126
Amortization of deferred contributions related to capital assets	**95,135**	98,124
Meal recoveries	**7,906**	13,138
Other recoveries	**139,883**	144,758
Interest income	**472**	1,496
	3,434,743	3,325,483
EXPENSE		
Administration	**400,790**	371,649
Amortization of capital assets	**99,390**	101,841
Dietary	**435,340**	439,437
Drugs	**76,780**	78,879
Housekeeping	**98,321**	97,149
Laundry and linens	**104,160**	103,372
Nursing	**1,913,043**	1,805,913
Patient support services	**70,321**	70,398
Physical plant	**105,670**	89,491
Pre-retirement obligations	**21,260**	23,750
Utilities, taxes and insurance	**99,974**	88,002
	3,425,049	3,269,881
EXCESS OF REVENUE OVER EXPENDITURES	**$ 9,694**	$ 55,602

MENNO HOME FOR THE AGED INC.
(PERSONAL CARE HOME DIVISION)
Statement of Cash Flows
For the Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expense	$ 9,694	$ 55,602
Items not affecting cash:		
Amortization of capital assets	99,390	101,841
Amortization of deferred contributions - capital assets	(95,135)	(98,124)
	13,949	59,319
Changes in non-cash operating working capital items:		
Accounts receivable	(1,810)	30,131
Due from SH - SS	(56,430)	(44,555)
Prepaid expenses	917	118
Inventories	2,627	1,754
Accounts payable and accrued liabilities	22,739	(190,413)
Vacation entitlements accrued	2,896	4,491
	(15,112)	(139,155)
FINANCING ACTIVITIES		
Proceeds from deferred contributions	379,286	93,731
Repayment of long term debt	(349,951)	(41,385)
Deferred contributions - expenses of future periods	11,719	(19)
	41,054	52,327
INVESTING ACTIVITY		
Acquisition of capital assets	(29,315)	(41,611)
NET DECREASE IN CASH	(3,373)	(128,439)
CASH, BEGINNING OF YEAR	140,668	269,107
CASH, END OF YEAR	$ 137,295	$ 140,668

1. NATURE OF BUSINESS

Menno Home for the Aged - Personal Care Home Division (the "Home") is a division of Menno Home for the Aged Inc.

Menno Home for the Aged was incorporated by Letters of Patent under the Corporations Act of the Province of Manitoba on January 25, 1960 and Articles of Amendment certified on November 17, 1982 and operates in Grunthal, Manitoba under the name Menno Home for the Aged. The Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. The objective of the Home is to operate as a personal care home for the elderly and infirm in the Grunthal, Manitoba area.

2. BASIS OF PRESENTATION

These financial statements present the financial position and results of operation of the personal care home division of Menno Home for the Aged Inc. As such, these financial statements do not include the assets, liabilities, equity, revenues and expenses of the other division of the corporation (Greendale Estates Division).

Consolidated financial statements for the corporation have not been prepared. Separate financial statements are presented for each division to facilitate reporting to the funders and other users of each division.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repair and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following rates:

Land improvements	20 years
Buildings	40 years
Building improvements	20 years
Furniture and fixtures	5 to 10 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition

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

Under the Health Insurance Act and regulations thereto, the Home is funded primarily through the Southern Health - Santé Sud ("SH-SS") by the Province of Manitoba in accordance with budget arrangements established by SH-SS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect discussions with SH-SS with respect to the year ended March 31, 2015.

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

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 to 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 residential and other services is recognized when the goods are sold or the service is provided and collection is reasonably assured.

c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Home subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

d) Inventories

Inventories are carried at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Contributed services

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

f) Employee future benefits

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.

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates included in these financial statements are included in the determination of the useful lives of capital assets, accrued vacation entitlements and accrued retirement obligations. Actual results could differ from these estimates.

4. ACCOUNTS RECEIVABLE

		2015		2014
Receivable from residents	$	3,231	$	4,140
Goods and Services Tax		6,484		10,222
Other receivable		6,457		-
	$	16,172	$	14,362

5. DUE FROM SOUTHERN HEALTH – SANTÉ SUD

		2015		2014
2014/15 funding adjustments	$	72,342	$	15,912
	$	72,342	$	15,912

6. ACCRUED VACATION ENTITLEMENTS

The Home 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 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 Home's employees, the related entitlement receivable is collected and reestablished up to this maximum amount.

7. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 97,366	$ -	$ 97,366	$ 97,366
Land improvements	14,043	1,755	12,288	12,990
Buildings	1,249,813	899,178	350,635	381,881
Building improvements	1,021,874	204,128	817,746	852,176
Furniture and equipment	249,618	161,813	87,805	67,732
Construction in progress	-	-	-	23,770
	$ 2,632,714	$ 1,266,874	$ 1,365,840	$ 1,435,915

8. BANK INDEBTEDNESS

The Home has a line of credit with Community Credit Union to a maximum of $95,000 bearing interest at the Credit Union prime rate and is secured by a general security agreement on the Home's accounts receivable. As at year end the Home had not utilized any portion of the line of credit.

9. LONG TERM DEBT

	2015	2014
Due to Manitoba Health, unsecured, bearing interest At 4%, repayayble in monthly principal payments of $3,465 plus interest, due August 1, 2025.	$ -	$ 349,951
Less: current portion	-	(41,580)
	$ -	$ 308,371

The commercial loan was fully repaid August 26, 2014.

10. DEFERRED CONTRIBUTIONS

Expenses of Future Periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs, equipment replacement and insurance deductibles.

	2015	2014
Balance, beginning of year	$ 5,572	$ 5,591
Add: amount received during the year	49,103	35,589
Less: transfer to deferred contributions – capital assets	(37,384)	(29,847)
Less: expenditures for the year	-	(5,761)
	$ 17,291	$ 5,572

10. DEFERRED CONTRIBUTIONS (continued)

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	$ 911,996	$ 916,389
Add: SH-SS contributions	326,181	63,884
Add: transferred from deferred contributions – expenses of future periods	37,384	29,847
Add: donations	15,721	-
Less: amounts amortized to revenue	(95,135)	(98,124)
	$ 1,196,147	$ 911,996

11. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2015	2014
Land	$ 97,366	$ 97,366
Other capital assets	1,268,474	1,338,549
Amounts financed by long term debt	-	(349,951)
Amounts financed by deferred contributions	(1,196,147)	(911,996)
	$ 169,693	$ 173,968

Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Amortization of deferred contributions	$ 95,135	$ 98,124
Amortization of capital assets	(99,390)	(101,841)
Purchase of capital assets	29,315	41,611
Amounts funded by SH-SH	(29,315)	(52,346)
Transfer from donations	(20)	-
	$ (4,275)	$ (14,452)

12. COMMITMENTS AND CONTINGENCIES

a) The Nature of the Home's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2015 management believes the Home has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

b) 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 to exchange with other 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, if 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, 2015.

The Home is a named insured under the SH-SS policy with HIROC.

13. REVENUE FROM SOUTHERN HEALTH – SANTÉ SUD

Revenue per final funding report	$ 2,492,600
Add:	
Capitation fees	18,336
Accreditation fees	21,260
Pre-retirement actual payouts	1,507
PCH staff funding variance	14,793
Out of globe adjustment	30,632
Health Spending Account Funding Variance	40,842
	127,370
Less:	
Mortgage Interest	(13)
	(13)
Revenue fror the year	$ 2,619,957

14. EMPLOYEE FUTURE BENEFITS

a) *Accrued retirement entitlement*

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home'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 of 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 Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Nursing Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.55% (2014 – 3.35%) and a rate of salary increase of 3.50% (2014 - 3.00%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as 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 the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2004 / 2005, the SH-SS assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the SH-SS hold funding to meet this obligation.

	2015	2014
Employee future benefits recovered from		
Manitoba Health	**$ 63,303**	$ 63,303
SH-SS	**157,697**	145,697
	$ 221,000	$ 209,000

14. EMPLOYEE FUTURE BENEFITS (continued)

b) Pension Plan

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan (successor to Manitoba Health Organization, Inc. Plan (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, which 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 consultation with its actuaries, of the amount, together with the 7.6% of salary, 9.2% of salaries greater than $51,100, contributed by the 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 employer contributions to the Plan are 7.8% of salary, 9.4% of salaries greater than $51,100.

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, 2013, indicates a deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits of $203,558,000 as well as a solvency deficiency of $1,097,114,000. Actual contributions to the plan made during the year by the Facility on behalf of its employees amounted to $143,794 (2014 - $139,134) and are included in the statement of operations.

15. CAPITAL MANAGEMENT

The Home considers its capital to comprise its unrestricted net assets and net invested in capital assets balances. In the prior year, an amount of $10,756 had been drawn from the Home's unrestricted net assets in order to fund a portion of their Kitchen Renovation Project. In the current year, no additional funding was received for the Kitchen Renovation Project.

As a not-for-profit entity, the Home's operations are reliant on revenues generated annually. The Home has accumulated a deficit over its history, which are included in the unrestricted net assets in the statement of financial position.

The Home is currently endeavoring to eliminate this accumulated deficit and return to a position which would enable it to more adequately fund its working capital requirements.

16. FINANCIAL RISK MANAGEMENT

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home'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 Home'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 Home to credit risk consist primarily of accounts receivable. The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Accounts receivable	$ 16,172	$ 14,362
Vacation entitlements receivable	108,516	108,516
Due from SH-SS	72,342	15,912
Retirement obligations receivable	221,000	209,000
	$ 418,030	$ 347,790

Accounts receivable: The Home 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 Home 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 SH-SS, vacation entitlements receivable and retirement obligations receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Regional Health Authority.

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 of interest rate risk and foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest. The Home is not exposed to significant interest rate risk. Its cash is held in short-term or variable rate products.

16. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk

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

17. SUBSEQUENT EVENT

Subsequent to year-end the Home received a donation in the amount of $500,000 from the estate of a late tenant. The Board is still determining how to use those funds.

MOUNT CARMEL CLINIC

Financial Statements
For the year ended March 31, 2015

MOUNT CARMEL CLINIC

Financial Statements
For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of MOUNT CARMEL CLINIC

We have audited the accompanying financial statements of **MOUNT CARMEL CLINIC**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Clinic as at March 31, 2015 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.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 4, 2015

MOUNT CARMEL CLINIC
Statement of Financial Position

As at March 31		2015		2014
Assets				
Current Assets				
Cash and bank	$	**2,098,011**	$	2,563,199
Accounts receivable (Note 2)		**196,210**		162,206
Due from WRHA (Note 3)		**460,200**		296,195
Inventories		**73,383**		64,467
Prepaid expenses		**12,932**		16,656
Vacation entitlements receivable		**381,653**		381,653
		3,222,389		3,484,376
Due from Mount Carmel Clinic Foundation		**20,955**		120,668
Retirement obligation receivable (Note 14)		**517,257**		426,372
Capital assets (Note 5)		**3,848,273**		3,564,658
	$	**7,608,874**	$	7,596,074
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities (Note 6)	$	**736,631**	$	894,535
Due to WRHA (Note 7)		**146,304**		97,808
Accrued vacation entitlements (Note 4)		**480,845**		431,536
Deferred revenue (Note 8)		**355,066**		519,815
		1,718,846		1,943,694
Accrued retirement obligations (Note 14)		**717,000**		615,000
Deferred Contributions (Note 9)				
Expenses of future periods		**223,046**		351,281
Capital assets		**2,656,305**		2,613,854
		5,315,197		5,523,829
Commitments and contingencies (Note 13)				
Net Assets (page 5)		**2,293,677**		2,072,245
	$	**7,608,874**	$	7,596,074

Approved on behalf of the Board of Directors:

______________________________ Director

______________________________ Director

MOUNT CARMEL CLINIC
Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Amortization of deferred contributions	**$ 128,772**	$ 137,282
Dental fees	**65,102**	74,215
Donations	**14,397**	45,149
Investment income	**33,652**	45,064
Medical program	**77,994**	75,808
Other	**655,579**	658,650
Parent fees	**44,413**	38,582
Pharmacy sales	**1,065,240**	1,137,050
Province of Manitoba	**606,044**	619,187
United Way of Winnipeg	**155,074**	155,172
Winnipeg Regional Health Authority (Note 12)	**8,343,996**	8,325,874
	11,190,263	11,312,033
Expenses		
Amortization of capital assets	**221,722**	222,836
Bank charges and interest	**15,220**	14,811
Charitable drug program	**23,247**	26,053
Drugs	**563,408**	601,687
Maintenance and repairs	**101,354**	85,125
Office supplies and expenses	**124,256**	144,123
Other occupancy costs	**79,194**	86,193
Program supplies and other expenses	**727,505**	791,058
Salaries and benefits	**8,772,936**	8,637,805
Travel, meetings and conferences	**84,618**	128,901
Utilities	**164,487**	180,542
	10,877,947	10,919,134
Excess of revenue over expenses for the year before other item	**312,316**	392,899
Other Item		
Change in accrued retirement obligations		
Increase in liability	**(90,884)**	(26,278)
Excess of revenue over expenses for the year	**$ 221,432**	$ 366,621

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

MOUNT CARMEL CLINIC
Statement of Changes in Net Assets

For the year ended March 31, 2015

	Unrestricted		Externally Restricted	Internally Restricted			
	Operating Fund	**Day Care Fund**	**Donation Fund**	**Capital Fund**	**Invested In Capital Assets** (Note 11)	**2015 Total**	2014 Total
Net assets, beginning of year	**$ 545,197**	**$ (3,861)**	**$ 146,173**	**$ 433,932**	**$ 950,804**	**$ 2,072,245**	$ 1,705,624
Excess of revenue over expenses for the year	**357,546**	**(62,592)**	**16,219**	**3,209**	**(92,950)**	**221,432**	366,621
Interfund transfers							
Acquisition of capital assets	**(334,114)**	**-**	**-**	**-**	**334,114**	**-**	-
Other	**8,064**	**5,000**	**(13,064)**	**-**	**-**	**-**	-
Net assets, end of year	**$ 576,693**	**$ (61,453)**	**$ 149,328**	**$ 437,141**	**$ 1,191,968**	**$ 2,293,677**	$ 2,072,245

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

MOUNT CARMEL CLINIC
Statement of Cash Flows

For the year ended March 31		2015		2014
Cash Flows from Operating Activities				
Excess of revenue over expenses for the year	$	**221,432**	$	366,621
Items not affecting cash				
Amortization of capital assets		**221,722**		222,836
Amortization of deferred contributions related to capital assets		**(128,772)**		(137,282)
		314,382		452,175
Changes in non-cash working capital				
Accounts receivable		**(34,004)**		90,873
Due from WRHA		**(164,005)**		(215,364)
Inventories		**(8,916)**		3,361
Prepaid expenses		**3,724**		909
Retirement obligation receivable		**(90,885)**		(26,278)
Accounts payable and accrued liabilities		**(157,904)**		(217,125)
Due to WRHA		**48,496**		929
Accrued vacation entitlements		**49,309**		(22,153)
Deferred revenue		**(164,749)**		(99,944)
Accrued retirement obligations		**102,000**		26,278
Deferred contributions related to expenses of future periods		**(128,235)**		(135,456)
		(545,169)		(593,970)
		(230,787)		(141,795)
Cash Flows from Financing Activities				
Receipt of deferred contributions related to capital assets		**171,223**		46,772
Cash Flows from Investing Activities				
Acquisition of capital assets		**(505,336)**		(310,668)
Net decrease in amount due from Mount Carmel Clinic Foundation		**99,712**		32,687
		(405,624)		(277,981)
Net decrease in cash and bank		**(465,188)**		(373,004)
Cash and bank, beginning of year		**2,563,199**		2,936,203
Cash and bank, end of year	**$**	**2,098,011**	$	2,563,199

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

1. Nature of the Organization and Summary of Significant Accounting Policies

a) Nature of the Organization

Mount Carmel Clinic ("Clinic") is an inter-disciplinary community health centre committed to providing comprehensive health care to the community. The Clinic is incorporated under The Mount Carmel Clinic Act, enacted by the Manitoba Legislature, as a not-for-profit organization and is a registered charity under the Income Tax Act.

b) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

c) Fund Accounting

The Operating Fund records the day-to-day operations of the Clinic.

The Day Care Fund records the day-to-day operations of the Anne Ross Day Nursery ("Day Care").

The Donation Fund records donor receipts and interest on investments and disburses the funds based on specific instructions or Board of Directors' approval.

The Capital Fund is used to fund the Clinic's internally restricted renovation projects and the purchase of equipment and furnishings at the discretion of the Board of Directors.

Invested in Capital Assets Fund represents the Clinic's internally restricted net assets that are not available for other purposes because they have been invested in capital assets (Note 11).

d) Revenue Recognition

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

The majority of the Clinic's funding is provided by the Winnipeg Regional Health Authority ("WRHA") by the Province of Manitoba in accordance with budget arrangements agreed to by the WRHA and the Clinic. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements approved by WRHA with respect to the year ended March 31, 2015.

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

d) Revenue Recognition (continued)

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.

e) Inventories

Inventories are carried at the lower of cost, determined by the first-in, first-out method, and net realizable value.

f) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments traded in an active market 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.

g) Employee Future Benefits

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.

For the 2005 and 2006 fiscal years, out-of-globe funding for these costs was not provided by Manitoba Health/WRHA.

For the year ended March 31, 2015

1. **Nature of the Organization and Summary of Significant Accounting Policies** (continued)

h) Capital Assets

Capital assets with cost exceeding $2,000 are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life of the assets as indicated below:

Buildings	40 years
Furniture, fixtures and equipment	10 years
Computer equipment	5 years

i) Contributed Services

Volunteers contributed a significant number of hours to assist the Clinic in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

j) Use of Estimates

The preparation of 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. **Accounts Receivable**

	2015	2014
Receivable for Clinic services	**$ 167,031**	$ 128,083
Other receivables	**29,179**	34,123
	$ 196,210	$ 162,206

3. **Due from WRHA**

	2015	2014
2011/2012 funding adjustment	**$ -**	$ 2,504
2012/2013 funding adjustment	**-**	65,634
2013/2014 funding adjustment	**263,583**	228,057
2014/2015 funding adjustment	**196,617**	-
	$ 460,200	$ 296,195

For the year ended March 31, 2015

4. Accrued Vacation Entitlements

The Clinic 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 Clinic's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

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

	2015	2014
Balance, beginning of year	**$ 431,536**	$ 453,689
Net increase (decrease) in accrued vacation entitlements	**49,309**	(22,153)
Balance, end of year	**$ 480,845**	$ 431,536

5. Capital Assets

	2015 Cost	**2015** Accumulated Amortization	2014 Cost	2014 Accumulated Amortization
Landscaping	**$ 222,702**	**$ -**	$ 222,702	$ -
Buildings	**6,246,356**	**3,018,533**	5,995,555	2,862,373
Furniture, fixtures and equipment	**667,765**	**419,919**	537,844	366,615
Computer equipment	**179,284**	**130,255**	155,542	117,997
Construction-in-progress	**100,873**	**-**	-	-
	$ 7,416,980	**$ 3,568,707**	$ 6,911,643	$ 3,346,985
Cost less accumulated amortization		**$ 3,848,273**		$ 3,564,658

6. Accounts Payable and Accrued Liabilities.

Accounts payable and accrued liabilities include $90,158 ($105,060 in 2014) in government remittances payable.

7. Due to WRHA

Amounts due to WRHA are for medical remuneration.

8. Deferred Revenue

	2015	2014
Operating Fund		
Day Care grant	**$ 4,392**	$ 2,535
Day Care subsidy advance	**15,510**	15,510
Dental	**-**	24,721
FACT Coalition	**35,117**	62,024
Other	**129,057**	115,363
Parenting Student Program	**26,973**	31,740
Primary Health	**27,454**	46,232
Sage House	**14,827**	14,787
	253,330	312,912
Donation Fund		
Child Day Care Centre	**9,112**	9,810
Mount Carmel Clinic Foundation	**15,106**	115,979
Other	**26,301**	25,215
Sage House	**51,217**	55,899
	101,736	206,903
	$ 355,066	$ 519,815

9. Deferred Contributions

Expenses of Future Periods

Deferred contributions related to expenses of future periods represent unspent externally restricted funding.

	2015	2014
Balance, beginning of year	**$ 351,281**	$ 486,737
Add amounts received during year	**9,000**	61,224
Less amounts recognized as revenue or transferred to deferred contributions related to capital assets during year	**(142,035)**	(201,480)
Transfer from Day Care	**4,800**	4,800
Balance, end of year	**$ 223,046**	$ 351,281

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donation, grant or approved borrowing.

	2015	2014
Balance, beginning of year	**$ 2,613,854**	$ 2,704,364
Add amounts received during year	**171,223**	46,772
Less amounts recognized as revenue during the year	**(128,772)**	(137,282)
Balance, end of year	**$ 2,656,305**	$ 2,613,854

10. Operating Line of Credit

The Clinic has an operating line of credit for $275,000 which bears interest at the bank's prime rate of 2.85% at March 31, 2015. The balance in the line of credit at year end was $NIL ($NIL in 2014). The Clinic's approved line of credit is secured by a general assignment of the Clinic's assets.

11. Net Assets Invested in Capital Assets

Net assets invested in capital assets is calculated as follows:

		2015		2014
Capital assets, net book value	**$**	**3,848,273**	$	3,564,658
Less amounts financed by				
Deferred contributions		**2,656,305**		2,613,854
	$	**1,191,968**	$	950,804

The deficiency of revenue over expenses for the year for the Invested in Capital Assets Fund is calculated as follows:

		2015		2014
Revenue				
Amortization of deferred contributions related to capital assets	**$**	**128,772**	$	137,282
Expenses				
Amortization of capital assets		**221,722**		222,836
Deficiency of revenue over expenses for the year	**$**	**(92,950)**	$	(85,554)

12. Revenue from the WRHA

	2015	2014
Revenue as per WRHA final funding document (March 31, 2015 EFT)	**$ 8,034,941**	$ 7,892,324
Add (deduct)		
Group health	**43,043**	(3,644)
Mothering Project	**18,256**	13,055
Operational reviews	**-**	8,582
Other	**4,190**	(1,316)
Other employee benefits	**-**	15,922
Out of Globe - Pre-retirement leave	**90,885**	102,223
Staffing positions	**161,640**	103,703
ACT funding	**59,834**	22,000
	377,848	260,525
Add (deduct)		
Deferred funds:		
Strategic Planning	**(3,855)**	40,000
Strengthening Families	**(37,825)**	36,801
Medical remuneration	**(19,105)**	67,247
	(60,785)	144,048
Total funding approved by WRHA	**8,352,004**	8,296,897
Add		
Day care operations	**-**	36,977
Deduct		
Reserve for major repairs	**(7,000)**	(7,000)
Deferred funds - Insurance deductible	**(1,008)**	(1,000)
	(8,008)	(8,000)
Revenue from WRHA	**$ 8,343,996**	$ 8,325,874

13. Commitments and Contingencies

The nature of the Clinic's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2015, management believes the Clinic has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Clinic's financial position.

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, 2015. The Clinic is a named insured under the WRHA policy with HIROC.

The Clinic leases equipment under the provisions of operating leases which expire up to December 2019. Payments required are as follows for years ending March 31:

2016	$ 46,200
2017	7,600
2018	7,600
2019	7,000
2020	5,300

14. Employee Future Benefits

Accrued Retirement Entitlement

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

14. Employee Future Benefits (continued)

Accrued Retirement Entitlement (continued)

The Clinic undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Clinic's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 3.6% (3.6% in 2014) and a rate of salary increase of 3.0% (3.0% in 2014) 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 the Clinic, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

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. The retirement obligation is receivable from Manitoba Health.

An analysis of the changes in the employee benefits payable is as follows:

	2015	2014
Balance, beginning of year	**$ 615,000**	$ 588,722
Net increase in pre-retirement entitlements	**102,000**	26,278
Balance, end of year	**$ 717,000**	$ 615,000

Pension Plan

Substantially all of the employees of the Clinic 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 eleven 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.

14. Employee Future Benefits (continued)

Pension Plan (continued)

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 $52,500 and 9.50% for salaries greater than $52,500, 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, 2012 indicated that the Plan is in deficit. The deficiency will be funded out of the current contributions in the subsequent years. On April 1, 2013, both employer and employee contribution rates increased to 7.90% of pensionable earnings up to YMPE and 9.50% on earnings in excess of the YMPE. Contributions to the Plan made during the year by the Clinic on behalf of its employees amounted to $483,939 ($418,488 in 2014) and are included in the statement of operations.

15. Economic Dependence

The Clinic is economically dependent upon government and other agencies for funding its operations.

16. Financial Risk Management

The Clinic is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Clinic'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 Clinic'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 Clinic to credit risk consist principally of accounts receivable.

16. Financial Risk Management (continued)

Credit Risk (continued)

The Clinic's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

		2015		2014
Accounts receivable	$	**196,210**	$	162,206
Due from WRHA		**460,200**		296,195
Vacation entitlements receivable		**381,653**		381,653
Retirement obligations receivable		**517,257**		426,372
	$	**1,555,320**	$	1,266,426

Accounts receivable: The Clinic is not exposed to significant credit risk as trade accounts receivable are spread among a broad client base and payment in full is typically collected when it is due. The Clinic 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 Clinic is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Regional Health Authority.

Liquidity Risk

Liquidity risk is the risk that the Clinic will not be able to meet its obligations as they fall due. The Clinic is not subject to significant liquidity risk as it maintains adequate levels of working capital to ensure all its obligations can be met when they fall due, and has access to an operating line of credit.

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 Clinic is not exposed to significant interest rate risk since its cash is held in short-term or variable rate products, and the operating line of credit is not utilized at year end.

Nine Circles Community Health Centre Inc.
Financial Statements
March 31, 2015

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CHARTERED ACCOUNTANTS

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500 - Five Donald Street
Winnipeg, Manitoba R3L 2T4
Tel: (204) 284-7060
Fax: (204) 284-7105
www.bookeandpartners.ca

Independent Auditors' Report

To the Directors of
Nine Circles Community Health Centre Inc.

We have audited the accompanying financial statements of Nine Circles Community Health Centre Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of financial activities, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Nine Circles Community Health Centre Inc. as at March 31, 2015, 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.

Booke & Partners

Winnipeg, Canada
May 25, 2015

Chartered Accountants

Nine Circles Community Health Centre Inc.
Statement of Financial Activities

Year Ended March 31 — **2015** — 2014

	Operating Fund	Capital Fund	Ed Mousseau Fund	**Total**	Total
Revenues					
Winnipeg Regional Health Authority	$3,642,653	$ -	$ -	**$3,642,653**	$3,575,444
AIDS Community Action Program	236,608	-	-	**236,608**	236,608
Grants	57,342	-	-	**57,342**	103,865
Interest income	24,008	-	1,777	**25,785**	23,128
Donations	19,673	-	-	**19,673**	20,533
Amortization of deferred contributions	-	17,814	-	**17,814**	20,383
	3,980,284	17,814	1,777	**3,999,875**	3,979,961
Expenses					
Operating Fund (Page 12)	3,862,192	-	-	**3,862,192**	3,807,477
Amortization	-	48,265	-	**48,265**	40,791
Interest on capital lease	-	52	-	**52**	949
	3,862,192	48,317	-	**3,910,509**	3,849,217
Excess (deficiency) of revenues over expenses before under noted items	118,092	(30,503)	1,777	**89,366**	130,744
Pre-retirement leave (Note 11)					
Recovery	55,000	-	-	**55,000**	25,903
Expense	(55,000)	-	-	**(55,000)**	(26,624)
Excess (deficiency) of revenues over expenses	$ 118,092	$ (30,503)	$ 1,777	**$ 89,366**	$ 130,023

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Statement of Changes in Fund Balances
Year Ended March 31 **2015** 2014

	Operating Fund	Invested in Capital Assets	Ed Mousseau Fund	**Total**	Total
Fund balance, beginning of year	$ 792,144	$ 97,353	$ 14,751	**$ 904,248**	$ 774,225
Excess (deficiency) of revenues over expenses	118,092	(30,503)	1,777	**89,366**	130,023
Transfer to Capital Fund for purchase of capital assets	(19,386)	19,386	-	**-**	-
Fund balance, end of year	$ 890,850	$ 86,236	$ 16,528	**$ 993,614**	$ 904,248

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Statement of Financial Position

Year Ended March 31	2015	2014
		(Note 15)
Assets		
Current		
Cash and short-term investments (Note 3)	**$1,502,887**	$1,424,590
Receivables (Note 4)	**146,775**	114,454
Due from Winnipeg Regional Health Authority	**234,281**	180,386
Prepaids	**6,079**	8,291
	1,890,022	1,727,721
Due from Winnipeg Regional Health Authority (Note 11)	**250,258**	195,258
Long-term investments	**146,791**	145,013
Capital assets (Note 5)	**148,814**	149,671
	$2,435,885	$2,217,663

Liabilities		
Current		
Payables and accruals	**$ 426,880**	$ 329,638
Funds held in trust	**2,360**	6,149
Deferred contributions		
General operations (Notes 3 and 6)	**532,223**	562,080
Current portion of obligations under capital lease (Note 7)	**7,249**	6,400
	968,712	904,267
Deferred contributions		
Related to capital assets (Note 8)	**33,581**	43,640
Restricted contributions (Note 10)	**130,262**	130,262
Pre-retirement leave (Note 11)	**287,968**	232,968
Obligations under capital lease (Note 7)	**21,748**	2,278
	1,442,271	1,313,415
Fund Balances		
Operating Fund	**890,850**	792,144
Capital Fund	**86,236**	97,353
Ed Mousseau Fund	**16,528**	14,751
	993,614	904,248
	$2,435,885	$2,217,663

Approved by the Board

Original document signed
______________________ Director

Original document signed
______________________ Director

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Statement of Cash Flows

Year Ended March 31	2015	2014
Cash derived from (applied to):		
Operating		
Excess of revenues over expenses	**$ 89,366**	$ 130,023
Amortization of capital assets	**48,265**	40,791
Amortization of deferred contributions	**(17,814)**	(20,383)
	119,817	150,431
Change in non-cash operating assets and liabilities (Note 9)	**(20,408)**	(247,685)
	99,409	(97,254)
Investing		
Purchase of capital assets	**(14,077)**	(34,116)
Financing		
Repayment of capital lease	**(14,791)**	(14,781)
Proceeds of capital lease	**-**	3,905
Funding received to purchase capital assets	**7,756**	-
	(7,035)	(10,876)
Net increase (decrease) in cash	**78,297**	(142,246)
Cash and short-term investments, beginning of year	**1,424,590**	1,566,836
Cash and short-term investments, end of year	**$1,502,887**	$1,424,590

See accompanying notes to the financial statements.

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1. Nature of operations

Nine Circles Community Health Centre Inc. (the Organization) is a local community health centre operating programs and performing services designed to meet specific community needs.

The Organization was formed in 1991, is an incorporated not-for-profit entity and is a registered charity under the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

a) Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the revenues and expenses related to the Organization's capital assets.

The Ed Mousseau Fund reports the revenues and expenses related to funding contributed by Ed Mousseau to be used for special purposes.

b) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including grants, are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Capital assets

Purchased capital assets are recorded at cost. Amortization is provided at rates designed to write off the assets over their estimated useful lives as follows:

Equipment	4-5 years	straight-line
Computer equipment	4-5 years	straight-line
Computer software	4 years	straight-line
Leaseholds	Over the life of the lease	
Equipment under capital lease	4-10 years	straight-line

Amortization expense is reported in the Capital Fund.

2. Significant accounting policies (cont.)

d) Pre-retirement leave benefits

The cost of the Organization's employee pre-retirement leave benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions used in measuring the Organization's future employee benefit payable include retirement, termination and mortality rates, a discount rate of 2.9% (2014 - 3.6%), a rate of salary increase of 3.5% (2014 - 3.0%) plus an age-related merit/promotion scale with provision for disability.

e) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

f) Financial instruments

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, price, liquidity, or market risks arising from its financial instruments.

3. Cash and short-term investments

Cash and short-term investments consist of:

	2015	2014
Cash	**$ 671,477**	$ 606,489
Cash held in trust	**2,360**	6,149
Assiniboine Credit Union GIC, bearing interest at 1.95%, maturing and renewed annually on March 22nd	**829,050**	-
Assiniboine Credit Union GIC, bearing interest at 2.10%, redeemed during the year	**-**	811,952
	$ 1,502,887	$ 1,424,590

The cash balance is earmarked as follows:

	2015	2014
Operating cash	**$ 970,664**	$ 862,510
Externally restricted cash	**532,223**	562,080
	$ 1,502,887	$ 1,424,590

4. Receivables

	2015	2014
GST receivable	**$ 30,261**	$ 25,968
Other receivables	**116,514**	88,486
	$ 146,775	$ 114,454

5. Capital assets

	Cost	**Accumulated Amortization**	**2015 Net Book Value**	2014 Net Book Value
Equipment	**$ 95,158**	**$ 76,882**	**$ 18,276**	$ 27,119
Computer equipment	**132,549**	**118,099**	**14,450**	22,297
Computer software	**50,049**	**40,466**	**9,583**	4,794
Leaseholds	**191,030**	**141,669**	**49,361**	59,590
Equipment under capital lease	**107,635**	**50,491**	**57,144**	35,871
	$ 576,421	**$ 427,607**	**$ 148,814**	$ 149,671

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6. Deferred contributions

Deferred contributions represent restricted funding and unspent resources externally restricted for the Operating Fund which relate to subsequent years.

The changes for the year in the deferred contributions balance are as follows:

	2015	2014
Beginning balance	**$ 562,080**	$ 623,216
Grant revenue recognized during the year	**(433,475)**	(445,125)
Contributions received during the year	**403,618**	383,989
Ending balance	**$ 532,223**	$ 562,080

7. Obligations under capital lease

	2015	2014
Obligations under capital lease	**$ 28,997**	$ 8,730
Less: amount representing interest at 0% (2014 - 8.63%)	**-**	52
	28,997	8,678
Less: current portion of obligations	**7,249**	6,400
	$ 21,748	$ 2,278

Approximate future minimum lease payments in the next four years are as follows:

2016	$ 7,249
2017	7,249
2018	7,249
2019	7,250
	$ 28,997

The leases are secured by the underlying assets.

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8. Deferred contributions related to capital assets

Deferred contributions related to capital assets of $33,581 (2014 - $43,640) represent grants and donations for equipment, computer equipment, computer software and leasehold improvements. Deferred contributions are amortized in the Capital Fund on the statement of financial activities.

9. Change in non-cash operating assets and liabilities

	2015	2014
Receivables	**$ (32,321)**	$ 6,238
Due from Winnipeg Regional Health Authority	**(108,895)**	(87,360)
Prepaids	**2,212**	(3,182)
Payables and accruals	**97,242**	(135,018)
Funds held in trust	**(3,789)**	6,149
Deferred contributions - general operations	**(29,857)**	(61,136)
Pre-retirement leave	**55,000**	26,624
	$ (20,408)	$ (247,685)

10. Restricted contributions

Restricted contributions relate to funding received from Ed Mousseau to be used towards the capital costs of building housing for those living with HIV/AIDS.

11. Pre-retirement leave

The Organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006, the Organization was instructed by WRHA to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the Organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the Organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. During the year, the obligation increased by $55,000 (2014 - $26,624).

Pre-retirement benefits for the current year of $55,000 (2014 - $25,903) were funded by Winnipeg Regional Health Authority.

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CHARTERED ACCOUNTANTS

12. Pension

The Organization adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the "Plan"). As part of the agreement, the Organization's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made to the Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, $171,376 (2014 - $164,785) was expensed for the purpose of the Plan.

Pension contributions are included in employee benefits expense.

13. Office space

In the current year, WRHA paid rent on behalf of the Organization in the amount of $249,876 (2014 - $247,000). The revenue and expense related to rent is not recorded in these financial statements.

14. Economic dependence

The volume of financial activity undertaken by the Organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

15. Comparative figures

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Schedule of Operating Fund Expenses and Projects

Year Ended March 31	2015	2014
Salaries	**$2,248,672**	$2,140,771
Physician salaries and benefits	**825,078**	795,480
Employee benefits (Note 12)	**376,802**	365,147
Health and education tax	**61,365**	76,407
Electronic medical records	**38,882**	31,394
Medical supplies	**28,018**	22,168
Purchased and professional services	**63,243**	90,231
Maintenance	**91,332**	116,207
Travel and course fees	**23,943**	35,596
General expenses	**262,777**	269,633
	4,020,112	3,943,034
Less: recoveries	**(157,920)**	(135,557)
	$3,862,192	$3,807,477

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

Niverville Heritage PCH Inc.
Financial Statements
March 31, 2015

MNP

Independent Auditors' Report

To the Board of Directors of Niverville Heritage PCH Inc.:

We have audited the accompanying financial statements of Niverville Heritage PCH Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Niverville Heritage PCH Inc. as at March 31, 2015 and the results of its operations, changes in net assets (deficit) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter
The prior year figures were audited by another firm of Chartered Accountants who expressed an unqualified opinion on their report dated December 23, 2014.

Winnipeg, Manitoba

July 2, 2015

MNP LLP
Chartered Accountants

Niverville Heritage PCH Inc.
Statement of Financial Position
As at March 31, 2015

	2015	2014
Assets		
Current		
Cash	1,535,663	1,410,039
Restricted cash	194,300	146,269
Accounts receivable *(Note 3)*	547,493	332,645
Prepaid expenses and deposits	814	-
	2,278,270	1,888,953
Advances to related parties *(Note 4)*	466,957	771,457
Capital assets *(Note 5)*	12,569,288	13,086,380
	15,314,515	15,746,790
Liabilities		
Current		
Accounts payable and accruals *(Note 6)*	726,587	357,863
Advances from related party *(Note 7)*	566,000	924,791
Current portion of long-term debt *(Note 8)*	270,000	269,798
	1,562,587	1,552,452
Long-term debt *(Note 8)*	12,168,849	12,440,328
Deferred contributions *(Note 9)*	1,712,769	1,749,403
	15,444,205	15,742,183
Net Assets (Deficit)		
	(323,990)	(141,662)
	194,300	146,269
	(129,690)	4,607
	15,314,515	15,746,790

Approved on behalf of the Board of Directors

Original document signed

Director

Original document signed

Director

The accompanying notes are an integral part of these financial statements

MNP

Niverville Heritage PCH Inc.
Statement of Operations
For the year ended March 31, 2015

	2015	2014
Revenues		
Southern Health - Sante Sud Inc.	5,892,828	3,225,799
Amortization of deferred contributions	106,874	87,341
Rental income	1,299,560	581,554
Other revenue	17,634	9,167
	7,316,896	3,903,861
Expenses		
Advertising and promotion	24,545	36,393
Amortization	556,382	275,361
Bad debts	20,996	-
Bank charges and interest	7,814	570
Food services	633,745	331,785
Insurance	39,980	22,714
Interest on long-term debt	355,259	202,867
Medical supplies and equipment	152,629	71,904
Office supplies and services	51,197	29,208
Professional and management fees	111,277	119,638
Property taxes	88,759	12,602
Repairs and maintenance	150,787	65,067
Resident expenses	255,794	177,733
Salaries and benefits	4,765,915	1,963,571
Telephone and internet	31,398	13,874
Utilities	204,716	67,821
	7,451,193	3,391,108
Excess (deficiency) of revenue over expenses before other items	(134,297)	512,753
Other items		
Grant - Niverville Heritage Holdings Inc.	-	(489,500)
Excess (deficiency) of revenue over expenses	(134,297)	23,253

The accompanying notes are an integral part of these financial statements

MNP

Statement of Changes in Net Assets (Deficit)

For the year ended March 31, 2015

	Unrestricted	Internally restricted for capital assets	2015	2014
Net assets (deficit), beginning of year	(141,662)	146,269	4,607	(18,646)
Excess (deficiency) of revenues over expenses	(134,297)	-	(134,297)	23,253
Purchases of capital assets	108,695	(108,695)	-	-
Deferred contributions received for capital assets	(70,240)	70,240	-	-
Transfers *(Note 10)*	(86,486)	86,486	-	-
Net assets (deficit), end of year	(323,990)	194,300	(129,690)	4,607

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(134,297)	23,253
Amortization	556,382	275,361
Amortization of deferred contributions	(106,874)	(87,341)
	315,211	211,273
Changes in working capital accounts		
Accounts receivable	(214,848)	547,451
Prepaid expenses and deposits	(814)	-
Accounts payable and accruals	368,724	(773,353)
	468,273	(14,629)
Financing		
Advances from related party	-	104,411
Repayment of advances from related party	(358,791)	-
Advances of long-term debt, net of repayments	-	3,037,956
Repayment of long-term debt	(271,277)	-
Repayments of demand loans payable	-	(220,000)
	(630,068)	2,922,367
Investing		
Deferred contributions received	70,240	1,257,500
Repayment of advances to related parties	304,500	-
Purchase of capital assets	(108,695)	(3,041,760)
Green energy credit for capital assets	69,405	-
	335,450	(1,784,260)
Increase in cash resources	173,655	1,123,478
Cash resources, beginning of year	1,556,308	432,830
Cash resources, end of year	1,729,963	1,556,308
Cash resources are composed of:		
Cash	1,535,663	1,410,039
Restricted cash	194,300	146,269
	1,729,963	1,556,308

1. Incorporation and nature of the organization

Niverville Heritage PCH Inc. (the "Home") is a not-for-profit organization, incorporated under the laws of the Province of Manitoba. The Home is principally involved in providing licensed personal care services to 80 residents, operating under a service purchase agreement with Southern Health - Sante Sud Inc. ("SH-SS").

The Home qualifies as a not-for-profit organization as defined in the Income Tax Act of Canada and, as such, is exempt from income under section 149(1)(l) of the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

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

	Rate
Building	30 years
Furniture and equipment	3-5 years

Revenue recognition

The Home follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Under the Health Insurance Act and regulations hereto, the Home is funded primarily by SH-SS in accordance with budget arrangements established by the Province of Manitoba. Operating grants are recorded as revenue in the period in which they relate. The financial statements reflect arrangements approved by SH-SS with respect to the year ended March 31, 2015.

Residential rent revenue is recognized when the services are provided and collection is reasonably assured.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Home's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Government assistance

Claims for assistance under various government grant programs are recorded as a reduction of the cost of related asset in the period in which eligible expenditures are incurred, with any amortization calculated on the net amount.

Contributed services

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

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Home determines that a long-lived asset no longer has any long-term service potential to the Home, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and advances to related parties are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization and deferred contributions are based on the estimated useful lives of capital assets.

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

Financial instruments

The Home recognizes its financial instruments when the Home becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions.*

At initial recognition, the Home may irrevocably elect to subsequently measure any financial instrument at fair value. The Home has not made such an election during the year. All financial instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Accounts receivable

	2015	*2014*
Government remittances receivable	**191,029**	332,645
Receivable from Southern Health - Sante Sud Inc.	**356,464**	-
	547,493	332,645

4. Advances to related parties

During the year, advances were made to companies related through common control. The advances bear no interest, are unsecured, and have no fixed terms of repayment.

	2015	*2014*
5906386 Manitoba Ltd.	**252,457**	232,687
St Adolphe Personal Care Home Inc.	**214,500**	214,500
Niverville Heritage Centre Management Co. Ltd.	**-**	324,270
	466,957	771,457

These transactions were conducted in the normal course of operations and are recorded at their exchange amount which is the amount of consideration established and agreed upon by the related companies.

5. Capital assets

	Cost	*Accumulated amortization*	*2015 Net book value*
Land leasehold	**400,000**	**-**	**400,000**
Building	**12,244,670**	**613,559**	**11,631,111**
Furniture and equipment	**756,361**	**218,184**	**538,177**
	13,401,031	**831,743**	**12,569,288**

	Cost	*Accumulated amortization*	*2014 Net book value*
Land leasehold	400,000	-	400,000
Building	12,249,749	204,162	12,045,587
Furniture and equipment	711,992	71,199	640,793
	13,361,741	275,361	13,086,380

The Home is the registered owner of a land leasehold estate from May 1, 2006. The lease term is for fifty years with the option to renew for an additional fifty years. The Home has the first right of refusal to purchase the land. The basis annual rent is $1 per year and the Home shall pay all taxes and fees.

6. Accounts payable and accruals

	2015	*2014*
Trade payables and accruals	**133,752**	215,306
Government remittances	**40,096**	-
Salaries payable	**440,412**	142,557
Vacation payable	**112,327**	-
	726,587	357,863

7. Advances from related party

	2015	2014
Niverville Heritage Holdings Inc.	**566,000**	924,791

The advance payable bears no interest, is unsecured and has no fixed terms of repayment. The companies are related by virtue of common control.

These transactions were conducted in the normal course of operations and are recorded at their exchange amount which is the amount of consideration established and agreed upon by the related companies.

8. Long-term debt

	2015	2014
Mortgage payable bearing interest at at prime plus 0.10%, repayable in monthly payments of $55,000, including interest, with an amortization period ending May 2047, secured by a demand promissory note in the amount of $12,800,000, a first charge on property.	**12,438,849**	12,710,126
Less: current portion	**270,000**	269,798
	12,168,849	12,440,328

Future estimated principal payments in the next five years, assuming long-term debt is renewed, are as follows:

2016	270,000
2017	305,000
2018	314,000
2019	324,000
2020	333,000

9. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2015	2014
Balance, beginning of year	**1,749,403**	579,244
Amount received during the year	**70,240**	1,257,500
Less: amounts recognized as revenue during the year	**(106,874)**	(87,341)
Balance, end of year	**1,712,769**	1,749,403

10. Transfers

During the year, the Board of Directors approved a transfer to the internally restricted fund to be used for future capital asset purchases and improvements to the Home.

11. Commitments

The Home has entered into various lease agreements with estimated minimum annual payments as follows:

2016	3,600
2017	3,600
2018	3,600
2019	3,500
2020	3,300
Thereafter to 2021	1,700

12. Related party transactions

The following expenses were paid to Niverville Heritage Centre Management Co. Inc., a related party as described in Note 4.

	2015	*2014*
Food services	**620,299**	324,154
Professional and management fees	**75,494**	118,262
Repairs and maintenance	**62,759**	23,280
Telephone and internet	**21,069**	13,874
Utilities	**155,813**	57,847
	935,434	537,417

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

13. Financial instruments

The Home, as part of its operations, carries a number of financial instruments. It is management's opinion that the Home is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate 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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Home is exposed to interest rate cash flow risk with respect to long-term debt which is subject to floating interest rates based on bank prime lending rates plus 0.10%.

Credit concentration

As at March 31, 2015, one organization accounted for 80% (2014 - 83%) of revenues from operations and two organizations accounted for 100% of the accounts receivable. The Home believes that there is no unusual exposure associated with the collection of these receivables. The Home performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

14. Economic dependence

A significant portion of the Home's operating funds are provided by Southern Health - Sante Sud Inc. and its ability to continue viable operations is dependent upon maintaining this funding.

15. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Financial Statements

Year Ended March 31, 2015

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Year Ended March 31, 2015

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Lazer Grant LLP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Members of NorWest Co-op Community Health Centre, Inc.

We have audited the accompanying financial statements of NorWest Co-op Community Health Centre, Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continues)

300-309 McDermot Avenue, Winnipeg, Manitoba R3A 1T3
Telephone: (204) 942-0300 Fax: (204) 957-5611 Website: **www.lazergrant.ca**

Independent Auditor's Report to the Members of NorWest Co-op Community Health Centre, Inc.
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NorWest Co-op Community Health Centre, Inc. as at March 31, 2015 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.

Lazer Grant LLP

Winnipeg, MB
June 9, 2015

CHARTERED ACCOUNTANTS

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Statement of Financial Position

March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and cash equivalents	$ **1,935,934**	$ 1,145,242
Accounts receivable *(Note 4)*	**587,784**	1,989,133
Vacation entitlement receivable	**46,693**	46,693
Prepaid expenses	**2,940**	2,903
	2,573,351	3,183,971
CAPITAL ASSETS *(Note 5)*	**707,319**	123,636
	$ **3,280,670**	$ 3,307,607
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 6)*	$ **508,948**	$ 619,861
Vacation entitlement payable	**323,906**	274,819
Deferred revenue *(Note 7)*	**154,202**	219,165
Bridge funding from Winnipeg Regional Health Authority	**-**	850,000
	987,056	1,963,845
DEFERRED CAPITAL CONTRIBUTIONS *(Note 8)*	**706,794**	122,064
PRE-RETIREMENT LEAVE BENEFIT OBLIGATION *(Note 9)*	**313,000**	238,000
	2,006,850	2,323,909
NET ASSETS	**1,273,820**	983,698
	$ **3,280,670**	$ 3,307,607

LEASE COMMITMENTS *(Note 11)*

ECONOMIC DEPENDENCE *(Note 12)*

ON BEHALF OF THE BOARD

Original document signed
_______________ *Director*

Original document signed
_______________ *Director*

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Statement of Revenues and Expenditures

Year Ended March 31, 2015

	Health Centre (Schedule 1)	Early Learning and Child Care Centre (Schedule 2)	**Total 2015**	Total 2014
REVENUES	$ 6,902,737	$ 757,149	**$ 7,659,886**	$ 6,359,598
EXPENSES				
Accounting and computer fees	29,879	-	**29,879**	52,317
Administrative	190,108	24,753	**214,861**	194,936
Amortization	98,215	-	**98,215**	9,129
Fundraising	46,392	-	**46,392**	-
Networking and EMR charges	43,983	-	**43,983**	753
Medical supplies	50,661	-	**50,661**	74,652
Pre-retirement	72,666	2,334	**75,000**	34,085
Professional fees	83,994	-	**83,994**	50,024
Program	255,835	32,886	**288,721**	333,096
Rent and utilities	178,432	20,486	**198,918**	173,393
Repairs and maintenance	88,950	586	**89,536**	75,542
Salaries and benefits *(Notes 9, 10)*	5,365,132	650,111	**6,015,243**	5,162,440
Service contracts	31,088	-	**31,088**	5,944
Staff training	55,933	-	**55,933**	29,603
Staff travel	46,022	-	**46,022**	22,286
	6,637,290	731,156	**7,368,446**	6,218,200
EXCESS OF REVENUES OVER EXPENSES	$ 265,447	$ 25,993	**$ 291,440**	$ 141,398

	Membership	Invested in Capital Assets	Internally Restricted	Restricted Insight Mentor Program	Restricted Project Choices	Restricted Community Development	Family Counselling Programs: Restricted Central support	Family Counselling Programs: Restricted Counselling services	Family Counselling Programs: Restricted Women's Place	Restricted Parent Child Coalition	Restricted Community Food Centre	Surplus subject to WRHA audit	Unrestricted	Total 2015	Total 2014
HEALTH CENTRE															
NET ASSETS - BEGINNING OF THE YEAR	$ 2,556	$ 1,570	100,000	$ 40,642	$ 7,752	$ 29,917	$ 93,947	$ 194,554	$ (99,196)	11,979	$ (94)	$ 217,818	$ 318,362	**$ 919,807**	$ 720,683
Membership	720	-	-	-	-	-	-	-	-	-	-	-	-	**720**	310
Co-operative tax credit	-	-	-	-	-	-	-	-	-	-	-	-	750	**750**	750
Surplus transferred towards Food Centre fundraising	-	-	-	-	-	-	-	-	-	-	46,392	-	(46,392)	-	-
Surplus transferred towards Food Centre equipment	-	-	-	-	-	-	-	-	-	-	-	-	(2,798)	**(2,798)**	-
Transfer from Early Learning and Child Care Centre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**5,231**
Excess (deficiency) of revenues over expenses	-	(1,046)	-	(31,763)	7,924	10,042	($3,513)	($63,432)	$67,259	(5,590)	(46,298)	301,716	30,148	**265,447**	192,833
NET ASSETS- END OF THE YEAR	3,276	524	100,000	8,879	15,676	39,959	90,434	131,122	(31,937)	6,389	-	519,534	300,070	**1,183,926**	919,807
EARLY LEARNING AND CHILD CARE CENTRE															
NET ASSETS - BEGINNING OF THE YEAR	190	-	-	-	-	-	-	-	-	-	-	-	63,701	**63,891**	120,537
Transfer to Health Centre	-	-	-	-	-	-	-	-	-	-	-	-	-		(5,231)
Membership	10	-	-	-	-	-	-	-	-	-	-	-	-	**10**	20
Excess (deficiency) of revenues over expenses	-	-	-	-	-	-	-	-	-	-	-	-	25,993	**25,993**	(51,435)
NET ASSETS- END OF THE YEAR	200	-	-	-	-	-	-	-	-	-	-	-	89,694	**89,894**	63,891
TOTAL NET ASSETS	$ 3,476	$ 524	$ 100,000	$ 8,879	$ 15,676	$ 39,959	$ 90,434	$ 131,122	$ (31,937)	$ 6,389	$ -	$ 519,534	$ 389,764	**$ 1,273,820**	$ 983,698

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Statement of Cash Flow

Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ **291,440**	$ 141,398
Items not affecting cash:		
Amortization of capital assets	**98,215**	9,129
Amortization of deferred contributions	**(97,169)**	(8,082)
	292,486	142,445
Changes in non-cash working capital:		
Accounts receivable	**1,401,349**	(1,731,937)
Accounts payable and accrued liabilities	**(110,912)**	290,660
Deferred revenue	**(64,963)**	146,956
Prepaid expenses	**(37)**	(83)
Vacation entitlement payable	**49,087**	37,112
Pre-retirement benefits	**75,000**	34,085
	1,349,524	(1,223,207)
Cash flow from (used by) operating activities	**1,642,010**	(1,080,762)
INVESTING ACTIVITY		
Purchase of capital assets	**(681,899)**	(115,800)
FINANCING ACTIVITIES		
Bridge funding from WRHA	**(850,000)**	850,000
Cooperative tax credit	**750**	750
Membership fees	**730**	330
Contributions for purchase of capital assets	**679,101**	115,800
Cash flow from (used by) financing activities	**(169,419)**	966,880
INCREASE (DECREASE) IN CASH	**790,692**	(229,682)
Cash and cash equivalents - beginning of year	**1,145,242**	1,374,924
CASH AND CASH EQUIVALENTS - END OF YEAR	$ **1,935,934**	$ 1,145,242
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash (cheques issued in excess of funds on deposit)	$ **891,195**	$ (10,225)
Guaranteed investment certificates	**1,044,739**	1,155,467
	$ **1,935,934**	$ 1,145,242

1. PURPOSE OF ORGANIZATION

NorWest Co-op Community Health Centre, Inc. (the "co-operative") works in partnership with the community to "promote people taking control of their health". The co-operative's mission is to engage its community in co-operative health and wellness in its geographic neighbourhoods and identified populations. The co-operative's underlying values are Respect, Innovation and Co-operation.

The co-operative was incorporated on November 23, 1972 without share capital. It is presently operated under the provisions of the Co-operatives Act, Manitoba, and is a registered charity under the Income Tax Act. The co-operative is to be carried on without monetary gain to its members and any profits are to be used in promoting its objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash equivalents

Guaranteed investment certificates with maturities of one year or less at date of purchase are classified as cash equivalents.

Donated services

A large number of members donate significant amounts of their time to the organization. No amount has been reflected in the financial statement for donated services since an objective basis is not available to measure the value of such services.

Donations in kind

Donated materials and services are recognized in the financial statements only when a fair value can be reasonably estimated and when the materials and services would be purchased in the normal course of operations if not donated.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Vacation entitlement

These employee benefits are recorded in accordance with the policy determined by the Winnipeg Regional Health Authority. This policy is to record the amount of the accrued liability for these costs on the Statement of Financial Position, and any change in the accrual on the Statement of Revenues and Expenses. The receivable on the Statement of Financial Position is capped at the balance as at March 31, 2004.

Net assets subject to audit

On an annual basis, the co-operative estimates and records adjustments to its net assets accounts for potential funding adjustments as a result of the Winnipeg Regional Health Authority's periodic audits of the co-operative's expenditures.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Leasehold improvements	5 years	straight-line method

The co-operative regularly reviews its capital assets to eliminate obsolete items.

One-half the normal rate of amortization is recorded in the year of acquisition.

Revenue recognition

1. The organization follows the deferral method of accounting for contributions.

2. Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred.

3. 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.

4. Daycare fees are recognized as revenue when the services are rendered and are recorded on an accrual basis in the period to which they relate.

5. Interest income is recognized as revenue when earned.

3. FINANCIAL INSTRUMENTS

The co-operative is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the co-operative's risk exposure and concentration as of March 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The co-operative is exposed to credit risk from day care fees collected from parents. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The co-operative has a significant number of parents which minimizes concentration of credit risk.

4. ACCOUNTS RECEIVABLE

	2015	2014
Health Centre		
Goods and services tax	$ **32,581**	$ 21,389
Winnipeg Regional Health Authority	**333,322**	1,842,029
Grants	**180,764**	80,700
Other	**2,791**	12,235
Co-operative tax credit	**750**	750
	550,208	1,957,103
Early Learning Child Care Centre		
Day care fees	$ **17,056**	$ 15,881
Day care government subsidy	**11,892**	8,266
Children with Disabilities Staffing grant	**8,628**	7,883
	37,576	32,030
Grand total	$ **587,784**	$ 1,989,133

5. CAPITAL ASSETS

	2015		2014	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Computer equipment	$ **58,193**	$ **54,177**	$ 58,193	$ 52,169
Furniture and fixtures	**259,319**	**101,233**	113,889	78,539
Leasehold improvements	**657,885**	**112,668**	121,417	39,155
	$ **975,397**	$ **268,078**	$ 293,499	$ 169,863
Net book value	$ **707,319**		$ 123,636	

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Health Centre		
Winnipeg Regional Health Authority	$ 35,047	$ 24,644
Trade payables	242,707	316,734
Accrued audit fees	11,059	10,825
Salaries	171,441	234,007
Other	27,070	15,293
	487,324	601,503
Early Learning Child Care Centre		
Subsidy advances	8,680	8,680
Pension advance	4,283	4,283
Other	8,661	5,395
	21,624	18,358
Grand total	$ 508,948	$ 619,861

The repayable subsidy advance and pension advance is provided by the Province of Manitoba and is available for use as an operating line of credit.

7. DEFERRED REVENUE

Deferred revenue relates to restricted operating funding for various programs received in the current period that is for programming expenses to be incurred in the subsequent year. The changes in the deferred revenue balance are as follows:

	2015	2014
Beginning balance	$ 219,165	$ 72,209
Less: amounts recognized as revenue in the year	(219,165)	(72,209)
Add: amounts received related to the following year	154,202	219,165
	$ 154,202	$ 219,165

8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions and grants directly related to the purchase of capital assets are deferred upon receipt. They are being recognized as revenue on the same basis as the amortization on the related capital assets. The changes for the year in the deferred contributions balance reported in the Health Centre are as follows:

	2015	2014
Beginning balance	$ 122,064	$ 14,346
Contributions	681,899	115,800
Amounts recognized as revenue	(97,169)	(8,082)
	$ 706,794	$ 122,064

9. PRE-RETIREMENT LEAVE BENEFIT OBLIGATION

Based on the continuance of funding bodies' policies to reimburse facilities for pre-retirement leave, the co-operative has agreed to provide pre-retirement leave for all unionized employees as provided within the Collective Agreement. These benefits are based on years of employment for full-time employees and on a pro-rata basis for part-time employees. In order to receive pre-retirement benefits, a qualifying employee must apply for early retirement.

For fiscal year 2015, the Winnipeg Regional Health Authority agreed to provide pre-retirement funding of 100% of benefits paid by the co-operative. Employee applications for early retirement during the year amounted to $39,404 (2014 - $27,331)

During fiscal year 2015, the benefit obligation earned by employees as at March 31, 2015 was actuarially determined to be $313,000 (2014 - $238,000). This has been reported as a liability on the Statement of Financial Position.

10. PENSION PLAN

The co-operative has a defined contribution pension plan. During the year, the co-operative made actual cash contributions of $354,205 (2014 - $263,906). The pension contributions are included in salaries and benefits expense of the applicable programs in the Statement of Revenues and Expenditures.

11. LEASE COMMITMENTS

The co-operative leases premises and equipment under operating lease agreements. Future minimum lease payments as at year end are as follows:

2016	$ 108,304
2017	91,584
2018	56,293
2019	18,969

12. ECONOMIC DEPENDENCE

The co-operative is economically dependent on funding from the Winnipeg Regional Health Authority and Province of Manitoba. If funding from either of these entities were discontinued, it would affect the co-operative's ability to continue operations.

13. SCHEDULES TO FINANCIAL STATEMENTS

The accompanying schedules to the financial statements numbered one through four have been presented as unaudited and are included for information purposes only.

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.
HEALTH CENTRE *(Schedule 1)*
Year ended March 31, 2015
Unaudited *(Note 13)*

	Primary Health Care Program	InSight Mentor Program	Project Choices	Foot care Program	Norwest Clinic at Blue bird	Commmunity Development Programs *(Schedule 3)*	Family Counselling Programs *(Schedule 4)*	Parent Child Coalition Program	Community Food Centre	Families First	Mobile Diabetic Screening	Capital assets	2015	2014
REVENUE														
Community Connections/Urban Green	-	-	-	-	-	-	-	-	-	-	-	-	$ -	$ 5,540
Citizenship and Immigration Canada	-	-	-	-	-	123,244	-	-	-	-	-	-	123,244	90,352
Community Food Centre of Canada	-	-	-	-	-	-	-	-	221,515	828	-	-	222,343	63,837
Manitoba Children and Youth Opportunities	-	240,200	100,600	-	-	230,000	-	100,867	-	-	-	-	671,667	662,081
H.W. Siebens Charitable Foundation	-	-	-	-	-	-	-	-	75,000	-	-	-	75,000	85,662
Human Resources Development of Canada	-	-	-	-	-	5,286	-	-	-	-	-	-	5,286	3,808
Interest Income	21,465	-	-	-	-	-	-	-	-	-	-	-	21,465	21,149
Investor's Group	-	-	-	-	-	16,435	-	-	-	-	-	-	16,435	10,689
The Lawson Foundation	-	-	-	-	-	-	-	-	-	-	62,453	-	62,453	-
Local Investment Toward Employment	-	-	-	-	-	3,454	-	-	-	-	-	-	3,454	3,454
Manitoba Community Services Council Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	8,000
Manitoba Family Services and Housing	-	-	-	-	-	-	751,700	-	-	-	-	-	751,700	743,200
Manitoba Housing and Community Development	-	-	-	-	-	71,227	-	-	3,500	-	-	-	74,727	54,018
Manitoba Housing Authority	-	-	-	-	-	24,745	-	-	-	-	-	-	24,745	24,745
Manitoba Justice	-	-	-	-	-	24,000	-	-	-	-	-	-	24,000	24,000
McConnell Funds	-	-	-	-	-	-	-	-	54,823	-	-	-	54,823	95,000
Other	8,683	500	-	-	-	37,080	2,697	5,990	23,051		-	-	78,001	36,119
Thomas Sill Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	12,500
United Way of Winnipeg	-	-	-	-	-	314,700			-	-	-	-	314,700	311,266
Winnipeg Regional Health Authority	3,617,054	-	-	290,578	458,821	-	-	-	-	-	-	-	4,366,453	3,710,593
Winnipeg Foundation	-	-	-	-	-	62,383	-	-	-	-	-	-	62,383	54,259
Amortization of deferred contributions	-	-	-	-	-	-	-	-	-	-	-	97,169	97,169	8,082
Deferred revenue	-	-	-	-	-	(37,372)	-	-	(85,517)	-	(24,422)	-	(147,311)	(214,463)
	3,647,202	240,700	100,600	290,578	458,821	875,182	754,397	106,857	292,372	828	38,031	97,169	6,902,737	5,813,891
EXPENSES														
Accounting and computer fees	-	4,025	2,700	995	-	3,600	8,639	2,000	7,920	-	-	-	29,879	52,317
Administrative	102,860	10,065	5,444	8,362	7,488	26,997	18,320	5,039	5,031	-	502	-	190,108	169,122
Amortization	-	-	-	-	-	-	-	-	-	-	-	98,215	98,215	9,129
Fundraising	-	-	-	-	-	-	-	-	46,392	-	-	-	46,392	-
Networking & EMR Charges	37,785	-	-	-	6,198	-	-	-	-	-	-	-	43,983	753
Medical supplies	33,146	-		11,545	3,972	-	-	-	-	-	1,998	-	50,661	74,652
Pre-retirement expenses (includes payout)	28,842	5,234	3,039	2,497	8,065	7,480	12,513	2,216	2780	-	-	-	72,666	28,370
Professional fees	6,020	960	960	600	600	-	74,624	-	230	-	-	-	83,994	50,024
Program expenses (includes one-time purchases)	67,466	6,413	6,890	3,213	2,727	99,728	10,782	13,644	32,719	828	11,425	-	255,835	297,525
Rent and utilities	57,615	-	-	-	24,802	-	39,991	-	56,024	-	-	-	178,432	154,849
Repairs and maintenance	60,607	-	-	-	16,285	12,058	-	-	-		-	-	88,950	74,452
Salaries and benefits	2,908,748	232,986	69,904	224,265	385,124	676,080	575,939	86,622	185,866	-	19,598	-	5,365,132	4,652,033
Service contracts	29,462	-	-	-	1,172	-	454	-	-	-	-	-	31,088	5,944
Staff training	17,613	1,200	1,731	2,218	1,814	22,920	3,314	2,056	919	-	2,148	-	55,933	29,603
Staff travel	1,439	11,580	2,008	1,186	6	16,277	9,507	870	789	-	2,360	-	46,022	22,286
	3,351,603	272,463	92,676	254,881	458,253	865,140	754,083	112,447	338,670	828	38,031	98,215	6,637,290	5,621,059
Excess (deficiency) of revenue over expenses	$ 295,599	$ (31,763)	$ 7,924	$ 35,697	$ 568	$ 10,042	$ 314	$ (5,590)	$ (46,298)	-	-	$ (1,046)	$ 265,447	$ 192,832

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Early Learning and Child Care Centre ***(Schedule 2)***

Year Ended March 31, 2015

Unaudited *(Note 13)*

	2015	2014
REVENUES		
Child care fee	$ 217,280	$ 161,327
Child care fee subsidies- Province of Manitoba	105,722	78,130
Children with Disabilities Staffing grant	73,856	71,082
Operating grant	327,163	204,630
Interest	1,390	1,348
Other sources	3,644	3,385
Training grant	9,204	7,149
Manitoba Child Care Program Pension grant	18,890	18,655
	757,149	545,706
EXPENSES		
Administrative	24,753	25,814
Pre-retirement	2,334	5,715
Program	32,886	35,571
Rent and utilities	20,486	18,544
Repairs and maintenance	586	1,090
Salaries and benefits	650,111	510,407
	731,156	597,141
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUES	$ 25,993	$ (51,435)

COMMUNITY DEVELOPMENT PROGRAMS ***(Schedule 3)***

Year Ended March 31, 2015

Unaudited ***(Note 13)***

	Community Development	Summer Student	Immigrant Settlement	Gilbert Park Going Places	TOTAL 2015	TOTAL 2014
REVENUE						
Community Connections/Urban Green	-	-		-	-	$ 5,540
Citizenship and Immigration Canada	-	-	123,244		**123,244**	90,352
Interest	-	-	-	-	-	2,000
Investors Group	16,435	-	-	-	**16,435**	10,689
Manitoba Children & Youth Opportunities	-	-	-	230,000	**230,000**	230,000
Local Investment Toward Employment (L.I.T.E)	3,454	-	-	-	**3,454**	3,454
MB Justice (Light Houses)	24,000	-	-	-	**24,000**	24,000
MB Housing Authority	24,745	-	-	-	**24,745**	24,745
MB Housing and Community Development	55,515	15,712	-	-	**71,227**	54,018
Other Payment Sources	36,934	-	-	146	**37,080**	18,082
United Way of Winnipeg	314,700	-	-	-	**314,700**	311,266
Human Resources Development of Canada	-	5,286	-	-	**5,286**	3,808
Winnipeg Foundation	-	-	-	62,383	**62,383**	54,259
Deferred revenue	(16,134)	-	-	(21,238)	**(37,372)**	(55,052)
	459,649	20,998	123,244	271,291	**875,182**	777,161
EXPENSES						
Accounting and computer fees	-	-	3,600	-	**3,600**	5,535
Administrative	3,337	205	16,320	7,135	**26,997**	25,725
Pre-retirement expenses	7,018	-	58	404	**7,480**	7,087
Program expenses	42,412	80	9,171	48,065	**99,728**	88,297
Repairs and maintenance	4,033	-	-	8,025	**12,058**	12,626
Salaries and benefits	363,392	19,199	89,532	203,957	**676,080**	625,564
Staff training	17,390	1,500	1,710	2,320	**22,920**	9,212
Staff travel	12,375	14	2,853	1,035	**16,277**	5,166
	449,957	20,998	123,244	270,941	**865,140**	779,212
Excess (deficiency) of revenue over expenses	**$ 9,692**	**$ -**	**$ -**	**$ 350**	**$ 10,042**	**$ (2,051)**

NORWEST CO-OP COMMUNITY HEALTH CENTRE, INC.
FAMILY COUNSELLING PROGRAMS *(Schedule 4)*
Year Ended March 31, 2014
Unaudited *(Note 13)*

	Counselling services	Central Support	Women's Place	TOTAL 2015	TOTAL 2014
REVENUE					
MB Family Services and Housing	$ 346,700	$ 185,600	$ 219,400	**$751,700**	$ 743,200
Other Payment Sources	-	2,697	-	**2,697**	498
	346,700	188,297	219,400	**754,397**	743,698
EXPENSES					
Accounting and computer fees	-	8,639	-	**8,639**	8,500
Administrative	-	18,320	-	**18,320**	26,715
Networking & EMR charges	-	-	-	-	438
Legal fees	-	-	74,138	**74,138**	40,004
Pre-retirement expenses	7,384	3,770	1,359	**12,513**	5,842
Professional fees	-	-	486	**486**	2,038
Program expenses	5,849	1,600	3,333	**10,782**	18,380
Rent & utilities	-	39,991	-	**39,991**	37,322
Repairs and maintenance	-	-	-	-	2,090
Salaries and benefits	396,899	108,450	70,590	**575,939**	522,435
Service contracts	-	454	-	**454**	1,814
Staff training	-	3,314	-	**3,314**	1,088
Staff travel	-	7,272	2,235	**9,507**	4,368
	410,132	191,810	152,141	**754,083**	671,034
Excess (deficiency) of revenue over expenses	**$ (63,432)**	**$ (3,513)**	**$ 67,259**	**$ 314**	**$ 72,664**

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

Financial Statements
For the year ended March 31, 2015

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

Financial Statements
For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of
ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC. GOLDEN LINKS LODGE

We have audited the accompanying financial statements of **ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC. GOLDEN LINKS LODGE**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flow for the year ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC. GOLDEN LINKS LODGE** as at March 31, 2015 and the results of its operations and its cash flows for the year ended March 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 16, 2015

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Financial Position

March 31		2015		2014
Assets				
Current Assets				
Cash	$	**282,825**	$	429,210
Short-term investments (Note 2)		**286,965**		280,518
Accounts receivable		**402,025**		44,880
Employee benefits recoverable		**230,242**		230,242
Inventory - supplies on hand		**739**		25,256
Prepaid expenses		**22,949**		18,585
Due from Winnipeg Regional Health Authority (Note 5)		**74,326**		228,296
		1,300,071		1,256,987
Deferred benefit entitlements		**552,736**		550,737
Capital assets (Note 4)		**2,133,315**		2,275,904
	$	**3,986,122**	$	4,083,628
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	**311,877**	$	409,317
Accrued vacation entitlements (Note 3)		**324,252**		315,193
Trust liabilities		**4,368**		9,303
		640,497		733,813
Pre-retirement entitlement (Note 3)		**520,000**		518,000
Deferred Contributions				
Externally restricted (Schedule 1)		**273,546**		239,810
Capital assets (Schedule 2)		**2,053,474**		2,203,211
Donations (Schedule 3)		**73,849**		91,090
Reserve for insurance deductible (Schedule 4)		**13,193**		12,185
		2,414,062		2,546,296
Total liabilities and deferred contributions		**3,574,559**		3,798,109
Contingencies (Note 8)		**-**		-
Net assets, unrestricted		**411,563**		285,519
	$	**3,986,122**	$	4,083,628

Approved on behalf of the Board:

Original document signed Chairperson

Original document signed Treasurer

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

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Changes in Net Assets

For the year ended March 31	2015	2014
Balance, beginning of year	**$ 285,519**	$ 390,874
WRHA prior year adjustments	**45,318**	(37,000)
Excess of (expenditures) revenue for the year	**80,726**	(68,355)
Balance, end of year	**$ 411,563**	$ 285,519

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

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

For the year ended March 31		2015		2014
Revenue				
Winnipeg Regional Health Authority (Note 7)	**$**	**4,815,481**	$	4,070,520
Residential charges		**1,164,839**		1,719,812
Recoveries and offset income		**369,363**		49,433
Amortization of deferred contributions related to capital assets		**149,727**		145,790
Mortgage interest subsidy		**45,359**		45,359
Donations and other		**13,971**		4,237
Interest earned		**6,457**		5,227
		6,565,197		6,040,378
Expenditures				
Nursing personal care		**4,406,985**		3,765,099
Food services		**579,219**		714,259
General and administrative		**420,301**		381,542
Plant maintenance		**203,517**		195,087
Housekeeping		**189,126**		250,664
Amortization		**152,558**		148,621
Laundry and linen		**110,592**		136,044
Plant operation		**105,713**		153,083
Recreation		**99,401**		190,521
In-service education		**92,269**		86,684
Social work		**39,851**		37,473
Interest on long-term debt		**20,606**		23,458
Donations and other		**-**		7,569
		6,420,138		6,090,104
Excess of (expenditures) revenue for the year before the undernoted		**145,059**		(49,726)
Pre-retirement payouts		**(66,333)**		(25,216)
Pre-retirement entitlement, change in liability		**2,000**		6,587
Excess of (expenditures) revenue for the year	**$**	**80,726**	$	(68,355)

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

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Excess of (expenditures) revenue for the year	$ 80,726	$ (68,355)
Adjustments for		
Amortization of capital assets	152,558	148,621
Amortization of deferred contributions related to capital assets	(149,727)	(145,790)
WRHA prior year adjustments	45,318	(37,000)
	128,875	(102,524)
Changes in non-cash working capital balances		
Accounts receivable	(357,145)	(6,265)
Due from Winnipeg Regional Health Authority	153,970	72,995
Inventory - supplies on hand	24,517	7,119
Prepaid expenses	(4,364)	11,738
Deferred benefit entitlements	(2,000)	6,587
Accrued vacation entitlement	9,059	(19,042)
Pre-retirement entitlement	2,000	(6,587)
Accounts payable and accrued expenses	(97,440)	(113,858)
Trust liabilities	(4,935)	(1,050)
	(276,338)	(48,363)
	(147,463)	(150,887)
Cash Flows from Financing Activities		
Deferred contributions - externally restricted	33,736	34,682
Deferred contributions - capital assets	(10)	209,475
Deferred contributions - donations	(17,241)	(38,005)
Reserve for insurance deductible	1,008	1,008
	17,493	207,160
Cash Flows from Investing Activities		
Purchase of capital assets and construction, net	(9,968)	(225,504)
Increase in short-term investments	(6,447)	(5,389)
	(16,415)	(230,893)
Decrease in cash and cash equivalents	(146,385)	(174,620)
Cash and cash equivalents, beginning of year	429,210	603,830
Cash and cash equivalents, end of year	$ 282,825	$ 429,210

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

For the year ended March 31, 2015

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

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

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Financial Reporting

The financial statements only include the assets, liabilities, equity and operations of the Golden Links Lodge.

Revenue Recognition

The organization follows the deferral method of accounting for contributions that includes donations and government grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, which include residential changes, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization records on an annual basis, an estimate of the amount that may be recoverable from, or payable to Winnipeg Regional Health Authority ("WRHA") relating to its excess of revenues or expenses 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.

Contributed Services

In the normal course of business, the organization receives volunteer assistance in carrying out its service delivery activities. Volunteer services are not recognized in the financial statements.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Land improvements	10 years, straight-line basis
Buildings	30-50 years, straight-line basis
Equipment	5-10 years, straight-line basis

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Inventory

Supplies on hand are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

Employee Benefits

The organization records a provision for employee benefits comprised of accrued vacation. A further provision for future employee pre-retirement benefits, being an actuarial estimate of the organization’s obligation to make a cash payment to certain qualifying employees based on years of service upon retirement has also been recorded. Funding for portions of these obligations remains outstanding as disclosed in Note 3.

The cost of the organization's employee pre-retirement benefits is accrued as earned based on an actuarial estimation.

The estimation of the 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 future employee benefits payable include mortality and withdrawal rates, a discount rate of 3.60% (3.60% in 2014), a rate of salary increase of 3.0% (3.0% in 2014) plus an age-related merit/promotion scale with no provision for disability.

Use of Estimates

The preparation of financial statements 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 expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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 are 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.

2. Short-term Investments

		2015		2014
Steinbach Credit Union, regular savings, 1.9% (2.0% in 2014)	$	**286,965**	$	280,518

3. Future Employee Benefits Recoverable

Employee pre-retirement benefits are accrued as incurred as determined by actuarial valuation. The latest actuarial valuation of the pre-retirement value as of March 31, 2015 reports an obligation of $520,000 ($518,000 in 2014). Vacation benefits are accrued as employees earn the benefits.

Due to the nature of the benefits, the pre-retirement benefits recoverable and payable are classified as long-term, whereas the vacation benefits recoverable and payable are classified as current.

The change in pre-retirement liability for fiscal 2015 of $2,000 ($6,587 in 2014) will be funded by the WRHA.

The amount of funding which will be provided by Manitoba Health, through the WRHA, for pre-retirement entitlement obligations has been capped at the amount owing at March 31, 2004, adjusted for allocations from the WHRA in 2005, and has been recorded as a receivable on the statement of financial position. The Province of Manitoba has guaranteed to the WRHA, and through it to Golden Links Lodge, this outstanding receivable which will be paid when required. Any liability in excess of the adjusted March 31, 2004 amount is reflected as a current year expense on the statement of operations following the "excess of revenue over expenditures before other items" balance.

4. Capital Assets

	2015			2014
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land improvements	**$ 217,027**	**$ 217,027**	**$ -**	$ -
Buildings	**3,812,680**	**2,194,713**	**1,617,967**	1,733,983
Building addition Special Needs Unit	**388,858**	**205,230**	**183,628**	194,429
Equipment	**1,295,726**	**964,006**	**331,720**	347,492
Equipment Special Needs Unit	**31,771**	**31,771**	**-**	-
	$ 5,746,062	**$ 3,612,747**	**$ 2,133,315**	$ 2,275,904

For the year ended March 31, 2015

5. Due from (to) Winnipeg Regional Health Authority Inc.

Any surplus related to Out of Globe funding is repayable to the WRHA. Any surplus related to In Globe funding for the year (including PCH staffing), less the greater of 2% of funding or 50% of the actual operating surplus for the year, is repayable to the WRHA.

Conversely, any operating deficit related to Out of Globe funding arrangements is receivable from the WRHA and is subject to review by the WRHA. At that time, WRHA submits their final cost approvals that indicate the portion of the deficit that will be paid to the organization. In 1992, the Province of Manitoba implemented a no deficit recovery policy that stipulates that WRHA will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by WRHA are absorbed by the organization.

Differences that may occur on final settlement of approved costs are charged directly to net assets or operations. Prior years surplus and deficit, settlement for which has not yet been adjusted is as follows:

	2015	2014
2007 fiscal year end	$ -	$ 10,302
2008 fiscal year end	-	18,521
2009 fiscal year end	-	(44,654)
2010 fiscal year end	-	77,729
2011 fiscal year end	-	59,421
2012 fiscal year end	-	61,082
2013 fiscal year end	43,552	2,427
2014 fiscal year end	7,415	43,468
2015 fiscal year end	89,807	-
2015 fiscal year end - repayable In-Globe surplus	(66,448)	-
Balance, end of year	$ 74,326	$ 228,296

6. Bank Indebtedness

The organization does not currently operate on a revolving line of credit.

7. Winnipeg Regional Health Authority Operating Income

	2015	2014
Budgeted Items	$ 4,255,921	$ 4,038,309
Current adjustments - Out of Globe	626,008	32,211
Repayable In-Globe surplus	(66,448)	
Balance, end of year	$ 4,815,481	$ 4,070,520

8. 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, 2015.

9. Land Lease

The land used by the organization is owned by the Grand Lodge of Manitoba, I.O.O.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.

10. Pension Plans

During the year, the organization contributed $329,956 ($280,375 in 2014) on behalf of its employees.

Eligible employees of the organization are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan) (the "Plan") that is a multi-employer defined benefit pension 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.

The most recent actuarial valuation of the plan as at December 31, 2013 indicated a solvency deficiency. The deficiency will be funded out of the current contributions in the subsequent years. On April 1, 2013, both employer and employee contribution rates increased to 8.7% (7.9% in 2013) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.3% (9.5% in 2013) on earnings in excess of the YMPE.

On April 1, 2014, with the inclusion on contributions towards the Cost of Living Adjustment Plan, the contribution rates increased to 8.7 percent (employer and employee portion) of pensionable earnings up to the YMPE and 10.3 percent (employer and employee portion) on earnings in excess of YMPE.

11. Disclaimer

The information contained in this report is the property of Odd Fellows and Rebekahs Personal Care Homes Inc. Golden Links Lodge, and may not be combined, consolidated or in any way modified without the written authorization of the Odd Fellows and Rebekahs Personal Care Homes Inc. Golden Links Lodge.

12. Financial Risk Management

The organization is exposed to different types of risk in the normal course of operations, including 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.

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 organization to credit risk consist principally of accounts receivable.

The organization's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Accounts receivable	**$ 402,025**	$ 44,880
Due from WRHA	**74,326**	228,296
Vacation entitlements receivable	**230,242**	230,242
Retirement obligations receivable	**552,736**	550,737
	$ 1,259,329	$ 1,054,155

Accounts receivable: The organization 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 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 the Winnipeg Regional Health Authority.

12. Financial Risk Management (continued)

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.

13. Building Water Damage

In April 2014, the facility suffered extensive water damage. It is expected that insurance will cover the majority of costs. The insurance deductible and any excess cost not covered by insurance will be recognized in the year incurred.

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 1 - Deferred Contributions - Externally Restricted

For the year ended March 31		2015		2014
Reserve for Major Repairs				
Balance, beginning of year	$	158,208	$	139,872
Current year funding		18,336		18,336
Balance, end of year	$	176,544	$	158,208
Equipment Replacements				
Balance, beginning of year	$	81,602	$	65,256
Current year funding		15,400		16,346
Balance, end of year	$	97,002	$	81,602
Total Deferred Contributions - Externally Restricted	$	273,546	$	239,810

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 2 - Deferred Contributions - Capital Assets

For the year ended March 31		2015		2014
Balance, beginning of year	**$**	**2,203,211**	$	2,139,526
Current year funding		**152,904**		356,802
Debt reduction		**(152,914)**		(147,327)
Amortize to revenue		**(149,727)**		(145,790)
Balance, end of year	**$**	**2,053,474**	$	2,203,211

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 3 - Deferred Donations

For the year ended March 31		2015		2014
Balance, beginning of year	**$**	**91,090**	$	129,095
Current year donations		**2,966**		23,713
Current year expenditures		**(20,207)**		(61,718)
Balance, end of year	**$**	**73,849**	$	91,090

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 4 - Reserve for Insurance Deductible

For the year ended March 31		2015		2014
Balance, beginning of year	**$**	**12,185**	$	11,177
Current year funding		**1,008**		1,008
Balance, end of year	**$**	**13,193**	$	12,185

Park Manor Care Inc.

Financial Statements
March 31, 2015

pwc

July 31, 2015

Independent Auditor's Report

To the Board of Directors of
Park Manor Care Inc.

We have audited the accompanying financial statements of Park Manor Care Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in fund balances and cash flows for the year then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Park Manor Care Inc. as at March 31, 2015 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

Park Manor Care Inc.

Statement of Financial Position

As at March 31, 2015

ASSETS	Operating Fund $	Restricted Capital Fund $	Restricted Development Fund $	2015 Total $	2014 Total $
Current Assets					
Cash	7,948	40,465	798,562	846,975	115,316
Investments - Short-term (note 3)	-	-	587,564	587,564	1,106,195
Receivable from WRHA (note 4)	807,746	-	-	807,746	344,600
Accounts Receivable (note 5)	96,413	-	-	96,413	101,109
Inventories & Prepaid Expenses (note 6)	38,912	-	-	38,912	30,249
Due from (to) Related Party (note 7)	158,863	-	-	158,863	(2,924)
Due from (to) Other Funds	(175,445)	175,833	(388)	-	-
Total Current Assets	934,437	216,298	1,385,738	2,536,473	1,694,545
Non-Current Assets					
Receivable from WRHA (note 4)	839,727	-	-	839,727	795,727
Capital Assets (note 8)	-	1,387,074	-	1,387,074	1,376,697
Investments - Long-term (note 3)	-	-	481,113	481,113	1,029,495
Total Non-Current Assets	839,727	1,387,074	481,113	2,707,914	3,201,919
Total Assets	1,774,164	1,603,372	1,866,851	5,244,386	4,896,464
LIABILITIES & FUND BALANCES					
Current Liabilities					
Bank Indebtedness (note 9)	279,388	-	-	279,388	-
Wages & Benefits Payable	128,716	-	-	128,716	210,844
Vacation & Statutory Holidays Payable	367,803	-	-	367,803	325,443
Accounts Payable to WRHA	87,206	-	-	87,206	6,581
Accounts Payable & Accruals (note 10)	116,212	-	-	116,212	134,234
Resident Trust	(3,776)	-	-	(3,776)	8,362
Current Portion of Long-term Debt (note 11)	-	35,970	-	35,970	33,947
Total Current Liabilities	975,549	35,970	-	1,011,519	719,411
Non-Current Liabilities					
Pre-retirement Leave (note 12)	677,000	-	-	677,000	633,000
Deferred Contributions (note 13)	8,881	1,058,615	-	1,067,496	1,013,569
Long-term Debt (note 11)	-	52,056	-	52,056	88,026
Total Non-Current Liabilities	685,881	1,110,671	-	1,796,552	1,734,595
Total Liabilities	1,661,430	1,146,641	-	2,808,071	2,454,006
Fund Balances					
Unrestricted	112,734	-	-	112,734	155,875
Invested in Capital Assets	-	240,434	-	240,434	249,027
Restricted	-	216,297	1,866,851	2,083,148	2,037,556
Total Fund Balances	112,734	456,731	1,866,851	2,436,316	2,442,458
Total Liabilities & Fund Balances	1,774,164	1,603,372	1,866,851	5,244,387	4,896,464

Approved by the Board of Directors

Original document signed
Director

Original document signed
Director

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

Park Manor Care Inc.

Statement of Operations and Changes in Fund Balances

Year Ended March 31, 2015

REVENUES	Operating Fund $	Restricted Capital Fund $	Restricted Development Fund $	2015 Total $	2014 Total $
Winnipeg Regional Health Authority (note 14)	4,864,396	6,144	-	4,870,540	4,752,264
Residential Charges	1,849,610	-	-	1,849,610	1,775,847
Accrued Future Employee Benefits	44,000	-	-	44,000	133,214
Pre-retirement Leave	106,238	-	-	106,238	51,387
Deferred Contributions (note 13)	-	187,280	-	187,280	186,892
Department Recoveries	128,446	-	-	128,446	129,321
Food Service Recoveries	86,120	-	-	86,120	69,022
Adventist Care Foundation Grants (note 7)	89,474	-	-	89,474	35,000
Interest Income	-	-	58,007	58,007	63,422
Donations	20	-	27,802	27,822	12,633
Other Revenue	18,404	159	27,592	46,155	17,543
Total Revenues	7,186,708	193,583	113,401	7,493,692	7,226,545
EXPENSES					
Salaries and Wages	5,182,709	-	-	5,182,709	4,907,968
Employee Benefits (note 15)	888,503	-	-	888,503	837,271
Accrued Future Employee Benefits	44,000	-	-	44,000	133,214
Pre-retirement Leave	106,238	-	-	106,238	51,387
Health & Education Tax	110,794	-	-	110,794	112,557
Administration	136,726	-	-	136,726	148,439
Resident Care & Supports	164,158	-	-	164,158	161,930
Food Services	281,361	-	-	281,361	262,917
Environmental Services	49,658	-	-	49,658	44,459
Physical Plant	104,281	-	-	104,281	103,737
Utilities	159,131	-	-	159,131	149,920
Amortization	-	180,582	-	180,582	172,233
Interest on Long-term Debt	-	6,143	-	6,143	8,053
Other Expenses	15,748	-	83,260	99,008	35,192
Total Expenses	7,243,307	186,725	83,260	7,513,292	7,129,277
Excess (Deficiency) of Gen'l Revenues over Expenses	**(56,599)**	**6,858**	**30,141**	**(19,600)**	**97,268**
Other Programs					
Adult Day Program (schedule 1)	16,273	-	-	16,273	16,701
SSGL Program (schedule 2)	(2,815)	-	-	(2,815)	2,296
Excess (Deficiency) of All Revenues over Expenses	**(43,141)**	**6,858**	**30,141**	**(6,142)**	**116,265**
Fund Balances - Beginning of Year	155,875	449,873	1,836,710	2,442,458	2,326,193
Fund Balances - End of Year	**112,734**	**456,731**	**1,866,851**	**2,436,316**	**2,442,458**

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

Park Manor Care Inc.

Statement of Cash Flows

Year Ended March 31, 2015

CASH PROVIDED BY (USED IN)	2015 Total $	2014 Total $
Operating Activities		
Excess (Deficiency) of All Revenue over Expenses	(6,142)	116,265
Amortization	180,582	172,233
Changes in Non-Cash Working Capital Items	(456,416)	(97,684)
Net Cash Provided by (used in) Operating	(281,976)	190,814
Investing Activities		
Purchase of Capital Assets	(190,959)	(161,865)
Purchase of Short-term Investments	-	(190,605)
Purchase of Long-term Investments	-	(442,219)
Net Proceeds on Disposal of Investments	1,067,013	682,831
Net Cash Provided by (used in) Investing	876,054	(111,858)
Financing Activities		
Repayment of Long-term Debt	(33,947)	(32,037)
Due to Related Party	(161,787)	21,365
Deferred Contributions	53,927	9,845
Net Cash Provided by (used in) Financing	(141,807)	(827)
Increase (Decrease) in Cash During the Year	452,271	78,129
Cash - Beginning of Year	115,316	37,187
Cash - End of Year	567,587	115,316
Cash is Comprised of		
Cash	846,975	115,316
Bank Indebtedness (note 9)	(279,388)	-
Cash - End of Year	567,587	115,316

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

1. Incorporation and Nature of the Organization

Park Manor Care Inc. (the Organization) was originally incorporated as a non-profit organization without share capital under *The Corporations Act of Manitoba* on May 19, 1966. The Organization is registered as a not-for-profit organization under the *Income Tax Act* and as such is exempt from income taxes.

The Organization is privately operated under the auspices of The Manitoba-Saskatchewan Conference of the Seventh-day Adventist Church, in cooperation with the Winnipeg Regional Health Authority, providing quality compassionate long-term care to elderly persons in the Transcona area of Winnipeg, Manitoba.

The Mission of the Organization is:
"Offering love, peace, compassion, hope and empowerment...to CARE as Christ does."

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund Accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Fund accounting is a procedure whereby a self-balancing group of accounts is provided for each accounting fund established by the Organization.

For financial reporting purposes, the accounts have been classified into three funds. The activities carried out by each fund are as follows:

- The Operating Fund accounts for the Organization's general and administrative operating activities.
- The Capital Fund reports the Organization's investment of resources in long-term capital assets.
- The Development Fund is to be used for the purpose of reporting contributions held for specific projects that the Organization has planned as determined by the Board of Directors.

Cash

Cash includes amounts held on deposit at banking institutions.

Investments

Short-term investments consist of Guaranteed Investment Certificates (GICs) maturing within the next fiscal year and include related accrued interest.

Long-term investments consist of GICs maturing beyond the next fiscal year and include related accrued interest.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

The Organization capitalizes all individual assets grouped in a similar kind with a cost over $2,000.

Amortization of capital assets starts in the year of acquisition whether it is acquired at the beginning of the year or at the end. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Building and improvements	5 - 40 years
Computer equipment	5 years
Equipment	10 - 20 years

Long-lived Assets

Long-lived assets consist of buildings, computer equipment and equipment with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changing circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized in the statement of operations when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount.

Deferred Contributions

Deferred contributions relating to the Operating Fund are contributions designated for future general operations or self-funding of insurance deductibles. These contributions are recognized when the expense is incurred.

Deferred contributions relating to the Capital Fund represent the unamortized portion of contributions received for the purchase of capital assets. Capital asset deferred contributions are recognized as revenue on the same basis as respective assets are amortized. Insurance deductible deferred contributions are recognized as revenue on the same basis as respective expenditures are made.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Interest income is recognized when earned.

Use of Estimates

The preparation of financial statements as set out in the basis of accounting 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. Actual amounts could differ from those estimates.

Contributed Services

Volunteers at the Organization contributed approximately 10,760 hours of service (2014 - 14,000) in various activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost, except for investments in equity instuments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the year incurred.

Financial assets measured at amortized cost include cash, accounts receivable, short-term and long-term investments, and receivable from WRHA.

Financial liabilities measured at amortized cost include accounts payable and accruals, wages and benefits payable, vacation and statutory holidays payable, accounts payable to WRHA, resident trust, long-term debt and pre-retirement leave.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

3. Investments

Investments - Short-term	2015 Total $	2014 Total $
Redeemable GIC, earning interest at 1.0%, maturing June 2014	-	189,057
Non-redeemable GIC, earning interest at escalating rates (1.25% and 6.5%), matured September 2014	-	250,000
Non-redeemable GIC, earning interest at escalating rates (1.00% and 6.5%), matured December 2014	-	200,000
Redeemable GIC, earning interest at 1.0%, matured December 2014	-	400,000
Non-redeemable GIC, earning interest at escalating rates (1.09% and 6.59%), maturing August 2015	200,633	-
Non-redeemable GIC, earning interest at escalating rates (1.51% and 6.25%), maturing December 2015	323,545	-
Accrued Interest	63,386	67,138
Total Investments - Short-term	587,564	1,106,195
Investments - Long-term		
Non-redeemable GIC, earning interest at escalating rates (1.09% and 6.59%), maturing August 2015	-	200,633
Non-redeemable GIC, earning interest at escalating rates (1.51% and 6.25%), maturing December 2015	-	323,545
Non-redeemable GIC, earning interest at 2.8%, maturing August 2016	227,699	227,699
Non-redeemable GIC, earning interest at escalating rates (1.5% and 5.5%), maturing May 2017	215,874	215,874
Accrued Interest	37,540	61,744
Total Investments - Long-term	481,113	1,029,495
Total Investments	1,068,677	2,135,690

4. Receivable from Winnipeg Regional Health Authority (WRHA)

	2015 Total $	2014 Total $
Pre-retirement Leave (note 12)	839,727	795,727
Other Receivables - Current	807,746	344,600
Total Receivable from WRHA	1,647,473	1,140,327

5. Accounts Receivable

	2015 Total $	2014 Total $
Residents Fees	46,757	48,289
Resident Personal	13,888	15,882
GST Rebate	15,702	20,994
Employees	11,568	6,021
Other	8,498	9,923
Total Accounts Receivable	96,413	101,109

6. Inventories & Prepaid Expenses

	2015 Total $	2014 Total $
Medical and Surgical Supplies	10,756	7,838
Food Services Food	11,865	11,753
Food Services Supplies	1,674	1,146
Housekeeping Supplies	3,387	3,406
Linen Supplies	1,771	2,197
Total Inventories	29,453	26,340
Insurance	3,899	3,389
Other	5,560	520
Total Prepaid Expenses	9,459	3,909
Total Inventories & Prepaid Expenses	38,912	30,249

7. Due from (to) Related Party

	2015 Total $	2014 Total $
Adventist Care Foundation Inc.	91,926	-
East Park Lodge Inc.	66,937	(8,774)
West Park Manor Personal Care Home Inc.	-	5,850
Total Due from (to) Related Party	158,863	(2,924)

West Park Manor Personal Care Home Inc. and the Organzation are related by virtue of a common President and Vice-President of the Corporations. East Park Lodge Inc., Adventist Care Foundation Inc. and the Organization are related by virtue of a common President, Vice-President and Secretary of the Corporations.

During the year East Park Lodge Inc. paid $21,600 (2014 - $19,200) in management fees, $25,000 (2014 - $25,000) in maintenance fees and $19,000 (2014 - $18,000) in housekeeping fees to the Organization.

During the year the Adventist Care Foundation Inc. paid grants to the Organization relating to an Annual Grant of $35,000 (2014 - $35,000), Materials Management Grant of $35,000 (2014 - $nil), a Finance Consultant Grant of $18,000 (2014 - $nil) and various other grants totalling $1,474 (2014 - $nil).

8. Capital Assets

Asset Class	Cost $	Accumulated Amortization $	2015 Total $	2014 Total $
Land	28,266	-	28,266	28,266
Buildings and Improvements	3,631,015	2,549,708	1,081,307	1,101,672
Computer Equipment	47,322	36,876	10,446	8,633
Equipment and Furniture	973,439	717,485	255,954	228,836
Construction in Progress	11,101	-	11,101	9,290
Total Capital Assets	4,691,143	3,304,069	1,387,074	1,376,697

9. Bank Indebtedness

The Organization has an available line of operating credit to a maximum of $175,000 (2014 - $175,000). The operating line has interest charged monthly at the bank's prime rate plus 0.5% and is secured by an overdraft lending agreement in the amount of $175,000 and the specific assignment of accounts receivable from WRHA/Manitoba Health.

	2015 Total $	2014 Total $
Cheques issued in excess of funds on hand	74,409	-
Operating Line of Credit	204,979	-
Total Bank Indebtedness	279,388	-

10. Government Remittances Payable

Included in accounts payable and accruals as at March 31, 2015 is $2,625 (2014 - $55,248) of payroll deductions owing. Payroll related obligations owed directly to the government are remitted with each pay period and the last pay period for this fiscal period was March 31, 2015.

11. Long-term Debt

	2015 Total $	2014 Total $
First mortgage payable in monthly installments of $3,341 including interest at 5.88% secured by land and building, maturing July 1, 2017.	88,026	121,973
Less: Current Portion	(35,970)	(33,947)
Total Long-term Debt	52,056	88,026

Principal repayments on long-term debt in each of the following three years, assuming long-term debt subject to refinancing is renewed are estimated as follows.

2016	$ 35,970
2017	38,115
2018	13,941
Total Long-term Debt	$ 88,026

12. Pre-retirement Leave

Under guidelines produced by the WRHA, they will fund the Organization's vacation pay liability, recognized as accounts receivable in the amount of $232,434 as at March 31, 2004. For the March 31, 2015 fiscal year, the Organization incurred employee future benefits and receivable from WRHA in the same amount as directed by Manitoba Health and the WRHA.

Retirement Benefits

Under guidelines produced by Manitoba Health and/or WRHA, funding owed to the Organization related to pre-retirement leave benefits and vacation pay liability is recognized as an out of global budget accounts receivable for March 31, 2004 and prior years. Funding for employee future benefits incurred subsequent to March 31, 2004 fiscal years are included in the Organization's global funding and were not recorded as a receivable, as Manitoba Health and/or WRHA had directed all health care facilities to record the future employee benefits liability but not the corresponding receivable. Each year since the 2009 fiscal year, Manitoba Health and WRHA agreed to provide funding for 100% of the retirement liability accrued during the year. The significant actuarial assumptions adopted in measuring the Organization's accrued retirement entitlement include a discount rate of 2.9% and a rate of salary increase of 3.5%.

Under guidelines produced by WRHA, funding owed to the Organization related to pre-retirement future benefits is as follows:

Fiscal Year	Future Liability	Accounts Receivable
2004-05	$ 319,838	$ 303,367
2005-06	373,074	328,650
2006-07	413,647	369,223
2007-08	389,789	345,365
2008-09	436,072	336,365
2009-10	503,001	433,294
2010-11	646,331	576,624
2011-12	690,928	621,221
2012-13	766,214	696,507
2013-14	633,000	563,293
2014-15	677,000	607,293

13. Deferred Contributions

	Operating	Capital	2015 Total $	2014 Total $
Balance - Beginning of Year	7,872	1,005,697	1,013,569	1,003,724
Contributions Received during the Year				
Donations	-	12,187	12,187	12,655
WRHA - Mortgage Principal Payment	-	33,935	33,935	32,040
WRHA - Equipment Funding	-	17,500	17,500	73,761
WRHA - Major Repairs Funding	-	4,296	4,296	4,296
WRHA - Safety & Security Funding	-	172,280	172,280	72,976
WRHA - Insurance Deductible	1,009	-	1,009	1,009
Total Deferred Contributions Available	8,881	1,245,895	1,254,776	1,200,461
Recognized as Revenue during the Year	-	187,280	187,280	186,892
Balance - End of Year	8,881	1,058,615	1,067,496	1,013,569

14. WRHA Operating Funding

Funding Category	2015 Total $	2014 Total $
Baseline Operating	4,246,511	4,263,194
Supplemental	168,624	168,624
3.6 HPRD Staffing	241,454	241,455
Accrued Wage Adjustments	199,347	69,916
HEB/HEPP/Blue Cross Benefits	48,701	19,582
Medical Administration	14,016	13,608
Median Rate Adjustment	2,120	72
Staff Training & Influenza Vaccine	5,458	2,480
Special Resident Transportation	11,617	4,999
Total WRHA Operating Funding	4,937,848	4,783,930
Less: Resident Fees Year End Adjustment	73,452	39,730
Net WRHA Operating Funding	4,864,396	4,744,200

15. Employee Benefit Contributions

	2015 Total $	2014 Total $
Canada Pension Plan	208,243	194,987
HEPP Pension Plan (note 16)	334,469	272,903
Employment Insurance	125,233	117,844
Workers Compensation Board	75,877	102,922
Disability and Rehabilitation Plan	48,226	45,122
Extended Health Plan	30,972	32,432
Dental Plan	35,906	37,406
Group Life Plan	8,903	10,232
Healthcare Spending Account	16,721	16,871
Employment Assistance Plan	3,953	6,552
Total Employer Contributions - General Programs	888,503	837,271

16. Pension Plan

The Organization participates in the Health Employees' Pension Plan which is a multi-employer defined benefit pension plan available to all eligible employees. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of Canadian Institute of Chartered Accountants Accounting Standards for Private Enterprises Section 3462. Total contributions to the plan on behalf of employees of all programs during the year were $345,249 (2014 - $282,147).

17. Risk Management

The Organization manages risk and risk exposures by applying policies approved by the Board of Directors.

It is management's opinion that the Organization is not exposed to significant currency or other price risks arising from its financial instruments.

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. The Organization, in the normal course of business, is exposed to credit risk from its residents. However, the broad resident base minimizes the credit risk.

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Organization's cash flows, financial position, and revenue. Certain of the Organization's investments are subject to changes in interest rates.

Liquidity Risk

Liquidity risk is the risk that the Organization may have difficulty meeting its financial obligations associated with financial liabilities in full. Management expects the Organization to be able to meet its financial obligations in the forseeable future.

18. Significant Funding Source

A significant portion of the Organization's operating funds are received from the WRHA. The percentage of total revenues from the WRHA for the current year is 67.7% (2014 - 68.4%).

19. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

Park Manor Care Inc.
Schedule 1 - Adult Day Program
Year Ended March 31, 2015

REVENUES	2015 Total $	2014 Total $
Winnipeg Regional Health Authority (WRHA)	157,536	157,536
Participant Fees	17,942	16,840
Other Revenue	80	106
Total Revenues	175,558	174,482
EXPENSES		
Salaries and Wages	70,775	66,799
Employee Benefits	13,116	11,298
Health and Education Tax	1,923	1,487
Participant Travel	53,387	58,966
Participant Meals	10,080	9,556
Program Expense	2,008	2,211
Administrative Expense	3,796	3,264
Management Fees	4,200	4,200
Total Expenses	159,285	157,781
Excess (Deficiency) of Revenues over Expenses	16,273	16,701

Park Manor Care Inc.

Schedule 2 - Support for Seniors in Group Living (SSGL) Program

Year Ended March 31, 2015

REVENUES	**2015 Total $**	**2014 Total $**
Winnipeg Regional Health Authority (WRHA)	83,482	83,232
Other Revenue	25	55
Total Revenues	83,507	83,287
EXPENSES		
Salaries and Wages	59,899	58,869
Employee Benefits	13,109	12,629
Health and Education Tax	1,234	1,278
Program Expense	2,950	1,112
Administrative Expense	5,230	3,203
Management Fees	3,900	3,900
Total Expenses	86,322	80,991
Excess (Deficiency) of Revenues over Expenses	(2,815)	2,296

Park Manor Care

March 31, 2015

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.

Financial Statements
For the year ended March 31, 2015

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.

Financial Statements
For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Directors of **PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.**

We have audited the accompanying financial statements of **PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.** which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in net deficiency, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.** as at March 31, 2015 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.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 8, 2015

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Financial Position

March 31		2014		2013
Assets				
Current Assets				
Cash and bank	$	48,643	$	88,529
Restricted cash		91,683		81,962
Accounts receivable (Note 2)		92,733		37,578
Inventories		7,600		7,600
Prepaid expenses		6,753		2,809
Vacation entitlement receivable (Note 3)		121,948		121,948
		369,360		340,426
Retirement obligations asset (Note 8)		239,999		220,999
Capital assets (Note 4)		344,106		353,652
	$	953,465	$	915,077
Liabilities and Net Deficiency				
Current Liabilities				
Accounts payable (Note 6)	$	304,436	$	315,949
Accrued vacation entitlements (Note 3)		179,081		162,187
		483,517		478,136
Accrued retirement obligation (Note 8)		239,999		220,999
Deferred contributions (Note 7)		428,945		416,450
		1,152,461		1,115,585
Net Deficiency				
Invested in capital assets		-		-
Unrestricted net deficiency		(198,996)		(200,508)
		(198,996)		(200,508)
	$	953,465	$	915,077

Approved by the Board:

Original document signed ______________ Director

Original document signed ______________ Director chair.

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

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Operations and Changes in Net Deficiency

For the year ended March 31	2015	2014
Revenue		
Winnipeg Regional Health Authority	$ 3,085,447	$ 2,952,853
Residential charges	1,074,210	1,032,872
Other income	31,029	29,258
	4,190,686	4,014,983
Expenses		
Drugs and medical supplies	89,819	80,895
Office and miscellaneous	13,073	12,086
Other supplies and expenses	56,413	58,510
Professional fees	14,019	23,015
Purchased services	561,058	558,613
Repairs and maintenance	24,883	28,401
Resident travel	3,625	5,206
Salaries and benefits	3,199,391	2,888,825
Service charges and fees	15,327	9,901
Shared building operation expenses (Note 9)	192,000	288,000
Telephone	19,495	22,546
Travel	71	63
	4,189,174	3,976,061
Excess of revenue over expenses before amortization	1,512	38,922
Amortization		
Deferred contributions (Note 7)	41,207	15,521
Capital assets (Note 4)	(41,207)	(15,521)
	-	-
Excess (deficiency) of revenue over expenses	1,512	38,922
Net deficiency, beginning of year	(200,508)	(239,430)
Net deficiency, end of year	$ (198,996)	$ (200,508)

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

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Cash Flows

For the year ended March 31		2015		2014
Cash Provided by (used in):				
Cash Flows from Operating Activities				
Excess of revenue over expenses	$	**1,512**	$	38,922
Adjustment for non-cash items				
Amortization of capital assets		**41,207**		15,521
		42,719		54,443
Changes in non-cash working capital				
Accounts receivable		**(55,155)**		1,616
Vacation entitlement receivable		**(19,000)**		4,698
Inventory		**-**		(26)
Prepaid expenses		**(3,944)**		902
Accounts payable		**(11,513)**		(96,767)
Vacation entitlement payable		**35,894**		(27,008)
Net cash flows used in by operating activities		**(10,999)**		(62,142)
Cash Flows from Financing Activities				
Deferred contributions		**12,495**		198,286
Net cash flows provided by financing activities		**12,495**		198,286
Cash Flows from Investing Activities				
Purchase of capital assets		**(31,661)**		(256,854)
Net cash flows used in investing activities		**(31,661)**		(256,854)
Net decrease in cash and cash equivalents		**(30,165)**		(120,710)
Cash and cash equivalents, beginning of year		**170,491**		291,201
Cash and cash equivalents, end of year	$	**140,326**	$	170,491

Represented by:				
Cash	$	**48,643**	$	88,529
Restricted cash		**91,683**		81,962
	$	**140,326**	$	170,491

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

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of the Organization

Pembina Place Mennonite Personal Care Home Inc. (the "Home") provides a 57 bed personal care service at 285 Pembina Highway, Winnipeg, Manitoba. The Home is a not-for-profit organization and, as such, is exempt from income taxes under The Income Tax Act. The Home, a Mennonite Organization, provides compassionate, outstanding long term care and affordable housing for seniors.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) - Part III of the CPA Canada Handbook.

Revenue Recognition

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

Under the Health Insurance Act and regulations hereto, the Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Winnipeg Regional Health Authority ("WRHA"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts as follows:

a) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree. The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

Any adjustments will be reflected in the year the final statement of recommended costs is received from WRHA.

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.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

Revenue from the residential services and marketed services is recognized when the goods are sold or the service is provided.

Inventories

Inventories of supplies are carried at the lower of cost and net realizable value determined on a first-in, first-out basis.

Employee Future Benefits

The organization maintains a multi-employer pension for its personnel. The expense for this plan is equal to the organization's required contribution for the year.

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

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 operations. 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 that 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.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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. Measurement uncertainty exists in the the amortization of assets and deferred contributions over the estimated useful lives of the assets and WRHA receivables since year end reconciliations have not been conducted for several previous years.

Restricted Cash

Restricted cash balances represent cash segregated for use for replacement reserves.

For the year ended March 31, 2015

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

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

Furniture, fixtures and equipment	10-20%
Leasehold improvements	10%

2. Accounts Receivable

	2015	2014
Receivable from residents	$ 17,755	$ 17,192
Winnipeg Regional Health Authority	55,601	-
GST rebate receivable	5,134	4,862
Other	14,243	15,524
	$ 92,733	$ 37,578

3. Accrued Vacation Entitlements

The Home 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 Home'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:

	2015	2014
Balance, beginning of year	$ 121,948	$ 121,948
Net changes in vacation entitlements receivable	-	-
Balance, end of year	$ 121,948	$ 121,948

3. Accrued Vacation Entitlements (continued)

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

	2015	2014
Balance, beginning of year	$ 162,187	$ 184,497
Net change in accrued vacation entitlements	16,894	(22,310)
Balance, end of year	$ 179,081	$ 162,187

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	$ 2,506,586	$ 2,482,408	$ 2,496,586	$ 2,480,468
Furniture, fixtures and equipment	801,578	481,650	779,917	442,383
	$ 3,308,164	$ 2,964,058	$ 3,276,503	$ 2,922,851
Cost less accumulated amortization		$ 344,106		$ 353,652

Amortization of capital assets for the year ended March 31, 2015 is $41,207 (2014 - $15,521).

5. Bank Overdraft

The organization has a demand credit facility with the Royal Bank, amounting to $50,000 (2014 - $50,000), available for operating needs. The overdraft facility bears interest at the bank's prime rate (effective rate at March 31, 2015 - 2.85%), calculated and payable monthly. The line was unutilized as of March 31, 2015.

6. Accounts Payable

	2015	2014
Trade accounts payable	$ 83,365	$ 70,586
Salaries and employee benefits payable	118,546	118,268
Winnipeg Regional Health Authority	-	38,069
Due to related parties	102,525	89,026
	$ 304,436	$ 315,949

7. Deferred Contributions

Changes in the deferred contribution balance are as follows:

	2015	2014
Capital Assets		
Deferred capital contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.		
Balance, beginning of year	**$ 353,652**	$ 112,319
Transfer from unspent equipment funding	**31,661**	256,854
Less amounts amortized to revenue	**(41,207)**	(15,521)
Balance, end of year	**344,106**	353,652
Unspent Equipment Funding		
Unspent equipment funding related to equipment replacement represent the unspent amount of funding received for the purchase of equipment. Equipment funding is not recorded as revenue in the statement of operations.		
Balance, beginning of year	**62,798**	105,845
Additional contributions received		
Winnipeg Regional Health Authority	**53,452**	213,522
Interest received	**250**	285
Less transfer to deferred contributions - asset purchases	**(31,661)**	(256,854)
Balance, end of year	**84,839**	62,798
Total deferred contributions	**$ 428,945**	$ 416,450

8. Employee Future Benefits

a) Accrued retirement obligation

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home'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 Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.9% (2014 - 3.6%) and a rate of salary increase of 3.5% (2014 - 2%) 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 the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, 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.

	2015	2014
Employee future benefits recoverable from:		
Manitoba Health	$ 83,241	$ 83,241
Winnipeg Regional Health Authority	156,758	137,758
	$ 239,999	$ 220,999

An analysis of the changes in the employee benefits payable is as follows:

	2015	2014
Balance, beginning of year	$ 220,999	$ 225,697
Net change in pre-retirement entitlements	19,000	(4,698)
Balance, end of year	$ 239,999	$ 220,999

8. Employee Future Benefits (continued)

b) Pension plan

Substantially all of the employees of the Home 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 contribution 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, 2013 indicates the plan is in a deficit. The board of the Plan continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $187,235 (2014 - $162,605) and are included in the statement of operations.

9. Related Party Transactions

During the year the Home had the following transactions with related organizations:

	2015	2014
Salary and IT expenses charged by related party	**$ 401,680**	$ 264,602
Shared building operations expenses	**192,000**	288,000
Salary costs paid on behalf of and recovered from related party	**35,500**	34,293

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.

The Manitoba Housing Authority owns the Manitoba Deaf Centre building located at 285 Pembina Highway, Winnipeg, Manitoba. Pembina Place Mennonite Personal Care Home Inc. has been allotted a portion of building operation expenses for the year ended March 31, 2015.

Accounts payable includes $102,525 (2014 - $89,026) payable to related parties.

10. Funding of Future Employee Benefits

Effective April 1, 2004 Manitoba Health directed all health care facilities (including non-profit personal care homes) to discontinue establishing a receivable from Manitoba Health for the funding of future employee benefits given that the responsibility for payment of same would be transferred to the WRHA. Contrary to the long-standing practice prior to April 1, 2004, the WRHA has since directed all health care facilities to record the future employee benefits liability, but not the corresponding receivable. As explained in Note 8, commencing in 2007, the WRHA has agreed to fund the change in accrued pre-retirement liability for the WRHA funded portions; however, they did not agree to fund changes in accrued vacation pay.

The Home has taken the position that Unfunded Future Employee Benefits (which include Pre-retirement Leave and Vacation Accrual) is recoverable from the WRHA.

The Home's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Based on this understanding, the corresponding responsibility for the future funding of these benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including Pembina Place Mennonite Personal Care Home Inc.).

11. Economic Dependence

The Home is economically dependent upon government and other agencies for funding its operations.

12. Financial Risk Management

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home'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 Home'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 Home to credit risk consist principally of accounts receivable.

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Accounts receivable	**$ 92,733**	$ 37,578
Vacation entitlements receivable	**121,948**	121,948
Retirement obligations asset	**239,999**	220,999
	$ 454,680	$ 380,525

12. Financial Risk Management (continued)

Credit risk (continued)

Accounts receivable: The Home 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 Home 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.

Vacation entitlements receivable and retirement obligations receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Regional Health Authority.

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 Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

The Home 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 and the Home is not exposed to other price risk.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset.

Financial Statements of

PRAIRIE VIEW LODGE

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of Prairie View Lodge,

We have audited the accompanying financial statements of Prairie View Lodge, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prairie View Lodge as at March 31, 2015 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.

Deloitte LLP

Chartered Accountants

June 17, 2015
Winnipeg, Manitoba

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PRAIRIE VIEW LODGE
Statement of Financial Position
March 31, 2015

		2015		2014
ASSETS				
CURRENT				
Cash	$	275,771	$	111,517
Investments		74,266		73,546
Accounts receivable		24,364		35,694
Prepaids		-		97,169
		374,401		317,926
CONSTRUCTION IN PROGRESS		455,629		-
CAPITAL ASSETS (Note 3)		97,094		96,111
OTHER ASSETS		188		188
	$	927,312	$	414,225
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	270,104	$	22,211
Funding payment received in advance		39,832		-
Due to Southern Health - Santé Sud (Note 4)		86,201		102,452
Current portion of mortgage payable (Note 5)		3,776		3,495
		399,913		128,158
MORTGAGE PAYABLE (Note 5)		31,730		35,604
DEFERRED CONTRIBUTIONS - EXPENSE OF FUTURE PERIODS (Note 6)		13,886		12,986
DEFERRED CONTRIBUTIONS - RELATED TO CAPITAL ASSETS (Note 6)		326,417		54,112
		771,946		230,860
CONTINGENCIES (Note 11)				
NET ASSETS				
Invested in capital assets (Note 7)		4,117		3,088
Internally restricted		630		630
Reserve fund (Note 8)		92,973		83,973
Unrestricted		57,646		95,674
		155,366		183,365
	$	927,312	$	414,225

APPROVED BY THE DIRECTORS

Original document signed . . . . Director

Original document signed . . . . Director

PRAIRIE VIEW LODGE
Statement of Operations
For the year ended March 31, 2015

		2015		2014
REVENUES				
Southern Health - Santé Sud (Note 9)	$	**922,290**	$	886,004
Residential charges		**461,615**		505,680
Ancillary operations (Note 10)		**97,905**		94,823
Amortization of deferred contributions - capital assets		**12,361**		14,994
Investment income		**-**		1,109
Other income		**886**		3,175
		1,495,057		1,505,785
EXPENSES				
Long term care (Schedule 1)		**1,402,804**		1,360,220
Ancillary operations (Schedule 2)		**95,285**		130,199
Amortization		**12,361**		14,994
Pharmacy capitation		**12,606**		13,179
		1,523,056		1,518,592
DEFICIENCY OF REVENUE OVER EXPENSES	$	**(27,999)**	$	(12,807)

PRAIRIE VIEW LODGE

Statement of Changes in Net Assets

For the year ended March 31, 2015

	2015				
	Invested in Capital Assets	Internally Restricted	Unrestricted	Reserve	Total
Balance, beginning of year	$ 3,088	$ 630	$ 95,674	$ 83,973	$ 183,365
Deficiency of revenue over expenses	(2,562)	-	(25,437)	-	(27,999)
Transfers (Note 8)	3,591	-	(12,591)	9,000	-
Balance, end of year	$ 4,117	$ 630	$ 57,646	$ 92,973	$ 155,366

	2014				
	Invested in Capital Assets	Internally Restricted	Unrestricted	Reserve	Total
Balance, beginning of year	$ 1,463	$ 630	$ 119,106	$ 74,973	$ 196,172
Excess (deficiency) of revenues over expenses	(4,344)	-	(8,463)	-	(12,807)
Transfers (Note 8)	5,969	-	(14,969)	9,000	-
Balance, end of year	$ 3,088	$ 630	$ 95,674	$ 83,973	$ 183,365

PRAIRIE VIEW LODGE
Statement of Cash Flows
For the Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Items not affecting cash:		
Deficiency of revenue over expenses	$ (27,999)	$ (12,807)
Amortization	14,923	19,338
Amortization of deferred contributions - capital assets	(12,361)	(14,994)
	(25,437)	(8,463)
Changes in non-cash operating working capital items:		
Investments	(720)	(1,610)
Accounts receivable	11,330	(66,324)
Prepaid expenses	97,169	-
Inventory	-	1,722
Accounts payable and accrued liabilities	247,893	(208)
Funding payment received in advance	39,832	-
Due to Southern Health - Santé Sud	(16,251)	15,213
	353,816	(59,670)
FINANCING ACTIVITIES		
Deferred contributions received - expense of future periods	900	900
Repayment of mortgage payable	(3,593)	(3,329)
Deferred contributions received - capital assets	284,666	36,227
	281,973	33,798
INVESTING ACTIVITY		
Purchase of capital assets	(471,535)	(38,864)
INCREASE (DECREASE) IN CASH POSITION	164,254	(64,736)
CASH POSITION, BEGINNING OF YEAR	111,517	176,253
CASH POSITION, END OF YEAR	$ 275,771	$ 111,517

1. NATURE OF BUSINESS

Prairie View Lodge Inc. (the "Lodge") is an incorporated not for profit organization sponsored by the United Church of Canada. The Lodge is principally involved in providing long-term care and related services for residents living within the area under the jurisdiction of the Southern Health – Santé Sud ("SH-SS"), with funding provided by Manitoba Health through SH-SS. As allowed under Bill 49 (Regional Health Authorities Act), the Board of Directors of the Lodge has elected to continue to provide the services to SH-SS under a service purchase contract. The Lodge is a registered charity under the Income Tax Act and accordingly is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Revenue recognition*

The Lodge follows the deferral method of accounting for contributions which include donations and government grants. The Lodge is funded primarily by the Province of Manitoba, through SH-SS. Funding is in accordance with budget arrangements established by Manitoba Health, with regional adjustments made by SH-SS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

Revenue derived from ancillary operations and residential charges is recorded in the period to which it relates.

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.

Internally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Southern Health – Santé Sud Funding*

Funding is provided by SH-SS on an expense recovery basis for out of globe expenditures including equipment amortization and employee pre-retirement benefits.

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

c) *Contributed services*

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

d) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at their fair market value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the Lodge's ability to provide services, its carrying amount is written down to residual value.

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

Buildings	2%
Equipment	10%
Property improvements	10%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Lodge subsequently measures all its financial assets and financial liabilities at amortized cost.

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of significant estimates relate to the useful life of capital asset and allowance for doubtful accounts. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Hostel Land	$ 1,100	$ -	$ 1,100	$ 1,100
Hostel buildings	163,257	163,257	-	-
Hostel equipment	256,046	177,759	78,287	74,740
Hostel property improvements	3,444	3,444	-	-
Units buildings	203,132	189,445	13,687	15,969
Units equipment	5,545	3,575	1,970	2,252
Units land	2,050	-	2,050	2,050
	$ 634,574	$ 537,480	$ 97,094	$ 96,111

4. DUE TO SOUTHERN HEALTH – SANTÉ SUD

	2015	2014
Balance, beginning of year	**$ 102,452**	$ 87,239
Current year's estimated out-of-globe amounts	**(12,541)**	12,094
Miscellaneous	**(3,710)**	3,119
	$ 86,201	$ 102,452

5. MORTGAGE PAYABLE

	2015	2014
CMHC loan	**$ 35,506**	$ 39,099
Less: current portion	**(3,776)**	(3,495)
	$ 31,730	$ 35,604

The CMHC loan bears interest at 7.75% and is repayable in monthly blended amounts of $534 and matures May 1, 2022.

Principal repayments over the next five years are expected to be as follows:

2016	3,776
2017	4,079
2018	4,407
2019	4,761
2020	5,143
Thereafter	13,340

6. DEFERRED CONTRIBUTIONS

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

	2015	2014
Expenses of future periods - Hostel		
Balance, beginning of year	**$ 12,986**	$ 12,086
Add: additional contributions received	**900**	900
	$ 13,886	$ 12,986

6. DEFERRED CONTRIBUTIONS (continued)

Deferred contributions related to capital assets can be summarized as follows:

		2015		2014
Capital Assets – Hostel				
Balance, beginning of year	$	54,112	$	32,879
Add: additional contributions received		284,666		36,227
Less: amounts amortized to revenue		(12,361)		(14,994)
	$	326,417	$	54,112

7. INVESTED IN CAPITAL ASSETS

a) Invested in capital assets is calculated as follows:

		2015		2014
Capital assets	$	97,094	$	96,111
Construction in progress		455,629		-
Organization costs		188		188
Construction in progress accounts payable		(186,871)		-
Deferred contributions - capital assets		(326,417)		(54,112)
Mortgage payable		(35,506)		(39,099)
	$	4,117	$	3,088

b) Changes in net assets invested in capital assets is calculated as follows:

		2015		2014
Amortization of deferred contributions related to capital assets	$	12,361	$	14,994
Amortization of capital assets		(14,923)		(19,338)
		(2,562)		(4,344)
Purchase of capital assets		471,535		38,867
Repayment of mortgage payable		3,593		3,329
Construction in progress accounts payable		(186,871)		-
Deferred contributions – capital assets		(284,666)		(36,227)
		3,591		5,969
	$	1,029	$	1,625

8. RESERVE FUND

The Lodge is required by CMHC to transfer $9,000 per year to a reserve fund that is to fund future major repairs of the Lodge's units. As at March 31, 2015 the balance of the reserve fund is as follows:

		2015		2014
Balance, beginning of year	$	83,973	$	74,973
Add: additional contributions received		9,000		9,000
	$	92,973	$	83,973

9. SOUTHERN HEALTH – SANTÉ SUD REVENUE

SH-SS revenue includes the following:

		2015		2014
Revenue per final budget	$	928,974	$	903,674
Provincially funded debt		(3,084)		(3,084)
Amounts recorded as deferred contribution		(900)		(900)
Bed grant disclosed in ancillary revenue		(1,592)		-
		923,398		899,690
Current year's funding adjustment		(1,108)		(13,686)
Revenue for the year	$	922,290	$	886,004

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

10. ANCILLARY OPERATIONS REVENUE

		2015		2014
Units Rental	$	95,138	$	92,027
Bed grant for units		1,592		1,592
Investment income		1,175		1,204
	$	97,905	$	94,823

11. CONTINGENCIES

The Lodge is subject to individual legal actions arising in the normal course of business. The effect of any contingent claims relating to these legal actions is not determinable at the date of the audit report.

The Healthcare Insurance Reciprocal of Canada ("HIROC") is an organization that pools the public liability insurance risks of all its members. The Lodge may be subject to reassessment for losses, if any, experienced by the pool for the years in which it was a member, and these losses could be material. No assessments have been made to March 31, 2015.

12. RELATED ENTITIES

The Lodge has economic interest in the Prairie View Lodge Foundation Inc. ("Foundation"). The Foundation raises funds from the community. The Foundation is incorporated under the Manitoba Corporation Act, is a registered charity under the Income Tax Act and accordingly is exempt from income taxes. According to the Foundation's by-laws, the Foundation's Board of Directors must be comprised of previous and/or current members of the Board of Directors of the Lodge. The resources of the Foundation are to be used for the advancement of medical education, including research, and the improvement of resident care within the Lodge. The financial statements of the Foundation have not been consolidated in these financial statements.

The Rock Lake Health District provides nursing, administration, janitorial, and maintenance services to the Lodge under a shared services agreement. Amounts charged to the Lodge for these services are included as purchased services in the statements of expenses. The amount payable in respect of these transactions was $68,841 as at March 31, 2015 (2014 – receivable of $105,695). Included in accounts payable and accrued liabilities is an amount payable to Rock Lake Health District of $186,871 (2014 - $nil) related to the construction of an Acute Care Unit.

13. CAPITAL MANAGEMENT

The Lodge defines its capital as the amounts included in the Net Asset balances.

The Lodge's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to its residents.

The Lodge sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

14. ECONOMIC DEPENDENCE

The Lodge receives approximately $62% of its total revenue from SH-SS and is economically dependent on SH-SS for its continued operations.

15. COMPARATIVE FIGURES

Certain prior period comparatives have been reclassified to conform to the current year's presentation.

PRAIRIE VIEW LODGE

Statement of Expenses - Long Term Care

Schedule 1

For the year ended March 31, 2015

		2015		2014
EXPENSES				
Administration	$	13,201	$	17,693
Housekeeping		6,983		8,337
Personal care		60,914		91,696
Physical plant maintenance		53,568		20,561
Physical plant operation		52,573		55,324
Purchased services - nursing		1,208,650		1,159,600
Recreation and activity		6,915		7,009
TOTAL LONG TERM CARE EXPENSES	$	1,402,804	$	1,360,220

PRAIRIE VIEW LODGE

Schedule 2

Statement of Expenses - Ancillary Operations

For the year ended March 31, 2015

	2015	2014
EXPENSES		
Amortization of capital assets	**$ 2,562**	$ 4,344
Electricity	**8,210**	8,356
Mortgage interest	**2,818**	3,081
Property taxes	**13,115**	14,006
Purchased services - administration	**8,024**	7,923
Purchased services - janitor	**9,355**	9,172
Purchased services - maintenance	**17,025**	16,690
Repairs - building and grounds	**31,418**	63,567
Water	**2,758**	3,061
TOTAL ANCILLARY EXPENSES	**$ 95,285**	$ 130,200

REST HAVEN NURSING HOME
(A division of Rest Haven Nursing Home of Steinbach Inc.)

Financial Statements
For the year ended March 31, 2015

REST HAVEN NURSING HOME

(A division of Rest Haven Nursing Home of Steinbach Inc.)
Financial Statements
For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of **REST HAVEN NURSING HOME OF STEINBACH INC.**

We have audited the accompanying financial statements of **REST HAVEN NURSING HOME** (A division of Rest Haven Nursing Home of Steinbach Inc.), which comprise the statements of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **REST HAVEN NURSING HOME** (A division of Rest Haven Nursing Home of Steinbach Inc.) as at March 31, 2015, 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.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
May 27, 2015

REST HAVEN NURSING HOME
(A division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Financial Position

March 31		2015		2014
Assets				
Current Assets				
Cash in bank	$	**519,951**	$	-
Accounts receivable (Note 2)		**16,692**		89,884
Due from SHSS (Note 3)		**-**		317,648
Due from related parties (Note 4)		**37,848**		9,134
Inventories		**38,682**		36,602
Prepaid expenses		**61,006**		81,605
Vacation entitlements receivable (Note 5)		**152,406**		152,406
		826,585		687,279
Retirement obligations receivable (Note 6)		**277,000**		262,000
Capital assets (Note 7)		**3,357,588**		3,627,349
	$	**4,461,173**	$	4,576,628
Liabilities and Net Assets				
Current Liabilities				
Bank indebtedness (Note 8)	$	**-**	$	60,200
Accounts payable and accrued charges (Note 9)		**263,417**		198,263
Due to SEH/SSE (Note 3)		**38,638**		-
Accrued vacation entitlements (Note 5)		**298,040**		295,554
		600,095		554,017
Accrued retirement obligations (Note 6)		**277,000**		262,000
Deferred Contributions (Note 10)				
Expenses of future periods		**10,792**		13,511
Capital assets		**3,275,415**		3,559,966
		4,163,302		4,389,494
Commitments and contingencies (Notes 12 and 13)				
Net assets				
Invested in capital assets (Note 11)		**82,173**		67,383
Unrestricted		**215,698**		119,751
		297,871		187,134
	$	**4,461,173**	$	4,576,628

Approved on behalf of the Board:

Original document signed Director Original document signed Director

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

REST HAVEN NURSING HOME
(A division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Operations

For the year ended March 31		2015		2014
Revenue				
Southern Health - Sante Sud fixed payments (Note 14)	$	**3,862,497**	$	3,799,174
Residential charges		**922,251**		811,687
Amortization of deferred contributions related to capital assets		**246,107**		217,723
Meal recoveries		**48,804**		52,392
Canada Mortgage & Housing Corporation capital funding		**25,091**		25,091
Other recoveries		**58,535**		23,832
Interest income		**366**		176
		5,163,651		4,930,075
Expenditures				
Administration		**359,056**		359,401
Amortization of capital assets		**246,486**		217,723
Cafeteria/courtesy meals		**20,526**		22,704
Dietary		**478,910**		465,276
Drugs		**127,986**		126,444
Housekeeping		**198,530**		197,705
Laundry/linen		**147,619**		139,757
Nursing		**2,883,039**		2,723,579
Patient support services		**191,195**		186,762
Physical plant		**169,172**		143,261
Pre-retirement obligations		**15,000**		10,062
Utilities/taxes/insurance		**187,894**		190,319
Woodhaven Manor Inc. - food services		**27,501**		30,884
		5,052,914		4,813,877
Excess of revenue over expenditures for the year	$	**110,737**	$	116,198

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

REST HAVEN NURSING HOME
(A division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Changes in Net Assets

For the year ended March 31	Invested in Capital Assets	Unrestricted	2015 Total	2014 Total
Balance, beginning of year	$ 67,383	$ 119,751	$ 187,134	$ 70,936
Excess (deficiency) of revenue over expenditures for the year	(379)	111,116	110,737	116,198
Net changes in investment in capital assets (Note 11)	15,169	(15,169)	-	-
Balance, end of year	$ 82,173	$ 215,698	$ 297,871	$ 187,134

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

REST HAVEN NURSING HOME
(A division of Rest Haven Nursing Home of Steinbach Inc.)
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Excess of revenue over expenditures for the year	$ 110,737	$ 116,198
Items not involving cash:		
Amortization of capital assets	246,486	217,723
Amortization of deferred contributions related to capital assets	(246,107)	(217,723)
	111,116	116,198
Changes in non-cash working capital:		
Accounts receivable	73,192	(65,047)
Due from SHSS	356,286	(167,042)
Inventory	(2,080)	12,061
Prepaid expenses	20,599	(69,976)
Accounts payable and accrued charges	65,154	(135,082)
Accrued vacation entitlements	2,486	16,574
	515,637	(408,512)
Retirement obligations receivable	(15,000)	29,126
Accrued retirement obligations	15,000	(29,126)
	626,753	(292,314)
Cash Flows from Financing Activities		
SHSS funding - capital assets	36,250	561,550
Capital contribution	-	402
Decrease in deferred contributions related to expenses of future periods	(2,719)	968
	33,531	562,920
Cash Flows from Investing Activities		
Purchase of capital assets	(51,419)	(561,951)
Repayments from (advances to) related parties	(28,714)	1,376
	(80,133)	(560,575)
Net increase (decrease) in cash and cash equivalents	580,151	(289,969)
Cash and cash equivalents, beginning of year	(60,200)	229,769
Cash and cash equivalents, end of year	$ 519,951	$ (60,200)
Represented by		
Cash in bank	$ 519,951	$ -
Bank indebtedness	-	(60,200)
	$ 519,951	$ (60,200)

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

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of the Organization

Rest Haven Nursing Home is a division of Rest Haven Nursing Home of Steinbach Inc. Rest Haven Nursing Home of Steinbach Inc. was incorporated under the laws of the Province of Manitoba on November 23, 1971. The corporation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Rest Haven Nursing Home is principally involved in providing residential care services to Steinbach and surrounding areas.

Rest Haven Nursing Home of Steinbach Inc., is a member of the Haven Group of companies which operate under the control of a common Board of Directors, and provides long-term care services to elderly and disadvantaged individuals in Steinbach. Other entities within the group include the other operating divisions of Rest Haven Nursing Home of Steinbach Inc. (Rest Haven Apartments - Cedarwood Apartments and Parkview Apartments, and Tenant Resource Co-ordinator) and Woodhaven Manor Inc.

Also related to the Group is The HavenGroup Foundation 2006 Inc. by nature of overlapping board membership and management.

These financial statements present the financial position and results of operations of the Rest Haven Nursing Home. As such, these financial statements do not include the assets, liabilities, net assets, revenue and expenditures of the other divisions of Rest Haven Nursing Home of Steinbach Inc. or the other companies in the Group.

Consolidated financial statements for the Group have been compiled; however, separate financial statements are presented for each entity to facilitate reporting to the funders and other users of each entity.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost being determined on a first-in, first-out basis.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

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

Building	2.5%
Building renovations and upgrades	5%
Building service equipment	5%
Furniture, fixtures and equipment	5 - 10%
Computerization and software	20%

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimated assumptions.

Revenue Recognition

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

Under the Health Insurance Act and regulations thereto, the Home is funded primarily by the Southern Health - Sante Sud (SHSS) in accordance with budget arrangements established by the Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by SHSS with respect to the year ended March 31, 2015.

With respect to actual operating results, certain adjustments to funding will be made by SHSS after completion of their review of the Home's accounts.

Any adjustments will be reflected in the year the final statement of approved costs is received from SHSS.

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.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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 and marketed services is recognized when the service is provided or the goods are sold.

Contributed Services

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

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 operations. 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.

Use of Estimates

The preparation of 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.

2. Accounts Receivable

	2015	2014
Receivable from residents	$ **8,845**	$ 4,656
GST receivable	**7,847**	18,456
Capital funding receivable	**-**	66,772
	$ **16,692**	$ 89,884

3. Due from SHSS

	2015	2014
2012/2013 funding adjustment	$ **-**	$ 113,257
2013/2014 funding adjustment	**-**	204,391
2014/2015 funding adjustment	**(38,638)**	-
	$ **(38,638)**	$ 317,648

4. Related Party Transactions

Balances due from related parties do not bear interest, have no specific terms of repayment and are unsecured. These transactions mainly consist of the allocation of salaries to Rest Haven Nursing Home, Woodhaven Manor Inc., and Rest Haven Apartments. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for services. All parties are related by common control.

	2015	2014
Due from		
Rest Haven Apartments	$ **705**	$ 1,174
HavenGroup Foundation 2006 Inc.	**34,934**	4,202
Woodhaven Manor Inc.	**2,209**	3,758
	$ **37,848**	$ 9,134

5. Accrued Vacation Entitlements

The Home 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 Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

5. Accrued Vacation Entitlements (continued)

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

	2015	2014
Balance, beginning of year	$ 152,406	$ 152,406
Net changes in vacation entitlements receivable	-	-
Balance, end of year	$ 152,406	$ 152,406

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

	2015	2014
Balance, beginning of year	$ 295,554	$ 278,980
Net increase in accrued vacation entitlements	2,486	16,574
Balance, end of year	$ 298,040	$ 295,554

6. Employee Future Benefits

Accrued Retirement Entitlement

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

Four days 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 Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 3.35% (2014 - 3.40%) and a rate of salary increase of 3.5% (2014 - 3.0%) plus age related merit/promotion scale with a provision for potential disability.

6. Employee Future Benefits (continued)

Accrued Retirement Entitlement (continued)

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 the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2004/05, the SHSS assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the SHSS holds funding to meet this obligation.

	2015	2014
Employee future benefits recoverable from		
Manitoba Health	$ **195,628**	$ 195,628
SHSS	**81,372**	66,372
	$ **277,000**	$ 262,000

An analysis of the changes in the employee benefits payable is as follows:

	2015	2014
Balance, beginning of year	$ **262,000**	$ 291,126
Net increase in pre-retirement entitlements	**15,000**	(29,126)
Balance, end of year	$ **277,000**	$ 262,000

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 (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.

6. Employee Future Benefits (continued)

Pension Plan (continued)

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the contributions 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, 2013 indicates the plan is in a deficit. The board of the Plan continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $220,282 (2014 - $191,552) and are included in the statement of operations.

7. Capital Assets

		2015		2014
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 67,383**	**$ -**	$ 67,383	$ -
Building	**2,202,843**	**1,652,133**	2,202,843	1,597,062
Building renovations and upgrades	**2,953,015**	**585,494**	2,774,788	442,299
Building service equipment	**372,937**	**127,151**	363,774	111,669
Furniture, fixtures and equipment	**319,221**	**193,033**	329,506	188,958
Computerization and software	**6,521**	**6,521**	6,521	6,521
Construction in process	**-**	**-**	229,043	-
	$ 5,921,920	**$ 2,564,332**	$ 5,973,858	$ 2,346,509
Cost less accumulated amortization		**$ 3,357,588**		$ 3,627,349

8. Line of Credit

The Home has an approved line of credit of $100,000 with Steinbach Credit Union. This line of credit is secured by a general assignment of book debts and bears interest at prime plus 1% (4.00% effective rate). The Home had $100,000 in capacity under this facility as at March 31, 2015.

9. Accounts Payable

	2015	2014
Trade	$ 22,660	$ 12,443
Government remittances	43,902	36,717
Other	196,855	149,103
	$ 263,417	$ 198,263

10. Deferred Contributions

Expenses of Future Periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs and equipment replacement.

	2015	2014
Balance, beginning of year	$ 13,511	$ 12,543
Add amount received during the year	5,814	5,814
Less expenditures	(8,533)	(4,846)
Balance, end of year	$ 10,792	$ 13,511

10. Deferred Contributions (continued)

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	**$ 3,559,966**	$ 3,215,737
Additional contributions received		
SHSS and Manitoba Health	**36,250**	561,550
Capital Contributions	**-**	402
Disposal of assets	**(2,894)**	-
Adjustment to construction funding	**(71,800)**	-
Less amounts amortized to revenue	**(246,107)**	(217,723)
Balance, end of year	**$ 3,275,415**	$ 3,559,966

Included in deferred contributions - capital assets is funding recognized from Manitoba Health related to their funding of a mortgage on the Nursing Home property. Manitoba Health has assumed this mortgage and includes it as a liability of the Province of Manitoba. As at March 31, 2015 the mortgage had an outstanding balance of $527,476. The mortgage bears interest at 3.60% and matures January 15, 2018. The mortgage is with Steinbach Credit Union and interest and principal payment is $14,000 per month.

11. Investment in Capital Assets

A. Investment in capital assets is calculated as follows:

	2015	2014
Capital assets	**$ 3,357,588**	$ 3,627,349
Amounts financed by deferred contributions	**(3,275,415)**	(3,559,966)
	$ 82,173	$ 67,383

B. Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Excess of revenues over expenses		
Amortization of deferred contributions related to capital assets	**$ 246,107**	$ 217,723
Amortization of capital assets	**(246,486)**	(217,723)
	$ (379)	$ -
Net changes in investment in capital assets		
Purchase of capital assets	**$ 51,419**	$ 561,952
Amounts funded by:		
SHSS and Manitoba Health funding - capital	**(36,250)**	(561,550)
Donations	**-**	(402)
	$ 15,169	$ -

12. Lease Commitments

The Home has signed an elevator maintenance contract expiring November 2018. The Home also has two copier leases: one ending in October 2018 and one in April 2019. The minimum aggregate lease payments over the next three years are as follows:

2016	$ 8,587
2017	8,587
2018	6,267
2019	150
	$ 23,591

13. Commitments and Contingencies

a) The nature of the Home's activities is such that there is usually litigation pending or in prospect at any time. With respect to potential claims at March 31, 2015, management believes the Home has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

b) 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, if 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, 2015.

The Home is a named insured under the SHSS policy with HIROC.

14. Revenue from the SHSS

Revenue as per SHSS final funding document	$ 3,853,300
Add:	
Pre-retirement leave	15,000
Capitation fees	27,504
CUPE retro funding	64,568
HEB COLA 0.8% funding	29,589
Health Spending Account Funding Variance	3,661
Deduct:	
Out of Globe	(108,583)
Interest on approved borrowings	(22,542)
Revenue from SHSS	$ 3,862,497

15. Financial Instrument Risk

The Home is exposed to different types of risk in the normal course of operations. The Home'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 Home's activities. The following analysis provides a measurement of those risks.

Credit Risk

Credit risk is the risk that the Home will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments which potentially subject the Home to credit risk consist principally of accounts receivable.

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Accounts receivable	$ **16,692**	$ 89,884
Due from SHSS	**-**	317,648
Due from related parties	**37,848**	9,134
Vacation entitlements receivable	**152,406**	152,406
Retirement obligations receivable	**277,000**	262,000
	$ **483,946**	$ 831,072

Accounts receivable: The Home 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 Home 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 SHSS, vacation entitlements receivable and retirement obligations receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and Southern Health - Sante Sud.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Home is not exposed to significant interest rate risk, as its cash in bank is held in short-term products.

Financial Statements of

ROCK LAKE HEALTH DISTRICT

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of Rock Lake Health District:

We have audited the accompanying financial statements of Rock Lake Health District, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rock Lake Health District as at March 31, 2015 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.

Deloitte LLP

Chartered Accountants

June 17, 2015
Winnipeg, Manitoba

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ROCK LAKE HEALTH DISTRICT
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and short-term investments	$ 998,882	$ 338,982
Accounts receivable	460,903	135,425
Due from Southern Health - Santé Sud (Note 3)	-	285,993
Prepaid expenses	9,184	2,193
Vacation entitlement receivable (Note 4)	262,780	262,780
	1,731,749	1,025,373
PRE-RETIREMENT ENTITLEMENT (Note 4)	393,000	372,000
CAPITAL ASSETS (Note 5)	981,155	1,030,595
	$ 3,105,904	$ 2,427,968
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 607,294	$ 238,463
Government remittances payable	1,817	-
Due to Southern Health - Santé Sud (Note 3)	65,532	-
Accrued vacation entitlement (Note 4)	317,228	301,319
Funding payment received in advance	192,924	-
Current portion of mortgage payable (Note 6)	20,726	49,515
	1,205,521	589,297
PRE-RETIREMENT ENTITLEMENT (Note 4)	393,000	372,000
MORTGAGE PAYABLE (Note 6)	-	20,726
DEFERRED CONTRIBUTIONS - EXPENSE OF FUTURE PERIODS (Note 7)	144,009	139,009
DEFERRED CONTRIBUTIONS - RELATED TO CAPITAL ASSETS (Note 7)	893,983	905,035
	2,636,513	2,026,067
CONTINGENCIES (NOTE 12)		
NET ASSETS		
Invested in capital assets (Note 8)	66,446	55,319
Unrestricted	402,945	346,582
	469,391	401,901
	$ 3,105,904	$ 2,427,968

APPROVED BY THE DIRECTORS

Original document signed .... Director

Original document signed .... Director

ROCK LAKE HEALTH DISTRICT
Statement of Operations
March 31, 2015

	2015	2014
REVENUE		
Southern Health - Santé Sud (Note 9)	**$ 4,273,553**	$ 4,509,636
Ancillary operations (Note 10)	**1,342,877**	1,274,895
Non-insured	**570,780**	535,609
Amortization of deferred contributions - capital assets	**91,396**	89,358
Donations	**535**	-
Interest	**(3,457)**	2,813
Other	**196,915**	202,583
CMHC subsidy (Note 11)	**756**	4,204
Clinic rent	**58,891**	89,109
	6,532,246	6,708,207
EXPENSES		
Long term care - institutional based (Schedule 1)	**3,697,035**	3,552,049
Acute care - institutional based (Schedule 2)	**2,295,822**	2,271,266
Salaried physician program (Schedule 3)	**438,332**	632,071
Adult day care (Schedule 4)	**32,811**	40,427
Interest on mortgage payable	**756**	4,204
	6,464,756	6,500,017
EXCESS OF REVENUE OVER EXPENSES	**$ 67,490**	$ 208,190

ROCK LAKE HEALTH DISTRICT
Statement of Changes in Net Assets
March 31, 2015

	2015		
	Invested in Capital Assets	**Unrestricted**	**Total**
Balance, beginning of year	**$ 55,319**	**$ 346,582**	**$ 401,901**
Excess (deficiency) of revenues over expenses (Note 8b)	**(1,663)**	**69,153**	**67,490**
Transfers (Note 8b)	**12,790**	**(12,790)**	**-**
Balance, end of year	**$ 66,446**	**$ 402,945**	**$ 469,391**

	2014		
	Invested in Capital Assets	Unrestricted	Total
Balance, beginning of year	$ 50,939	$ 142,772	$ 193,711
Excess (deficiency) of revenues over expenses	(2,751)	210,941	208,190
Transfer from unrestricted	7,131	(7,131)	-
Balance, end of year	$ 55,319	$ 346,582	$ 401,901

ROCK LAKE HEALTH DISTRICT
Statement of Cash Flows
March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	$ 67,490	$ 208,190
Items not affecting cash:		
Amortization	93,059	92,109
Amortization of deferred contributions - capital assets	(91,396)	(89,358)
	69,153	210,941
Changes in non-cash operating working capital items:		
Accounts receivable	(325,478)	(7,310)
Due from Southern Regional Health Authority	285,993	(227,576)
Prepaid expenses	(6,991)	504
Accounts payable and accrued liabilities	368,831	(1,889)
Due to Southern Regional Health Authority	65,532	-
Funding payment received in advance	192,924	-
Accrued vacation entitlements	15,909	(9,288)
Government remittances payable	1,817	(25,437)
	667,690	(60,055)
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	80,344	118,552
Deferred contributions received - expense of future periods	5,000	5,000
Repayment of mortgage payable	(49,515)	(47,131)
	35,829	76,421
INVESTING ACTIVITY		
Purchase of capital assets	(43,619)	(78,552)
	(43,619)	(78,552)
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	659,900	(62,186)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	338,982	401,168
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 998,882	$ 338,982
CASH AND SHORT TERM INVESTMENTS IS COMPOSED OF:		
Cash	$ 739,561	$ 176,203
Short-term investments	259,321	162,779
	$ 998,882	$ 338,982

1. NATURE OF BUSINESS

Rock Lake Health District (the "District") was incorporated under the District Health and Social Services Act in 1979. The District is principally involved in providing long-term care and related services to residents of Pilot Mound, Crystal City and the surrounding area. As allowed under Bill 49 (Regional Health Authorities Act), the Board of Directors of the District has elected to continue to provide the services to Southern Health – Santé Sud (SH-SS) under a service purchase contract. The District is a registered charity under the Income Tax Act and accordingly is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The District consists of the Rock Lake Hospital and the Rock Lake Personal Care Home. These financial statements report the financial position and results of operations for the entire District.

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

a) *Revenue recognition*

The District follows the deferral method of accounting for contributions which include donations and government grants. The District is funded primarily by the Province of Manitoba, through SH-SS. Funding is in accordance with budget arrangements negotiated with SH-SS, based on Manitoba Health funding guidelines. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

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.

Internally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Southern Health – Santé Sud funding*

Funding is provided by SH-SS on an expense recovery basis for out of globe expenditures including equipment amortization and employee pre-retirement benefits.

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

c) *Contributed services*

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

d) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the District's ability to provide services, its carrying amount is written down to residual value.

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

Land improvements	10%
Building	2 - 5%
Equipment	10%

e) *Pre-Retirement entitlement obligation*

The District has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they have ten years of service and have reached the age of 55 or qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee.

The District has recorded an accrual based on an actuarial valuation that includes employees who qualify at year-end statement of financial position 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 SH-SS on an out-of-globe basis in the year of payment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

g) *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value. The District subsequently measures all its financial assets and financial liabilities at amortized cost.

h) *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of significant estimates relate to the useful life of capital asset and the pre-retirement entitlement. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. DUE (TO) FROM SOUTHERN HEALTH – SANTÉ SUD

		2015		2014
Out-of-globe amounts	**$**	**(170,968)**	$	214,970
Miscellaneous		**8,486**		-
Health spending account		**13,513**		
MNU and MGEU retro pay		**-**		36,787
CUPE increase		**57,453**		-
HEB COLA funding adjustment		**20,239**		-
Maternity top up		**5,745**		12,525
SH-SS budget adjustment		**-**		21,711
Balance, end of year	**$**	**(65,532)**	$	285,993

4. VACATION AND PRE-RETIREMENT ENTITLEMENTS

		2015		2014
Vacation entitlement receivable	$	262,780	$	262,780
Pre-retirement receivable	$	393,000	$	372,000

Funding for the vacation entitlement obligation earned by employees of the District as at March 31, 2004 in the amount of $262,780 has been set up as a current receivable due from SH-SS, with an equal and off-setting liability included in accrued vacation entitlement. Accrued vacation entitlement totaling $317,228 also includes obligations relating to accrued vacation entitlements that have arisen since March 31, 2004.

Funding for the pre-retirement obligation at March 31, 2015 in the amount of $393,000 has been set up as a non-current receivable from SH-SS. The receivable will be paid by SH-SS when the District requires the funding to discharge the related pre-retirement liabilities. The significant actuarial assumptions adopted in measuring the District's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.55% (3.35% in 2014) and a rate of salary increase of 3.5% (3.0% in 2014) plus age related merit / promotion scale with actuarial derived provisions for disability.

5. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,000	$ -	$ 1,000	$ 1,000
Equipment	789,426	508,942	280,484	285,100
Building	2,139,917	1,440,246	699,671	744,495
	$ 2,930,343	$ 1,949,188	$ 981,155	$ 1,030,595

6. MORTGAGE PAYABLE

	2015	2014
CMHC loan	$ 20,726	$ 70,241
Less: current portion	(20,726)	(49,515)
	$ -	$ 20,726

The CMHC loan bears interest at 1.53% and is repayable in monthly blended amounts of $4,179 and matures August 1, 2015.

7. DEFERRED CONTRIBUTIONS

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

	2015	2014
Expenses of future periods:		
Balance, beginning of year	$ 139,009	$ 134,009
Add: funding received for major repairs	5,000	5,000
	$ 144,009	$ 139,009

Deferred contributions related to capital assets is summarized as follows:

	2015	2014
Related to capital assets:		
Balance, beginning of year	$ 905,035	$ 875,841
Add: additional contributions received	80,344	118,552
Less: amounts amortized to revenue	(91,396)	(89,358)
	$ 893,983	$ 905,035

8. NET INVESTMENT IN CAPITAL ASSETS

a) Invested in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 981,155	$ 1,030,595
Amounts financed by deferred contributions	(893,983)	(905,035)
Amounts financed by mortgage payable	(20,726)	(70,241)
	$ 66,446	$ 55,319

b) Changes in net assets invested in capital assets is calculated as follows:

	2015	2014
Amortization of deferred contributions related to capital assets	$ 91,396	$ 89,358
Amortization of capital assets	(93,059)	(92,109)
	(1,663)	(2,751)
Purchase of capital assets	43,619	78,552
Repayment of long-term debt	49,515	47,131
Amounts funded by deferred contributions	(80,344)	(118,552)
	12,790	7,131
	$ 11,127	$ 4,380

9. SOUTHERN HEALTH – SANTÉ SUD REVENUE

Southern Health – Santé Sud revenue includes the following:

	2015	2014
Revenue per final budget	$ 4,512,776	$ 4,372,476
Province of Manitoba debt	(36,372)	(36,372)
Amounts recorded as deferred contributions	(5,000)	(5,000)
	4,471,404	4,331,104
Current year's estimated out of globe amounts	(216,955)	156,553
Support to Seniors in Group Living home	19,104	21,979
	$ 4,273,553	$ 4,509,636

10. ANCILLARY OPERATIONS REVENUE

		2015		2014
Shared services – Prairie View Lodge	$	**1,241,620**	$	1,191,922
Dietetics		**91,284**		72,487
Meals on Wheels		**9,973**		10,486
	$	**1,342,877**	$	1,274,895

11. CMHC SUBSIDY

The District receives a subsidy from CMHC of $1,269 each month. The proceeds of this subsidy are used to offset the interest cost of the long-term debt in Note 6 and the excess is recorded in deferred contributions – capital assets.

		2015		2014
CMHC subsidy received during the year	$	**15,226**	$	15,226
Amount of subsidy recorded as deferred contributions – capital assets		**(14,470)**		(11,022)
CMHC subsidy recorded as revenue	$	**756**	$	4,204

12. CONTINGENCIES

The District is subject to individual legal actions arising in the normal course of business. The effect of any contingent claims relating to these legal actions is not determinable at the date of the audit report.

The Healthcare Insurance Reciprocal of Canada ("HIROC") is an organization that pools the public liability insurance risks of all its members. The District may be subject to reassessment for losses, if any, experienced by the pool for the years in which it was a member, and these losses could be material. No assessments have been made to March 31, 2015.

13. PENSION PLAN

Substantially all employees of the District are members of the Health Employees' Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities with the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for a defined contribution plan in accordance with the requirement of the Canadian Institute of Chartered Accountants' Handbook section 3462.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.8% of basic annual earnings up to the Canada Pension Plan ceiling and 8.4% of earning in excess of the ceiling, contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of 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, 2013, indicates a deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits of $203,558,000 as well as a solvency deficiency of $1,097,114,000. Actual contributions to the plan made during the year by the District on behalf of its employees amounted to $301,940 (2014 - $257,454) and are included in the statement of operations.

14. RELATED ENTITIES

The Rock Lake Health District has economic interest in the Rock Lake Health District Foundation Inc. ("Foundation"). The Foundation raises funds from the community. The Foundation is incorporated under the Manitoba Corporation Act, is a registered charity under the Income Tax Act and accordingly is exempt from income taxes. According to the Foundation's by-laws, the Foundation's Board of Directors must be comprised of previous and/or current members of the Board of Directors of Rock Lake Health District. The resources of the Foundation are to be used for the advancement of medical education, including research, and the improvement of patient care within the Rock Lake Health District. During the year, the Foundation funded the Palliative Care Program, Volunteer and Lifeline programs, personal care home renovations as well as contributing to other expenses, including physician and nursing costs and education. The financial statements of the Foundation have not been consolidated in these financial statements.

14. RELATED ENTITIES (continued)

The Rock Lake Health District provides nursing, administration, janitorial, and maintenance services to Prairie View Lodge under a shared services agreement. Amounts charged to Prairie View Lodge for these services are included as ancillary operations revenue in the statement of operations. The amount receivable in respect of these transactions was $68,841 as at March 31, 2015 (2014 – payable of $105,695). There is also an amount receivable from Prairie View Lodge for the Acute Care Unit being constructed which totaled $186,871 at March 31, 2015 (2014 - $nil).

15. CAPITAL MANAGEMENT

The District defines its capital as the amounts included in the Net Asset balances. The District's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to its residents. The District sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

16. ECONOMIC DEPENDENCE

The District receives approximately 65% of its total revenue from SH-SS and is economically dependent on SH-SS for its continued operations.

17. COMPARATIVE FIGURES

Certain prior period comparatives have been reclassified to conform to the current year's presentation.

ROCK LAKE HEALTH DISTRICT

Schedule 1

Statement of Expenses - Long Term Care - Institutional Based

March 31, 2015

	2015	2014
DEPARTMENTAL EXPENSES		
Amortization of capital assets	**$ 38,694**	$ 38,466
Employee benefits	**580,034**	542,959
Medical and surgical supplies and drugs	**71,837**	86,334
Other supplies and expenses	**368,719**	365,454
Pharmacy capitation	**11,004**	10,543
Purchased services	**13,048**	13,368
Salaries	**2,613,699**	2,494,925
	$ 3,697,035	$ 3,552,049

ROCK LAKE HEALTH DISTRICT

Schedule 2

Statement of Expenses - Acute Care - Institutional Based

March 31, 2015

	2015	2014
DEPARTMENTAL EXPENSES		
Amortization of capital assets	$ 54,365	$ 53,643
Employee benefits	329,764	298,677
Employee pre-retirement benefit	-	57,904
Medical and surgical supplies and drugs	63,417	80,574
Other supplies and expenses	267,978	280,034
Purchased services	37,846	53,451
Salaries	1,542,452	1,446,983
	$ 2,295,822	$ 2,271,266

ROCK LAKE HEALTH DISTRICT

Schedule 3

Statement of Expenses - Salaried Physician Program

March 31, 2015

		2015		2014
DEPARTMENTAL EXPENSES				
Other	$	85,943	$	78,920
Salaries and benefits		343,144		543,645
Supplies		6,992		7,040
Utilities		2,253		2,466
	$	438,332	$	632,071

ROCK LAKE HEALTH DISTRICT

Schedule 4

Statement of Expenses - Adult Day Care

March 31, 2015

		2015		2014
DEPARTMENTAL EXPENSES				
Other supplies and expenses	$	1,257	$	3,316
Purchased services		19,638		25,069
Rental		5,900		5,604
Travel		6,016		6,438
	$	32,811	$	40,427

Financial Statements of

ST.AMANT INC.

Year ended March 31, 2015

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Member of St.Amant Inc.

We have audited the accompanying financial statements of St.Amant Inc., which comprise the statement of financial position as at March 31, 2015, the statements of operations amd changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sectoring accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St.Amant Inc. as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 9, 2015

Winnipeg, Canada

ST.AMANT INC.

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	Operating Fund 2015	Operating Fund 2014	Capital Fund 2015	Capital Fund 2014	Total 2015	Total 2014
Assets						
Current assets:						
Cash	$ –	$ 1,782,448	$ 64,384	$ 68,697	$ 64,384	$ 1,851,145
Accounts receivable	5,583,196	3,994,619	–	–	5,583,196	3,994,619
Receivable from St.Amant Foundation Inc. (note 7)	439,730	380,114	241,196	234,098	680,926	614,212
Inventories	205,582	216,678	–	–	205,582	216,678
Prepaid expenses	348,669	309,130	–	–	348,669	309,130
Vacation pay recoverable from Winnipeg Regional Health Authority (note 9)	1,461,198	1,461,198	–	–	1,461,198	1,461,198
Inter-fund balances	2,428,504	631,427	(2,428,504)	(631,427)	–	–
	10,466,879	8,775,614	(2,122,924)	(328,632)	8,343,955	8,446,982
Capital assets (note 2)	–	–	20,524,997	19,494,586	20,524,997	19,494,586
Employee future benefits recoverable from Winnipeg Regional Health Authority (note 9)	3,480,277	3,389,539	–	–	3,480,277	3,389,539
	$ 13,947,156	$ 12,165,153	$ 18,402,073	$ 19,165,954	$ 32,349,229	$ 31,331,107
Liabilities, Deferred Contributions and Fund Balances						
Current liabilities:						
Bank indebtedness (note 4)	$ 1,582,594	$ –	$ –	$ –	$ 1,582,594	$ –
Accounts payable and accrued liabilities	3,041,559	3,391,297	–	769	3,041,559	3,392,066
Employee vacation payable (note 9)	3,544,803	3,377,054	–	–	3,544,803	3,377,054
Advances (note 3)	377,480	377,480	–	–	377,480	377,480
Current portion of long-term debt (note 5)	–	–	4,493,847	3,096,932	4,493,847	3,096,932
	8,546,436	7,145,831	4,493,847	3,097,701	13,040,283	10,243,532
Employee future benefits (note 9)	4,122,573	3,944,569	–	–	4,122,573	3,944,569
Long-term debt (note 5)	–	–	4,440,017	5,714,147	4,440,017	5,714,147
Deferred contributions (note 6):						
Expenses of future periods	1,272,026	895,428	–	–	1,272,026	895,428
Capital assets	–	–	6,205,760	6,307,381	6,205,760	6,307,381
	1,272,026	895,428	6,205,760	6,307,381	7,477,786	7,202,809
Fund balances:						
Invested in capital assets	–	–	3,262,449	4,046,725	3,262,449	4,046,725
Internally restricted	274,732	474,476	–	–	274,732	474,476
Unrestricted	(268,611)	(295,151)	–	–	(268,611)	(295,151)
	6,121	179,325	3,262,449	4,046,725	3,268,570	4,226,050
	$ 13,947,156	$ 12,165,153	$ 18,402,073	$ 19,165,954	$ 32,349,229	$ 31,331,107

See accompanying notes financial statements.

On behalf of the Board:

Original document signed Director

Original document signed Director

Date

ST.AMANT INC.

Statement of Operations and Changes in Fund Balances
Year ended March 31, 2015, with comparative information for 2014

	Winnipeg Regional Health Authority	Family Services	Total Operating Fund unrestricted	Operating Fund internally restricted	Total Operating Fund	Capital Fund	Total 2015	Total 2014
Revenue:								
Family Services	$ 2,172,621	$ 35,729,519	$ 37,902,140	$ –	$ 37,902,140	$ –	$ 37,902,140	$ 35,237,725
Winnipeg Regional health Authority	28,305,192	4,233,044	32,538,236	–	32,538,236	–	32,538,236	29,966,227
Manitoba Health	–	–	–	–	–	130,670	130,670	134,246
Government of Canada	7,661	518,988	526,649	–	526,649	–	526,649	719,136
School divisions	–	565,122	565,122	–	565,122	–	565,122	504,363
Fees	57,394	242,287	299,681	–	299,681	–	299,681	319,945
Grants	128,512	–	128,512	–	128,512	–	128,512	86,726
Recoveries	376,580	–	376,580	–	376,580	–	376,580	371,751
Investment income	18,525	–	18,525	–	18,525	1,460	19,985	16,781
St.Amant Foundation Inc. donations (note 7)	153,048	5,155	158,203	–	158,203	10,812	169,015	256,008
Amortization of deferred contributions (note 6)	–	–	–	–	–	434,943	434,943	692,183
Gains on sale of capital assets	–	–	–	–	–	–	–	5,849
Other programs	186,139	123,419	309,558	–	309,558	–	309,558	295,760
	31,405,672	41,417,534	72,823,206	–	72,823,206	577,885	73,401,091	68,606,700
Expenses:								
Salaries and wages	24,227,382	27,263,512	51,490,894	–	51,490,894	–	51,490,894	47,292,666
Employee benefits	5,264,954	5,533,662	10,798,616	–	10,798,616	–	10,798,616	9,776,886
Purchased services	922,366	119,118	1,041,484	–	1,041,484	–	1,041,484	870,949
Supplies	1,633,273	294,716	1,927,989	–	1,927,989	–	1,927,989	1,744,065
Food	566,180	570,564	1,136,744	–	1,136,744	–	1,136,744	1,078,211
Utilities	699,590	239,168	938,758	–	938,758	–	938,758	829,896
Equipment	215,980	147,255	363,235	–	363,235	–	363,235	496,466
Property taxes	245,313	153,501	398,814	–	398,814	–	398,814	406,288
Repairs and maintenance	107,886	429,411	537,297	–	537,297	–	537,297	583,668
Interest on long-term debt	–	–	–	–	–	329,326	329,326	305,910
Amortization	–	–	–	–	–	2,131,906	2,131,906	1,945,860
Administration and facility cost allocation (note 8)	(4,001,983)	4,001,983	–	–	–	–	–	–
Other	1,271,480	1,904,737	3,176,217	–	3,176,217	25	3,176,242	2,982,947
	31,152,421	40,657,627	71,810,048	–	71,810,048	2,461,257	74,271,305	68,313,812
Excess (deficiency) of revenue over expenses before the undernoted	253,251	759,907	1,013,158	–	1,013,158	(1,883,372)	(870,214)	292,888
Future employee pre-retirement benefits revenue (note 9)	79,841	10,897	90,738	–	90,738	–	90,738	173,383
Future employee pre-retirement benefits (note 9)	(82,155)	(95,849)	(178,004)	–	(178,004)	–	(178,004)	(204,946)
Excess (deficiency) of revenue over expenses	250,937	674,955	925,892	–	925,892	(1,883,372)	(957,480)	261,325
Transfer to Capital Fund for purchased capital assets	(154,532)	–	(154,532)	(199,744)	(354,276)	354,276	–	–
Transfer to Capital Fund for principal repayment	(84,611)	(343,423)	(428,034)	–	(428,034)	428,034	–	–
Transfer to Capital Fund for interest	(10,051)	(306,735)	(316,786)	–	(316,786)	316,786	–	–
Net change in fund balances	1,743	24,797	26,540	(199,744)	(173,204)	(784,276)	(957,480)	261,325
Fund balances, beginning of year			(295,151)	474,476	179,325	4,046,725	4,226,050	3,964,725
Fund balances, end of year			$ (268,611)	$ 274,732	$ 6,121	$ 3,262,449	$ 3,268,570	$ 4,226,050

See accompanying notes to financial statements.

ST.AMANT INC.

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ (957,480)	$ 261,325
Items not involving cash:		
Amortization of capital assets	2,131,906	1,945,860
Amortization of deferred contributions	(434,943)	(692,183)
Gain on sale of capital assets	–	(5,849)
Change in non-cash operating working capital:		
Accounts receivable	(1,588,577)	252,648
Inventories	11,096	(12,547)
Prepaid expenses	(39,539)	78,576
Receivable from to St.Amant Foundation Inc.	(66,714)	(708,838)
Employee future benefits recoverable from Winnipeg Regional Health Authority	(90,738)	(173,383)
Bank indebtedness	1,582,594	–
Accounts payable and accrued liabilities	(350,507)	34,182
Employee vacation payable	167,749	234,910
Employee future benefits	178,004	204,946
Net change in deferred contributions related to expenses of future periods	376,598	283,693
	919,449	1,703,340
Capital activities:		
Purchase of capital assets	(3,162,317)	(2,956,785)
Proceeds on disposal of capital assets	–	5,849
Receipt of deferred capital contributions	333,322	681,672
	(2,828,995)	(2,269,264)
Financing activities:		
Proceeds from long-term debt	716,941	2,051,367
Repayment of long-term debt	(594,156)	(536,795)
	122,785	1,514,572
Increase (decrease) in cash	(1,786,761)	948,648
Cash, beginning of year	1,851,145	902,497
Cash, end of year	$ 64,384	$ 1,851,145

See accompanying notes to financial statements.

General:

St.Amant Inc. (the Organization) was incorporated in 1960 as a corporation without share capital. The Organization is a residential and resource facility dedicated to providing comprehensive care, leadership, and promoting excellence in services for Manitobans with developmental disabilities.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Organization is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority (WRHA) and Manitoba Family Services (Family Services). Operating grants are recorded as revenue in the period to which they relate. These financial statements reflect agreed arrangements approved with respect to the year ended March 31, 2015. The Organization's Service Purchase Agreement (SPA) with the Family Services expired on March 31, 2014, however, it continues in effect until a new agreement is finalized. The SPA with WRHA expired on March 31, 2013, however it continues to be in effect until a new agreement is finalized.

The Organization follows the deferral method for contributions on a fund accounting basis as follows:

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue of the appropriate fund when received. Investment income is recognized in the Operating or Capital Fund in the year in which it is earned.

1. Significant accounting policies (continued):

The funds used by the Organization are:

(i) Operating Fund:

Unrestricted:

The Operating Fund - unrestricted includes transactions related to the operations of the Organization.

Internally restricted:

The Operating Fund - internally restricted consists of funds restricted as approved by the Board of Directors.

(ii) Capital Fund:

The Capital Fund includes transactions related to the capital assets used for operations of the Organization.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported 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. Management has not elected to record any financial instruments 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 effective interest method.

1. Significant accounting policies (continued):

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.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(d) Capital assets:

Capital expenditures are recorded at cost as capital assets in the Capital Fund. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization on capital assets is charged to the Capital Fund and recorded on a straight-line basis to amortize the cost of capital assets over their estimated useful lives.

Capital assets are amortized over the following periods:

Asset	Period
Land improvements	20 years
Buildings	10 - 40 years
Furniture and equipment, building service equipment	5 - 20 years
Automotive	5 years
Software	5 years

(e) Mortgage payable:

Mortgage payable to Canada Mortgage and Housing Corporation, for which a portion is forgivable over the period of repayment, is recorded at the repayable amounts.

1. Significant accounting policies (continued):

(f) Deferred contributions:

(i) Related to expenses of future years

Grants received toward specified expenditures are taken into revenue as the related expenditures are incurred.

(ii) Related to capital assets:

Grants received towards the cost of capital expenditures are deferred and amortized on a straight-line basis over the estimated useful life of the assets purchased.

(g) Debt retirement:

The principal portion of annual debt retirement costs is recorded in the Capital Fund as a reduction of long-term debt. The interest portion of annual debt retirement is recorded in the Capital Fund as an expense.

(h) Income taxes:

The Organization is exempt from income taxes under Section 149(1) of the *Income Tax Act*.

(i) Volunteers:

A large number of volunteers donate significant amounts of time in the Organization's activities. No amount is reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

(j) Employee future benefits:

Employee future pre-retirement benefits are accrued as earned on an actuarial estimation. The estimation of the employee 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 includes mortality and withdrawal rates, a discount rate of 2.55 percent (2014 - 3.35 percent) and a rate of salary increase of 3.5 percent (2014 - 3.0 percent) plus an age related merit/promotion scale with no provision for disability.

1. Significant accounting policies (continued):

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

(k) Use of estimates:

The preparation of the financial statements 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 revenue and expenses 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.

2. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
440 River Road:				
Land	$ 212,888	$ –	$ 212,888	$ 212,888
Land improvements	1,141,846	538,275	603,571	656,376
Buildings	18,467,228	13,967,786	4,499,442	4,772,773
Buildings service equipment	5,433,815	3,278,659	2,155,156	2,096,454
Furniture and equipment	533,310	490,589	42,721	130,531
Automotive	60,844	11,147	49,697	–
Software	373,482	261,332	112,150	194,862
	26,223,413	18,547,788	7,675,625	8,063,884
Community residences:				
Land	3,521,400	–	3,521,400	2,750,688
Land improvements	2,910	2,668	242	363
Buildings	7,367,984	3,083,910	4,284,074	4,722,905
Buildings service equipment	3,713,322	204,039	3,509,283	2,188,169
Furniture and equipment	1,900,596	573,750	1,326,846	1,535,571
Automotive	491,127	283,600	207,527	233,006
	16,997,339	4,147,967	12,849,372	11,430,702
	$ 43,220,752	$ 22,695,755	$ 20,524,997	$ 19,494,586

3. Advances:

The Organization has received working capital advances from Family Services. These advances are non-interest bearing, have no fixed repayment terms and are unsecured.

4. Bank indebtedness:

	2015	2014
Cheques issued in excess of cash on hand	$ 613,594	$ –
Line of credit	969,000	–
	$ 1,582,594	$ –

During the year, the Organization obtained a line of credit with the National Bank of Canada to finance the day-to-day operations of the Organization in the amount of $1,700,000, bearing interest at prime. The line of credit is secured by the security outlined in note 5.

5. Long-term debt:

	2015	2014
Canada Mortgage payable, secured by specific properties, interest at 7 5/8%, payable $6,578 monthly including principal and interest, maturing November 2015	$ 51,156	$ 123,284
National Bank of Canada, loans payable, due on demand, at an interest rate of prime rate less 0.5%, payable monthly at $11,393 including principal and interest, maturing at various dates through to August 2015 (if repayment not demanded by lender on the demand loan)	336,871	1,409,820
National Bank of Canada, loans payable, at interest rates ranging from 2.85% to 4.73%, payable $62,742 monthly including principal and interest, maturing at various dates through to September 2019	8,545,837	7,277,975
	8,933,864	8,811,079
Current portion	4,493,847	3,096,932
	$ 4,440,017	$ 5,714,147

5. Long-term debt (continued):

The Organization's credit facility with the National Bank of Canada provides a maximum of $20,000,000 (2014 - $12,250,000) in demand loans to finance capital expenditures by the Organization. The cumulative advances under this facility may not exceed $20,000,000 (2014 - the lower of $12,250,000 or 75 percent of the collective market value of the community residences securing the facility). At March 31, 2015, the Organization had utilized $8,093,641 (2014 - $7,650,294) of this facility.

The long-term debt with the National Bank of Canada is secured by certain land and buildings owned by the Organization and for certain loans and letters of comfort from Manitoba Health. For Manitoba Health approved borrowings, the Government of Manitoba may elect to retire this debt at any time as it so chooses.

Principal repayments annual, with the demand loans included as a current obligation, are approximately as follows:

2016	$ 4,493,847
2017	1,778,523
2018	856,968
2019	1,596,599
2020	207,927
	$ 8,933,864

6. Deferred contributions:

(a) Expenses of future periods:

Deferred contribution related to expenses of future periods represents unspent externally restricted grants and donations.

	2015	2014
Balance, beginning of year	$ 895,428	$ 611,735
Additional contributions received	901,215	438,504
Less amounts recognized as revenue	(524,617)	(154,811)
Balance, end of year	$ 1,272,026	$ 895,428

6. Deferred contributions (continued):

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	$ 6,307,381	$ 6,317,892
Additional contributions received	333,322	681,672
Less amounts recognized as revenue	(434,943)	(692,183)
Balance, end of year	$ 6,205,760	$ 6,307,381

	Grants	Accumulated amortization	2015 Net book value	2014 Net book value
Land improvements	$ 870,995	$ 262,271	$ 608,724	$ 607,814
Buildings	7,589,750	4,074,016	3,515,734	3,584,340
Buildings service equipment	1,257,298	475,625	781,673	551,701
Furniture and equipment	1,890,652	841,283	1,049,369	1,115,225
	$ 11,608,695	$ 5,653,195	$ 5,955,500	$ 5,859,080

Unspent contributions received for purchase of capital assets at March 31, 2015 are $250,260 (2014 - $448,301).

7. Related party transactions and balances:

The Organization pays rent on eight community residences to St.Amant Foundation Inc. for $80,903 (2014 - $80,903). In addition, the Organization paid rent to Sara Riel Foundation Inc., a corporation with the same Member as the Organization in the amount of $26,167 (2014 - nil). At March 31, 2015 the amount owing to Sara Riel Foundation Inc. is $16,167 (2014 - nil). The Organization charged St.Amant Foundation Inc. $87,216 (2014 - $87,797) for costs related to the parking lot including $46,932 (2014 - $45,290) which was recorded in deferred contributions related to capital assets. The Organization also charged St.Amant Foundation Inc. $100,265 (2014 - $97,924) for administrative services provided by the Organization during the year.

7. Related party transactions and balances (continued):

The following are contributions from St.Amant Foundation Inc. received or receivable for the fiscal year:

	2015	2014
Client services programs:		
Autism programs	$ 351	$ 3,811
River Road Place	3,985	10,388
St.Amant School and Developmental Services	10,066	4,499
Community Residential Program	4,026	2,050
River Road Child Care	826	5,082
Spiritual care	–	493
Research program	135,236	214,637
Volunteer services	1,054	1,000
Other equipment and supplies	3,111	–
Identified Priority Projects	245,718	275,013
	404,373	516,973
Capital projects and renovations	28,295	448,301
	$ 432,668	$ 965,274

Of these contributions, $28,295 (2014 - $448,301) have been recorded in deferred contributions related to capital assets and $245,718 (2014 - $275,013) in deferred contributions related to expenses of future periods.

The receivable from St.Amant Foundation Inc. of $680,926 (2014 - $614,212) is non-interest bearing, has no specified terms of repayment and is unsecured.

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.

8. Allocation of expenses:

The Organization has incurred $5,407,915 (2014 - $5,615,760) of administration expenses and $5,864,843 (2014 - $5,718,450) of facility expenses in fiscal 2015 that are common to the administration of the WRHA and Family Services programs. These expenses are reflected in the WRHA programs expenses in the statement of operations. The Organization has allocated $3,218,142 (2014 - $2,549,703) and $783,842 (2014 - $467,305) of administration and facility expenses to the Family Services program, respectively. The aggregate of $4,001,984 (2014 - $3,017,008) allocated to the Family Services programs is recorded as a recovery in the WRHA programs and an expense in the Family Services programs within administration and facility cost allocation in the statement of operations.

9. Employee future benefits and employee benefits:

	2015	2014
Pre-retirement benefits plan	$ 2,852,603	$ 2,889,603
Accumulated non-vested sick leave benefits	1,269,970	1,054,966
	$ 4,122,573	$ 3,944,569

(a) Pre-retirement benefits plan:

The Organization maintains an employee future pre-retirement benefits plan primarily for the WRHA funded 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:

	2015	2014
Accrued benefit obligation:		
Balance, beginning of year	$ 2,889,603	$ 2,772,805
Current benefit cost	186,000	213,015
Interest	86,000	60,101
Benefits paid	(280,000)	(167,260)
	2,881,603	2,878,661
Amortized actuarial loss (gain)	(29,000)	10,942
Liability for benefits	$ 2,852,603	$ 2,889,603

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

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from the WRHA, to include the incremental change in the related liability since fiscal 2007, which includes an interest component. The decrease recorded in fiscal 2015 was $37,000 (2014 - increase of $116,798) and is recorded in the statement of operations.

The employee future pre-retirement benefits recoverable from WRHA at March 31, 2015 aggregates $2,574,115 (2014 - $2,611,115) and has no specified terms of repayment.

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grant provided to the Organization. Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Actual funding provided by WRHA has been 100 percent (2014 - 100 percent) of actual pre-retirement benefits paid.

(b) Healthcare Employees Pension Plan:

Certain eligible employees of the Organization are members of Healthcare Employees' Pension Plan - Manitoba, a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Organization is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period. During the year, the Organization contributed $3,637,674 (2014 - $3,178,282) on behalf of its employees.

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

The most recent actuarial valuation of the plan as at December 31, 2013, reported the plan had a deficiency of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency 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. On April 1, 2014, employer contribution rates increased to 8.7 percent (2014 - 7.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.3 percent (2014 - 9.5 percent) on earnings in excess of YMPE. On April 1, 2015, with the inclusion of contributions toward the Cost of Living Adjustment Plan, employer contribution rates increased to 9.7 percent of pensionable earnings up to the YMPE and 11.3 percent on earnings in excess of YMPE.

(c) Vacation benefits:

The cost of the Organization's vacation benefits is accrued when the benefits are earned by the employees and is reported as employee vacation payable on the statement of financial position. The vacation liability at March 31, 2015 is $3,544,803 (2014 - $3,377,054). The funding received in each subsequent fiscal year from the WRHA includes the vacation payable recoverable from the WRHA of $1,461,198 as included on the statement of financial position. The vacation pay recoverable from the WRHA is maintained at the employee vacation payable at March 31, 2004.

(d) Accumulated non-vested sick leave benefits:

The Organization provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amount are determined with reference to employee’s final earnings at the time they are paid out. The significant assumptions adopted in measuring the Organization’s accumulated non-vested sick leave benefits include a discount rate at March 31, 2015 of 2.55 percent (2014 - 3.35 percent) and a rate of salary increase of 3.5 percent (2014 - 3.5 percent).

A recoverable from the WRHA at March 31, 2015 of $906,162 (2014 - $778,424) has been recorded for the accumulated non-vested sick leave benefits in the statement of financial position. The recoverable has been adjusted, based on direction from the WRHA, for the incremental change in the accumulated non-vested sick leave benefits for employees funded by the WRHA. The increase of $127,738 (2014 - $56,585) for 2015 was recorded in the statement of operations.

10. Financial risks:

(a) 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 and employee future benefits recoverable from WRHA. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

At March 31, 2015 and 2014, all accounts receivable were current, there were no amounts past due.

There have been no significant changes to the credit risk exposure from 2014.

(b) 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 liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2016.

The contractual maturity of long-term debt is disclosed in note 5.

There have been no significant changes to the liquidity risk exposure from 2014.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

There have been no significant changes to the interest rate risk exposure from 2014.

11. Trusts under administration:

At March 31, 2015, the balance of funds held in trust on behalf of the residents who reside at St.Amant Inc. was $552,658 (2014 - $546,764).

Financial Statements of

ST. BONIFACE GENERAL HOSPITAL AUXILIARY INC./
L'AUXILIAIRE DE L'HÔPITAL GÉNÉRAL SAINT-BONIFACE INC.

Year ended March 31, 2015

ST. BONIFACE GENERAL HOSPITAL AUXILIARY INC./
L'AUXILIAIRE DE L'HÔPITAL GÉNÉRAL SAINT-BONIFACE INC.

Financial Statements

Year ended March 31, 2015

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KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Member, St. Boniface General Hospital

To the Board of Directors, St. Boniface General Hospital Auxiliary Inc./L'Auxiliaire de l'Hôpital général Saint-Boniface Inc.

We have audited the accompanying financial statements of St. Boniface General Hospital Auxiliary Inc./L'Auxiliaire de l'Hôpital général Saint-Boniface Inc., which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Boniface General Hospital Auxiliary Inc./L'Auxiliaire de l'Hôpital général Saint-Boniface Inc. as at March 31, 2015, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

June 11, 2015

Winnipeg, Canada

ST. BONIFACE GENERAL HOSPITAL AUXILIARY INC./
L'AUXILIARE DE L'HÔPITAL GÉNÉRAL SAINT-BONIFACE INC.
Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 85,558	$ 167,134
Accounts receivable (note 3)	18,019	25,160
Inventory (note 4)	117,373	124,253
Investments (note 5)	155,381	158,292
	376,331	474,839
Investments (note 5)	160,089	151,175
Capital assets (note 6)	42,041	27,698
	$ 578,461	$ 653,712
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 29,882	$ 55,021
Payable to St. Boniface General Hospital	24,582	21,016
Grants payable to St. Boniface General Hospital	67,440	62,687
	121,904	138,724
Net assets:		
Unrestricted	314,153	386,927
Invested in capital assets	42,041	27,698
Hospital Staff Development (note 7)	100,363	100,363
	456,557	514,988
Commitments (note 9)		
	$ 578,461	$ 653,712

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors:

Original document signed

Original document signed

Date:

ST. BONIFACE GENERAL HOSPITAL AUXILIARY INC./
L'AUXILIARE DE L'HÔPITAL GÉNÉRAL SAINT-BONIFACE INC.
Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

		2015		2014
Revenue:				
Gift Shop sales	$	593,871	$	603,611
Television and telephone rentals		84,841		98,872
Automated teller machine		32,421		36,949
Kiosk rentals		56,485		52,730
Commissions		30,156		42,896
Infant photography		12,209		15,650
Miscellaneous		6,106		6,263
Investment income		8,233		8,640
		824,322		865,611
Expenses:				
Gift Shop cost of goods sold		375,589		380,373
Salaries and benefits		147,565		137,316
Television and telephone rentals		51,016		51,402
General		49,978		48,562
Management services (note 8)		41,441		40,300
Amortization		7,573		5,576
		673,162		663,529
Excess of revenue over expenses, before grants		151,160		202,082
Grants (note 8)		209,591		218,693
Deficiency of revenue over expenses	$	(58,431)	$	(16,611)

The accompanying notes are an integral part of the financial statements.

ST. BONIFACE GENERAL HOSPITAL AUXILIARY INC./
L'AUXILIARE DE L'HÔPITAL GÉNÉRAL SAINT-BONIFACE INC.
Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

March 31, 2015	Invested in capital assets	Hospital Staff Development	Unrestricted	Total
Balance, beginning of year	$ 27,698	$ 100,363	$ 386,927	$ 514,988
Deficiency of revenue over expenses	(7,573)	(15,000)	(35,858)	(58,431)
Capital assets acquired	21,916	-	(21,916)	-
Net asset transfers	-	15,000	(15,000)	-
Balance, end of year	$ 42,041	$ 100,363	$ 314,153	$ 456,557

March 31, 2014	Invested in capital assets	Hospital Staff Development	Unrestricted	Total
Balance, beginning of year	$ 30,718	$ 111,363	$ 389,518	$ 531,599
Excess (deficiency) of revenue over expenses	(5,576)	(15,000)	3,965	(16,611)
Capital assets acquired	2,556	-	(2,556)	-
Net asset transfers		4,000	(4,000)	
Balance, end of year	$ 27,698	$ 100,363	$ 386,927	$ 514,988

The accompanying notes are an integral part of the financial statements.

ST. BONIFACE GENERAL HOSPITAL AUXILIARY INC./
L'AUXILIARE DE L'HÔPITAL GÉNÉRAL SAINT-BONIFACE INC.
Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

		2015		2014
Cash provided by (used in):				
Operating activities				
Deficiency of revenue over expenses	$	(58,431)	$	(16,611)
Items not involving cash:				
Amortization of capital assets		7,573		5,576
Change in non-cash operating working capital:				
Accounts receivable		7,141		4,714
Inventory		6,880		12,231
Accounts payable and accrued liabilities		(25,139)		(157)
Payable to St. Boniface General Hospital		3,566		(2,535)
Grants payable to St. Boniface General Hospital		4,753		(6,609)
		(53,657)		(3,391)
Capital activites:				
Capital assets acquired		(21,916)		(2,556)
Investing activites:				
Increase in investments, net		(6,003)		(9,467)
Net decrease in cash		(81,576)		(15,414)
Cash, beginning of year		167,134		182,548
Cash, end of year	$	85,558	$	167,134

The accompanying notes are an integral part of the financial statements.

1. Purpose of the organization:

The St. Boniface General Hospital Auxiliary Inc./L'Auxiliaire de l'Hôpital général Saint-Boniface Inc. (Auxiliary) is incorporated without share capital under the laws of Manitoba and is a registered charity under the Income Tax Act. Its mandate is to carry on activities to raise funds and to provide supporting services which complement the objectives and mission of the Auxiliary's Member, St. Boniface General Hospital (Hospital), and facilitate enhancement of patient care activities and services to staff. In the event of wind up or dissolution, the net assets shall be paid or transferred to the Hospital.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the PS 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Auxiliary follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably assured. Non-cash contributions are recorded at fair value on the date of contribution.

Investment income is comprised of interest income.

(b) Contributed services:

Volunteers are an integral part of carrying out the activities of the Auxiliary. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair market value.

(c) Grants:

Grants are expensed in the fiscal year for which they are approved.

(d) Inventory:

Inventory is stated at the lower of cost and net realizable value, with cost determined at average cost.

(e) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value on the date of contribution.

Amortization of capital assets is provided on a straight line basis at rates estimated to amortize the assets over their useful lives. The amortization rates applicable to the various classes of assets are as follows:

Display units	12 years
Gift Shop and basement storage renovations	10 years
Furniture and equipment and POS system	5 years

2. Significant accounting policies (continued):

(f) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported, on initial recognition and subsequently, 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. Management has not elected to record any financial instruments 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 effective interest rate method.

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 Auxiliary 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 Auxiliary 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.

(g) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of inventory and capital assets. Actual results could differ from those estimates.

3. Accounts receivable:

	2015	2014
Hospitality Network	$ 6,745	$ 8,724
Manitoba Lotteries	5,042	6,503
Interest receivable	4,047	3,857
Just Arrived Photography	2,879	2,648
ATM	2,096	3,141
Other	89	287
	20,898	25,160
Less allowance for doubtful accounts	(2,879)	-
	$ 18,019	$ 25,160

4. Inventory:

	2015	2014
Gift Shop	$ 114,880	$ 121,835
Lottery	2,493	2,418
	$ 117,373	$ 124,253

During the year, the provision to reflect inventories at the lower of cost and net realizable value was $3,999 (2014 - $2,559).

5. Investments:

		2015		2014
Mutual Fund				
RBC Investment Savings	$	53,004	$	52,400
Guaranteed investment certificates:				
La Caisse GIC, 2.60% maturing June 2015		50,000		50,000
La Caisse GIC, 2.35% maturing November 2015		52,377		51,175
La Caisse GIC, 2.25% maturing June 2016		51,125		50,000
La Caisse GIC, 2.20% maturing June 2017		54,482		-
La Caisse GIC, 2.20% maturing December 2017		54,482		-
La Caisse GIC, 2.90% matured June 2014		-		52,946
La Caisse GIC, 2.90% matured December 2014		-		52,946
		315,470		309,467
Less: current portion		155,381		158,292
	$	160,089	$	151,175

6. Capital assets:

		Cost		Accumulated Amortization		Net Book Value 2015		Net Book Value 2014
Display units	$	39,469	$	39,469	$	-	$	-
Gift Shop renovations		27,277		19,321		7,956		10,683
Basement storage renovations		19,969		9,817		10,152		12,148
Furniture and equipment		42,295		38,452		3,843		4,867
POS system		21,916		1,826		20,090		-
	$	150,926	$	108,885	$	42,041	$	27,698

7. Hospital Staff Development net assets:

The Hospital Staff Development net assets consist of internally restricted net assets which represent funds that the Auxiliary has designated for scholarships and professional development of Hospital staff and volunteers. These net assets were established by the Board and must maintain a minimum capital component of $100,000. Allocations to this fund are based on the lesser of the interest income earned on cash and investments in the fiscal year or the excess of the revenue over expenses after grant expense. The Board of Directors may decide to modify the allocation in any given year. Staff development grants are charged to the Hospital Staff Development net assets.

8. Related party transactions:

St. Boniface General Hospital (Hospital):

The Auxiliary raises funds to assist in the care, comfort and welfare of Hospital patients. During the year, the Auxiliary granted $209,591 (2014 - $218,693) to the Hospital to be used for purposes agreed upon with the Hospital.

During the year, the Auxiliary purchased management and administrative services, under the terms of a shared services agreement, from the Hospital at a cost of $41,441 (2014 - $40,300).

The above transactions occurred in the ordinary course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Commitments:

The Auxiliary is committed in fiscal 2016 to grant the Hospital $100,000 towards the Enhanced Patient, Staff, and Physician Services Development Project (Atrium). In addition, the Auxiliary is committed to grant the Hospital $50,000 in general and Hospital Staff Development grants for fiscal 2016. These commitments are reviewed annually with respect to future commitments.

10. Financial risks:

(a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Auxiliary is exposed to credit risk with respect to accounts receivable, cash and investments.

The Auxiliary assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Auxiliary at March 31, 2015 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts (note 3). The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

As at March 31, 2015, $2,879 of accounts receivable are considered impaired and an allowance for doubtful accounts has been set up. There was no allowance for doubtful accounts as of March 31, 2014.

The Auxiliary's investment policy limits the investments to guaranteed investment certificates. The policy's application is monitored by management and the Board.

There have been no significant changes to the credit risk exposure from 2014.

10. Financial risks (continued):

(b) Liquidity risk:

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

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2014.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates will affect the Auxiliary's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

The Auxiliary's investments are exposed to the risk that the value of interest bearing investments will fluctuate due to changes in the level of market interest rates. To properly manage the Foundation's interest rate risk, appropriate guidelines on the weighting and duration for investments are set and monitored. There has been no change to the risk exposure from 2014.

Financial Statements of

ST. JOSEPH'S RESIDENCE INC.

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of St. Joseph's Residence Inc.

We have audited the accompanying financial statements of St. Joseph's Residence Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Joseph's Residence Inc. as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Deloitte LLP

Chartered Accountants

June 16, 2015
Winnipeg, Manitoba

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ST. JOSEPH'S RESIDENCE INC.
Statement of Financial Position
As at March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and certificates of deposit	$ 57,382	$ 56,547
Cash held in trust	27,411	22,749
Accounts receivable	465,610	622,507
Inventory	30,683	25,488
Prepaid expenses	22,835	14,165
Due from WRHA - vacation pay	248,912	248,912
	852,833	990,368
CAPITAL ASSETS (Note 4)	1,770,286	1,953,992
DUE FROM WRHA - PRE-RETIREMENT LEAVE AND SICK LEAVE BENEFITS	658,611	671,957
	$ 3,281,730	$ 3,616,317
LIABILITIES		
CURRENT		
Bank indebtedness (Note 3)	$ 115,114	$ 75,434
Accounts payable and accrued liabilities	460,039	478,695
Accrued vacation pay	328,092	356,208
Funds held in trust	36,793	39,238
Current portion of long-term debt (Note 5)	57,266	178,287
	997,304	1,127,862
LONG-TERM DEBT (Note 5)	50,061	107,281
ACCRUED PRE-RETIREMENT LEAVE (Note 6)	567,341	599,341
ACCRUED SICK LEAVE BENEFITS (Note 7)	91,270	72,616
DEFERRED CONTRIBUTIONS		
EXPENSES OF FUTURE PERIODS (Note 11)	30,299	25,454
CAPITAL ASSETS (Note 12)	1,540,438	1,500,002
MAJOR REPAIRS (Note 13)	29,601	17,601
	3,306,314	3,450,157
COMMITMENT (Note 16)		
NET ASSETS		
INVESTED IN CAPITAL ASSETS (Note 14)	358,834	387,235
UNRESTRICTED (DEFICIT)	(383,418)	(221,075)
	(24,584)	166,160
	$ 3,281,730	$ 3,616,317

APPROVED BY THE BOARD

Original document signed
.... Director

Original document signed
.... Director

ST. JOSEPH'S RESIDENCE INC.
Statement of Operations
Year Ended March 31, 2015

	2015	2014
REVENUE		
WRHA	**$ 5,150,084**	$ 5,070,247
Residential charges	**1,743,985**	1,694,225
Canada Mortgage and Housing Corporation (Note 8)	**35,946**	35,946
	6,930,015	6,800,418
Amortization of deferred contributions - capital assets	**222,264**	226,442
Recoveries - general	**108,788**	67,231
Cafeteria	**5,775**	7,881
Interest	**2,353**	3,401
Unrealized (loss) on investments	**(434)**	(289)
Donations	**63,214**	57,311
	401,960	361,977
	7,331,975	7,162,395
EXPENSES		
Salaries and wages	**4,897,158**	4,840,481
Employee benefits	**1,051,101**	1,008,328
Plant operations and maintenance	**284,891**	281,744
Dietary	**256,234**	258,746
General services	**121,505**	134,982
Special services	**343,973**	272,026
Depreciation	**237,562**	235,289
Interest on long-term debt	**5,756**	11,612
Housekeeping, laundry and linen	**124,280**	121,067
Medical supplies	**105,276**	103,494
Health and education tax	**105,157**	101,575
	7,532,893	7,369,344
DEFICIT FROM WRHA FUNDED PROGRAMS	**(200,918)**	(206,949)
Income (loss) from ancillary operations	**10,174**	(4,142)
Adjustment to pre-retirement leave	**-**	(44,267)
DEFICIT FOR THE YEAR	**$ (190,744)**	$ (255,358)

ST. JOSEPH'S RESIDENCE INC.
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015		
	Invested in Capital Assets	**Unrestricted**	**Total**
Balance beginning of year	**$ 387,235**	**$ (221,075)**	**$ 166,160**
Deficit for the year	**(18,578)**	**(172,166)**	**(190,744)**
Investment in capital assets (Note 14)	**(9,823)**	**9,823**	**-**
Balance, end of year	**$ 358,834**	**$ (383,418)**	**$ (24,584)**

	2014		
Balance beginning of year	$ 368,301	$ 53,217	$ 421,518
Deficit for the year	(12,127)	(243,231)	(255,358)
Investment in capital assets (Note 14)	31,061	(31,061)	-
Balance, end of year	$ 387,235	$ (221,075)	$ 166,160

ST. JOSEPH'S RESIDENCE INC.
Statement of Cash Flows
Year ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficit for the year	$ **(190,744)**	$ (255,358)
Items not affecting cash		
Depreciation	**237,562**	235,289
Depreciation - ancillary operations	**3,280**	3,280
Amortization of deferred contributions - expenses of future periods	**-**	(5,043)
Amortization of deferred contributions - capital assets	**(222,264)**	(226,442)
	(172,166)	(248,274)
Changes in non-cash working capital balances		
Accounts receivable	**156,897**	(75,438)
Inventory	**(5,195)**	(4,667)
Prepaid expenses	**(8,670)**	7,183
Due from WRHA - pre-retirement leave	**13,346**	95,365
Accounts payable and accrued liabilities	**(18,656)**	3,165
Accrued vacation pay	**(28,116)**	(8,266)
Accrued pre-retirement leave	**(32,000)**	(50,735)
Accrued sick leave	**18,654**	(363)
	(75,906)	(282,030)
FINANCING ACTIVITIES		
Net change in bank indebtedness	**39,680**	75,434
Funds held in trust	**(2,445)**	(112)
Mortgage repayments	**(128,384)**	(123,193)
Term loan repayments	**(49,857)**	(67,800)
Additional deferred contributions received		
- expenses of future periods	**4,845**	1,008
- capital assets	**262,700**	256,139
- major repairs	**12,000**	12,000
	138,539	153,476
INVESTING ACTIVITIES		
Cash held in trust	**(4,662)**	7,185
Capital asset purchases	**(57,136)**	(92,229)
	(61,798)	(85,044)
NET INCREASE (DECREASE) IN CASH AND CERTIFICATES OF DEPOSIT	**835**	(213,598)
CASH AND CERTIFICATES OF DEPOSIT, BEGINNING OF YEAR	**56,547**	270,145
CASH AND CERTIFICATES OF DEPOSIT, END OF YEAR	$ **57,382**	$ 56,547

1. NATURE OF ORGANIZATION

St. Joseph's Residence Inc. is a not-for-profit corporation, which operates a personal care home. Effective February 13, 2003, the sponsorship of the Residence was transferred from the Sisters of the Order of St. Benedict to the Catholic Health Corporation of Manitoba (CHCM). The Residence is a registered charity under the Income Tax Act and accordingly is exempt from taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Public Sector Accounting Standards ("PSAS"), including PSAS for Government Not-for-Profit Organizations (PS 4200 – PS 4270), and include the following significant accounting policies:

a) Revenue recognition

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

Under the Health Insurance Act and regulations thereto, the Residence is funded primarily by the Province of Manitoba in accordance with budget arrangements established by WRHA. Operating grants are recorded as revenue in the period to which they relate.

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.

b) Capital assets

Capital assets are depreciated on a straight-line basis over the following estimated useful lives:

Building	50 years
Parking lot	20 years
Furniture and equipment	5, 10 years
Building service equipment	20 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Vacation pay

The Residence records the accrued vacation pay entitlement liability. Funding for vacation pay entitlements by the WRHA has been capped at the amount owing for vacation entitlements as at March 31, 2004. Because the vacation entitlements up to March 31, 2004 will be funded, this amount has been recorded on the statement of financial position as a receivable from the WRHA.

d) Retirement entitlement obligation

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

i) have ten years service and have reached the age of 55, or

ii) qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee, or

iii) retire at or after age 65; or

iv) terminate employment at any time due to permanent disability.

The Residence 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 retirement entitlement obligation is provided by the WRHA for certain employees. The related revenue and expense is recorded in the statement of operations for the current year.

e) Financial instruments

All financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledge, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial assets and financial liabilities are subsequently measured at either cost/amortization cost or fair value as described by their designation below.

Classification	
Cash and certificates of deposit	Cost
Accounts receivable	Amortized cost
Due from WRHA	Cost
Accounts payable and accrued liabilities	Cost
Accrued vacation pay	Cost
Accrued pre-retirement leave benefits	Amortized cost
Accrued sick leave benefits	Amortized cost
Long-term debt	Amortized cost

No financial instruments are recoded at fair value subsequent to their initial recognition.

f) Sick leave benefits

The Residence has a policy whereby full-time employees are allowed 1.25 sick days per month and any unused sick days can be carried forward but they do not vest; paid sick days for part-time employees are pro-rated based on the number of hours they work per month. The Residence recognizes an obligation for the estimated sick leave benefits that have accumulated based on the expectation of future utilization of the benefits. Any change in the accrual relating to sick leave benefits are recorded as an expense on the statement of operations.

g) Provision for operating surplus settlement with WRHA

The Residence records the full amount of its operating surplus as calculated in accordance with the WRHA guidelines as a provision for settlement with WRHA. The actual amount of the settlement is determined after a review of the details by Manitoba Health and negotiation with the Residence. Any difference is recorded subsequently in the statement of operations in the year of settlement.

h) Contributed services

Contributed services are recorded at their estimated fair value if the amount can be reasonably estimated.

i) Inventory

Inventories of supplies are valued at the lower of cost and net realizable value with the cost being determined on an average basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include allowance for doubtful accounts, inventory obsolescence, accrued employee future benefits and the useful life of capital assets. Actual results could differ from these estimates.

3. BANK INDEBTEDNESS

The Residence has a line of credit available with the Toronto Dominion Bank to a maximum of $350,000. The line of credit bears interest at prime plus 0.75% per annum and is secured by a general security agreement. At the end of the year, the Residence had not accessed the line of credit, with outstanding cheques comprising the balance of the amount of bank indebtedness recorded on the statement of financial position.

4. CAPITAL ASSETS

	2015			2014
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 193,965**	**$ -**	**$ 193,965**	$ 193,965
Building	**3,075,000**	**2,273,206**	**801,794**	940,499
Parking lot	**86,781**	**56,247**	**30,534**	34,408
Furniture and equipment	**1,863,559**	**1,560,873**	**302,686**	302,352
Building services equipment	**658,072**	**216,765**	**441,307**	482,768
	$ 5,877,377	**$ 4,107,091**	**$ 1,770, 286**	$ 1,953,992

Depreciation expense during the year totalled $240,842 (2014 - $238,569) including $3,280 (2014 - $3,280) recorded in the ancillary operations.

5. LONG-TERM DEBT

		2015		2014
Mortgage, payable to Canada Mortgage and Housing Corporation, repayable in blended monthly instalments of $11,017, interest rate of 4.17% per annum, due May 1, 2015	**$**	**21,926**	$	150,310
Term loan, payable to Toronto Dominion Bank, repayable in monthly principal payments of $2,945, plus interest at prime minus 0.75% per annum, due August 31, 2018		**85,401**		120,741
Term loan, payable to Toronto Dominion Bank, repaid during the year.		**-**		14,517
Total long-term debt		**107,327**		285,568
Current portion		**57,266**		178,287
	$	**50,061**	$	107,281

The mortgage with the Canada Mortgage and Housing Corporation has security provided by a security agreement covering all land, buildings, furniture and equipment and assignment of all residential charges. The term loans have security provided by a Letter of Comfort from Manitoba Health.

The principal repayments in each of the next three years are as follows:

	Mortgage	Term Loans	**Total**
2016	$ 21,926	$ 35,340	**$ 57,266**
2017	-	35,340	**35,340**
2018	-	14,721	**14,721**

6. ACCRUED PRE-RETIREMENT LEAVE

The Residence undertook an actuarial valuation of the accrued pre-retirement leave in accordance with accounting policy Note 2d. The significant actuarial assumptions adopted in measuring the Residence's accrued pre-retirement leave include mortality and withdrawal rates, a discount rate of 2.55 % (2014 – 3.35%) and a rate of salary increase of 3.00% (2014 – 3.00%) plus age related merit/promotion scale with no adjustment for disability. Actual payments made during the year for the Residence's pre-retirement leave were $82,595 (2014 - $92,443).

7. SICK LEAVE BENEFITS

The Residence calculated an obligation related to the estimated sick leave benefits that have accumulated based on the expectation of future utilization of the benefits. The significant assumptions used in measuring the Residence's accrued sick leave benefits include the estimated average remaining service life of its employees of 6.9 years, a discount rate of 2.55%, a rate of salary increase of 3.0% plus age related merit/promotion scale.

8. CANADA MORTGAGE AND HOUSING PAYMENTS

The Residence has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to 1.50% to enable the project to provide housing to low income individuals. The amount of assistance received in 2015 was $35,946 (2014 - $35,946).

9. RELATED ENTITIES

a) The Residence is dependent on the Winnipeg Regional Health Authority (WRHA) for the majority of the funding of its operations. The current net receivable due from WRHA is $332,853 (2014 - $443,285).

b) During the current year, St. Joseph's Residence Inc. charged $4,680 (2014 - $4,680) to the Friends of St. Joseph's Residence Inc., a related party, for accounting and administration services.

   Friends of St. Joseph's Residence Inc. made donations to St. Joseph's Residence Inc. totalling $72,697 (2014 - $64,978).

   At March 31, 2015, St. Joseph's Residence Inc. had a receivable from Friends of St. Joseph's Residence Inc. in the amount of $65,331 (2014 - $80,175).

10. INTEREST RATE AND CREDIT RISK

a) *Interest rate risk*

   Interest rate risk refers to the adverse consequences of interest rate changes in the Residence's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Residence's assets and liabilities.

   The value of the Residence's assets is affected by short-term changes in nominal interest rate and equity markets. The term to maturity of the fixed income investments of the Residence are all before the end of the 2016 calendar year with a coupon rate of 2.35% (2014 – ranging between 1.60% and 2.35%). The fair market value of these fixed income securities as at March 31, 2015 is $11,172 (2014 – $55,606).

10. INTEREST RATE AND CREDIT RISK (continued)

b) *Credit Risk*

Credit risk arises when a counterparty does not fully honour its financial or contractual obligations. The Residence has established credit and investment policies to mitigate this risk.

Credit risk is increased where a significant portion of the investment portfolio is invested in securities which have similar characteristics or which are expected to follow similar variations relating to economic or political conditions. The risk of excess concentration is mitigated by an investment policy established by the Board of Directors, which sets out various investment policies.

The majority of the current year's accounts receivable balance consists of related party amounts and the remainder are resident receivables, which is consistent with the prior year, and are regarded as low credit risk balances.

11. DEFERRED CONTRIBUTIONS – EXPENSES OF FUTURE PERIODS

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

	2015	2014
Balance, beginning of year	$ **25,454**	$ 29,489
Additional contributions	**4,845**	1,008
Expenditures during the year	-	(5,043)
Balance, end of year	$ **30,299**	$ 25,454

12. DEFERRED CONTRIBUTIONS – CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and funding received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. Changes in the deferred contributions balance are as follows:

	2015				2014
	Purchased Capital Assets	**Future Capital Assets**	**Contributed Surplus**	**Total**	Total
Balance, beginning of year	$ 999,906	$ 248,813	$ 251,283	$ **1,500,002**	$ 1,470,305
Contributions received:					
Capital asset purchases	57,136	17,500	-	**74,636**	65,146
Debt repayment	188,064	-	-	**188,064**	190,993
Amortization	(222,264)	-	-	**(222,264)**	(226,442)
Balance, end of year	$ 1,022,842	$ 266,313	$ 251,283	$ **1,540,438**	$ 1,500,002

13. DEFERRED CONTRIBUTIONS – MAJOR REPAIRS

Deferred contributions related to major repairs represent the unamortized amount and unspent funding received for major repairs. Amounts are recorded as revenue when applicable expenses are incurred. Changes in the deferred contributions balance are as follows:

	2015	2014
Balance, beginning of year	$ **17,601**	$ 5,601
Additional contributions	**12,000**	12,000
Balance, end of year	$ **29,601**	$ 17,601

14. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2015	2014
Capital assets	$ **1,770,286**	$ 1,953,992
Cash – Future Capital Assets (Note 12)	**266,313**	248,813
Previously transferred to major repairs	**(30,000)**	(30,000)
Amounts financed by		
Deferred contributions	**(1,540,438)**	(1,500,002)
Mortgage payables	**(21,926)**	(150,310)
Term loans	**(85,401)**	(135,258)
	$ **358,834**	$ 387,235

Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Depreciation of capital assets included in operations	$ **(240,842)**	$ (238,569)
Amortization of deferred contributions related to capital assets included in operations	**222,264**	226,442
	$ **(18,578)**	$ (12,127)

Net change in invested in capital assets is as follows:

	2015	2014
Purchase of capital assets	$ **57,136**	$ 92,229
Increase in deferred contributions for purchased capital assets	**(245,200)**	(252,161)
Repayment of term loan	**49,857**	67,800
Mortgage repayments	**128,384**	123,193
	$ **(9,823)**	$ 31,061

15. PENSION PLAN

Substantially all of the employees of the Residence are members of the Healthcare Employees Pension Plan - Manitoba (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. Variances between the actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The costs of the benefit plan are not individually allocated to the participating facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and accordingly, the plan is accounted for as a defined contribution plan.

Employer contributions made to the plan during the year by the Residence amounted to $358,081 (2014 - $330,405) and are included in the statement of operations.

16. COMMITMENT

During the year the Residence entered into a management agreement expiring June 30, 2016. Under the agreement, annual services fees are $80,000.

Financial Statements of

SALEM HOME INC.

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: 204-942-0051
Fax: 204-947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Salem Home Inc.

We have audited the accompanying financial statements of Salem Home Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Salem Home Inc. as at March 31, 2015, 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.

Deloitte LLP

Chartered Accountants

May 29, 2015
Winnipeg, Manitoba

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SALEM HOME INC.
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and short term investments (Note 3)	$ 1,035,712	$ 721,227
Accounts receivable	17,829	16,645
Prepaid expenses	18,715	18,454
Due from Southern Health - Santé Sud (Note 4)	206,686	397,765
Vacation entitlement receivable (Note 5)	379,275	379,275
	1,658,217	1,533,366
PRE-RETIREMENT ENTITLEMENT (NOTE 5)	715,000	676,000
OTHER ASSETS (NOTE 6)	22,951	25,501
CAPITAL ASSETS (NOTE 7)	6,958,759	6,896,780
	$ 9,354,927	$ 9,131,647
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 527,422	$ 430,327
Accrued vacation entitlement (Note 5)	546,626	534,446
Advanced payments received	388,868	362,957
Residents' trust fund	28,422	27,981
Current portion of long-term debt (Note 9)	57,506	55,700
	1,548,844	1,411,411
PRE-RETIREMENT ENTITLEMENT (NOTE 5)	715,000	676,000
LONG-TERM DEBT (NOTE 9)	537,408	592,572
DEFERRED CONTRIBUTIONS EXPENSES OF FUTURE PERIODS (NOTE 8)	148,180	173,466
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (NOTE 8)	6,033,655	5,944,809
	8,983,087	8,798,258
NET ASSETS		
Invested in capital assets (Note 10)	330,341	303,699
Externally restricted (Note 11)	12,070	12,070
Unrestricted	29,429	17,620
	371,840	333,389
	$ 9,354,927	$ 9,131,647

APPROVED BY THE BOARD

Original document signed .... Director

Original document signed .... Director

SALEM HOME INC.
Statement of Operations
Year ended March 31, 2015

	2015	2014
REVENUE		
Southern Health - Santé Sud (Note 12)	$ 9,156,770	$ 9,013,238
Non-insured	2,210,280	2,198,338
Recoveries revenue	81,658	85,869
Donations and other revenue	2,641	5,286
Interest	14,365	8,679
Ancillary operations	98,841	91,014
Adult day care participant fees	7,235	7,201
Amortization of deferred contributions - expenses of future periods	45,530	34,039
Amortization of deferred contributions - capital assets	357,055	306,147
	11,974,375	11,749,812
EXPENSES		
Long term care - institutional based (Schedule 1)	11,549,432	11,348,740
Amortization	377,943	352,207
Rental properties (surplus) deficit (Schedule 2)	(3,776)	30,904
Major repairs	6,771	9,923
Medical remuneration and sessional fees	5,554	5,324
	11,935,924	11,747,098
EXCESS OF REVENUE OVER EXPENSES	$ 38,451	$ 2,714

SALEM HOME INC.
Statement of Changes in Net Assets
March 31, 2015

	2015			
	Invested in Capital Assets	Externally Restricted	Unrestricted	Total
Balance, beginning of year	$ 303,699	$ 12,070	$ 17,620	$ 333,389
Excess (deficiency) of revenue over expenses	(26,715)	-	65,166	38,451
Debt repaid with unrestricted funds	53,357	-	(53,357)	-
Balance, end of year	$ 330,341	$ 12,070	$ 29,429	$ 371,840

	2014			
	Invested in Capital Assets	Externally Restricted	Unrestricted	Total
Balance, beginning of year	$ 337,744	$ 12,070	$ (19,139)	$ 330,675
Excess (deficiency) of revenue over expenses	(80,042)	-	82,756	2,714
Debt repaid with unrestricted funds	45,997	-	(45,997)	-
Balance, end of year	$ 303,699	$ 12,070	$ 17,620	$ 333,389

SALEM HOME INC.
Statement of Cash Flows
Year ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 38,451	$ 2,714
Items not affecting cash:		
Amortization	387,101	362,445
Write down of asset	-	27,075
Amortization of deferred contributions - expenses of future periods	(45,530)	(34,039)
Amortization of deferred contributions - capital assets	(357,055)	(309,478)
	22,967	48,717
Changes in non-cash operating working capital accounts:		
Accounts receivable	(1,184)	(5,283)
Prepaid expenses	(261)	(4,260)
Accounts payable and accrued liabilities	97,095	40,501
Accrued vacation entitlement	12,180	(9,422)
Residents' trust fund	441	(1,628)
Change in other assets	2,550	-
Advanced payments received	25,911	-
Due to / from Southern Health -- Santé Sud	191,079	(172,511)
	350,778	(103,886)
FINANCING ACTIVITIES		
Proceeds from long-term debt	2,342	154,540
Repayment of long-term debt	(55,700)	(46,327)
Deferred contributions received - expenses of future periods	20,244	170,801
Deferred contributions received - capital assets	445,901	141,685
	412,787	420,699
INVESTING ACTIVITY		
Purchase of capital assets	(449,080)	(454,791)
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	314,485	(137,978)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	721,227	859,205
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 1,035,712	$ 721,227

1. NATURE OF BUSINESS

Salem Home Inc. (the "Facility") was incorporated under the Manitoba Corporations Act in 1956. The Facility is principally involved in providing long-term care and related services to residents of Winkler and the surrounding area, and specialized psycho-geriatric care to residents living within the area under the jurisdiction of Southern Health - Santé Sud ("SHSS"). As allowed under Bill 49 (Regional Health Authorities Act), the Board of Directors of the Facility has elected to continue to provide the services to SHSS under a service purchase contract. The Facility is a registered charity under the Income Tax Act and accordingly is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Revenue recognition*

The Facility follows the deferral method of accounting for contributions which include donations and government grants. The Facility is funded primarily by the Province of Manitoba, through SHSS. Funding is in accordance with budget arrangements established by Manitoba Health, with regional adjustments made by SHSS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of a fiscal period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

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

Endowment contributions are recognized as direct increases in externally restricted net assets and related revenue is recognized as revenue when earned.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *SHSS Funding*

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

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

c) *Contributed services*

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

d) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value.

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

Buildings	2%
Computer and office equipment	25%
Equipment	10%

e) *Pre-retirement entitlement obligation*

The Facility has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they have ten years of service and have reached the age of 55 or qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

g) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Facility subsequently measures all its financial assets and financial liabilities at amortized cost.

h) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of significant estimates relate to the useful life of capital assets and pre-retirement entitlement. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

3. CASH AND SHORT TERM INVESTMENTS

Guaranteed investment certificates are carried at cost, which approximates market value. The certificates have maturity dates between May and August 2016, and earn interest between 2.00% and 2.35% (2014 – between 1.85% and 2.05%).

4. DUE FROM SOUTHERN HEALTH - SANTÉ SUD

	2015	2014
Balance, beginning of year	$ 397,765	$ 225,254
SHSS budget funding adjustment	(382,950)	58,709
Staffing items	211,320	135,854
Other miscellaneous funding adjustments	(8,574)	-
Out of globe adjustment	(10,875)	(22,052)
	$ 206,686	$ 397,765

5. VACATION AND PRE-RETIREMENT ENTITLEMENT RECEIVABLES

	2015	2014
Vacation entitlement receivable	$ 379,275	$ 379,275
Pre-retirement entitlement receivable	$ 715,000	$ 676,000

Funding for the vacation entitlement obligation earned by employees of the Facility as at March 31, 2004 in the amount of $379,275 has been set up as a current receivable due from SHSS, with an equal and off-setting liability included in accrued vacation entitlement. Accrued vacation entitlement also includes obligations relating to accrued vacation entitlements that have arisen since March 31, 2004.

Funding for the pre-retirement obligation at March 31, 2015 in the amount of $715,000 has been set up as a non-current receivable from SHSS. The amount recorded as a receivable for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, SHSS has included in its ongoing annual funding to the Facility, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by SHSS when the Facility requires the funding to discharge the related pre-retirement liabilities. The significant actuarial assumptions adopted in measuring the Facility's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 2.55% (3.35% in 2014) and a rate of salary increase of 3.5% (3.0% in 2014) plus age related merit / promotion scale with actuarial derived provisions for disability.

6. OTHER ASSETS

Other assets are comprised of surplus shares issued and controlled by Access Credit Union Ltd. These shares consist of patronage refunds on interest paid and dividends on interest earned. Deferred revenue of this same amount is included in accounts payable and accrued liabilities and will be recognized in the fiscal period in which the related cash is received.

7. CAPITAL ASSETS

	2015			2014
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	$ 377,681	$ -	$ 377,681	$ 377,681
Buildings	10,016,454	4,593,765	5,422,689	5,589,133
Computer and office equipment	292,186	287,216	4,970	2,465
Equipment	3,911,968	2,819,381	1,092,587	927,501
Construction in Progress	60,832	-	60,832	-
	$ 14,659,121	$ 7,700,362	$ 6,958,759	$ 6,896,780

8. DEFERRED CONTRIBUTIONS

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

	2015	2014
Expenses of future periods		
Balance, beginning of year	$ 173,466	$ 184,600
Add: additional contributions received	20,244	22,905
Less: amounts amortized to revenue	(45,530)	(34,039)
	$ 148,180	$ 173,466

Related to capital assets		
Balance, beginning of year	$ 5,944,809	$ 5,964,707
Add: additional contributions received	449,232	289,580
Less: amounts amortized to revenue	(360,386)	(309,478)
	$ 6,033,655	$ 5,944,809

9. LONG TERM DEBT

	2015	2014
Mortgage payable in monthly installments of $505 including interest at prime, due 2025, secured by land and building and a promissory note in the amount of $76,500.	$ **54,380**	$ 58,744
Mortgage payable in monthly installments of $650 including interest at prime, due 2022, secured by land and building.	**54,302**	60,381
Mortgage payable in monthly installments of $500 including interest at prime, due 2029, secured by land and building and a promissory note in the amount of $90,500.	**73,126**	76,880
Term loan payable in monthly installments of $2,390 including interest at prime, due 2018, secured by a promissory note in the amount of $18,000.	**86,438**	110,769
Mortgage payment in monthly installments of $498 including interest at prime, due 2018, secured by land and building and a promissory note in the amount of $85,000.	**77,746**	81,340
Mortgage payable in monthly installments of $668 including interest at prime, due 2018, secured by land and building and a promissory note in the amount of $114,000.	**99,944**	104,893
Mortgage payable in monthly installments of $690 including interest at prime, due 2028, secured by land and building and a promissory note in the amount of $117,733.	**109,643**	113,145
Mortgage payable in monthly installments of $335 including interest at prime, due 2028, secured by land and building and a promissory note in the amount of $57,267.	**39,335**	42,120
	594,914	648,272
Less: current portion	**(57,506)**	(55,700)
	$ **537,408**	$ 592,572

9. LONG TERM DEBT (continued)

Principal repayments on long-term debt in each of the next 5 years are estimated as follows:

2016	$	57,506
2017		59,249
2018		61,046
2019		33,929
2020		34,117

10. NET ASSETS - INVESTED IN CAPITAL ASSETS

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

	2015	2014
Capital assets	**$ 6,958,759**	$ 6,896,780
Amounts financed by deferred contributions	**(6,033,655)**	(5,944,809)
Amounts financed by long-term debt	**(594,763)**	(648,272)
	$ 330,341	$ 303,699

b) *Changes in net assets invested in capital assets is calculated as follows:*

	2015	2014
Amortization of deferred contributions related to capital assets	**$ 360,386**	$ 309,478
Amortization of capital assets	**(387,101)**	(362,446)
Loss incurred on the write down of an asset	**-**	(27,075)
	(26,715)	(80,043)
Purchase of capital assets	**449,080**	454,791
Amounts funded by deferred contributions	**(449,080)**	(141,685)
Amounts funded by long term debt	**-**	(154,540)
Repayment of long term debt	**53,357**	46,327
	53,357	204,893
	$ 26,642	$ 124,850

11. RESTRICTIONS ON NET ASSETS

The externally restricted net assets are subject to externally imposed restrictions stipulating that a principal of $10,000 be maintained intact as a library fund. Accumulated investment income of $2,070 is restricted for use in the purchase of resource materials for the staff library at the Facility.

12. SOUTHERN HEALTH - SANTÉ SUD REVENUE

Southern Health – Santé Sud revenue includes the following:

	2015	2014
Revenue per final budget	$ 8,982,354	$ 8,842,254
Amounts recorded as deferred contribution	(4,700)	(4,700)
Health spending account and maternity top-ups	-	25,389
Provincially funded debt	(19,525)	(13,286)
	8,958,129	8,849,657
Approved staffing budget adjustments	-	85,022
Retroactive salary approvals	211,320	50,831
Other budget adjustments	(8,575)	49,780
Current year's estimated out of globe amounts	(4,104)	(22,052)
Revenue for the year	$ 9,156,770	$ 9,013,238

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

13. RELATED PARTY

The Facility exercises significant influence over Salem Foundation Inc. by virtue of its ability to appoint two out of five members of the its Board of Directors. Salem Foundation Inc. was established to raise funds to support the programs of the Facility and assist individuals experiencing cognitive and/or physical dysfunctions of a chronic or long-term nature. Salem Foundation Inc. is incorporated under the Manitoba Corporations Act and is registered charity under the Income Tax Act.

14. PENSION PLAN

Substantially all employees of the Facility are members of the Health Employees Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based of the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities with the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for a defined contribution plan in accordance with the requirement of the Canadian Institute of Chartered Accountants' Handbook section 3462.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan's investment policy. Pension expense is based on best estimates, in consultation with its actuaries, of the amount, together with the 6.8% of basic annual earnings up to the Canada Pension Plan ceiling and 8.4% of earnings in excess of the ceiling, contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employee contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2013, indicates a deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits of $203,558,000 as well as a solvency deficiency of $1,097,114,000. Actual contributions to the plan made during the year by the Facility on behalf of its employees amounted to $686,998 (2014 - $539,994) and are included in the statement of operations.

15. CAPITAL MANAGEMENT

The Facility defines its capital as the amounts included in the Net Asset balances.

The Facility's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to its residents.

The Facility sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

16. ECONOMIC DEPENDENCE

The Facility receives in excess of 75% of its total revenue from Southern Health – Santé Sud and is economically dependent on SHSS for its continued operations.

17. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform to the current year's method of presentation.

Schedule 1

SALEM HOME INC.
Statement of Expenses - Long Term Care - Institutional Based
Year ended March 31, 2015

	2015	2014
Departmental expenses		
Adult day care	$ 63,245	$ 64,785
Administration	653,433	647,742
Food services	1,427,936	1,365,228
Housekeeping	538,127	524,789
Internal services education	113,050	118,424
Laundry and linen	301,026	300,413
Pastoral care	63,869	68,255
Personal care	5,836,337	5,765,893
Pharmacy	66,468	64,728
Plant maintenance	358,631	329,828
Plant operations	368,890	358,300
Pre-retirement benefits	9,818	-
Recreation	236,851	239,562
Resident food service	33,911	33,664
Social work	76,401	60,711
Special care unit (Willow)	1,320,349	1,321,957
Undistributed out of globe expenses	51,366	55,319
Vending	2,819	2,952
Volunteer services	26,905	26,190
	$ 11,549,432	$ 11,348,740

Schedule 2

SALEM HOME INC.
Supplemental Statement of Operations - Rental Properties
Year ended March 31, 2015

	2015	2014
REVENUE		
Rental and other income	$ 51,717	$ 49,422
Deferred contributions	3,331	3,331
	55,048	52,753
EXPENSES		
Natural gas	1,446	1,616
Electricity	1,930	2,930
Water	483	1,774
Building and grounds supplies	-	1,759
Insurance	2,637	2,685
Building maintenance	6,037	8,677
Mortgage interest	18,212	14,802
Municipal taxes	11,369	12,101
Amortization	9,158	10,238
Loss on building demolition	-	27,075
	51,272	83,657
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	$ 3,776	$ (30,904)

Financial Statements

Seven Oaks General Hospital Foundation Inc.

March 31, 2015

Building a better working world

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

Basis for qualified opinion

In common with many not-for-profit organizations, the Foundation derives contributions from fundraising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these contributions was limited to the amounts recorded in the records of the Foundation, and we were unable to determine whether any adjustments for unrecorded contributions might be necessary to contributions, excess (deficiency) of contributions over expenses for the year and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Seven Oaks General Hospital Foundations Inc.** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Chartered Accountants

Winnipeg, Canada
September 30, 2015

Seven Oaks General Hospital Foundation Inc.

STATEMENT OF FINANCIAL POSITION

As at March 31

	Unrestricted $	Endowment $	2015 Total $	2014 Total $
ASSETS				
Current				
Cash *[note 3]*	**885,546**	**106,421**	**991,967**	974,328
Prepaid expenses	**2,401**	—	**2,401**	4,711
Accrued interest receivable	**3,086**	—	**3,086**	3,152
Total current assets	**891,033**	**106,421**	**997,454**	982,191
Long-term investments *[note 4]*	**5,083**	**148,579**	**153,662**	140,017
Capital assets, net *[note 5]*	**18,020**	—	**18,020**	19,452
	914,136	**255,000**	**1,169,136**	1,141,660
LIABILITIES AND NET ASSETS				
Current				
Accounts payable and accrued liabilities	**31,911**	—	**31,911**	21,624
Due to Seven Oaks General Hospital *[note 6]*	**24,585**	—	**24,585**	73,071
Total current liabilities	**56,496**	—	**56,496**	94,695
Accrued pre-retirement benefits *[note 7[a]]*	**7,445**	—	**7,445**	5,445
Total liabilities	**63,941**	—	**63,941**	100,140
Commitments *[note 10]*				
Net assets				
Unrestricted	**850,195**	—	**850,195**	786,520
Endowment funds	—	**255,000**	**255,000**	255,000
Total net assets	**850,195**	**255,000**	**1,105,195**	1,041,520
	914,136	**255,000**	**1,169,136**	1,141,660

See accompanying notes

On behalf of the Board:

Director Director

Seven Oaks General Hospital Foundation Inc.

STATEMENT OF OPERATIONS

Year ended March 31	Unrestricted		Restricted		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$	$	$	$	$	$
CONTRIBUTIONS						
Donations	**38,213**	39,597	**91,215**	104,163	**129,428**	143,760
Fundraising	**226,178**	228,274	**—**	—	**226,178**	228,274
	264,391	267,871	**91,215**	104,163	**355,606**	372,034
EXPENSES						
Administrative costs	**25,701**	24,020	**—**	—	**25,701**	24,020
Depreciation of capital assets	**1,432**	1,432	**—**	—	**1,432**	1,432
Fundraising	**54,527**	71,876	**—**	—	**54,527**	71,876
Pre-retirement benefits *[note 7[a]]*	**2,000**	69	**—**	—	**2,000**	69
Professional fees	**5,430**	5,635	**—**	—	**5,430**	5,635
Salaries and benefits *[notes 6 and 7[b]]*	**130,128**	163,365	**—**	—	**130,128**	163,365
	219,218	266,397	**—**	—	**219,218**	266,397
Excess of contributions over expenses before other income and donations	**45,173**	1,474	**91,215**	104,163	**136,388**	105,637
Other income						
Interest and dividends	**24,487**	22,415	**—**	—	**24,487**	22,415
	24,487	22,415	**—**	—	**24,487**	22,415
Excess of contributions over expenses before donations	**69,660**	23,889	**91,215**	104,163	**160,875**	128,052
Donations to Seven Oaks General Hospital *[note 9]*	**(14,325)**	(65,387)	**(91,215)**	(104,163)	**(105,540)**	(169,550)
Excess (deficiency) of contributions over expenses	**55,335**	(41,498)	**—**	—	**55,335**	(41,498)

There were no contributions or expenses in the Endowment Fund for the years ending March 31, 2015 and 2014.

See accompanying notes

Seven Oaks General Hospital Foundation Inc.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Year ended March 31

	2015	2014
	$	$
Accumulated remeasurement gains, beginning of the year	**(2,665)**	4,349
Unrealized gains (losses) attributable to long-term investments	**8,340**	(7,014)
Accumulated remeasurement gains (losses), end of the year	**5,675**	(2,665)

See accompanying notes

Seven Oaks General Hospital Foundation Inc.

STATEMENT OF CASH FLOWS

Year ended March 31

	2015 $	2014 $
OPERATING ACTIVITIES		
Cash received from donors	**355,606**	434,034
Cash paid to suppliers and Seven Oaks General Hospital	**(179,138)**	(281,788)
Cash paid to employees	**(129,591)**	(169,877)
Interest and dividends received	**24,487**	22,415
Cash provided by operating activities	**71,364**	4,784
INVESTING ACTIVITIES		
Proceeds from investments, net	**(5,239)**	35
Cash provided by (used in) investing activities	**(5,239)**	35
FINANCING ACTIVITIES		
Advances from (repayments to) Seven Oaks General Hospital, net	**(48,486)**	37,752
Cash provided by (used in) financing activities	**(48,486)**	37,752
Net increase in cash during the year	**17,639**	42,571
Cash, beginning of year	**974,328**	931,757
Cash, end of year	**991,967**	974,328

See accompanying notes

Seven Oaks General Hospital Foundation Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

1. NATURE OF THE ORGANIZATION

The objectives of Seven Oaks General Hospital Foundation Inc. [the "Foundation"] are to advance the welfare and good of Seven Oaks General Hospital [the "Hospital"] and to raise funds primarily for the purpose of the Hospital. The Foundation is a registered charitable foundation under the Income Tax Act (Canada), and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the CPA Canada Public Sector Accounting ["PSA"] Handbook, which sets out Canadian PSA standards for government not-for profit organizations ["GNFPOs"]. The Foundation has chosen to use the standards for GNFPOs that includes sections PS 4200 to PS 4270. The significant accounting policies are described below.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized in the Restricted Fund as revenue when received. Unrestricted contributions are recognized as revenue when collection is reasonably assured, except for donations related to specific fundraising events, which are recognized when the events are held. Other donations are recorded when received since pledges are not legally enforceable claims. Endowment contributions are recognized as revenue in the Endowment Fund. Interest and dividend income is recorded on an accrual basis.

The Foundation does not present restricted funds on the statement of financial position or statement of changes in net assets as all restricted funds are donated to the Seven Oaks General Hospital at year end.

Capital assets

Purchased capital assets are recorded at cost less accumulated depreciation. Donated capital assets are recorded at fair value at the date of contribution. Depreciation, which is based on the useful life of the asset, is calculated using the straight-line method based on the following useful lives:

Donor Board	15 years

Seven Oaks General Hospital Foundation Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

Employee future benefits

The Foundation accrues its obligations under employee benefit plans and the related costs. The Foundation has adopted the following policies:

Multi-employer plans

Defined contribution accounting is applied for multi-employer pension plans, whereby contributions are expensed on an accrual basis, as the Foundation has insufficient information to apply defined benefit plan accounting.

Non-pension benefits

The cost of non-pension benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions. Actuarial gains (losses) are amortized on a straight-line basis. The period of amortization is equal to the expected average remaining service life (EARSL) of active employees. Past service costs are expensed when incurred. Liabilities are measured using a discount rate determined by reference to the Province of Manitoba's cost of borrowing. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service period of the active employees.

Donated services

The value of donated services provided by volunteers has not been recorded in the financial statements of the Foundation.

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Trustees.

Three funds are maintained: Unrestricted Fund, Restricted Fund and Endowment Fund.

The Unrestricted Fund is used to account for all revenue and expenditures related to general and ancillary operations of the Foundation.

The Restricted Fund is used to account for monies that are contributed to the Foundation for specific purposes. Externally restricted contributions can only be used for the purposes designated by external parties.

The Endowment Fund is used to account for endowment contributions from which only the income earned is expendable.

Use of estimates

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

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value or [ii] cost or amortized cost. The Foundation determines the classification of its financial instruments at initial recognition.

Portfolio investments reported at fair value consist of equity instruments that are quoted in an active market and derivative contracts and any other investments where the investments are managed on a fair value basis and the fair value option is elected. Transaction costs are recognized when incurred in the statement of operations. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and losses and are reclassified to the statement of operations upon disposal or settlement.

Portfolio investments in for-profit entities not quoted in an active market and securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs. These investments are subsequently measured at cost or amortized cost using the effective interest rate method, less any provision for impairment.
All investment transactions are recorded on a trade date basis.

A write-down is recognized in the statement of operations for a portfolio investment in either category when there has been a loss in value of the investments that is considered other than temporary. If the loss in value of a portfolio investment is subsequently reversed, the write-down to the statements of operations is not reversed until the investment is sold.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

Other financial instruments including cash, accrued interest receivable, accounts payable and accrued liabilities and due to Seven Oaks General Hospital, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

3. CASH

Cash accounts bear interest at rates ranging from 0.85% to 1.75% [2014 to 1.00% to 1.75%].

4. LONG-TERM INVESTMENTS

	2015 $	2014 $
Province of Ontario bonds, bearing interest at 8.10%, due September 2023	**148,579**	140,017
Bank of Nova Scotia common stock	**5,083**	—
	153,662	140,017

5. CAPITAL ASSETS

	2015		
	Cost $	**Accumulated depreciation $**	**Net book value $**
Donor Board	**21,483**	**3,463**	**18,020**

	2014		
	Cost $	**Accumulated depreciation $**	**Net book value $**
Donor Board	21,483	2,031	19,452

Seven Oaks General Hospital Foundation Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

6. RELATED PARTY TRANSACTIONS

As at March 31, 2015, the Foundation owes the Hospital $24,585 [2014 – $73,071]. This amount is settled monthly and is non-interest bearing.

Included in salaries and benefits are fees in the amount of $22,132 [2014 – $22,132] paid to Ancillary Operations in relation to the Access to Care program.

7. EMPLOYEE FUTURE BENEFITS

[a] Accrued pre-retirement benefits

The Winnipeg Regional Health Authority undertook an actuarial valuation of the accrued pre-retirement entitlements during the year, which included the pre-retirement benefits of the Foundation.

The significant actuarial assumptions adopted in measuring the Foundation's accrued benefit obligations are:

	2015 %	2014 %
Discount rate	**2.550**	3.350
Salary escalation	**3.500**	3.000
EARSL	**4.5 years**	8.3 years

The significant actuarial assumptions adopted in measuring the Foundation's expense for the retirement benefit plan are as follows:

	2015 %	2014 %
Discount rate	**3.350**	2.125
Salary escalation	**3.000**	3.000

Pre-retirement benefits are based on years of service upon retirement for employees of the Foundation. During the year, accrued pre-retirement benefits increased by $2,000 [2014 – $69].

[b] Pension plan

Employees are members of the Healthcare Employees Pension Plan ["HEPP" or the "Plan"]. HEPP is a specified multi-employer, defined benefit, highest consecutive average earnings, contributory pension plan available to all eligible employees.

Actual contributions to the Plan made during the year by the Foundation on behalf of its employees amounted to $8,489 [2014 – $8,300] and are included in salaries and benefits expense in the statement of operations.

The most recent valuation for financial reporting purposes completed by the Plan as at December 31, 2013 disclosed net assets available for benefits of $5,490,933,838 with pension obligations of $5,231,833,000 resulting in a surplus of $259,100,838.

8. FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 – valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

The fair value hierarchy required the use of observable data on the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant input has been considered in measuring fair value.

The Foundation's long-term investments are recorded at fair value using Level 2 inputs. All other financial assets and liabilities are classified as Level 1.

Financial risks

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Foundation is exposed to cash flow risk with respect to floating rate financial instruments. The Foundation is exposed to interest rate price risk with respect to investments with fixed interest rates.

Liquidity risk

The Foundation is exposed to the risk that it will encounter difficulties in meeting obligations associated with its financial liabilities. To manage liquidity risk, the Foundation keeps sufficient resources readily available to meet its obligations. The Foundation's current liabilities mature within 12 months.

9. DONATIONS TO SEVEN OAKS GENERAL HOSPITAL

During fiscal 2015, the Board approved donations to the Hospital in the amount of $105,540 [2014 – $169,550] to support various projects.

10. COMMITMENTS

As at March 31, 2015, the Foundation has commitments in the amount of nil [2014 – $88,995] to the Hospital for the Access to Care Project.

Sexuality Education Resource Centre Manitoba, Inc.
Financial Statements
March 31, 2015

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CHARTERED ACCOUNTANTS

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& partners
CHARTERED ACCOUNTANTS

500 - Five Donald Street
Winnipeg, Manitoba R3L 2T4
Tel: (204) 284-7060
Fax: (204) 284-7105
www.bookeandpartners.ca

Independent Auditors' Report

To the Members of
Sexuality Education Resource Centre Manitoba, Inc.

We have audited the accompanying financial statements of Sexuality Education Resource Centre Manitoba, Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Sexuality Education Resource Centre Manitoba, Inc. as at March 31, 2015, 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.

Booke & Partners

Winnipeg, Canada
May 27, 2015

Chartered Accountants

Sexuality Education Resource Centre Manitoba, Inc.
Statements of Operations and Changes in Net Assets
Year Ended March 31

	2015	2014
Revenues (Page 11)	**$ 1,968,004**	$ 1,835,453
Expenditures (Page 11)	**1,937,531**	1,776,350
Excess of revenues over expenditures from operations	**30,473**	59,103
Pre-retirement leave (Note 7)	**1,785**	1,569
Excess of revenues over expenditures	**$ 32,258**	$ 60,672

	Unrestricted	Internally Restricted	2015	2014
Net assets, beginning of year	$ 273,308	$ 13,194	**$ 286,502**	$ 225,830
Excess of revenues over expenditures	32,258	-	**32,258**	60,672
Transfer (Note 10)	607	(607)	**-**	-
Net assets, end of year	$ 306,173	$ 12,587	**$ 318,760**	$ 286,502

See accompanying notes to the financial statements.

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Sexuality Education Resource Centre Manitoba, Inc.
Statement of Financial Position

March 31

	2015	2014 (Note 14)
Assets		
Current		
Cash and short term deposits	$ 906,657	$ 772,072
Receivables (Note 3)	89,423	139,085
Prepaids	16,709	17,217
	1,012,789	928,374
Pre-retirement leave receivable from Winnipeg Regional Health Authority (Note 7)	47,411	52,626
Capital assets (Note 4)	81,630	62,533
	$ 1,141,830	$ 1,043,533
Liabilities		
Current		
Payables and accruals (Note 5)	$ 344,338	$ 287,911
Deferred revenue (Note 6)	346,859	330,247
	691,197	618,158
Pre-retirement leave (Note 7)	101,000	108,000
Deferred contributions related to capital assets (Note 8)	30,873	30,873
	823,070	757,031
Net Assets		
Unrestricted	306,173	273,308
Internally restricted (Note 9)	12,587	13,194
	318,760	286,502
	$ 1,141,830	$ 1,043,533

Commitments (Note 11)

Approved by the Board

Original document signed ________ Director   Original document signed ________ Director

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Sexuality Education Resource Centre Manitoba, Inc.
Statement of Cash Flows

March 31	2015	2014
Cash flows from operating activities		
Cash received from:		
Winnipeg Regional Health Authority	**$ 1,268,835**	$ 1,167,840
Northern Manitoba Regional Health Authority	**35,000**	35,000
Province of Manitoba	**40,200**	70,120
Government of Canada	**406,416**	291,871
United Way	**131,229**	130,525
Foundations	**65,084**	37,457
Donations	**531**	1,490
Interest	**7,514**	7,274
Other sources	**85,209**	80,691
Cash paid for:		
Human resources and benefits	**(1,355,675)**	(1,304,480)
Materials and services	**(514,935)**	(468,513)
Interest	**(76)**	(217)
Net cash generated from operating activities	**169,332**	49,058
Cash flows used in financing and investing activities		
Purchase of capital assets	**(34,747)**	(15,558)
Net increase in cash	**134,585**	33,500
Cash and short term deposits, beginning of year	**772,072**	738,572
Cash and short term deposits, end of year	**$ 906,657**	$ 772,072

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

1. Purpose of the organization

Sexuality Education Resource Centre Manitoba, Inc. (the Organization) is committed to promoting universal access to comprehensive, reliable information and services by fostering awareness, understanding and support through education on sexuality and related health issues.

The Organization is an incorporated not-for-profit organization and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

b) Capital assets

Purchased capital assets are recorded at cost. Amortization is provided at annual rates estimated to write off the assets over their estimated useful lives as follows:

Computers	20% Declining balance
Furniture and equipment	20% Declining balance
Leasehold improvements	Over the life of the lease

c) Allocation of expenses

The Organization classifies its expenses by program and allocates its salaries and benefits expense to a number of programs to which the expenses relate. Salaries and benefits expense has been allocated based on the number of hours incurred directly in the undertaking of the programs.

2. Summary of significant accounting policies - continued

d) Pre-retirement leave benefits

The cost of the Organization's employee pre-retirement leave benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions used in measuring the Organization's future employee benefit payable include retirement, termination and mortality rates, a discount rate of 2.9% (2014 - 3.6%), a rate of salary increase of 3.5% (2014 - 3.0%) plus an age-related merit/promotion scale with provision for disability.

e) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

f) Financial instruments

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market, or price risks arising from its financial instruments.

Sexuality Education Resource Centre Manitoba, Inc.
Notes to the Financial Statements
March 31, 2015

3. Receivables

	2015	2014 (Note 14)
Receivable from Winnipeg Regional Health Authority	**$ 38,645**	$ 40,742
Grants receivable	**32,018**	83,646
GST receivable	**9,887**	8,795
Other receivables	**8,873**	5,902
	$ 89,423	$ 139,085

4. Capital assets

	Cost	**Accumulated Amortization**	**2015 Net Book Value**
Winnipeg			
Computers	**$ 63,311**	**$ 34,844**	**$ 28,467**
Furniture and equipment	**84,751**	**65,147**	**19,604**
Leasehold improvements	**13,010**	**2,917**	**10,093**
Brandon			
Computers	**10,880**	**10,486**	**394**
Furniture and equipment	**8,556**	**2,855**	**5,701**
Leasehold improvements	**18,612**	**1,241**	**17,371**
	$ 199,120	**$ 117,490**	**$ 81,630**

	Cost	Accumulated Amortization	2014 Net Book Value
Winnipeg			
Computers	$ 96,784	$ 71,590	$ 25,194
Furniture and equipment	84,751	60,246	24,505
Leasehold improvements	13,010	2,049	10,961
Brandon			
Computers	10,880	10,388	492
Furniture and equipment	2,811	1,430	1,381
	$ 208,236	$ 145,703	$ 62,533

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CHARTERED ACCOUNTANTS

5. Payables and accruals

	2015	2014
Vacation pay and salary accrual	$ **134,954**	$ 120,518
Trade	**209,384**	167,393
	$ **344,338**	$ 287,911

6. Deferred revenue

Deferred revenue relates to restricted funding received in the current year that is related to the subsequent year.

	2015	2014
Balance, beginning of year	$ **330,247**	$ 293,326
Less amount recognized as revenue in the year	**(8,793)**	(15,532)
Add amount received related to the following year	**25,405**	52,453
Balance, end of year	$ **346,859**	$ 330,247

Included in deferred revenue is $77,195 (2014 - $77,195) from the WRHA.

7. Pre-retirement leave benefits

The Organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006, the Organization was instructed by the Winnipeg Regional Health Authority to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the Organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the Organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. Actual expenditures for pre-retirement payouts are recorded in operations.

Change in obligation	2015	2014
Opening balance	$ **108,000**	$ 113,028
Decrease in obligation	**(7,000)**	(5,028)
	$ **101,000**	$ 108,000
Pre-retirement leave		
Current year retirement benefits paid	$ **(1,925)**	$ (27,121)
Current year recovery	**1,925**	28,195
Decrease in obligation	**7,000**	5,028
Decrease in receivable	**(5,215)**	(4,533)
	$ **1,785**	$ 1,569

booke & partners CHARTERED ACCOUNTANTS

8. Deferred contributions related to capital assets

Deferred contributions related to property and equipment represent grants and contributions for computers, furniture and equipment and leasehold improvements. Deferred contributions are amortized on the schedule of operations. Amortization was provided in the current year for $Nil (2014 - $9,958).

Included in deferred contributions related to capital assets is $17,009 (2014 - $17,009) from the WRHA.

9. Internally restricted net assets

Internally restricted net assets represent funds designated by the Board of Directors for the purpose of website redevelopment.

10. Transfer

During the year, a transfer was made of $607 (2014 - $4,818) from internally restricted net assets to unrestricted net assets to cover the costs of website redevelopment.

11. Lease commitments

The Organization leases office space at Unit C, 1700 Pacific Avenue in Brandon, Manitoba. The lease is for five years and expires November 30, 2019. The annual rental lease payment is $19,200.

The Organization leases office space at Suite 109, 55 Selkirk Avenue in Thompson, Manitoba. The lease is for two years and expires March 31, 2017. The annual rental lease payment is $5,520.

The Organization leases office space at 226 Osborne Street North in Winnipeg, Manitoba. The lease is for fifteen years and expires August 31, 2024. The annual rental lease payment is $36,800 with annual increases of $3,200.

The Winnipeg Regional Health Authority has committed to subsidize a portion of the 226 Osborne Street North lease starting in year two of the lease term in the amount of approximately $4,000 per year, to be increased by 2% annually.

12. Pension

Effective January 1, 2008, the Organization adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the Plan). As part of the agreement, the Organization's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made to the Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, $80,930 (2014 - $62,358) was expensed for the purpose of the Plan.

Pension contributions are included in employee benefits expense of the applicable programs.

13. Economic dependence

The volume of financial activity undertaken by the Organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

14. Comparative figures

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

Sexuality Education Resource Centre
Schedule of Operations
Year Ended March 31

		The 595 Prevention Team	2015 Total	2014 (Note 14) Total
Revenues				
Grants				
Winnipeg Regional Health Authority				
Fixed payments	-	$ 70,000	$ 1,218,158	$ 1,181,516
Other funding	-	-	45,817	7,264
Capital grant (Note 8)	-	-	-	9,958
Government of Canada				
Health Canada	-	209,383	257,067	221,922
Canadian Institutes of Health Research	-	6,756	6,756	26,623
Canadian Immigration Citizenship	2	-	103,902	103,260
Province of Manitoba				
Manitoba Health	-	40,200	40,200	45,658
United Way				
Winnipeg	-	-	119,312	103,662
Brandon	-	-	13,000	13,000
Canadian Women's Foundation	-	-	48,170	15,588
CancerCare	-	-	600	705
Jewish Foundation of Manitoba	-	-	9,381	-
Nine Circles Community Health Centre Inc.	-	-	-	10,000
Northern Manitoba Regional Health Authority	-	35,000	35,000	35,000
Donations	-	-	531	1,490
Interest	-	-	7,514	7,274
Administrative fee recoveries and other	-	8,639	62,596	52,533
Total revenues	2	369,978	1,968,004	1,835,453
Expenditures				
Salaries	4	191,131	1,114,494	1,060,683
Contract fees	0	13,998	40,812	55,508
Honoraria	-	13,370	19,770	26,301
Benefits (Note 12)	5	16,348	189,296	165,252
Amortization	-	-	15,650	9,861
Bank charges and interest	-	44	76	217
Evaluation	-	7,500	22,250	930
Insurance	-	972	3,683	3,403
Membership and dues	-	-	1,208	882
Office supplies and services	3	13,270	51,962	36,682
Postage and delivery	-	100	1,287	3,547
Professional development	0	1,783	7,701	4,173
Professional fees	-	-	25,180	8,325
Program costs	3	54,552	147,754	140,692
Promotion	-	-	19,149	15,385
Occupancy	-	25,461	153,441	136,219
Other	-	-	4,761	3,352
Repairs and maintenance	6	1,080	42,086	25,148
Travel	1	21,575	40,566	40,893
Telephone	-	8,377	35,350	34,079
Website	-	417	1,055	4,818
Total expenditures	2	369,978	1,937,531	1,776,350
Excess of revenues over expenditures	-	$ -	$ 30,473	$ 59,103

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& partners
CHARTERED ACCOUNTANTS

SHARON HOME FUND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

SOUTHEAST PERSONAL CARE HOME INC.

Financial Statements
For the year ended March 31, 2015

SOUTHEAST PERSONAL CARE HOME INC.

Financial Statements
For the year ended March 31, 2015

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Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of SOUTHEAST PERSONAL CARE HOME INC.

We have audited the accompanying financial statements of **SOUTHEAST PERSONAL CARE HOME INC.**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **SOUTHEAST PERSONAL CARE HOME INC.** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 3, 2015

SOUTHEAST PERSONAL CARE HOME INC.
Statement of Financial Position

March 31	2015	2014
Assets		
Current Assets		
Cash and bank	$ 574,455	$ 557,559
Short-term investment (Note 4)	1,531,586	-
Accounts receivable (Note 2)	294,048	295,648
Prepaid expenses	10,487	5,787
	2,410,576	858,994
Retirement obligations receivable (Note 5)	66,000	58,002
Capital assets (Note 6)	20,314,047	20,964,742
Long-term investment (Note 4)	900,000	1,500,000
	$ 23,690,623	$ 23,381,738
Liabilities and Net Assets		
Current Liabilities		
Loan payable due on demand (Note 8)	$ 18,941	$ 108,221
Accounts payable and accrued charges (Note 7)	363,015	354,071
Due to Winnipeg Regional Health Authority (Note 3)	3,185,449	2,174,451
Resident deposits	9,259	8,622
Accrued vacation entitlements	200,548	162,191
	3,777,212	2,807,556
Accrued retirement obligations (Note 5)	66,000	58,002
Deferred Contributions (Note 9)		
Capital assets	18,189,918	18,653,909
	22,033,130	21,519,467
Commitments and contingencies (Note 11)		
Net assets		
Invested in capital assets	2,124,129	2,310,833
Unrestricted	(466,636)	(448,562)
	1,657,493	1,862,271
	$ 23,690,623	$ 23,381,738

Approved on behalf of the Board:

Original document signed Director Original document signed Director

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

SOUTHEAST PERSONAL CARE HOME INC.
Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Winnipeg Regional Health Authority	**$ 4,248,001**	$ 4,133,876
Residential charges	**1,156,451**	1,173,880
Aboriginal Affairs and Northern Development Canada	**1,028,591**	1,036,342
Deferred contributions recognized for amortization	**696,374**	692,966
Other Income	**21,787**	19,654
Interest income	**40,103**	8,215
	7,191,307	7,064,933
Expenditures		
Administration	**492,388**	522,657
Amortization	**696,374**	692,966
Bad debt expense	**33,488**	20,396
Housekeeping	**169,727**	160,916
Interest and bank charges	**1,880**	4,565
Laundry and linen	**122,214**	118,628
Nursing	**3,507,864**	3,326,112
Nutrition and food services	**705,490**	713,519
Plant operation	**147,417**	163,152
Pre-retirement obligations	**7,998**	21,874
Recreation	**140,462**	136,756
Social work	**50,262**	39,924
Staff development	**20,072**	21,412
Utilities, taxes and insurance	**289,451**	265,180
	6,385,087	6,208,057
Excess of revenue over expenditures before other item	**806,220**	856,876
Other Item		
WRHA surplus recovery	**(1,010,998)**	(1,104,268)
Deficiency of revenue over expenditures for the year	**$ (204,778)**	$ (247,392)

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

SOUTHEAST PERSONAL CARE HOME INC.
Statement of Changes in Net Assets

For the year ended March 31			2015	2014
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	$ 2,310,833	$ (448,562)	$ 1,862,271	$ 2,109,663
Excess (deficiency) of revenue over expenditures for the year	-	(204,778)	(204,778)	(247,392)
Net changes in investment in capital assets (Note 10)	(186,704)	186,704	-	-
Balance, end of year	$ 2,124,129	$ (466,636)	$ 1,657,493	$ 1,862,271

SOUTHEAST PERSONAL CARE HOME INC.
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures for the year	$ (204,778)	$ (247,392)
Items not involving cash		
Amortization of capital assets	696,374	692,966
Amortization of deferred contributions	(696,374)	(692,966)
	(204,778)	(247,392)
Changes in non-cash working capital:		
Accounts receivable	1,600	(94,678)
Due to WRHA	1,010,998	1,062,147
Holdback asset	-	29,894
Prepaid expenses	(4,700)	143,398
Retirement obligations receivable	(7,998)	(21,874)
Holdback payable	-	(29,894)
Accounts payable and accrued liabilities	8,944	(170,886)
Resident deposits	637	(2,340)
Accrued retirement obligations	7,998	21,874
Accrued vacation entitlements	38,357	3,222
	1,055,836	940,863
	851,058	693,471
Cash Flows from Financing Activities		
Decrease in loan payable	(89,280)	(89,280)
Receipt of deferred contributions related to capital assets	232,383	-
	143,103	(89,280)
Cash Flows from Investing Activities		
Purchase of capital assets	(45,679)	(129,117)
Increase in investments	(931,586)	(1,500,000)
	(977,265)	(1,629,117)
Net increase (decrease) in cash and cash equivalents	16,896	(1,024,926)
Cash and cash equivalents, beginning of year	557,559	1,582,485
Cash and cash equivalents, end of year	$ 574,455	$ 557,559

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

For the year ended March 31, 2015

1. **Nature of Operations and Summary of Significant Accounting Policies**

Nature and Purpose of the Organization

The Southeast Personal Care Home Inc. ("the Organization") was incorporated under the Manitoba Corporations Act in 2009. The Organization is principally involved in providing long-term care and related services to Aboriginal people.

The Organization has been established as a not-for-profit Organization, incorporated without share capital and as such is exempt from income taxes.

Management's Responsibility for the Financial Statements

The financial statements of the Organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

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

Buildings	40 years
Land improvements	10 years
Equipment	5 years
Computers	3 years

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimated assumptions.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Organization is funded primarily by the Province of Manitoba, through the Winnipeg Regional Health Authority (WRHA). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by WRHA with respect to the year ended March 31, 2015.

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

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 Organization 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 expenditures in accordance with the WRHA funding guidelines. The Organization 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 Organization. After the WRHA reviews the 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.

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 operations. 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.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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.

2. Accounts Receivable

	2015	2014
Residential charges receivable	$ 22,303	$ 39,530
Aboriginal Affairs and Northern Development Canada	-	165,344
GST receivable	17,739	32,784
Winnipeg Regional Health Authority	223,313	44,228
Accrued interest receivable	16,361	7,875
Other receivables	24,688	28,163
Allowance for doubtful accounts	(10,356)	(22,276)
	$ 294,048	$ 295,648

3. Due to Winnipeg Regional Health Authority

Any operating surplus related to Out of Globe funding arrangement or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is repayable to the WRHA. Those surpluses that are retained by the Organization are subject to review by the WRHA.

	2015	2014
2014/2015 funding adjustment	$ (1,010,998)	$ -
2013/2014 funding adjustment	(1,104,268)	(1,104,268)
2012/2013 funding adjustment	(974,540)	(974,540)
2011/2012 funding adjustment	(95,643)	(95,643)
	$ (3,185,449)	$ (2,174,451)

4. Investments

Long-term investment certificates at the First Nations Bank with interest rate between 2.1% and 2.45% with maturity dates between December 24, 2015 and March 27, 2018.

	2015	2014
Investments	$ 2,431,586	$ 1,500,000
Less amounts reclassified to short-term	(1,531,586)	-
Long-term investment	$ 900,000	$ 1,500,000

5. Employee Future Benefits

a) Accrued retirement obligation

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

Four days 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 Organization undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Organization's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.55% (2014 - 3.6%) and a rate of salary increase of 3.5% (2014 - 3.0%) plus age related merit/promotion scale with a provision for potential disability.

The Province has included in its ongoing annual funding to the Organization, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

	2015	2014
Employee future benefits recoverable from Winnipeg Regional Health Authority	$ 66,000	$ 58,002

For the year ended March 31, 2015

5. Employee Future Benefits (continued)

An analysis of the changes in the employee benefits payable is as follows:

	2015	2014
Balance, beginning of year	$ 58,002	$ 36,128
Net increase in pre-retirement entitlements	7,998	21,874
Balance, end of year	$ 66,000	$ 58,002

b) Pension Plan

Substantially all of the employees of the Organization are members of the Healthcare Employees Benefits 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 contributions 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, 2013, indicated a solvency deficiency. The deficiency will be funded out of the current contributions in the subsequent years. Contributions to the Plan made during the year by the Organization on behalf of its employees amounted to $273,388 (2014 - $228,529) and are included in the statement of operations.

6. Capital Assets

	2015 Cost	2015 Accumulated Amortization	2014 Cost	2014 Accumulated Amortization
Land	$ 2,181,716	$ -	$ 2,181,716	$ -
Land improvements	38,113	(1,906)	-	-
Buildings	19,567,730	(1,705,722)	19,567,730	(1,216,529)
Equipment	830,395	(596,279)	822,830	(430,957)
Computers	122,461	(122,461)	122,461	(82,509)
	$ 22,740,415	$ (2,426,368)	$ 22,694,737	$ (1,729,995)
Cost less accumulated amortization		$ 20,314,047		$ 20,964,742

7. Accounts Payable

	2015	2014
Trade accounts payable	$ 25,823	$ 22,133
Salaries and employee benefits payable	310,854	304,557
Accrued Liabilities	26,338	27,381
	$ 363,015	$ 354,071

8. Loan Payable

Term loan due on demand requiring monthly payments of $7,440 plus interest at 3%, secured by a letter of comfort from the Province of Manitoba.

9. Deferred Contributions

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2015	2014
Balance, beginning of year	$ 18,653,909	$ 19,346,875
Additional contributions received		
WRHA	232,383	-
Less amounts amortized to revenue	(696,374)	(692,966)
Balance, end of year	$ 18,189,918	$ 18,653,909

10. Investment in Capital Assets

A. Investment in capital assets is calculated as follows:

	2015	2014
Capital assets	**$ 20,314,047**	$ 20,964,742
Amounts financed by Deferred contributions	**(18,189,918)**	(18,653,909)
	$ 2,124,129	$ 2,310,833

B. Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Excess of revenues over expenses		
Deferred contributions recognized for amortization	**$ 696,374**	$ 692,966
Amortization of capital assets	**(696,374)**	(692,966)
	$ -	$ -
Net changes in investment in capital assets		
Purchase of capital assets	**$ 45,679**	$ 129,117
Amounts funded by: WRHA funding	**(232,383)**	-
	$ (186,704)	$ 129,117

11. Commitments and Contingencies

a) The nature of the Organization's activities is such that there is usually litigation pending or in prospect at any time. There are no potential claims at March 31, 2015.

b) 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, if 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, 2015.

The Organization is a named insured under the policy with HIROC.

12. Financial Instrument Risk

The Organization is exposed to different types of risk in the normal course of operations. 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. The following analysis provides a measurement of those risks.

Credit Risk

Credit risk is the risk that the Organization will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments which potentially subject the Organization to credit risk consist principally of accounts receivable.

The Organization's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Residential charges receivable	$ 22,303	$ 39,530
Aboriginal Affairs and Northern Development Canada	-	165,344
GST receivable	17,739	32,784
Winnipeg Regional Health Authority	223,313	44,228
Accrued interest receivable	16,361	7,875
Other receivables	24,688	28,163
Allowance for Doubtful Accounts	(10,356)	(22,276)
	$ 294,048	$ 295,648

Accounts receivable: The Organization 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 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.

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

Aboriginal Affairs and Northern Development Canada: The Organization is not exposed to significant credit risk as these receivables are from the federal government.

12. Financial Instrument Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to significant interest rate risk, as its cash in bank is held in short-term products.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirement, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or maybe be unable to settle or recover a financial asset. Liquidity risk arises from demand loans.

Financial Statements of

TABOR HOME INC.

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tabor Home Inc.

We have audited the accompanying financial statements of Tabor Home Inc., which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Tabor Home Inc. as at March 31, 2015, 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.

Deloitte LLP

Chartered Accountants

May 29, 2015
Winnipeg, Manitoba

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TABOR HOME INC.
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and short term investments	$ 1,710,835	$ 870,454
Accounts receivable	79,257	10,901
Prepaid expenses	14,163	13,218
Vacation entitlement receivable (Note 5)	190,579	190,579
	1,994,834	1,085,152
PRE-RETIREMENT ENTITLEMENT (NOTE 5)	392,000	371,000
CAPITAL ASSETS (NOTE 6)	1,251,384	1,398,038
ASSETS HELD FOR SALE (NOTE 7)	148,025	614,716
	$ 3,786,243	$ 3,468,906
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 230,595	$ 194,816
Accrued vacation entitlement (Note 5)	273,279	258,262
Due to Southern Health - Santé Sud (Note 4)	16,153	72,972
Advanced payments received	159,346	149,632
Residents' trust fund	12,666	7,715
Current portion of mortgage payable (Note 8)	23,888	22,305
	715,927	705,702
PRE-RETIREMENT ENTITLEMENT (Note 5)	392,000	371,000
MORTAGE PAYABLE (Note 8)	107,038	132,091
DEFERRED CONTRIBUTIONS EXPENSES OF FUTURE PERIODS (Note 9)	316,891	209,824
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	1,060,751	1,192,339
	2,592,607	2,610,956
NET ASSETS		
Invested in capital assets (Note 10)	207,732	666,019
Unrestricted	985,904	191,931
	1,193,636	857,950
	$ 3,786,243	$ 3,468,906

APPROVED BY THE BOARD

Original document signed
.... Director

Original document signed
.... rector

TABOR HOME INC.
Statement of Operations
Year ended March 31, 2015

	2015	2014
REVENUE		
Southern Health - Santé Sud (Note 11)	$ 3,803,687	$ 3,683,026
Non-insured	943,390	958,958
Non personal care home income (expense)	8	(278)
Miscellaneous income	40,283	39,514
Amortization of deferred contributions - expenses of future periods	3,116	2,660
Amortization of deferred contributions - capital assets	167,732	171,375
	4,958,216	4,855,255
EXPENSES		
Long term care - institutional based (Schedule 1)	4,528,229	4,411,027
Long term care - adult day care (Schedule 2)	106,050	94,479
Amortization	167,732	173,385
Major repairs	-	4,356
Pre-retirement benefit	35,828	23,459
Pharmacy capitation	27,504	26,976
	4,865,343	4,733,683
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	92,873	121,572
OTHER INCOME (NOTE 7)	242,813	350,000
EXCESS OF REVENUE OVER EXPENSES	$ 335,686	$ 471,572

TABOR HOME INC.
Statement of Changes in Net Assets
March 31, 2015

	2015		
	Invested in Capital Assets	**Unrestricted**	**Total**
Balance, beginning of year	**$ 666,019**	**$ 191,931**	**$ 857,950**
Excess of revenue over expenses	**212,104**	**123,582**	**335,686**
Interfund transfer	**(670,391)**	**670,391**	**-**
Balance, end of year	**$ 207,732**	**$ 985,904**	**$ 1,193,636**

	2014		
	Invested in Capital Assets	Unrestricted	Total
Balance, beginning of year	$ 69,844	$ 316,534	$ 386,378
Excess of revenue over expenses	347,990	123,582	471,572
Interfund transfer	248,185	(248,185)	-
Balance, end of year	$ 666,019	$ 191,931	$ 857,950

TABOR HOME INC.
Statement of Cash Flows
Year ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 335,686	$ 471,572
Items not affecting cash:		
Amortization	167,732	173,385
Amortization of deferred contributions - expenses of future periods	(3,116)	(2,660)
Amortization of deferred contributions - capital assets	(167,732)	(171,375)
Other income	(242,201)	(350,000)
	90,369	120,922
Changes in non-cash working capital accounts:		
Accounts receivable	(68,356)	(945)
Prepaid expenses	(945)	(3,146)
Accounts payable and accrued liabilities	35,779	(34,809)
Accrued vacation entitlement	15,017	(1,873)
Residents' trust fund	4,951	(1,923)
Due to related party	-	(96,809)
Advanced payments received	9,714	
Due to Southern Health - Santé Sud	(56,819)	(79,667)
	29,710	(98,250)
FINANCING ACTIVITIES		
Deferred contributions received - expenses of future periods	110,183	36,851
Deferred contributions received - capital assets	36,144	41,808
Repayment of mortgage	(23,470)	(22,038)
	122,857	56,621
INVESTING ACTIVITIES		
Purchase of capital assets	(21,077)	(3,240)
Purchase of asset held for sale	(6,999)	(264,716)
Sale of asset held for sale	715,890	-
	687,814	(267,956)
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	840,381	(309,585)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	870,454	1,180,039
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 1,710,835	$ 870,454

1. NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

These financial statements present the financial position and results of operations of the personal care home division of Tabor Home Inc. As such, these financial statements do not include the assets, liabilities, equity, revenues and expenses of the other division of the corporation (Housing Units and Apartments Division).

The housing units and apartments have not been included in these financial statements. Financial statements of the housing units and apartments are available on request. Financial summaries of the non-consolidated entities are included in Note 13.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) *Revenue recognition*

The Facility follows the deferral method of accounting for contributions which include donations and government grants. The Facility is funded primarily by the Province of Manitoba, through SHSS. Funding is in accordance with budget arrangements established by Manitoba Health, with regional adjustments made by SHSS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of the fiscal year are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2015.

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.

Internally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue recognition (continued)

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

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

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

b) SHSS Funding

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

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

c) Contributed services

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

d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value.

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

Buildings	2.5%
Equipment	10%

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Pre-retirement entitlement obligation

The Facility has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they have ten years service and have reached the age of 55 or qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

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

f) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

g) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. The Facility subsequently measures all its financial assets and financial liabilities at amortized cost.

h) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of significant estimates relate to the useful life of capital assets and pre-retirement entitlement. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

4. DUE TO SOUTHERN HEALTH – SANTÉ SUD

	2015	2014
Balance, beginning of year	$ **72,972**	$ 152,639
RHA budget adjustment	**107,015**	(43,108)
Out of Globe adjustment	**(74,313)**	(36,559)
CUPE and HUB increases	**(89,521)**	-
	$ **16,153**	$ 72,972

5. VACATION AND PRE-RETIREMENT ENTITLEMENT RECEIVABLES

	2015	2014
Vacation entitlement receivable	$ **190,579**	$ 190,579
Pre-retirement entitlement receivable	$ **392,000**	$ 371,000

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

Funding for the pre-retirement obligation at March 31, 2015 in the amount of $392,000 has been set up as a non-current receivable from SHSS. The amount recorded as a receivable for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, SHSS has included in its ongoing annual funding to the Facility, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by SHSS when the Facility requires the funding to discharge the related pre-retirement liabilities. The significant actuarial assumptions adopted in measuring the Facility's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.55% (3.35% in 2014) and a rate of salary increase of 3.5% (3.0% in 2014) plus age related merit / promotion scale with actuarial derived provisions for disability.

6. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and land improvements	$ 48,996	$ -	$ 48,996	$ 48,996
Buildings	1,280,741	949,182	331,559	344,137
Equipment	1,790,485	919,656	870,829	1,004,905
	$ 3,120,222	$ 1,868,838	$ 1,251,384	$ 1,398,038

7. ASSETS HELD FOR SALE

The assets held for sale pertains to a parcel of land that was acquired in the prior year and subdivided into five parcels of land, including one parcel of land suitable for a road allowance. During the year the Town of Morden committed to servicing one of the parcels of land for an estimated cost of $242,201. This amount is recorded as a donation and is recorded in Other Income. Before year end three parcels were sold for gross proceeds of $716,494 and a gain of $612 was recorded in Other Income. The two remaining parcels, including the road allowance, are held for sale as at year end and have a cost of $148,025.

8. MORTGAGE PAYABLE

	2015	2014
CMHC loan	$ 130,926	$ 154,396
Less: current portion	(23,888)	(22,305)
	$ 107,038	$ 132,091

The CMHC loan bears interest at 6.875% and is repayable in monthly blended amounts of $2,693 and matures December 1, 2019.

Principal repayments over the next four years are expected to be as follows:

2016	$ 23,888
2017	25,583
2017	27,398
2018	29,342
2019	27,196

9. DEFERRED CONTRIBUTIONS

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

	2015	2014
Expenses of future periods		
Balance, beginning of year	$ 209,824	$ 175,633
Add: additional contributions received	110,183	36,851
Less: amounts amortized to revenue	(3,116)	(2,660)
	$ 316,891	$ 209,824

	2015	2014
Related to capital assets		
Balance, beginning of year	$ 1,192,339	$ 1,321,906
Add: additional contributions received	36,144	41,808
Less: amounts amortized to revenue	(167,732)	(171,375)
	$ 1,060,751	$ 1,192,339

10. NET ASSETS – INVESTED IN CAPITAL ASSETS

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

	2015	2014
Capital assets	$ 1,251,384	$ 1,398,038
Asset held for sale	148,025	614,716
Amounts financed by deferred contributions	(1,060,751)	(1,192,339)
Amounts financed by mortgage payable	(130,926)	(154,396)
	$ 207,732	$ 666,019

b) *Changes in net assets invested in capital assets is calculated as follows:*

	2015	2014
Amortization of deferred contributions related to capital assets	$ 167,732	$ 171,375
Amortization of capital assets	(167,732)	(173,385)
Self funded mortgage payments	23,470	22,038
Amounts funded by deferred contributions	(36,144)	(41,808)
Amount donated by Tabor Foundation Inc.	-	350,000
Amount donated by Town of Morden	242,201	-
Sale of assets held for sale	(715,890)	-
Capital asset purchases	28,076	267,955
	$ (458,287)	$ 596,175

11. SOUTHERN HEALTH – SANTÉ SUD REVENUE

Southern Health – Santé Sud revenue includes the following:

	2015	2014
Revenue per final budget	$ 3,657,443	$ 3,590,645
Provincially funded debt	(15,067)	(15,067)
	3,642,376	3,575,578
Current year's estimated out of globe amounts	72,113	36,647
Retroactive salary approvals	89,198	24,944
Support to Seniors in Group Living funding	-	45,857
Revenue for the year	$ 3,803,687	$ 3,683,026

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

12. PENSION PLAN

Substantially all employees of the Facility are members of the Health Employees' Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities with the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for a defined contribution plan in accordance with the requirement of the Canadian Institute of Chartered Accountants' Handbook section 3462.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan's investment policy. Pension expense is based on best estimates, in consultation with its actuaries, of the amount, together with the 6.8% of basic annual earnings up to the Canada Pension Plan ceiling and 8.4% of earnings in excess of the ceiling, contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employee contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2013, indicates a deficiency of actuarial value of net assets over actuarial present value of accrued pension benefits of $203,558,000 as well as a solvency deficiency of $1,097,114,000. Actual contributions to the plan made during the year by the Facility on behalf of its employees amounted to $239,825 (2014 - $212,375) and are included in the statement of operations.

13. HOUSING UNITS AND APARTMENTS DIVISIONAL RESULTS

During fiscal 2014, the housing and apartment units were sold for proceeds of $410,000, resulting in a gain on disposal of $325,898. The financial position and operating results, including the gain on disposal of the housing units and apartments division, are not recorded in these financial statements (Note 2). The following is a financial summary of Tabor Home Inc.'s housing and apartment divisional results

13. HOUSING UNITS AND APARTMENTS DIVISIONAL RESULTS (continued)

Summarized balance sheet	2015	2014
Assets		
Current	$ 577,090	$ 471,398
Restricted	-	108,738
	577,090	580,136
Liabilities		
Current	-	2,500
Net Assets	577,090	577,636
	$ 577,090	$ 580,136

Summarized income statement	2015	2014
Revenue	$ -	$ 49,387
Gain on disposal of assets	-	325,898
Expenses	-	41,226
Surplus for the year	$ -	$ 334,059

14. ECONOMIC DEPENDENCE

The Facility receives approximately 77% of its total revenue from SHSS and is economically dependent on SHSS for its continued operations.

15. CAPITAL MANAGEMENT

The Facility defines its capital as the amounts included in the Net Asset balances.

The Facility's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to its residents.

The Facility sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

TABOR HOME INC.

Statement of Expenses - Personal Care Home

Year ended March 31, 2015

	2015	2014
Departmental expenses		
Activities program	$ 120,303	$ 134,171
Administration	348,351	336,297
Building maintenance	167,358	150,844
Building operation	162,004	153,947
Chaplain	19,055	18,356
Dietary	543,411	513,757
Housekeeping	187,830	208,192
In-service education	70,695	55,547
Laundry and linen	125,207	124,347
Mortgage interest	12,829	10,929
Nursing services	2,714,926	2,656,271
Social work	48,341	41,550
Volunteer services	7,919	6,819
	$ 4,528,229	$ 4,411,027

Schedule 2

TABOR HOME INC.

Statement of Expenses - Adult Day Care Program

Year ended March 31, 2015

	2015	2014
Program expenses		
Employer benefits contribution	$ 16,967	$ 15,207
Salaries	74,431	66,867
Travel	14,652	12,405
	$ 106,050	$ 94,479

THE CONVALESCENT HOME OF WINNIPEG
FINANCIAL STATEMENTS
MARCH 31, 2015

THE CONVALESCENT HOME OF WINNIPEG

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PKBW GROUP 219 Fort Street Winnipeg, Manitoba Canada R3C 1E2

PK BW GROUP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS INC.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
THE CONVALESCENT HOME OF WINNIPEG:

We have audited the accompanying financial statements of **THE CONVALESCENT HOME OF WINNIPEG**, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The Home's preparation and fair presentation of the financial statements 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 Home's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **THE CONVALESCENT HOME OF WINNIPEG** as at March 31, 2015 and (of) its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PKBW Group
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

Winnipeg, Manitoba
June 18, 2015

T 204.942.0861 F 204.947.6834 E admin@pkbwgroup.ca A member of BHD ASSOCIATION OF CHARTERED ACCOUNTANTS with affiliated offices across Canada and internationally

THE CONVALESCENT HOME OF WINNIPEG

STATEMENT OF FINANCIAL POSITION

March 31, 2015

		2015	2014
ASSETS			
CURRENT			
Cash	$		66,028
Short-term investments (note 3)		**73,950**	76,736
Accounts receivable (note 4)		**55,664**	94,020
Due from Winnipeg Regional Health Authority (note 10)		**51,769**	13,925
Vacation entitlement receivable (note 5)		**171,526**	171,526
Prepaid expenses		**23,104**	32,385
		376,013	454,620
PRE-RETIREMENT ENTITLEMENT RECEIVABLE (note 11)		**427,683**	368,683
RESTRICTED CASH AND INVESTMENTS (note 6)		**133,524**	126,573
CAPITAL ASSETS (note 7)		**1,956,321**	1,928,498
		2,893,541	2,878,374
LIABILITIES			
CURRENT			
Bank indebtedness (note 8)		**110,635**	
Accounts payable and accrued liabilities (note 9)		**360,398**	393,529
Resident trust payable		**14,335**	23,412
Accrued vacation payable (note 5)		**274,252**	262,989
		759,620	679,930
COMMITMENTS AND CONTINGENCIES (note 12)			
ACCRUED PRE-RETIREMENT ENTITLEMENT (note 11)		**357,000**	298,000
DEFERRED CONTRIBUTIONS, EXPENSES OF FUTURE PERIODS		**133,524**	126,577
DEFERRED CONTRIBUTIONS, CAPITA		**1,248,554**	1,261,283
		2,498,698	2,365,790
NET ASSETS			
NET ASSETS (page 4)		**394,843**	512,584
	$	**2,893,541**	2,878,374

Approved on behalf of the Board

Original document signed
Director

Original document signed
Director

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

THE CONVALESCENT HOME OF WINNIPEG

STATEMENT OF OPERATIONS

For the year ended March 31, 2015

		2015	2014
REVENUE			
Winnipeg Regional Health Authority	$	**4,279,205**	4,113,145
Resident charges		**1,580,160**	1,579,947
Offset income		**22,863**	53,492
Unrealized gain on investment		**4,745**	9,568
		5,886,973	5,756,152
EXPENSES			
Electricity		**39,163**	37,304
Health and education levy		**73,375**	68,237
Insurance		**11,833**	2,962
Interest		**16,630**	19,414
Medical remuneration		**15,168**	13,604
Medical supplies and equipment		**109,896**	77,602
Natural gas		**32,723**	26,893
Operational supplies and services		**181,230**	172,482
Other employee benefits		**636,021**	628,677
Other nursing expenses		**30,477**	12,790
Plant maintenance		**130,864**	74,712
Property taxes		**18,469**	16,620
Purchased services		**855,688**	859,007
Resident travel		**3,180**	7,746
Salaries		**3,648,096**	3,425,112
Water and waste		**36,064**	38,145
		5,838,877	5,481,307
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR BEFORE OTHER ITEMS		**48,096**	274,845
OTHER ITEMS			
Amortization of deferred contributions		**60,034**	65,550
Amortization of capital assets		**(152,700)**	(138,529)
Change in retirement obligation		**(36,171)**	
		(128,837)	(72,979)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$	**(80,741)**	201,866

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

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2015

	INVESTED IN CAPITAL ASSETS	UNRESTRICTED	TOTAL 2015	TOTAL 2014
NET ASSETS, beginning of year	$ **667,215**	**(154,631)**	**512,584**	310,718
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**-**	**(80,741)**	**(80,741)**	201,866
PRE-RETIREMENT REMEASUREMENT	**-**	**(37,000)**	**(37,000)**	
TRANSFER	**40,552**	**(40,552)**	**-**	-
NET ASSETS, end of year	$ **707,767**	**(312,924)**	**394,843**	512,584

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

THE CONVALESCENT HOME OF WINNIPEG

STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

		2015	2014
OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses	$	**(80,741)**	201,866
Adjustments for			
Amortization of capital assets		**152,700**	138,529
Net increase in deferred contributions - capital assets		**(12,729)**	191,121
Net increase (decrease) in deferred contributions - expenses of future periods		**6,947**	4,848
Changes in fair value of investments		**4,823**	(3,962)
		71,000	532,402
Changes in non-cash working capital balances			
Accounts receivable		**38,356**	(57,257)
Restricted cash and investments		**(6,951)**	(4,848)
Prepaid expenses		**9,274**	(21,248)
Pre-retirement entitlement receivable		**(59,000)**	12
Accounts payable and accrued liabilities		**(33,125)**	162,389
Resident trust payable		**(9,077)**	4,705
Accrued vacation payable		**11,263**	3,394
Accrued pre-retirement entitlement		**59,000**	(12)
		80,740	619,537
INVESTING ACTIVITIES			
Purchase of capital assets		**(180,522)**	(331,287)
Net increase (decrease) in investments		**(2,037)**	30,983
		(182,559)	(300,304)
FINANCING ACTIVITIES			
Due to Winnipeg Regional Health Authority		**(37,844)**	(130,315)
Repayment of callable debt			(23,048)
Pre-retirement remeasurement		**(37,000)**	-
		(74,844)	(153,363)
NET INCREASE IN CASH		**(176,663)**	165,870
CASH POSITION, beginning of year		**66,028**	(99,842)
CASH (BANK OVERDRAFT) POSITION, end of year	$	**(110,635)**	66,028

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

1. ENTITY DEFINITION

The Convalescent Home of Winnipeg ("The Home") is incorporated under the laws of Manitoba and its principal activities include personal care of individuals who require long-term care. The Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Board of Directors of The Home administers the Benefit Fund under a "Declaration of Trust" for all present and future Residents of The Home and to further the objects of The Home. These financial statements present the financial position and results of operations of The Home. As such, these financial statements do not include the assets, liabilities, equity, revenues and expenses of The Convalescent Home of Winnipeg - The Benefit Fund ("The Benefit Fund"). The Benefit Fund is the recipient of gifts, devices or bequests of money and shall be administered for the benefit of all Residents with respect to financing purchases outside the normal scope of the regular operation of The Home as may be authorized by the Board of Directors.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which require 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 income and expenses during the reporting period. Actual results may differ from those estimates. The significant accounting policies used in these financial statements are as follows:

Change in Accounting Policy

The Home has retrospectively applied Section 3463 of Part III of the CICA Handbook effective for its March 31, 2015 fiscal year. Section 3463 requires the organization to determine the amount of remeasurements and other items for the year in accordance with employee future benefits, paragraphs 3462.085 -.090 in Part II of the CICA Handbook. The remeasurements and other items are recognized directly in net assets as a separately identified line item in the statement of financial position rather than in the statement of operations.

Financial Instruments

The Home's 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. Unless otherwise noted, it is management's opinion that The Home is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Home's financial instruments consist of cash, accounts receivable, vacation entitlement receivable, short-term investments, pre-retirement entitlement receivable, restricted cash and investments, bank indebtedness, demand loan payable, accounts payable and accrued liabilities, Resident trust payable, accrued vacation payable, due to Winnipeg Regional Health Authority, callable debt, and accrued pre-retirement entitlement.

Transaction costs for 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.

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home'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 Home'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 Home to credit risk consist primarily of accounts receivable.

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

		2015	2014
Accounts receivable	$	**493,910**	602,422
Vacation entitlement receivable		**171,526**	171,526
Pre-retirement entitlement receivable		**427,683**	368,683
	$	**1,093,119**	1,142,631

Accounts receivable: The Home is not exposed to significant credit risk as the receivable is primarily from the WRHA and the remaining balances are spread among a broad client base and payment in full is typically collected when it is due. The Home establishes and 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.

Vacation entitlement receivable and pre-retirement entitlement receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the WRHA.

Market Risk
Market risk is the risk that 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 Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

The Home 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 and The Home is not exposed to other price risk.

Capital Assets
Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to The Home's ability to provide services, its carrying amount is written down to its residual value.

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

Buildings	- 2%
Roof replacement	- 6.67%
Computer equipment	- 33%
Computer software	- 33%
Furniture - sun room	- 20%
Furniture and equipment	- 20%
Equipment - generator	- 2%

Major Repairs and Equipment Replacement Reserve
The Home has established a reserve to provide for major repairs and replacements of equipment. The amounts to be appropriated for these purposes each year are approved by the WRHA.

Restricted Cash and Investments
Restricted cash and investment balances represent assets segregated for use for replacement reserves.

Revenue Recognition
The Home follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations hereto, The Home is funded primarily by the Winnipeg Regional Health Authority ("WRHA") in accordance with budget arrangements established by the Province of Manitoba. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect arrangements approved by the WRHA with respect to the year ended March 31, 2014.

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

a) Deficits - The WRHA shall not be responsible for past or future deficits of The Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by The Home other than those set forth in the service purchase agreement.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its insured services surplus in any fiscal year and 2% of the global budget allocation indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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 expenditures 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 expenditures are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from residential and other services is recognized when the goods are sold or the service is provided and collection is reasonably assured.

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

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.

3. SHORT-TERM INVESTMENTS

		2015	2014
CIBC Mutual funds	$	**73,950**	76,736

Short-term investments are recorded at fair value. Fair value is determined by the market value at the last trade date before year-end. The Home invests only in GIC's or mutual funds in order to minimize risk. Investments held as restricted cash are detailed in note 6.

4. ACCOUNTS RECEIVABLE

		2015	2014
Receivable from Residents	$	**12,626**	55,899
Accrued interest		**584**	584
Other		**27,326**	6,675
GST receivable		**15,128**	30,862
	$	**55,664**	94,020

5. ACCRUED VACATION ENTITLEMENTS

The Home 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 Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

6. RESTRICTED CASH AND INVESTMENTS

		2015	2014
CIBC chequing account	$	**6,896**	6,324
CIBC savings account		**4**	4
Basic equipment reserve GIC		**61,966**	60,908
Major repair reserve GIC		**60,515**	56,219
Insurance deductible reserve GIC		**4,143**	3,122
	$	**133,524**	126,577

7. CAPITAL ASSETS

		2015		2014	
		Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	$	**16,269**	**-**	16,269	-
Building		**2,717,612**	**1,116,396**	2,563,772	1,055,066
Computer equipment		**181,822**	**175,787**	173,116	171,513
Computer software		**55,313**	**55,313**	55,313	55,313
Furniture - sun room		**146,176**	**122,344**	146,176	109,857
Furniture and equipment		**1,206,152**	**897,183**	1,188,176	822,575
		4,323,344	**2,367,023**	4,142,822	2,214,324
Cost less accumulated amortization	$	**1,956,321**		1,928,498	

Amortization of capital assets for the year ended March 31, 2015 is $152,700 (2014 - $138,529).

8. BANK INDEBTEDNESS

The Home has a credit facility agreement with CIBC to a maximum limit of $350,000. The facility is secured by a general security agreement on all of The Home's assets. Interest on advances is paid monthly at bank prime plus 0.5%, with repayment due on demand. As at March 31, 2015 the Home was in a overdraft position (after deduction for outstanding cheques) of $103,739.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2015	2014
Accounts payable - trade	$	**247,768**	246,259
Accrued property taxes		**4,366**	4,701
Accrued audit fees		**10,500**	7,500
Accrued salaries and other		**97,764**	135,069
	$	**360,398**	393,529

10. DUE FROM (TO) WINNIPEG REGIONAL HEALTH AUTHORITY

		2015	2014
Receivable from WRHA			
Pre-retirement leave	$	**163,199**	149,028
Funding adjustment		**-**	8,550
HEPP 1%		**(8,120)**	(4,330)
Constant care		**29,663**	29,348
2012/2013 wage accruals		**19,268**	149,840
MNU wage increase		**27,394**	27,394
Safety equipment		**-**	25,312
Additional equipment		**-**	86,242
Non-unionized salary increase - 2013/2014		**24,540**	24,540
Non-unionized salary increase - 2014/2015		**60,924**	-
Residential charges (non-global) - 2014/2015		**23,744**	-
HEPP .8%		**23,919**	-
MGEU retroactive pay - 2014/2015		**40,632**	-
Other		**33,083**	12,478
Total receivable from WRHA		**438,246**	508,402
Payable to WRHA			
Advances		**217,000**	325,000
Residential charges payable		**169,477**	169,477
Total payable to WRHA		**386,477**	494,477
Net due to (from) WRHA	$	**51,769**	13,925

11. EMPLOYEE FUTURE BENEFITS

Accrued Retirement Entitlement

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

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

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring The Home's accrued retirement entitlements include retirement, termination, and mortality rates, a discount rate of 2.90% (3.60% in 2014) and a rate of salary increase of 3.50% (3.0% in 2014) plus age related merit/promotion scale with a 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 The Home an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/2007, The WRHA 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.

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 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, combined with the contribution 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, 2011 indicates the Plan is in a deficit. Contributions to the Plan made during the year by The Home on behalf of its employees amounted to $235,670 (2014 - $228,615) and are included in the statement of operations.

12. COMMITMENTS AND CONTINGENCIES

a) The nature of the health care industry is such that there may be litigation pending or in process at any time. As at March 31, 2015, no litigation is in process. With respect to potential claims at March 31, 2015, management believes The Home has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on The Home's financial position.

b) 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 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, 2015.

The Home is a named insured under the WRHA policy with HIROC.

13. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statements of operations at rates which match the amortization of the related capital asset purchased with the donation, grant or approved borrowing.

	2015	2014
Balance, beginning of year	$ **1,261,283**	1,070,162
Contributions - Winnipeg Regional Health Authority	**17,978**	118,971
Contributions - Other	-	43,510
Window replacement loan advances	-	161,861
Roof replacement loan advances	**109,200**	-
CMHC loan principal reductions	**(20,964)**	(19,842)
Emergency generator loan principal reductions	**(42,289)**	(42,289)
Window replacement loan principal reductions	**(16,620)**	(5,540)
Less amounts amortized to revenue	**(60,034)**	(65,550)
Balance, end of year	$ **1,248,554**	1,261,283

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment replacement, major repairs and insurance deductibles.

		2015	2014
Reserve for basic equipment			
Balance, beginning of year	$	**59,473**	59,473
Contributions - Winnipeg Regional Health Authority		**14,707**	
Balance, end of year		**74,180**	59,473
Reserve for major repair			
Balance, beginning of year		**63,902**	60,062
Contributions - Winnipeg Regional Health Authority		**3,840**	58,907
Expenses during the year		**(12,608)**	(55,067)
Balance, end of year		**55,134**	63,902
Reserve for insurance deductible			
Balance, beginning of year		**3,202**	2,194
Contributions - Winnipeg Regional Health Authority		**1,008**	1,008
Balance, end of year		**4,210**	3,202
Total deferred contributions - expenses of future periods	$	**133,524**	126,577

The debt that has been incorporated in deferred contributions includes the following:

		2015	2014
CIBC - emergency generator loan, payable in monthly instalments of $3,524 plus interest at prime plus 0.50%, callable on demand	$	**227,857**	270,146
Canada Mortgage and Housing Corporation - 50 year mortgage payable in monthly instalments of $839 including principal and interest at 5 7/8%, maturing July 1, 2017		**32,789**	53,753
CIBC - window replacement loan, payable in monthly instalments of $1,385 plus interest at prime plus 0.50%, callable on demand		**139,700**	156,320
CIBC - roof replacement loan, terms of repayment not yet set, bearing interest at prime plus 0.50%, callable on demand		**109,200**	-
	$	**509,546**	480,219

These loans are secured by a security agreement granting a first security interest in all present and after acquired personal property, and by a present and future collateral mortgage.

14. ECONOMIC DEPENDENCE

The Home is economically dependent upon government and other agencies for funding its operations.

Financial Statements of

THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE

Year ended March 31, 2015

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To The Board of Management of The Salvation Army Golden West Centennial Lodge

We have audited the accompanying financial statements of The Salvation Army Golden West Centennial Lodge, which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Salvation Army Golden West Centennial Lodge as at March 31, 2015, 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.

KPMG LLP

Chartered Accountants

June 25, 2015

Winnipeg, Canada

THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE
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THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash (note 3)	$ 146,720	$ 340,523
Accounts receivable	86,304	17,064
Receivable from Winnipeg Regional Health Authority	243,310	27,341
Receivable from The Salvation Army	60,000	60,000
Prepaid expenses	9,283	31,903
Inventory	20,635	17,283
Employee benefits recoverable from Winnipeg Regional Health Authority (note 7[b])	271,682	271,682
	837,934	765,796
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority (note 7[a])	645,530	533,530
Capital assets (note 4)	2,398,738	2,554,460
Deferred grants receivable (note 5)	315,924	353,741
	$ 4,198,126	$ 4,207,527
Liabilities, Deferred Contributions and Net Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (notes 6[a] and 13)	$ 538,006	$ 364,434
Accrued vacation payable	415,949	404,734
Loan payable to The Salvation Army current portion (note 9[b])	35,000	–
Demand loans payable and current portion of long-term debt (note 9[a])	34,433	32,182
	1,023,388	801,350
Accrued pre-retirement benefits (note 7[a])	685,000	573,000
Long-term debt (note 9)	352,943	209,771
	2,061,331	1,584,121
Deferred contributions (note 8)	2,269,220	2,407,031
Net equity (deficiency):		
Unrestricted	(636,521)	(435,849)
Internally restricted (note 11)	464,345	603,973
Invested in capital assets (note 10)	39,751	48,251
	(132,425)	216,375
	$ 4,198,126	$ 4,207,527

See accompanying notes to financial statements.

On behalf of the Board:

Original document signed Director

Original document signed Director

THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	PCH services	Adult day care	Other services	Total unrestricted	Internally restricted	Capital	2015 Total	2014 Total
Revenue:								
Winnipeg Regional Health Authority	$ 5,468,220	$ 192,543	$ –	$ 5,660,763	$ –	$ –	$ 5,660,763	$ 5,402,228
Participant fees	–	21,381	–	21,381	–	–	21,381	20,676
Residential charges	2,465,550	–	–	2,465,550	–	–	2,465,550	2,454,491
Amortization of deferred contributions (note 8)	–	–	–	–	–	295,312	295,312	301,350
Dietary services	31,522	–	–	31,522	–	–	31,522	38,006
Grants from The Salvation Army DHQ (note 13)	60,000	–	165,000	225,000	–	–	225,000	425,000
Donations	–	–	–	–	37,016	–	37,016	19,716
Fundraising	–	–	–	–	3,673	–	3,673	977
Grant - Proceeds from sale of property (note 13)	–	–	–	–	–	–	–	280,000
WRHA - Window replacement (note 5[b])	–	–	–	–	–	–	–	336,987
Other income	42,354	–	64,350	106,704	35,000	–	141,704	188,310
	8,067,646	213,924	229,350	8,510,920	75,689	295,312	8,881,921	9,467,741
Expenses:								
Salaries	5,741,112	86,809	–	5,827,921	–	–	5,827,921	5,581,338
Employee benefits	1,104,065	19,196	–	1,123,261	–	–	1,123,261	1,091,795
Payroll levy	118,316	1,855	–	120,171	–	–	120,171	118,619
Administration (note 13)	107,890	–	122,494	230,384	–	–	230,384	220,925
Amortization	–	–	–	–	–	303,812	303,812	309,850
Contributed services	–	–	76,014	76,014	–	–	76,014	65,265
Interest on long-term debt (note 9)	24,456	–	–	24,456	–	–	24,456	21,489
Medical supplies	102,649	–	–	102,649	–	–	102,649	95,282
Operating expenses	477,032	114,241	–	591,273	3,160	–	594,433	583,397
Fundraising	–	–	–	–	2,157	–	2,157	2,681
Physical plant (note 5[b])	763,849	–	35,000	798,849	–	–	798,849	906,699
Pre-retirement leave costs (note 7[a])	26,614	–	–	26,614	–	–	26,614	36,318
	8,465,983	222,101	233,508	8,921,592	5,317	303,812	9,230,721	9,033,658
Excess (deficiency) of revenue over expenses	$ (398,337)	$ (8,177)	$ (4,158)	$ (410,672)	$ 70,372	$ (8,500)	$ (348,800)	$ 434,083

See accompanying notes to financial statements.

THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2015, with comparative information for 2014

	Unrestricted	Internally restricted	Invested in capital assets	2015 Total	2014 Total
Balance, beginning of year	$ (435,849)	$ 603,973	$ 48,251	$ 216,375	$ (217,708)
Excess (deficiency) of revenue over expenses	(410,672)	70,372	(8,500)	(348,800)	434,083
Inter-fund transfer (note 11)	210,000	(210,000)	–	–	–
Balance, end of year	$ (636,521)	$ 464,345	$ 39,751	$ (132,425)	$ 216,375

See accompanying notes to financial statements.

THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (348,800)	$ 434,083
Items not affecting cash:		
Amortization of capital assets	303,812	309,850
Amortization of deferred contributions	(295,312)	(301,350)
	(340,300)	442,583
Changes in non-cash working capital balances:		
Accounts receivable	(69,240)	(2,523)
Receivable from WRHA	(215,969)	–
Prepaid expenses	22,620	(29,703)
Inventory	(3,352)	824
Future employee pre-retirement benefits recoverable	(112,000)	(21,040)
Accrued pre-retirement benefits	112,000	21,040
Accrued vacation payable	11,215	12,244
Advances from and amounts due to Winnipeg Regional Health Authority	–	(183,307)
Accounts payable and accrued liabilities	173,572	(51,036)
	(421,454)	189,082
Financing activities:		
Grants received (receivable)	37,817	(319,107)
Additional deferred contributions received, net	157,501	93,188
Repayments of long-term debt	(32,182)	(30,078)
Proceeds from long-term debt	212,605	–
	375,741	(255,997)
Investing activities:		
Capital asset purchases	(148,090)	(69,079)
Decrease in cash	(193,803)	(135,994)
Cash, beginning of year	340,523	476,517
Cash, end of year	$ 146,720	$ 340,523

See accompanying notes to financial statements.

1. General

The Salvation Army Golden West Centennial Lodge (the “Lodge” or the “Ministry Unit”) is an unincorporated operating unit of The Salvation Army Canada and Bermuda Territory (the “Territory”).

The Governing Council of The Salvation Army in Canada (“The Governing Council”), a corporation established by a Special Act of Parliament, is the primary legal entity through which the Territory conducts its operations. The Governing Council holds title to all Salvation Army property, including bank accounts and real estate on behalf of individual operating units.

The Ministry Unit is a registered charitable organization, associated with The Salvation Army Territorial Headquarters (“THQ”), the primary charitable entity of the Territory. The Ministry Unit is a not-for-profit corporation established by the provincial statute and continued by *The Salvation Army Golden West Centennial Lodge Act* (the Act). The Lodge operates a long-term care facility and is governed by a board of management appointed by The Salvation Army in accordance with the Act. The Ministry Unit operates under the direction of The Salvation Army Prairie Divisional Headquarters (“DHQ”), which is located in Winnipeg, Manitoba and pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes, and licensed under the provisions of the Winnipeg Regional Health Authority (“WRHA”). In this respect, the Lodge is dependent upon funding from the WRHA and The Salvation Army (see note 13) to continue in operation.

The Salvation Army is an international Christian church. Its message is based on the Bible; its ministry is motivated by love for God and the needs of humanity. The mission of The Salvation Army is to share love of Jesus Christ, meet human needs and be a transforming influence in the communities of our world.

The Lodge is a not-for-profit organization under the *Income Tax Act* and accordingly is exempt from income taxes under Section 149.

The Ministry Unit, a controlled entity of The Governing Council, has its financial data included in the consolidated financial statements of The Governing Council.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and present the assets, liabilities, net deficiency, revenue and expenses and cash flows of the Ministry Unit.

(i) Unrestricted funds:

Unrestricted funds represent the operations of the Ministry Unit, including the revenue and expense related to the Personal Care Home, Adult Day Care and receipt and use of donations and legacies with no external restrictions, other than that they be used in operations.

(ii) Internally restricted funds:

Internally restricted funds (note 11) represent the following:

Funds which have been received through donations and have been internally restricted by the Lodge's Board of Management for special projects or capital improvement programs; and

Funds received from fundraising activities for specific programs within the Lodge. These funds can be utilized at the discretion of the Executive Director on the designated program.

(iii) Capital fund:

The purpose of the Capital fund is to record capital assets, related debt and the net investment of the Ministry Unit in such assets.

(b) Revenue recognition:

The Lodge follows the deferral method of accounting for contributions which include government grants and donations, including donations received from THQ through the Capital Deposit Account.

THE SALVATION ARMY GOLDEN WEST CENTENNIAL LODGE

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

The Lodge is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Grants from The Salvation Army DHQ represent an allocation made to the Ministry Unit from DHQ for the operation of the programs. The funds are derived mainly from individuals in the community that have contributed to the fundraising efforts of the Territory.

(c) Capital assets:

Land is carried at cost or fair market value at the date of acquisition and is not amortized.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Lodge's ability to provide services, its carrying amount is written down to its residual value.

The Lodge capitalizes capital assets valued at $2,000 or more. Items of less than $2,000 in value generally are expensed in the year of acquisition.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Asset	Term
Buildings	50 years
Building expansion	30 years
Major equipment	10 years
Nurse call system	10 years
Roof expansion	10 years
Office furniture and equipment	5 - 10 years
Computer hardware and software	3 years

2. Significant accounting policies (continued):

(d) Vacation pay:

The Lodge records the accrued vacation pay entitlement liability in the statement of financial position. Any change in the liability is recorded in the statement of operations.

(e) Contributed services:

Contributed services are recorded at their estimated fair value, except for volunteers. A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, volunteer services are not recognized in the financial statements.

(f) Pre-retirement benefit obligation:

The Lodge has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with any of the following conditions:

(i) have ten years of service and have reached the age of 55; or

(ii) qualify for the eighty rule which is calculated by adding the number of years service to the age of the employee; or

(iii) retire at or after the age 65; or

(iv) terminate employment at any time due to permanent disability.

The Lodge 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 partially recoverable from the Winnipeg Regional Health Authority (note 7).

(g) Employee future benefits:

The Lodge records a provision for future employee benefits including accrued vacation payable and accrued pre-retirement benefits. For certain employees, funding for future employee benefits is recoverable from the WRHA as a component of salary costs in the period in which the expenditures are made.

2. Significant accounting policies (continued):

Vacation entitlements and pre-retirement entitlements that will be funded by the WRHA have been recorded on the statement of financial position as recoverable from the WRHA.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the investments at fair value. The Ministry Unit has not elected to carry any such financial instruments at fair value.

It is management’s opinion that there is no exposure to significant amounts of credit, interest or foreign exchange risks. Interest rate risk on long-term debt is reduced as interest payments are funded (note 9).

(i) Allocation of fundraising/general administration expenses:

The Lodge classifies expenses on the statement of operations by function. The Lodge does not allocate expenses between functions in the statement of operations.

(j) 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 expenses during the year. Actual results could differ from those estimates.

3. Cash:

The Ministry Unit maintains a chequing account with a Royal Bank of Canada for its operations, as well as deposit accounts held with THQ. Under the Territory’s policies, all ministry units invest surplus funds with THQ, rather than with external financial institutions. THQ accounts bear interest at prevailing market rates based on the type of account.

3. Cash (continued):

	2015	2014
Cash	$ 80,928	$ 72,139
THQ general deposit account	33,965	27,997
THQ capital deposit account (CDA)	31,827	240,387
	$ 146,720	$ 340,523

Funds held in the general deposit account are available for withdrawal on demand and may be used for the general operating needs of the Ministry Unit.

Funds held in the capital deposit account represent funds that are restricted for capital purposes (i.e. acquisition, repair, replacement of long-lived assets); however, these funds can be withdrawn for operating purposes with agreement of THQ, provided the foreseeable capital needs of the Lodge have been met.

The Ministry Unit has cash held in trust totaling $13,039 (2014 - $17,597) on behalf of residents. These funds are not presented in these financial statements.

4. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 55,159	$ –	$ 55,159	$ 55,159
Buildings	1,184,276	906,947	277,329	301,014
Building expansion	5,744,613	4,305,076	1,439,537	1,630,334
Major equipment	1,080,727	599,608	481,119	406,531
Nurse call system	165,263	38,573	126,690	132,202
Roof expansion	220,032	216,532	3,500	14,004
Computer hardware and software	67,576	52,172	15,404	15,216
	$ 8,517,646	$ 6,118,908	$ 2,398,738	$ 2,554,460

Title to the Lodge's land and buildings is held by The Governing Council of The Salvation Army in Canada, which owns and operates the Lodge.

5. Deferred grants receivable:

(a) Province of Manitoba:

The Province of Manitoba had arranged for the Lodge to receive a grant of $86,350 to be amortized at 6 7/8 percent interest annually for 50 years (maturing in 2020). The annual payment is $6,060 including principal and interest, and the remaining amount receivable at March 31, 2015 is $26,707 (2014 - $30,804).

(b) Winnipeg Regional Health Authority:

During the past two years, the Lodge undertook projects to replace the windows and the HVAC units in the facility. For the year ended March 31, 2015, these costs have been recognized in Physical Plant expense in the statement of operations in the amount of $452,605 (2014 - $537,000).

The costs to date for the window project were partially funded through a $200,000 grant from the Salvation Army, received in 2014, and through a deferred grant to be received from the WRHA over a 10 year period. The amount of the grant from the WRHA for the windows is $336,987, with $289,217 remaining to be received from the WRHA as at March 31, 2015. This amount has been recorded as a grant receivable and revenue, and is being paid by the WRHA over 10 years (maturing in 2023). The annual payment to be received is $33,720 plus interest at prime. In 2015, approximately $79,000 in costs were incurred in relation to the window project, which were funded through an internal loan from THQ (see note 9(b)), maturing in 2019.

The costs to date for the HVAC replacement project were partially funded through internally restricted funds in the amount of $210,000, which had been restricted for capital projects in 2014. The remaining $133,605 was funded through an internal loan from THQ (see note 9(b)), maturing in 2019.

6. Current liabilities:

(a) Accounts payable and accrued liabilities consist of:

	2015	2014
Accounts payable	$ 197,033	$ 102,127
Accrued salaries and benefits	325,593	249,502
Government remittances payable	14,195	11,438
Accrued interest payable	1,185	1,367
	$ 538,006	$ 364,434

6. Current liabilities (continued):

Government remittances payable include amounts payable related to payroll levy.

(b) Advances from and amounts due to WRHA:

From time to time, the Lodge receives advances from the WRHA for funding commitments. These advances, if any, are included in amounts due to the WRHA and are unsecured and non-interest bearing. In subsequent years, the advances owing the WRHA, are offset by the WRHA against funds paid for current funding commitments. There were no balances owing at March 31, 2015 (2014 - nil).

7. Employee benefits:

(a) Pre-retirement benefits:

The Lodge has undertaken an actuarial valuation as of March 31, 2014 of the accrued pre-retirement entitlements. The significant actuarial assumptions adopted in measuring the Lodge's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 2.9 percent (2014 - 3.6 percent) and a rate of salary increase of 3.5 percent (2014 - 3.0 percent) plus age related merit/promotion scale and a factor ranging from 0 - 3.0 percent (2014 - 0 - 3.0 percent) for disability. Actual payments made during the year for the Lodge's pre-retirement entitlements were $26,614 (2014 - $36,318).

The amount of funding which will be provided by the WRHA for future retirement 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. The recoverable has been adjusted, based on direction from the WRHA, to include the incremental increases in the related liability for fiscal 2007, 2008 and 2009, which include an interest component. The future employee pre-retirement benefits recoverable from WRHA of $645,530 at March 31, 2015 (2014 - $533,530) has no specified terms of repayment.

The fair value of the future employee benefits recoverable from WRHA approximates its carrying value as the interest component described above is comparable to current market rates.

(b) Vacation pay:

Each year, the WRHA funds a portion of the vacation pay liability of the Lodge, which is limited to the amount established at March 31, 2004 of $271,682. This amount is included in employee benefits recoverable from WRHA on the statement of financial position.

8. Deferred contributions:

Deferred contributions related to capital assets and major repairs represent the unamortized amount of donations and funding received for the purchase of capital assets and repairs. These contributions were received primarily from Manitoba Health and the WRHA, and also through the CDA (note 3).

The amortization of capital contributions is recorded as revenue in the statement of operations. Changes in the deferred contributions balance are as follows:

			2015	2014
	Purchased capital assets	Future capital purchases and major repairs	Total	Total
Balance, beginning of year	$ 2,264,249	$ 142,782	$ 2,407,031	$ 2,615,193
Additional contributions received:				
Mortgage/loan payments (note 9)	32,184	–	32,184	30,087
Capital assets and major repairs	–	130,793	130,793	73,089
	2,296,433	273,575	2,570,008	2,718,369
Transfers as a result of capital asset purchases	148,090	(148,090)	–	–
Major repairs	–	(5,476)	(5,476)	(9,988)
Amortization	(295,312)	–	(295,312)	(301,350)
Balance, end of year	$ 2,149,211	$ 120,009	$ 2,269,220	$ 2,407,031

9. Long-term debt:

(a) Canada Mortgage and Housing Corporation

	2015	2014
Canada Mortgage and Housing Corporation, mortgage payable, interest at 6 7/8%, repayable $3,966 monthly, including principal and interest, maturing 2020	$ 209,771	$ 241,953
Current portion	34,433	32,182
	$ 175,338	$ 209,771

9. Long-term debt (continued):

Principal and interest payments are funded by the Province of Manitoba via the WRHA. Principal payments are recorded in deferred contributions (note 8).

Principal payments expected in the next five years are as follows:

2016	$	34,433
2017		36,841
2018		39,417
2019		42,174
2020		45,119
Thereafter		11,787
	$	209,771

During the year, interest expense relating to the debt funded amounted to $24,456 (2014 - $21,489).

(b) The Salvation Army - THQ

		2015		2014
The Salvation Army - THQ, loan payable, interest at 3.14%, repayable $3,105 monthly, including principal and interest, maturing 2019	$	212,605	$	–
Current portion		35,000		–
	$	177,605	$	–

During the year, the Lodge entered into a loan agreement with THQ, with payments commencing on April 1, 2015 (see note 5[b]).

10. Invested in capital assets:

Investment in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 2,398,738	$ 2,554,460
Amounts financed by:		
Deferred contributions - purchased capital assets (note 8)	(2,149,216)	(2,264,256)
Long-term debt (note 9)	(209,771)	(241,953)
Balance, end of year	$ 39,751	$ 48,251

11. Internally restricted funds:

The internally restricted fund balance comprises the following (note 2[a][ii]):

	2015	2014
Special projects	$ 311,973	$ 278,113
Capital improvements	105,000	280,000
Programs	47,372	45,860
	$ 464,345	$ 603,973

During the year, a transfer of $210,000 from internally restricted funds to unrestricted funds was approved in order to fund the HVAC replacement project (note 5[b]).

12. Pension plan:

Eligible employees of the Lodge are members of the Healthcare Employees' Pension Plan - Manitoba (HEPP), a multi-employer defined benefit pension plan.

12. Pension plan (continued):

During the year, the Lodge contributed $432,369 (2014 - $390,120) on behalf of its employees. The most recent funding actuarial valuation of the plan as at December 31, 2012 reported that the plan had a deficiency of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on a solvency exemption granted to HEPP, the plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency 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. On April 1, 2014 employer contribution rates increased to 7.9 percent (2014 - 7.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 9.5 percent (2014 - 9.5 percent) on earnings in excess of YMPE. On April 1, 2015, with the inclusion of contributions toward the Cost of Living Adjustment Plan, employer contribution rates increased to 8.9 percent (2014 - 8.7 percent) of pensionable earnings up to the YMPE and 10.5 percent (10.3 percent) on earnings in excess of YMPE.

13. Related party transactions:

During the year, the Lodge had the following transactions with The Salvation Army:

	2015	2014
Revenue:		
Grants from DHQ - Red Shield Appeal	$ 165,000	$ 165,000
Grants from DHQ	60,000	60,000
Grants from DHQ - Window Replacement	–	200,000
Grant - proceeds from sale of property	–	280,000
Expense:		
Management support assessment paid to THQ	122,494	119,320

Included in accounts payable and accrued liabilities are balances due to THQ of $20,489 (2014 - $9,943) which represents the management services assessment for the month of March.

DHQ has approved funding to the Ministry Unit up to $60,000 annually starting April 1, 2012 for a maximum of 12 years for the purpose of reducing the deficiency in net assets. Funding for the current year is included in receivable from The Salvation Army in the statements of financial position.

The above 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.

14. Management of capital:

The Ministry Unit defines its capital as the amounts included in its fund balances. The Ministry Unit's objectives in managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of services and benefits to its clients and its stakeholders, while carrying out the mandate of The Salvation Army.

Management continually monitors the impact of changes in economic conditions on its funding commitments.

THE SHARON HOME, INC.

Non-consolidated Financial Statements
For the year ended March 31, 2015

THE SHARON HOME, INC.

Non-consolidated Financial Statements
For the year ended March 31, 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of THE SHARON HOME, INC.

We have audited the accompanying non-consolidated financial statements of **THE SHARON HOME, INC.**, which comprise the non-consolidated statement of financial position as at March 31, 2015, and the non-consolidated statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of **THE SHARON HOME, INC.** as at March 31, 2015, 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.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 24, 2015

THE SHARON HOME, INC.
Non-consolidated Statement of Financial Position

As at March 31		2015		2014
Assets				
Current Assets				
Cash and bank (Note 17)	$	**571,519**	$	712,606
Accounts receivable (Note 2)		**23,218**		31,874
Due from The Sharon Home Fund Inc. (Note 15)		**571,532**		477,558
Due from Winnipeg Regional Health Authority (Note 3)		**1,315,851**		1,389,552
Prepaid expenses		**152,791**		77,674
Vacation entitlements receivable (Note 4)		**603,753**		603,753
		3,238,664		3,293,017
Loan receivable (Note 5)		**70,989**		70,989
Capital assets (Note 6)		**34,772,366**		35,956,117
Pre-retirement entitlements receivable (Note 7)		**1,293,599**		1,219,599
	$	**39,375,618**	$	40,539,722
Liabilities and Net Assets				
Current Liabilities				
Bank indebtedness (Note 8)	$	**1,000,000**	$	1,000,000
Accounts payable and accrued liabilities (Note 9)		**1,021,597**		1,114,407
Accrued vacation entitlements (Note 4)		**708,361**		647,839
Current portion of mortgage payable (Note 10)		**1,102,500**		1,102,500
Current portion of notes payable (Note 11)		**921,670**		921,670
		4,754,128		4,786,416
Mortgage payable (Note 10)		**14,148,750**		15,251,250
Notes payable (Note 11)		**3,491,990**		4,413,660
Deferred contributions (Note 12)		**15,226,946**		14,312,148
Accrued pre-retirement obligations (Note 7)		**1,182,000**		1,108,000
		38,803,814		39,871,474
Contingencies (Note 13)				
Net Assets				
Invested in capital assets		**203,355**		287,326
Unrestricted		**368,449**		380,922
		571,804		668,248
	$	**39,375,618**	$	40,539,722

Approved on behalf of the Board of Directors:

Original document signed
_______________________ Director

Original document signed
_______________________ Director

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

THE SHARON HOME, INC.
Non-consolidated Statement of Changes in Net Assets

For the year ended March 31, 2015

	Invested in Capital Assets	Unrestricted	Total
Balance, March 31, 2013	$ 341,095	$ 310,503	$ 651,598
(Deficiency) excess of revenue over expenses for the year	(59,894)	76,544	16,650
Interfund transfer			
Net changes in net assets invested in capital assets (Note 14)	6,125	(6,125)	-
Balance, March 31, 2014	**287,326**	**380,922**	**668,248**
Deficiency of revenue over expenses for the year	**(58,998)**	**(37,446)**	**(96,444)**
Interfund transfer			
Net changes in net assets invested in capital assets (Note 14)	**(24,973)**	**24,973**	**-**
Balance, March 31, 2015	**$ 203,355**	**$ 368,449**	**$ 571,804**

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

THE SHARON HOME, INC.
Non-consolidated Statement of Operations

For the year ended March 31		2015		2014
Revenue				
Adult Day Program (per Schedule)	$	-	$	-
Capital funding Manitoba Health		1,091,999		1,203,600
Change in pre-retirement benefit		74,000		(173,332)
Contributions from The Sharon Home Fund Inc. (Note 15)		266,551		171,207
Other income		43,155		54,059
Residential charges		4,205,701		4,080,060
Winnipeg Regional Health Authority		10,342,109		10,133,113
		16,023,515		15,468,707
Expenses				
Administration		685,840		624,624
Housekeeping		606,679		598,752
Information technology		34,397		30,565
Interest on long-term debt		1,091,999		1,203,600
Interest and carrying charges on land for future improvement		79,343		61,456
Laundry and linen		429,968		417,979
Nutrition and food services		1,775,002		1,723,993
Other employee benefits		273,434		70,944
Plant maintenance		362,178		364,123
Plant operation		703,987		705,024
Resident care		9,449,808		9,053,395
Social work		75,730		86,366
Spiritual care		76,072		65,663
Staff development		15,396		24,570
Therapeutic recreation		354,698		327,120
Volunteer services		46,430		33,989
		16,060,961		15,392,163
(Deficiency) excess of revenue over expenses before other items		(37,446)		76,544
Other Items				
Amortization of deferred contributions related to capital assets (Note 12)		1,208,846		1,193,439
Amortization of capital assets		(1,267,844)		(1,253,333)
		(58,998)		(59,894)
(Deficiency) excess of revenue over expenses for the year	$	(96,444)	$	16,650

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

THE SHARON HOME, INC.
Non-consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
(Deficiency) excess of revenue over expenses for the year	**$ (96,444)**	$ 16,650
Amortization of deferred contributions related to capital assets	**(1,208,846)**	(1,193,439)
Amortization of capital assets	**1,267,844**	1,253,333
	(37,446)	76,544
Changes in non-cash working capital		
Accounts receivable	**8,656**	33,290
Due from The Sharon Home Fund Inc.	**(93,974)**	(389,166)
Due from Winnipeg Regional Health Authority	**73,701**	35,970
Prepaid expenses	**(75,117)**	7,485
Pre-retirement entitlements receivable	**(74,000)**	173,332
Accounts payable and accrued liabilities	**(92,810)**	64,294
Accrued vacation entitlements	**60,522**	(4,497)
Accrued pre-retirement obligations	**74,000**	(173,332)
	(156,468)	(176,080)
Cash Flows from Financing Activities		
Repayment of mortgage payable	**(1,102,500)**	(1,102,500)
Repayment of notes payable	**(921,670)**	(921,670)
	(2,024,170)	(2,024,170)
Cash Flows from Investing Activities		
Acquisition of capital assets	**(84,093)**	(33,581)
Deferred contributions received related to capital assets	**2,123,644**	2,070,803
	2,039,551	2,037,222
Net increase in bank indebtedness	**(141,087)**	(163,028)
Bank indebtedness, beginning of year	**(287,394)**	(124,366)
Bank indebtedness, end of year	**$ (428,481)**	$ (287,394)
Represented by:		
Cash and bank	**$ 571,519**	$ 712,606
Bank indebtedness	**(1,000,000)**	(1,000,000)
	$ (428,481)	$ (287,394)

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

1. Nature of Operations and Summary of Significant Accounting Policies

a. Nature of the Organization

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

b. Basis of Accounting

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

c. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances.

d. Contributions Receivable

Contributions receivable are recognized when the amounts to be received can be reasonably estimated and ultimate collection is reasonable assured.

e. 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.

f. 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 Home'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.

1. **Nature of Operations and Summary of Significant Accounting Policies** (continued)

f. Capital Assets (continued)

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

g. 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.

h. Revenue Recognition

The Home follows the deferral method of accounting for contributions.

Under the Health Services Insurance Act and regulation thereto, the Home 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, 2015.

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

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 Home 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 Home 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 Home. 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.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

i. Contributed Materials and Services

Contributed materials which are used in the normal course of the Home'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.

j. Controlled Entities

Controlled not-for-profit organizations are not consolidated in the Home's non-consolidated financial statements (Note 15).

k. 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.

2. Accounts Receivable

	2015	2014
Receivable from residents	$ 5,675	$ 13,741
GST rebate receivable	6,983	8,131
Other	10,560	10,002
	$ 23,218	$ 31,874

3. Due from Winnipeg Regional Health Authority

	2015	2014
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	419,101	620,351
2010/2011 funding adjustment	14,556	14,556
2011/2012 funding adjustment	4,605	4,605
2012/2013 funding adjustment	222,478	253,697
2013/2014 funding adjustment	223,818	427,558
2014/2015 funding adjustment	362,508	-
	$ 1,315,851	$ 1,389,552

3. Due from Winnipeg Regional Health Authority (continued)

The Home is subject to periodic review by WRHA. Operating surpluses or deficiencies may be repayable or recoverable as determined by WRHA. The Home 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 2013/2014 fiscal years, as well as the current year, are not completed at this time; however the Home 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.

Included in the total funding adjustment from WRHA is $402,504 ($603,754 in 2014) relating to the portion of the outstanding debenture to the Province of Manitoba that remains for the Kanee Centre.

4. Vacation Entitlements Receivable

The Home 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 Home'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:

	2015	2014
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:

	2015	2014
Balance, beginning of year	$ 647,839	$ 652,336
Net decrease in accrued vacation entitlements	60,522	(4,497)
Balance, end of year	$ 708,361	$ 647,839

5. 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.

6. Capital Assets

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 786,418**	**$ -**	$ 786,418	$ -
Buildings	**40,282,669**	**8,527,284**	40,261,656	7,508,406
Equipment	**3,624,269**	**2,708,864**	3,561,189	2,459,898
Land held for future development	**1,315,158**	**-**	1,315,158	-
	$ 46,008,514	**$ 11,236,148**	$ 45,924,421	$ 9,968,304
Cost less accumulated amortization		**$ 34,772,366**		$ 35,956,117

7. Employee Future Benefits

Accrued Pre-retirement Obligations

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home'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 Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2015. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 2.90% (3.60% in 2014) and a rate of salary increase of 3.0% (3.0% in 2014) 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.

7. Employee Future Benefits (continued)

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:

	2015	2014
Balance, beginning of the year	**$ 1,108,000**	$ 1,281,332
Net increase (decrease) in pre-retirement entitlements	**74,000**	(173,332)
Balance, end of year	**$ 1,182,000**	$ 1,108,000

Pension Plan

Substantially all of the employees of the Home 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 $52,500 and 9.50% for salaries greater than $52,500, 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, 2013 indicated that the Plan is in deficit. The deficiency will be funded out of the current contributions in the subsequent years. On April 1, 2013, both employer and employee contribution rates increased to 7.90% of pensionable earnings up to YMPE and 9.50% on earnings in excess of the YMPE. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $645,595 ($612,849 in 2014) and are included in the statement of operations.

8. Bank Indebtedness

The Home has a credit facility agreement up to a maximum of $1,000,000 which bears interest at the bank prime rate of 2.85% at March 31, 2015. The credit facility agreement is collateralized by a hypothecation of title covering the 11.27 acres of land held for future development. The interest on this loan is being funded by The Sharon Home Fund Inc.

9. Accounts Payable and Accrued Liabilities

	2015	2014
Trade accounts payable	$ 430,019	$ 498,527
Accrued liabilities	23,483	36,440
Salaries and employee benefits payable	568,095	579,440
	$ 1,021,597	$ 1,114,407

Included in accounts payable and accrued liabilities is $144,055 (2014 - $139,210) in government remittances payable.

10. Mortgage Payable

	2015	2014
Mortgage payable - Province of Manitoba - Interest at 5.20%, requiring monthly principal payments of $91,875, secured by the related property at the Simkin Centre, maturing in January 2029.	$ 15,251,250	$ 16,353,750
Current portion of mortgage payable	1,102,500	1,102,500
	$ 14,148,750	$ 15,251,250

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

11. Notes Payable

	2015	2014
Province of Manitoba - Interest at 6.125%, requiring monthly principal payments of $59,896 plus interest, maturing March 2016.	$ 1,437,500	$ 2,156,250
Province of Manitoba - Interest at 5.05%, requiring monthly principal payments of $16,910 plus interest, maturing November 2029.	2,976,160	3,179,080
	4,413,660	5,335,330
Current portion of notes payable	921,670	921,670
	$ 3,491,990	$ 4,413,660

The notes payable are secured by the related property at the Simkin Centre.

Minimum principal repayments required under the terms of the notes payable for the year ending March 31, 2016 will be $921,670, and for March 31, 2017 to 2020 will be $202,920.

12. 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 major repairs. Changes in the deferred contribution balance reported are as follows:

	2015	2014
Balance, beginning of year	**$ 14,312,148**	$ 13,434,784
Contributions received	**2,123,644**	2,070,803
Less amounts amortized to revenue	**(1,208,846)**	(1,193,439)
Balance, end of year	**$ 15,226,946**	$ 14,312,148

The balances as at March 31, 2015 consist of the following:

	2015	2014
Deferred contributions related to capital assets	**$ 14,904,101**	$ 13,979,711
Unspent funding for future equipment acquisition	**283,742**	290,346
Unspent funding for future major repairs costs	**39,103**	42,091
Balance, end of year	**$ 15,226,946**	$ 14,312,148

13. Contingencies

The nature of the Home's activities is such that there may be litigation pending or in prospect at any time. With respect to possible claims at March 31, 2015, management believes the Home has valid defences and appropriate insurance coverage in place or has made sufficient provision for any uninsured payments to be made. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

On July 1, 1987, a group of health care organizations ("subscribers"), including the Home, 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, 2015.

The Home is a named insured under the WRHA policy with HIROC.

14. Net Assets Invested in Capital Assets

Net assets invested in capital assets are calculated as follows at year end:

	2015	2014
Capital assets	**$ 34,772,366**	$ 35,956,117
Less:		
Mortgage payable (Note 10)	**15,251,250**	16,353,750
Notes payable (Note 11)	**4,413,660**	5,335,330
Deferred contributions related to capital assets (Note 12)	**14,904,101**	13,979,711
	$ 203,355	$ 287,326

The interfund transfer affecting net assets invested in capital assets is determined based on the following transactions occurring during the year resulting in an increase (decrease) in net assets invested in capital assets:

	2015	2014
Principal repayment on mortgage payable	**$ 1,102,500**	$ 1,102,500
Principal repayment on notes payable	**921,670**	921,670
Acquisition of capital assets from contributions	**84,093**	33,581
Contributions received during the year	**(2,133,236)**	(2,051,626)
	$ (24,973)	$ 6,125

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

The Sharon Home, Inc. controls The Sharon Home Fund Inc. (the "Fund") by virtue of the fact that the majority of the members of the Board of Directors are common to each the Home and the Fund. The Fund is incorporated under the Corporations Act and is a registered charity under the Canada Income Tax Act.

The Fund was established to support and foster the operations of The Sharon Home, Inc. The Fund 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 Home. Separate financial statements of the Fund are available upon request. Financial summaries of the Fund as at March 31, 2015 and for the years then ended are as follows:

	2015	2014
Statement of Financial Position		
Total assets	**$ 1,788,889**	$ 1,857,547
Total liabilities	**$ 589,252**	$ 494,608
Total fund balances	**1,199,637**	1,362,939
Total liabilities and fund balances	**$ 1,788,889**	$ 1,857,547

	2015	2014
Statement of Operations		
Total revenue	**$ 386,059**	$ 316,576
Total expenses	**45,904**	35,290
Excess of revenue over expenses before the following:	**340,155**	281,286
Contributions to The Sharon Home, Inc.	**504,159**	376,532
Deficiency of revenue over expenses	**$ (164,004)**	$ (95,246)

	2015	2014
Statement of Cash Flows		
Cash provided by operating activities	**$ 415,648**	$ 300,219
Cash used in investing and financing activities	**(520,382)**	(16,379)
Net (decrease) increase in cash and bank	**$ (104,734)**	$ 283,840

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

As at March 31, 2015, the Home has an amount due from the Fund of $571,532 ($477,558 in 2014) receivable from the Fund. The amount due is unsecured, interest-free, due on demand and bears no specific terms of repayment.

During the year, the Home charged the Fund on a cost recovery basis $43,100 ($35,290 in 2014) for administration expenses.

During the year, the Fund contributed the following to the Home:

	2015	2014
Contributions related to operations		
Communications professional fees	$ 63,544	$ 6,458
High Holy Days program	7,194	7,971
Interest and carrying charges on land held for development	79,343	61,456
Keives Garden maintenance	220	1,644
Music Therapy program	2,070	30
Spiritual Care program	68,400	57,692
Staff development	3,083	-
Storage	1,967	1,967
Volunteer Services program	40,730	33,989
	266,551	171,207
Contributions related to capital assets		
Capital Campaign	227,222	195,124
Equipment and History Wall	10,386	10,201
	237,608	205,325
	$ 504,159	$ 376,532

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.

16. Resident Trust Funds

Included in the cash and accounts payable and accrued liabilities are funds held in trust for the Home's residents totaling $37,338 ($34,990 in 2014).

17. Restricted Cash

Cash in the amount of $322,845 ($332,437 in 2014) is restricted for capital asset purchases.

18. Financial Risk Management

The Home is exposed to different types of risk in the normal course of operations, including credit risk, interest rate risk and liquidity risk. The Home'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 Home'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 Home to credit risk consist principally of accounts receivable.

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2015	2014
Accounts receivable	**$ 23,218**	$ 31,874
Due from Winnipeg Regional Health Authority	**1,315,851**	1,389,552
Due from The Sharon Home Fund Inc.	**571,532**	477,558
Vacation entitlements receivable	**603,753**	603,753
Loan receivable	**70,989**	70,989
Pre-retirement entitlements receivable	**1,293,599**	1,219,599
	$ 3,878,942	$ 3,793,325

Accounts receivable: The Home 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 Home 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 Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Winnipeg Regional Health Authority.

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 Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

Liquidity Risk

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

THE SHARON HOME, INC.
Schedule of Adult Day Program

For the year ended March 31		2015		2014
Revenue				
Province of Manitoba	$	**87,572**	$	82,294
Participants' fees		**13,757**		13,395
		101,329		95,689
Expenses				
Salaries - general		**52,010**		51,297
Other		**52,154**		57,849
		104,164		109,146
Deficiency of revenue over expenses before other item		**(2,835)**		(13,457)
Other item				
Deficiency recoverable from WRHA		**2,835**		13,457
Revenue, net of expenses and recoveries	$	**-**	$	-

VILLA YOUVILLE INC. - NURSING

États financiers

Pour l'exercice terminé le 31 mars 2015

VILLA YOUVILLE INC. - NURSING

États financiers
Pour l'exercice terminé le 31 mars 2015

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BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Rapport de l'auditeur indépendant

Aux membres et au conseil de VILLA YOUVILLE INC. - NURSING

Nous avons effectué l'audit des états financiers ci-joints de **VILLA YOUVILLE INC. - NURSING**, qui comprennent l'état de la situation financière au 31 mars 2015 et l'état de l'évolution des soldes de fonds, l'état des résultats, et l'état des flux de trésorerie pour l'exercice terminé à cette date ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction pour les états financiers
La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux normes comptables pour les organismes sans but lucratif du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur
Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifiions et réalisions l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en oeuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion
À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de **VILLA YOUVILLE INC. - NURSING** au 31 mars 2015 ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice terminé à cette date, conformément aux normes comptables pour les organismes sans but lucratif du Canada.

BDO Canada s.r.l.

Comptables agréés

Winnipeg (Manitoba)
Le 8 juin 2015

VILLA YOUVILLE INC. - NURSING
État de la Situation Financière

Au 31 mars				2015	2014
	Fonds opérations	Fonds immobilisa-tions	Fonds de réserve	Total	Total
	$	$	$	$	$
Actif					
Actif à court terme					
Encaisse (note 2)	**102 855**	**-**	**-**	**102 855**	90 653
Comptes à recevoir	**21 690**	**-**	**-**	**21 690**	21 098
Comptes à recevoir - SM/SS	**145 083**	**-**	**-**	**145 083**	111 725
Inventaire	**38 622**	**-**	**-**	**38 622**	38 456
Dépenses payées d'avance	**13 376**	**-**	**-**	**13 376**	12 408
Avantages sociaux future recouvrables (note 3)	**227 348**	**-**	**-**	**227 348**	227 348
Dû de Villa Youville Motels	**10 099**	**-**	**-**	**10 099**	32 596
	559 073	**-**	**-**	**559 073**	534 284
Avantages sociaux futurs recouvrables (note 3)	**374 000**	**-**	**-**	**374 000**	354 000
Immobilisations (note 4)	**-**	**6 573 240**	**-**	**6 573 240**	6 736 365
Construction en cours (note 5)	**-**	**-**	**-**	**-**	59 585
Interfonds	**(89 978)**	**-**	**89 978**	**-**	-
	843 095	**6 573 240**	**89 978**	**7 506 313**	7 684 234
Passif et solde de fonds					
Passif à court terme					
Comptes à payer et dépenses courues	**258 365**	**-**	**-**	**258 365**	292 156
Avantages sociaux à payer (note 3)	**315 016**	**-**	**-**	**315 016**	302 359
Revenus reportés - Soins de garde de jour	**29 701**	**-**	**-**	**29 701**	34 041
	603 082	**-**	**-**	**603 082**	628 556
Passif à long terme					
Avantages sociaux futurs à payer (note 3)	**374 000**	**-**	**-**	**374 000**	354 000
Apports reportés (note 6)					
Afférents aux immobilisations	**-**	**6 498 150**		**6 498 150**	6 720 860
Fonds des réserves					
Réserve générale	**-**	**-**	**19 549**	**19 549**	19 549
Réserve pour ameublement	**-**	**-**	**4 339**	**4 339**	18 161
Réserve pour réparations majeures	**-**	**-**	**66 090**	**66 090**	63 450
	374 000	**6 498 150**	**89 978**	**6 962 128**	7 176 020
Engagements contractuels et éventualités (note 7)					
Solde de fonds					
Surplus cumulé	**(133 987)**	**75 090**	**-**	**(58 897)**	(120 342)
	843 095	**6 573 240**	**89 978**	**7 506 313**	7 684 234

Approuve au nom du conseil d'administration :

Original document signed

président(e)

Original document signed

secrétaire-trésorière

VILLA YOUVILLE INC. - NURSING
État de l'évolution des soldes de fonds

Pour l'exercice terminé le 31 mars	2015			2014
	Fonds opérations	Fonds immobilisa-tions	Total	Total
	$	$	$	$
Solde, au début de l'exercice	**(195 432)**	**75 090**	**(120 342)**	(56 205)
Excédent (déficit) des revenus sur les dépenses pour l'exercice	**61 445**	**-**	**61 445**	(64 137)
Solde, à la fin de l'exercice	**(133 987)**	**75 090**	**(58 897)**	(120 342)

VILLA YOUVILLE INC. - NURSING
État des résultats

Pour l'exercice terminé le 31 mars	2015	2014
	$	$
Revenus		
Services de soins prolongés		
Santé Sud (note 8)	**4 317 276**	4 154 828
Prestations de retraite	**20 000**	(5 898)
	4 337 276	4 148 930
Loyer des résidents	**959 289**	983 964
Autres		
Recouvrements - motels	**102 277**	49 323
- cuisine	**57 792**	54 220
- matériel et autres	**78 478**	48 303
Amortissement des apports reportés	**267 993**	267 273
Intérêts	**2 505**	3 261
Soins de garde de jour	**77 657**	81 002
	586 702	503 382
	5 883 267	5 636 276
Dépenses		
Administration	**490 872**	524 559
Amortissement	**267 993**	267 273
Buanderie	**172 901**	178 983
Frais d'entretien d'immobilisations	**244 824**	268 321
Frais de ménage	**347 365**	336 486
Frais d'opération d'immobilisations	**203 772**	244 684
Médicaments	**116 292**	120 701
Paiement pré-retraite/Prestations de retraite	**20 000**	(5 898)
Services de supports aux résidents - activités	**163 575**	156 217
Ressources cliniques	**110 958**	104 508
Services alimentaires - nursing	**610 506**	610 889
- motels	**32 568**	21 465
- autres	**39 335**	31 411
Soins de garde de jour	**77 001**	81 002
Soins médicaux	**2 923 860**	2 759 812
	5 821 822	5 700 413
Excédent (déficit) des revenus sur les dépenses pour l'exercice	**61 445**	(64 137)

Les notes afférentes font partie intégrante de ces états financiers.

VILLA YOUVILLE INC. - NURSING
État des flux de trésorerie

Pour l'exercice terminé le 31 mars	**2015**	2014
	$	$
Flux de trésorerie reliés aux opérations		
Excédent (déficit) des revenus sur les dépenses pour l'exercice	**61 445**	(64 137)
Ajustements pour		
Amortissement des immobilisations	**267 993**	267 273
Amortissement des apports reportés	**(267 993)**	(267 273)
	61 445	(64 137)
Variations des éléments hors liquidités du fonds de roulement		
Comptes à recevoir	**(591)**	(10 114)
Comptes à recevoir - SM/SS	**(33 358)**	(174 159)
Dû de Villa Youville Motels	**22 496**	(28 328)
Inventaire	**(166)**	3 645
Dépenses payées d'avance	**(968)**	(3 994)
Avantages sociaux future recouvrables	**(20 000)**	10 585
Compte à payer - SM/SS	**(33 791)**	5 904
Avantages sociaux à payer	**12 657**	(40 093)
Avantages sociaux futurs à payer	**20 000**	(10 585)
	27 724	(311 276)
Flux de trésorerie reliés aux activités de financement		
Financement de Santé Sud pour immobilisations	**2 640**	2 640
Soins de garde de jour	**(4 340)**	(7 869)
	(1 700)	(5 229)
Flux de trésorerie reliés aux activités d'investissement		
Dépenses des apports reportés - dépenses de périodes futures	**(13 822)**	(11 046)
Augmentation (diminution) nette de l'encaisse	**12 202**	(327 551)
Encaisse, au début de l'exercice	**90 653**	418 204
Encaisse, à la fin de l'exercice	**102 855**	90 653

Les notes afférentes font partie intégrante de ces états financiers.

Pour l'exercice terminé le 31 mars 2015

1. Nature des activités et sommaire des principales méthodes comptables

a) Nature et objectif de l'organisation

Villa Youville Inc. (la « corporation ») est un organisme de bienfaisance enregistré et est exempt d'impôt selon l'article 149 de la loi d'impôt du Canada.

Villa Youville Inc. fut incorporée le 24 décembre 1963 par Lettre Patente sous « The Companies Act » de la Province du Manitoba.

b) Règles comptables

Les états financiers ont été préparés conformément aux normes comptables pour les organismes sans but lucratif du Canada.

c) Méthode comptables

Ces états financiers ne comprennent pas les résultats de la section des motels et des fonds généraux. Des états financiers séparés sont produits pour les motels et les fonds généraux.

d) Comptabilité par fonds

La corporation applique la méthode de la comptabilité par fonds affectés pour comptabiliser les apports.

Fonds d'opérations

Le fonds d'opérations rend compte des activités menées par la corporation en matière de prestations de services et d'administration. Ce fonds présente les ressources non affectées, les subventions de fonctionnement affectées et les actifs, les passifs, les revenus et les dépenses liées aux opérations de la corporation et toutes autres ressources affectées pour lequel un fonds séparé n'a pas été établi.

Fonds d'immobilisations

Le fonds d'immobilisations présente les actifs, les passifs, les revenus et les dépenses afférents aux immobilisations de la corporation.

Réserves pour remplacements

Le fonds de réserve est employé pour les projets de rénovation et l'achat de l'équipement et de l'ameublement. Les affectations annuelles aux fonds de réserve pour réparations majeures se chiffrent à 2 640 $. La permission de Santé Manitoba est requise pour toute charge ou retrait de cette réserve (voir note 6).

1. Nature des activités et sommaire des principales méthodes comptables (suite)

e) Constatation des revenus

Sous la Loi sur l'assurance-maladie et ses règlements, la corporation reçoit des fonds principalement de la Province du Manitoba conformément au budget établi par Santé Manitoba. Les subventions d'exploitation sont constatées à titre de produits de l'exercice au cours duquel les charges connexes sont engagées. Toutes subventions accordées mais non reçues sont constatées à recevoir, et, celles afférentes à une période ultérieure sont reportées et constatées dans cette période ultérieure. Ces états financiers reflètent le financement approuvé par Santé Manitoba pour l'exercice terminé le 31 mars 2015 ainsi que les règlements anticipés par rapport au déficit d'exploitation net.

Les fonds seront ajustés lorsque la revue des comptes de la corporation sera complétée par Santé Manitoba. Tout ajustement sera reflété dans l'exercice au cours duquel Santé Manitoba reçoit le rapport final des coûts recommandés.

Les apports non affectés sont constatés à titre de produits lorsqu'ils sont reçus ou à recevoir si le montant à recevoir peut faire l'objet d'une estimation raisonnable et que sa réception est raisonnablement assurée.

Les apports affectés sont constatés à titre de produits de l'exercice au cours duquel les charges connexes sont engagées. Les apports affectés aux achats d'immobilisations sont reportés et amortis à titre de produits selon la méthode d'amortissement linéaire et du taux d'amortissement conformément à ces immobilisations.

Les revenus de placements affectés sont constatés à titre de produits dans l'exercice au cours duquel les charges connexes sont engagées. Les revenus de placements non affectés sont constatés à titre de produits lorsqu'ils sont gagnés.

f) Instruments financiers

Les instruments financiers sont comptabilisés à leur juste valeur au moment de leur acquisition ou de leur émission. Au cours des périodes ultérieures, les instruments de capitaux propres négociés sur un marché actif sont comptabilisés à leur juste valeur, tout gain ou toute perte non réalisé étant comptabilisé dans l'état des résultats. Tous les autres instruments financiers sont comptabilisés au coût ou au coût après amortissement diminué des pertes de valeur, le cas échéant. Les actifs financiers font l’objet d’un test de dépréciation lorsque les changements de situation suggèrent qu’ils pourraient s’être dépréciés. Les coûts de transaction attribuables à l’acquisition, à la sortie ou à l’émission des instruments financiers sont passés en charges dans le cas des éléments qui sont réévalués à la juste valeur à la date de chaque état de la situation financière et ils sont imputés aux instruments financiers dans le cas de ceux qui sont évalués au coût après amortissement.

1. Nature des activités et sommaire des principales méthodes comptables (suite)

g) Inventaire

L'inventaire est évalué au moindre du coût et de la valeur de réalisation nette. Le coût étant déterminé en se servant de la méthode de l'épuisement successif.

h) Immobilisations

Les immobilisations acquises sont comptabilisées au coût dans le fonds des immobilisations. Les apports reçus sous forme d'immobilisations sont comptabilisés à la juste valeur dans le fonds des immobilisations à la date de l'apport. Les immobilisations sont amorties selon la méthode de l'amortissement linéaire sur leur durée de vie utile estimative comme suit :

Bâtisses	40 ans
Rénovations	20 ans
Équipement d'entretien	20 ans
Équipement	10 ans
Ordinateurs	5 ans

i) Avantages sociaux futurs

L'estimation des avantages futurs antérieurs à la retraite a été effectuée selon la méthode actuarielle de la répartition des prestations au prorata des services.

j) Apports reçus sous forme de services

Plusieurs bénévoles consacrent un nombre notable d'heures par année à aider la corporation à assurer la prestation de ses services. En raison de la difficulté de déterminer la juste valeur de ces apports, ceux-ci ne sont pas constatés dans les états financiers.

k) Emploi des estimations

La préparation des états financiers, selon les normes comptables pour les organismes sans but lucratif du Canada, exige de la direction qu'elle établisse des estimations et formule des hypothèses à l'égard des montants d'actif et de passif portés à l'état de la situation financière et des éléments de l'actif et du passif éventuels à la date de l'état de la situation financière ainsi que des montants de revenus et de dépenses imputées au cours de l'exercice couvert par les états financiers. Les résultats réels pourraient différer de ces estimations.

2. Marge de Crédit

La corporation a une marge de crédit d'exploitation approuvée avec la Caisse Groupe Financier avec un maximum de 185 000 $. La marge de crédit porte un taux d'intérêt de 3,25 % (3,25 % en 2014), et est garantie par une lettre d'autorisation de Santé Manitoba et d'un contrat de sureté général.

3. Avantages sociaux recouvrables

Les prestations de retraite sont constatées lorsqu'elles sont réalisées et sont fondées sur des hypothèses actuarielles tandis que les congés de vacances rémunérés sont constatés lorsqu'ils sont réalisés par l'employé.

À cause de la nature de ces bénéfices, les prestations de retraite recevables et payables sont classifiées comme étant à long terme tandis que les congés de vacances apparaissent comme recevables et payables à court terme.

Santé Manitoba, via Santé Sud, fournira du financement pour les prestations de retraite jusqu'au montant maximum des obligations encourues en date du 31 mars 2004. Ce montant a été enregistré comme un recevable dans l'état de la situation financière. La Province du Manitoba a garanti ce recevable non réglé à l'Office et lui sera payé lorsqu'il sera requis. Toute obligation excédent le montant du 31 mars 2004 est reflétée comme une charge de l'exercice courant dans l'état des résultats. Le montant à recevoir est enregistré sur une base non actualisée. Cette politique est encouragée et appliquée de la même manière que Santé Manitoba. La juste valeur du montant à recevoir sur une base actualisée serait significativement moins élevée que la valeur comptable et la différence pourrait être influencée de façon significative par le taux d'actualisation effectif utilisé.

4. Immobilisations

			2015	2014
	Coût	**Amortissement cumulé**	**Valeur comptable nette**	Valeur comptable nette
	$	**$**	**$**	$
Terrain	**75 090**	**-**	**75 090**	75 090
Bâtisses	**9 866 900**	**3 600 767**	**6 266 133**	6 517 482
Équipement	**291 498**	**268 792**	**22 706**	26 945
Équipement d'entretien	**300 554**	**91 243**	**209 311**	116 848
Ordinateurs	**13 684**	**13 684**	**-**	-
	10 547 726	**3 974 486**	**6 573 240**	6 736 365

5. Construction en cours

	2015	2014
	$	$
Projet - traitement d'eau	**-**	59 585

6. Apports reportés

Apports reportés afférents aux immobilisations

Les apports reportés présentés dans le fonds des immobilisations comprennent les fractions non amorties des apports reçus sous forme de contributions pour l'acquisition des immobilisations.

	2015	2014
	$	$
Solde, au début de l'exercice	**6 720 860**	6 871 659
Plus achat d'ameublement	**45 283**	116 474
Moins montants amortis dans les résultats	**(267 993)**	(267 273)
Solde, à la fin de l'exercice	**6 498 150**	6 720 860

Apports reportés - réserve pour ameublement

Les apports reportés rattachés aux montants reçus au cours de l'exercice sont destinés à couvrir l'achat d'ameublement.

	2015	2014
	$	$
Solde, au début de l'exercice	**18 161**	29 207
Apport reportés afférents aux immobilisations	**(13 822)**	(11 046)
Solde, à la fin de l'exercice	**4 339**	18 161

6. Apports reportés (suite)

Apports reportés - réserve pour réparations majeures

Les apports reportés pour réparations majeures comprennent les fractions reçues de Santé Manitoba au cours de l'exercice destinées à couvrir les charges pour des réparations majeures ou remplacement d'équipement.

	2015	2014
	$	$
Solde, au début de l'exercice	**63 450**	60 810
Plus allocations de réserve	**2 640**	2 640
Autres allocations de réserve	**-**	-
Solde, à la fin de l'exercice	**66 090**	63 450

Apports reportés - réserve générale

Les apports reportés généraux comprennent des dons et prélèvements de fonds au cours de l'exercice destinées à couvrir les dépenses d'activités pour les résidents (capital ou autres) au delà des fonds provisionnés par Santé Sud.

	2015	2014
	$	$
Solde, au début de l'exercice	**19 549**	19 549
Intérêts	**-**	-
Solde, à la fin de l'exercice	**19 549**	19 549

7. Engagements contractuels et éventualités

Au 1er juillet 1987, un groupe d'organismes en soins de santé, (« souscripteurs »), ont formé le Healthcare Insurance Reciprocal of Canada (« HIROC »). HIROC est autorisé en tant que bourse d'assurance réciproque au sens de la Loi sur les assurances des provinces, qui permet des contrats réciproques de personnes d'assurance indemnité. HIROC facilite la fourniture d'assurance aux organismes en soins de santé dans les provinces de l'Ontario, du Manitoba, de la Saskatchewan et de Terre-Neuve. Les abonnés payent des primes annuelles, qui sont actuariellement déterminées, et sont sujets à une évaluation pour les pertes expérimentées par le groupe d'abonnés au-dessus de telles primes pendant les années où ils étaient un abonné. Au 31 mars 2015, la corporation n'a subi aucune évaluation de ce genre.

8. Revenus Santé Sud

Le revenu présenté dans les états financiers comprend un montant estimé qui dépend de la prévision budgétaire non finalisée à date pour l'exercice fiscal 31 mars 2015.

	2015	2014
	$	$
Revenu de Santé Sud conformément au budget	**4 122 201**	4 030 738
Plus		
Honoraires de capitation	**30 254**	30 254
Subvention de lits	**-**	3 862
Normalisation des salaires - MNU	**98 825**	19 723
Ajustement du financement de recrutement des employés	**48**	(12 558)
Financement de HSA	**(8 908)**	(1 139)
Moins apports nets redistribués		
Ajustement du financement hors globe - Loyer des résidents	**74 856**	83 255
Ajustement du financement hors globe - agrément	**-**	693
Revenue de Santé Sud	**4 317 276**	4 154 828

9. Avantages sociaux futurs

Avantages sociaux futurs à payer

Les avantages sociaux futurs à payer sont basés sur une évaluation actuarielle au 31 mars 2015.

En ce qui concerne le droit de pré-retraite des membres du Health Employees' Pension Plan, l'engagement contractuel de la corporation est de payer quatre jours de salaire pour chaque année de service avant la retraite de l'employé, si l'employé se conforme à une ou plusieurs des conditions suivantes :

- a complété dix ans de service et a atteint l'âge de 55 ans; ou
- répond à la règle de "quatre-vingt" qui est calculée en ajoutant le nombre d'années de service à l'âge de l'employé; ou
- a pris sa retraite à l'âge de 65 ans ou après; ou
- a terminé l'emploi en tout temps dû à une incapacité permanente.

L'hypothèse actuarielle importante utilisée pour mesurer les droits de retraite courus de la corporation regroupe la mortalité et les taux de retraits; un taux d'actualisation de 2,55 % (3,35 % en 2014) et un taux d'accroissement du salaire de 3,00 % (3,00 % en 2014); plus une grille de promotion/mérite relative à l'âge et sans provision pour un handicap.

9. Avantages sociaux futurs (suite)

Régime de retraite

La majorité des employés de la corporation participent au régime de retraite "Healthcare Employees' Pension Plan" (le «Régime»), successeur du régime Manitoba Health Organization Inc. Il s'agit d'un Régime de retraite interentreprises à prestations déterminées de type de fin de carrière dont bénéficient les salariés. Le Régime prévoit les versements de prestations basés selon le calcul qui rend les meilleurs résultats. Le calcul sera basé sur le nombre d'années de service et de la moyenne des salaires durant les cinq meilleures années des dix dernières années avant la retraite, le congédiement ou la mort.

Les actifs du Régime comprennent des placements de qualité. L'administration des risques de crédit et de marché est gérée par le Régime en suivant la politique établie pour les placements du Régime et en plaçant les actifs en fiducie.

Avec l'aide d'un actuaire, la charge de retraite est déterminée selon les circonstances les plus probables d'après la direction. Pour s'assurer que le régime honore ses engagements, l'actif de la caisse de retraite comprend un montant qui s'ajoute au versement de 7,90 % du salaire et de 9,50 % du salaire au-dessus de 52 500 $ des participants. La contribution de l'employeur est de 7,90 % du salaire et de 9,50 % du salaire au-dessus de 52 500 $ des participants. Au 1er avril 2014, avec l'inclusion de contribution envers le plan d'ajustement pour le coût de la vie, le taux des cotisations a augmenté à 8.7% (pour l'employeur et l'employé) du droit ouvrant à pension jusqu'à une limite du maximum annuel moyen des gains ouvrant droit à pension (MGAP) et a augmenté à 10.3% (portion de l'employeur et de l'employé) des gains excédent le MGAP.

L'évaluation actuarielle la plus récente, au 31 décembre 2013, indiquait que le régime était en déficit; cependant, on prévoit que les augmentations des taux de contribution récemment mises en application élimineront cette insuffisance dans l'horizon prévisionnel. Au cours de l'exercice, la corporation a versé au régime 275 593 $ (220 931 $ en 2014) pour le compte de ses employés.

10. Gestion des risques financiers

La corporation, dans le cours normal de ses activités, est exposée à différents risques, notamment le risque de crédit. L'objectif de la corporation en matière de gestion des risques est de favoriser l'optimisation du rapport risque-rendement, à l'intérieur de limites définies, en appliquant des stratégies, des politiques ainsi que des processus de gestion et de contrôle des risques intégrés à l'ensemble des activités de la corporation.

Risque de crédit

Le risque de crédit est le risque de perte couru par la corporation lorsqu'une contrepartie à un instrument financier ne réussit pas à respecter ses obligations contractuelles. La corporation est exposée principalement au risque de crédit au niveau des placements et des comptes à recevoir.

10. Gestion des risques financiers (suite)

L’exposition maximale de la corporation au risque de crédit, qui ne tient compte d’aucune garantie ni d’autres améliorations des termes de crédit, est la suivante :

	2015	2014
	$	$
Autres	**21 690**	21 098
Santé Manitoba/Santé Sud	**145 083**	111 725
Villa Youville Motels	**10 099**	32 596
	176 872	165 419

La corporation n’est pas exposée de façon significative au risque de crédit puisque les comptes à recevoir – autres viennent d’une grande base de clients et le paiement est typiquement entièrement acquitté lorsqu’il est dû. La corporation a établi une provision pour créances douteuses qui représente son évaluation des pertes de crédit potentielles. La provision pour créances douteuses est fondée sur les évaluations et les hypothèses de la gestion concernant des conditions de marché courantes, l’analyse des clients et des tendances historiques de paiement.

Risque de liquidité

Le risque de liquidité est le risque que la corporation ne soit pas en mesure de remplir ses obligations lorsqu’elles arrivent à échéance. La corporation maintient son fonds de roulement à un niveau convenable qui lui permet de remplir toutes ses obligations en temps opportun.

Risque de taux d'intérêt

La corporation, est exposée aux fluctuations des taux d'intérêts qui pourraient affecter les sorties et entrées de fonds liées à la marge de crédit à taux variable. La corporation ne se sert pas d'instruments financiers dérivés pour gérer le risque de taux d'intérêt.

11. Dépendance économique

Le volume d'activité financière entreprise par la corporation avec Santé Manitoba et Santé Sud est assez suffisant que la cessation de ces placements mettrait en danger la capacité de la corporation à continuer comme entreprise pérenne.

West Park Manor Personal Care Home Inc.
Financial Statements
March 31, 2015

MNP LLP

Independent Auditors' Report

To the Board of Directors of West Park Manor Personal Care Home Inc.:

We have audited the accompanying financial statements of West Park Manor Personal Care Home Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of West Park Manor Personal Care Home Inc. as at March 31, 2015 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

July 28, 2015

MNP LLP
Chartered Accountants

West Park Manor Personal Care Home Inc.
Statement of Financial Position
As at March 31, 2015

	2015	*2014*
Assets		
Current		
Cash *(Note 3)*	**762,538**	618,861
Short term investments *(Note 4)*	**1,753,452**	1,991,177
Accounts receivable *(Note 5)*	**47,412**	64,465
Prepaid expenses and deposits	**88,200**	55,843
Receivable from Winnipeg Regional Health Authority	**684,015**	834,894
	3,335,617	3,565,240
Capital assets *(Note 6)*	**1,995,134**	1,980,666
Deferred charges - future employee benefits *(Note 7)*	**754,664**	662,664
	6,085,415	6,208,570

Continued on next page

West Park Manor Personal Care Home Inc.
Statement of Financial Position
As at March 31, 2015

	2015	*2014*
Liabilities		
Current		
Accounts payable and accruals	**977,752**	1,406,354
Trust funds payable	**283,112**	270,903
Current portion of long-term debt *(Note 8)*	**682,000**	761,000
	1,942,864	2,438,257
Long-term debt *(Note 8)*	**564,541**	617,603
Deferred contributions *(Note 9)*	**1,065,960**	918,532
Accrued future employee benefits *(Note 7)*	**812,000**	720,000
	4,385,365	4,694,392
Net Assets		
Unrestricted	**321,797**	255,509
Invested in capital assets	**319,912**	282,642
Internally restricted *(Note 10)*	**1,058,341**	976,027
	1,700,050	1,514,178
	6,085,415	6,208,570

Approved on behalf of the Board

Original document signed
Director

Original document signed
Director

The accompanying notes are an integral part of these financial statements

MNP LLP

West Park Manor Personal Care Home Inc.
Statement of Operations
For the year ended March 31, 2015

	2015	*2014*
Revenue		
Winnipeg Regional Health Authority		
Operating	**5,649,836**	5,687,158
Bed grant	**11,712**	11,712
Interest on approved borrowing	**58,957**	52,488
Year-end adjustment *(Note 14)*	**(97,544)**	(70,590)
Medical salaries	**20,400**	19,776
Pre-retirement leave amortization	**49,275**	63,571
MNU related	**163,687**	44,762
Over-cost and other funding	**116,585**	57,486
Median rate adjustment per diem	**58,595**	1,320
Non median rate funding	**262,320**	262,320
CUPE related	**100,983**	-
Residential charges	**3,241,460**	3,143,474
3.6 HPRD and other revenue	**591,853**	563,997
Amortization of deferred capital contributions	**159,563**	153,934
	10,387,682	9,991,408
Expenses		
Amortization	**133,262**	123,912
Dietary services and supplies	**395,809**	383,814
Employee benefits	**1,415,667**	1,429,979
Employee benefits - preretirement leave	**49,275**	63,571
General administration	**118,631**	128,987
Health and safety	**4,376**	8,949
Housekeeping	**41,960**	36,288
Interest on long-term debt	**69,705**	68,247
Laundry	**38,656**	40,626
Medical salaries	**20,938**	19,416
Nursing services and supplies	**197,627**	220,549
Recreation and handicraft supplies	**17,112**	16,543
Repairs and maintenance	**118,716**	124,310
Salaries and wages	**7,336,061**	6,902,455
Utilities	**273,401**	266,871
	10,231,196	9,834,517
Excess of revenue over expenses before the following:	**156,486**	156,891
Other items		
Accrued future employee benefit income	**92,000**	55,675
Accrued future employee benefit expense	**(92,000)**	(55,675)
Excess of revenue over expenses	**156,486**	156,891

The accompanying notes are an integral part of these financial statements

West Park Manor Personal Care Home Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2015

	Internally restricted	*Unrestricted*	*Invested in capital assets*	***2015***	*2014*
Net assets, beginning of year	976,027	255,509	282,642	**1,514,178**	1,356,282
Excess of revenue over expenses	-	130,185	26,301	**156,486**	156,891
Change in internally restricted net amounts *(Note 10)*	29,386	-	-	**29,386**	1,005
Purchase of capital assets	-	(147,730)	147,730	**-**	-
Funding proceeds on capital asset additions	-	136,761	(136,761)	**-**	-
Transfers *(Note 11)*	52,928	(52,928)	-	**-**	-
Net assets, end of year	**1,058,341**	**321,797**	**319,912**	**1,700,050**	1,514,178

Statement of Cash Flows

For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Cash received from Government and tenants	**10,722,618**	10,158,293
Cash paid to suppliers	**(1,774,588)**	(1,256,465)
Cash paid to employees	**(8,854,009)**	(8,431,151)
Interest paid	**(69,705)**	(68,247)
	24,316	402,430
Financing		
Advances of long-term debt	**27,654**	406,849
Repayment of long-term debt	**(159,716)**	(165,917)
Increase in internally restricted net assets	**(35,674)**	(12,913)
Decrease in internally restricted net assets	**6,288**	11,907
Advances of receivable from Winnipeg Regional Health Authority	**(476,387)**	(225,390)
Repayments of receivable from Winnipeg Regional Health Authority	**654,992**	129,059
Contributions to trust funds payable	**44,245**	67,299
Withdrawals from trust funds payable	**(32,036)**	(63,656)
	29,366	147,238
Investing		
Purchase of capital assets	**(147,730)**	(527,705)
Purchase of short-term investments	**-**	(15,006)
Proceeds on sale of short-term investments	**237,725**	103,115
	89,995	(439,596)
Increase in cash resources	**143,677**	110,072
Cash resources, beginning of year	**618,861**	508,789
Cash resources, end of year	**762,538**	618,861

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

West Park Manor Personal Care Home, Inc. (the "Organization") is a privately operated non-profit corporation which provides personal care for senior citizens. It is incorporated without share capital under the Corporations Act of Manitoba.

The Organization is a not for profit organization under the Income Tax Act (the "Act") and as such, is exempt from income taxes. In order to maintain its status as such, the Organization must meet certain requirements within the Act. In the opinion of the management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting using the following significant accounting policies:

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Investments

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as short-term assets in concurrence with the nature of the investment.

Capital assets

The Organization capitalizes all individual assets and assets grouped in a similar kind with a cost over $2,000. Capital assets with a cost less than $2,000 may be capitalized if the Organization estimates the asset will have a long-term benefit.

Purchased capital assets are recorded at cost. Amortization is recorded in the Capital Asset Fund using the straight-line basis, at rates intended to amortize the value of capital assets over their estimated useful life. The annual rates are as follows:

Buildings	40 years
Computer equipment	5 years
Equipment	16 years

Fund accounting

The Organization follows the deferral method of accounting for contributions and uses fund accounting, and maintains three funds: unrestricted fund, invested in capital asset fund and internally restricted fund.

The Unrestricted Fund reports the Organization’s revenue and expenses related to program delivery and administrative activities in accordance with guidelines established by Manitoba Health and/or Winnipeg Regional Healthy Authority for future expenditures as approved by Manitoba Health.

The Capital Asset Fund reports the Organization’s assets, liabilities, revenue and expenses related to West Park Manor Personal Care Home Inc.'s capital assets and building expansion campaign.

The Internally Restricted Funds reports the Organization’s internally restricted resources, including reserves for major repairs and benefit plan funding, that are restricted for use at the discretion of the Board of Directors.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the Unrestricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue in the Unrestricted Fund when earned

Deferred contributions

Deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets or self-funding of insurance deductibles. Capital asset deferred contributions are recognized as revenue on the same basis as respective assets are amortized. Insurance deductible and major repairs deferred contributions are recognized as revenue on the same basis as respective expenditures are made.

Long-lived assets

Long-lived assets consist of buildings, computer equipment and equipment with finite useful lives. Long-lived assets are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

Accounts receivable and receivable from WRHA are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization and deferred contributions are based on the estimated useful lives of capital assets.

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

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

3. Cash

Included in cash are amounts due to reserve and trust accounts that are subject to certain restrictions.

Bank accounts earn interest at rates ranging from prime plus 1% to 1.75%

	2015	2014
Bank (bank indebtedness)	**(114,327)**	601,382
Internally restricted cash - equipment and repairs	**17,479**	17,479
Investment cash account	**859,386**	-
	762,538	618,861

4. Short term investments

	2015	2014
Money market mutual funds	**1,753,452**	1,738,454
Guaranteed investment certificate, matured June 21, 2014	**-**	252,723
	1,753,452	1,991,177

5. Accounts receivable

	2015	2014
Resident rents receivables	**14,486**	28,581
Government remittances receivable	**32,926**	35,884
	47,412	64,465

6. Capital assets

	Cost	Accumulated amortization	2015 Net book value
Land	**132,920**	**-**	**132,920**
Buildings	**3,191,738**	**1,843,570**	**1,348,168**
Computer equipment	**89,865**	**62,539**	**27,326**
Equipment	**2,309,918**	**1,823,198**	**486,720**
	5,724,441	**3,729,307**	**1,995,134**

	Cost	Accumulated amortization	2014 Net book value
Land	132,920	-	132,920
Buildings	3,191,738	1,763,006	1,428,732
Computer equipment	57,243	55,229	2,014
Equipment	2,194,810	1,777,810	417,000
	5,576,711	3,596,045	1,980,666

7. Deferred charges - future employee benefits

Retirement benefits
Under guidelines produced by Manitoba Health and/or Winnipeg Regional Health Authority (WRHA), funding owed to the Organization related to pre-retirement leave benefits and vacation pay liability is recognized as an out of global budget accounts receivable for March 31, 2004 and prior years. Funding for employee future benefits incurred subsequent to March 31, 2004 fiscal years are included in the Organization's global funding and were not recorded as a receivable, as Manitoba Health and/or WRHA had directed all health care facilities to record the future employee benefits liability but not the corresponding receivable. Each year since the 2009 fiscal year, Manitoba Health and WRHA agreed to provide funding for 100% of the retirement liability accrued during the year. For the March 31, 2015 fiscal year the Organization incurred an increase in employee future benefits of $92,000 (2014 - an decrease of $55,675) and a receivable for the same amount was recorded as a decrease in expense and income as directed by Manitoba Health and the WRHA. The significant actuarial assumptions adopted in measuring the Organization's accrued retirement entitlement include a discount rate of 3.15% and a rate of salary increase of 3.50%.

The total amount of the liability at March 31, 2015 is $812,000 (2014 - $720,000) and the related receivable is $754,664 (2014 - $662,664).

Pension Plan
The Organization participates in the Health Employees Pension Plan which is a multi-employer defined benefit pension plan available to all eligible employees. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of Section 3462 of Part II of the CPA Canada Handbook. Total contributions to the plan on behalf of employees during the year were $513,121 (2014 - $430,743).

8. Long-term debt

	2015	2014
First mortgage payable in monthly instalments of $8,289 including interest at 7.75%, secured by land and buildings having a net book value of $405,605 (2014 - $407,197), due August 1, 2023.	**617,166**	666,722
Term loan due on demand bearing interest at prime minus 0.50%, payable in monthly instalments of $1,485 plus interest, with a renewal date of December 20, 2015, secured with a general security agreement. Prime rate as at March 31, 2015 is 2.85% (2014 - 3.00%).	**63,353**	81,173
Term loan due on demand bearing interest at prime minus 0.50%, payable in monthly instalments of $1,301 plus interest, with a renewal date of December 9, 2015, secured with a general security agreement.	**84,487**	100,099
Term loan due on demand bearing interest at prime minus 0.50%, payable in monthly instalments of $1,542 plus interest, with a renewal date of October 15, 2015, secured with a general security agreement.	**129,515**	148,019
Term loan due on demand bearing interest at prime plus 0.25%, payable in monthly instalments of $4,852 plus interest, with a renewal date of September 30, 2015 secured with a general security agreement. Principal payments of $58,224 (2014 - $24,260) were paid in the year and a final advance of $27,654 was made to fully capitalize the loan.	**352,020**	382,590
	1,246,541	1,378,603
Less: current portion	**682,000**	761,000
	564,541	617,603

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2016	154,000
2017	161,000
2018	169,000
2019	163,000
2020	165,000

9. Deferred contributions

Changes for the year in the deferred contributions balance are as follows:

	Capital fund	Insurance	2015	2014
Balance, beginning of year	**899,900**	**18,632**	**918,532**	815,519
- Principal repayment	**102,046**	**-**	**102,046**	160,709
- Equipment replacement	**136,761**	**-**	**136,761**	86,278
- Major repairs	**7,944**	**-**	**7,944**	7,944
- Insurance deductible	**-**	**2,016**	**2,016**	2,016
Recognized as revenue during the year	**(159,563)**	**-**	**(159,563)**	(153,934)
Balance, end of year	**987,088**	**20,648**	**1,007,736**	918,532

10. Internally restricted net assets

	2015	2014
Non-operating income reserve		
Balance, beginning of year	**632,771**	631,766
Interest	**34,675**	12,913
Other	**(1,360)**	(1,490)
Payments/expenditures	**(3,929)**	(8,024)
Transfer to reserve funds	**-**	(2,394)
Balance, end of year	**662,157**	632,771
Reserve for major repairs	**28,233**	28,233
Reserve for employee benefits	**367,951**	315,023
	1,058,341	976,027

These net assets have been restricted by the Board of Directors. The use of such assets is at the discretion of the Board of Directors.

11. Transfers

During the year, the Board of Directors approved a transfer to the internally restricted fund to be used for future employee benefits.

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Personal Care Home to concentrations of credit risk consist primarily of trade accounts receivable and receivable from Winnipeg Regional Health Authority (WRHA).

Market risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization’s investments in mutual funds exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

13. Economic dependence

A significant portion of the Organization's operating funds are provided by Manitoba Health and/or Winnipeg Regional Health Authority and its ability to continue viable operations is dependent upon maintaining this funding.

14. Year end adjustment

The year end adjustment in the revenues section of the Statement of Operations represents the difference in the funding budget and the actual funding for residential charges received from residents and the actual medical remuneration payments made to physicians. The amount has been set up as a payable to WRHA.

WOMEN'S HEALTH CLINIC INC.

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

MARCH 31, 2015

WOMEN'S HEALTH CLINIC INC.

MARCH 31, 2015

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INDEPENDENT AUDITORS' REPORT

PKBW GROUP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

To the Board of Directors of Women's Health Clinic Inc.:

We have audited the accompanying financial statements of Women's Health Clinic Inc., which comprise the statements of financial position as at December 31, 2015, and the statements of operations, changes in net assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except as noted on the Basis of Qualified Opinion paragraph below, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion
During the course of the year end audit it was noted that there was a material amount of inventory on hand at March 31, 2015 for which we were not present at the inventory count to verify the inventory quantities on hand. As a result, we have qualified our audit opinion with respect to the completeness and existence of inventory that was on hand at March 31, 2015.

Qualified Opinion
In our opinion, except for any adjustments, if any, which we might have determined to be necessary had we been able to complete sufficient, appropriate audit procedures on inventory, these financial statements present fairly, in all material respects, the financial position of Women's Health Clinic Inc. as at December 31, 2015, and the results of operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters
The prior year's financial statements were audited by another firm of Chartered Accountants, whose independent auditors' report was dated June 3, 2014.

PKBW Group

Winnipeg, Manitoba
June 2, 2015

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

T 204.942.0861 F 204.947.6834 E admin@pkbwgroup.ca A member of BHD ASSOCIATION OF with affiliated offices across Canada and internationally

WOMEN'S HEALTH CLINIC INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	$ 289,566	580,364
Accounts receivable	22,163	14,739
Due from Winnipeg Regional Health Authority	1,128,384	1,009,673
Inventory	102,861	72,437
Prepaid expenses	37,561	27,833
	1,580,535	1,705,046
DEFERRED PROJECT COSTS	34,771	42,146
TANGIBLE CAPITAL ASSETS (Notes 2(b) and 4)	647,042	741,535
	$ 2,262,348	2,488,727
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 597,284	644,918
Government remittances payable	-	62,701
Deferred revenue (Note 5)	39,892	45,795
Deferred operating contributions (Note 6)	95,588	220,461
Demand loan (Note 7)	269,499	319,423
	1,002,263	1,293,298
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	207,783	239,089
PRE-RETIREMENT LEAVE (Notes 2(h) and 9)	439,000	375,457
	1,649,046	1,907,844
NET ASSETS		
Operating fund	138,521	161,642
Donation fund	275,047	212,985
Capital fund	199,734	206,256
	613,302	580,883
	$ 2,262,348	2,488,727

APPROVED BY THE BOARD:

_________________________ **Director** _________________________ **Director**

WOMEN'S HEALTH CLINIC INC.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	OPERATING FUND	DONATION FUND	CAPITAL FUND	TOTAL 2015	TOTAL 2014
REVENUE					
Winnipeg Regional Health Authority					
Fixed payments	$ 5,516,157	-	-	5,516,157	5,168,704
Amortization of deferred capital					
contributions (Note 8)	-	-	31,957	31,957	37,336
Donations	-	57,115	-	57,115	57,391
Fee for service	431,351	-	-	431,351	374,999
Interest	-	6,280	-	6,280	4,865
Miscellaneous	5,405	-	-	5,405	21,290
Operating contributions	156,373	-	-	156,373	85,500
Province of Manitoba (Note 10)	298,300	-	-	298,300	268,300
Rental	-	-	15,725	15,725	20,400
The Winnipeg Foundation	2,000	-	-	2,000	-
United Way of Winnipeg	232,455	-	-	232,455	233,996
	6,642,041	63,395	47,682	6,753,118	6,272,781
EXPENSES (Schedule)	6,598,212	1,333	117,611	6,717,156	6,266,054
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE PRE-RETIREMENT LEAVE	43,829	62,062	(69,929)	35,962	6,727
PRE-RETIREMENT LEAVE (Note 9)					
Pre-retirement revenue	70,320	-	-	70,320	20,492
Pre-retirement expense	(39,863)	-	-	(39,863)	(27,932)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 74,286	62,062	(69,929)	66,419	(713)

WOMEN'S HEALTH CLINIC INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2015

	OPERATING FUND	DONATION FUND	CAPITAL FUND	TOTAL 2015	TOTAL 2014
NET ASSETS, BEGINNING OF YEAR, as previously reported	$ 596,016	212,985	(268,624)	540,377	531,400
PRIOR PERIOD ADJUSTMENTS (Note 16)	(434,374)	-	474,880	40,506	50,196
NET ASSETS, BEGINNING OF YEAR, as restated	161,642	212,985	206,256	580,883	581,596
Excess (deficiency) of revenue over expenses	74,286	62,062	(69,929)	66,419	(713)
Demand loan principal repayment	(49,924)	-	49,924	-	-
Additions to tangible capital assets	(13,483)	-	13,483	-	-
Pre-retirement leave remeasurement	(34,000)	-	-	(34,000)	-
NET ASSETS, END OF YEAR	$ 138,521	275,047	199,734	613,302	580,883

WOMEN'S HEALTH CLINIC INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2015

		2015	2014
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses	$	66,419	(713)
Add back non-cash item(s):			
Amortization of tangible capital assets		107,977	107,467
Amortization of deferred capital contributions		(31,957)	(37,336)
		142,439	69,418
Change in non-cash working capital items:			
Accounts receivable		(7,424)	(1,555)
Due from Winnipeg Regional Health Authority		(118,711)	(165,890)
Inventory		(30,424)	6,009
Prepaid expenses		(9,728)	(14,719)
Deferred project costs		7,374	13,691
Accounts payable and accrued liabilities		(47,634)	132,199
Government remittances payable		(62,701)	3,844
Deferred revenue		(5,903)	-
Deferred operating contributions		(124,873)	(77,803)
		(257,585)	(34,806)
INVESTING ACTIVITIES			
Purchase of tangible capital assets		(13,483)	(33,355)
FINANCING ACTIVITIES			
Demand loan repayment		(49,924)	(48,092)
Additions to deferred capital contributions		651	33,262
Pre-retirement leave		63,543	-
Pre-retirement leave remeasurement		(34,000)	-
		(19,730)	(14,830)
DECREASE IN CASH		(290,798)	(82,991)
CASH, BEGINNING OF YEAR		580,364	663,355
CASH, END OF YEAR	$	289,566	580,364

WOMEN'S HEALTH CLINIC INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. ACCOUNTING ENTITY

Women's Health Clinic Inc. is a community health centre based on principles of feminism, equity and diversity. The organization works towards promoting the health and well-being of women. The approach to health is to facilitate empowerment, choice and action. The organization was formed in 1981, is an incorporated not-for-profit entity, and is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

(a) Fund Accounting

The **Operating Fund** accounts for the revenues and expenses related to program delivery and administrative activities.

The **Donation Fund** accounts for all donations and fundraising activities. The resources of this fund are disbursed subject to the Board of Directors' approval or relevant restrictions.

The **Capital Fund** accounts for the assets and liabilities, revenue and expenses related to the organization's capital assets.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis.

(c) Tangible Capital Assets

Purchased tangible capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at the fair value at the date of contribution. Amortization is provided on the straight-line basis at the following rates:

Building and improvements	10 - 25 years
Computers, furniture and fixtures	5 - 10 years
Security system	10 years
Medical equipment	5 years

Leasehold improvements are amortized over the life of the lease.

Additions are amortized at one-half of the above rates in the year of purchase.

(d) Revenue Recognition

The organization follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions, including grants, are recognized as revenue of the appropriate fund when they are received or receivable, and when collectibility is reasonably assured.

Fee for service revenue is recognized as earned, which is at the time the service is provided.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Pre-retirement Leave Benefits

The cost of the organization's employee pre-retirement leave benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions used in measuring the organization's future employee benefit payable include retirement, termination and mortality rates, a discount rate of 2.90% (2014 - 3.60%), a rate of salary increase of 3.50% (2014 - 3.0%) plus an age-related merit/promotion scale with provision for disability.

(f) Accounting Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved and pre-retirement leave payable. Actual results may differ from estimates.

(g) Financial Instruments

Financial instruments held by the organization include cash, accounts receivable, accounts payable and accrued liabilities, and demand loan. The organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The organization subsequently measures its financial instruments at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

(h) Change in Accounting Policy

The organization has retrospectively applied Section 3463 of Part III of the CICA Handbook effective for its March 31, 2015 fiscal year for pre-retirement leave benefits. Section 3463 requires the organization to determine the amount of remeasurements and other items for the year in accordance with employee future benefits, paragraphs 3462.085 -.090 in Part II of the CICA Handbook. The remeasurements and other items are recognized directly in net assets as a separately identified line item in the statement of financial position rather than in the statement of operations.

3. CASH

The organization has a line of credit available in the amount of $25,000 at the prime interest rate. As at March 31, 2015 the balance is $Nil (2014 - $Nil).

WOMEN'S HEALTH CLINIC INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

4. TANGIBLE CAPITAL ASSETS

	2015 Cost	2015 Accumulated Amortization	2014 Cost	2014 Accumulated Amortization
Land	$ 130,000	-	130,000	-
Building and improvements	1,007,921	511,673	997,854	455,262
Computers, furniture and fixtures	153,081	148,934	153,081	130,081
Leasehold improvements	3,553	1,776	3,553	1,421
Security system	50,135	46,804	46,719	44,087
Medical equipment	148,203	136,664	148,203	107,024
	1,492,893	845,851	1,479,410	737,875
Net book value	$ 647,042		741,535	

5. DEFERRED REVENUE

	Balance March 31, 2014	Revenue Received 2015	Revenue Recognized 2015	Balance March 31, 2015
Insurance	$ 10,310	792	-	11,102
Client emergency fund	8,241	103	-	8,344
Birthing Centre garden	8,872	-	500	8,372
PEDPRP	17,729	1,699	7,997	11,431
Reproductive rights	643	-	-	643
	$ 45,795	2,594	8,497	39,892

6. DEFERRED OPERATING CONTRIBUTIONS

	Balance March 31, 2014	Funding Received 2015	Revenue Recognized 2015	Balance March 31, 2015
Winnipeg Foundation	$ -	31,500	-	31,500
WRHA	220,461	-	156,373	64,088
	$ 220,461	31,500	156,373	95,588

7. DEMAND LOAN

	2015	2014
Assiniboine Credit Union mortgage bearing interest at prime plus 0.25%, repayable in monthly installments of principal and interest of $4,960, due on demand and secured the organization's land and building	$ 269,499	319,423

8. DEFERRED CAPITAL CONTRIBUTIONS

	Balance March 31, 2014	Revenue Received 2015	Revenue Recognized 2015	Balance March 31, 2015
WRHA	$ 78,618	651	14,008	65,261
Non-WRHA	160,471	-	17,949	142,522
	$ 239,089	651	31,957	207,783

9. PRE-RETIREMENT LEAVE BENEFITS

The organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006 the organization was instructed by the Winnipeg Regional Health Authority (WRHA) to record the full obligation. The WRHA calculated and advised the organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the WRHA has instructed the Organization to set up a receivable for the percentage of the change in the pre-retirement obligation that belongs to WRHA programs. The change in the pre-retirement leave benefits are recorded as an expense in the current year. During the year, the obligation increased by $63,543 (2014 - $27,932).

A portion of the pre-retirement benefits for the current year of $70,320 (2014 - $20,492) were funded the WRHA.

During the year, the organization incurred retirement leave expenditures of $10,000 (2014 - $Nil) of which $10,000 were funded by the WRHA.

The pre-retirement leave obligation is as follows:

	2015	2014
WRHA funded employees	$ 383,000	323,000
Non-WRHA funded employees	56,000	52,457
	$ 439,000	375,457

10. PROVINCE OF MANITOBA

The Province of Manitoba fund the following programs:

	2015	2014
Healthy Child Manitoba - Families Connecting, Healthy Baby Program	$ 211,300	211,300
Manitoba Health - Eating Disorders Program	57,000	57,000
Body Positive Project	30,000	-
	$ 298,300	268,300

11 ENDOWMENT FUND

In 2002, the organization established an Endowment Fund to held in perpetuity at The Winnipeg Foundation. Interest revenue earned by this fund is available to the Organization annually to support general operations. As of March 31, 2015 contributions to the Endowment Fund totaled $180,981 (2014 - $180,103), including those from third parties. The market value of the Endowment Fund at March 31, 2015 is $258,997 (2014 - $224,279).

12. COMMITMENT

The organization has entered into a lease agreement for office space at 346 Portage Avenue, Winnipeg, Manitoba expiring on July 31, 2021 with an aggregate minimum annual rental of approximately $110,000, increasing to $120,000 annually effective August 1, 2016, exclusive of certain incremental occupancy costs.

13. PENSION

The organization adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the "Plan"). As part of the agreement, the organization's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made tot he Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, $350,465 (2014 - $308,767) was expensed for the purpose of the Plan.

Pension contributions are included in employee benefits expense.

14 ECONOMIC DEPENDENCE

The volume of financial activity undertaken by the Organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the organization to continue as a going concern.

15. RISK MANAGEMENT

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the organization is exposed to interest rate risk due to its demand loan.

(b) Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business.

The organization's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due.

(c) Credit Risk

Credit risk is the risk that a counterpart will default on its financial liabilities.

Financial instruments which potentially subject the organization to credit risk and concentrations of credit risk consist principally of accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

16. PRIOR PERIOD ADJUSTMENTS

During the current year's audit it was noted that a portion of supplies inventory had not been reported in prior fiscal years resulting in an understatement of inventory of $40,506 at March 31, 2014. To correct this understatement a prior period adjustment was recorded to increase inventory by $40,506, increase prior year expenses by $9,691 and increase operating fund net assets by $50,196.

During the current year's audit it was noted that capital fund net assets were understated by $474,880 and operating fund assets were overstated by the same amount. A prior period adjustment was recorded to correct this error.

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

WOMEN'S HEALTH CLINIC INC.
SCHEDULE OF EXPENSES
YEAR ENDED MARCH 31, 2015

	OPERATING FUND	DONATION FUND	CAPITAL FUND	TOTAL 2015	TOTAL 2014
Accounting and computer	$ 13,923	-	-	13,923	22,517
Amortization of tangible capital assets	-	-	107,977	107,977	107,467
Association membership fees	14,114	-	-	14,114	1,758
Bad debts	554	-	-	554	2,543
Community relations	26,761	-	-	26,761	27,591
Employee benefits	708,969	-	-	708,969	662,295
Equipment leases	71,935	-	-	71,935	57,519
Fundraising	-	1,333	-	1,333	5,262
Health reform materials	1,461	-	-	1,461	739
Insurance	6,972	-	-	6,972	6,161
Interest on mortgage	-	-	9,634	9,634	11,442
Lectures and honorariums	-	-	-	-	249
Medical supplies and processing fees	372,040	-	-	372,040	336,665
Occupancy costs	125,768	-	-	125,768	136,590
Office	106,153	-	-	106,153	96,221
Other supplies	67,753	-	-	67,753	75,145
Professional fees	29,740	-	-	29,740	20,765
Purchased services	580,968	-	-	580,968	455,742
Repairs and maintenance	66,173	-	-	66,173	103,768
Salaries	4,258,413	-	-	4,258,413	3,988,066
Staff development	3,802	-	-	3,802	5,895
Staff training	15,271	-	-	15,271	16,534
Telephone	43,947	-	-	43,947	40,259
Travel	24,318	-	-	24,318	22,838
Utilities	57,624	-	-	57,624	58,382
Volunteer services	1,553	-	-	1,553	3,641
	$ 6,598,212	1,333	117,611	6,717,156	6,266,054

Regional Health Authorities of Manitoba Inc.
Financial Statements
March 31, 2015

MNP LLP

Management's Responsibility

To the Board of Directors of Regional Health Authorities of Manitoba Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards for government not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 23, 2015

Original document signed

Monique Vielfaure MacKenzie
Executive Director

Independent Auditors' Report

To the Board of Directors of Regional Health Authorities of Manitoba Inc.:

We have audited the accompanying financial statements of Regional Health Authorities of Manitoba Inc. which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Regional Health Authorities of Manitoba Inc. as at March 31, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Winnipeg, Manitoba

June 23, 2015

MNP LLP
Chartered Accountants

Regional Health Authorities of Manitoba Inc.
Statement of Financial Position
As at March 31, 2015

	2015	2014
Assets		
Current		
Cash	**4,792,544**	4,316,000
Restricted cash	**400,947**	674,568
Accounts receivable *(Note 3)*	**74,079**	53,942
Goods and Services Tax receivable	**4,383**	13,178
	5,271,953	5,057,688
Capital assets *(Note 4)*	**19,643**	27,657
	5,291,596	5,085,345
Liabilities		
Current		
Accounts payable and accruals *(Note 5)*	**81,910**	158,971
Deferred contributions related to operations *(Note 6)*	**2,654,976**	2,654,976
Employee future benefits *(Note 7), (Note 12)*	**109,739**	98,399
	2,846,625	2,912,346
Employee future benefits *(Note 7), (Note 12)*	**157,000**	129,000
	3,003,625	3,041,346
Contingency *(Note 8)*		
Net Assets		
Invested in capital assets *(Note 6), (Note 9)*	**19,643**	27,657
Unrestricted	**1,867,381**	1,341,774
Restricted	**400,947**	674,568
	2,287,971	2,043,999
	5,291,596	5,085,345

Approved on behalf of the Board

Original document signed

Director

Original document signed

Director

The accompanying notes are an integral part of these financial statements

MNP LLP

Regional Health Authorities of Manitoba Inc.
Statement of Operations
For the year ended March 31, 2015

	2015	2014
Revenue		
Program revenue and recoveries	**4,043,235**	4,983,009
Expenses		
Amortization	**8,014**	8,014
Defibrillator fund	-	1,345,024
Dues and memberships	**99,548**	102,899
Equipment lease	**2,874**	2,813
Meeting expense	**64,998**	82,727
Office	**218,417**	63,247
Professional fees	**1,554,566**	1,279,078
Public relations	**144,826**	114,610
Purchased services	**121,866**	120,211
Rental	**31,935**	31,337
Repairs and maintenance	**2,569**	4,864
Salaries, wages and benefits	**1,453,388**	1,273,740
Telephone, fax and internet	**9,418**	12,789
Training and education	**5,692**	7,525
Travel	**81,152**	58,655
	3,799,263	4,507,533
Excess of revenues over expenses	**243,972**	475,476

The accompanying notes are an integral part of these financial statements

Regional Health Authorities of Manitoba Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2015

	Invested in capital assets	*Unrestricted*	*Restricted*	*2015*	*2014*
Net assets, beginning of year	**27,657**	**1,341,774**	**674,568**	**2,043,999**	1,568,523
Excess (deficiency) of revenues over expenses	**(8,014)**	**525,607**	**(273,621)**	**243,972**	475,476
Net assets, end of year	**19,643**	**1,867,381**	**400,947**	**2,287,971**	2,043,999

The accompanying notes are an integral part of these financial statements

Regional Health Authorities of Manitoba Inc.
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	**243,972**	475,476
Amortization	**8,014**	8,014
	251,986	483,490
Changes in working capital accounts		
Accounts receivable	**(20,137)**	291,012
Goods and Services Tax receivable	**8,795**	(4,616)
Accounts payable and accruals	**(77,061)**	147,264
Deferred contributions related to operations	**-**	654,976
Employee future benefits	**39,340**	31,693
	202,923	1,603,819
Investing activities		
Purchases of capital assets	**-**	(5,005)
Increase in cash resources	**202,923**	1,598,814
Cash resources, beginning of year	**4,990,568**	3,391,754
Cash resources, end of year	**5,193,491**	4,990,568
Cash resources are composed of:		
Cash	**4,792,544**	4,316,000
Restricted cash	**400,947**	674,568
	5,193,491	4,990,568

The accompanying notes are an integral part of these financial statements

MNP LLP

1. Nature of business

Regional Health Authorities of Manitoba Inc. ("RHAM Inc.") was established under the Corporations Act of Manitoba in October 1998 and commenced operations in April 1999 to pursue joint activities of mutual benefit to the Regional Health Authorities. It assists its members in improving the quality and delivery of Manitoba's health services by providing them with support services and legal ability to pursue joint initiatives. In April 2012, Diagnostic Services of Manitoba (DSM) became a member of RHAM Inc. RHAM Inc. provides a forum, through which the Regional Health Authorities participate as a member of HealthcareCAN (previously the Canadian Healthcare Association). RHAM Inc. promotes, implements and provides shared services for the efficient operation of all or some of the Regional Health Authorities, including services such as group purchasing, clinical privilege advice and recruitment support.

RHAM Inc. is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. In the opinion of management, these requirements have been met.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations and including the following significant accounting policies:

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

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

	Rate
Equipment	12.5 %
Computer equipment	30 %
Automotive	16.6 %
Leasehold improvements	20-25 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

RHAM Inc. performs impairment testing on long-lived assets held for use whenever events or 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 it's fair value. Any impairment is included in operations for the year.

Severance and termination benefits

RHAM Inc. recognizes a liability and expense for contractual termination benefits based on fair value when it is probable that the specific event that results in the downsizing and termination of a group of employees will occur and the amount can be reasonably estimated.

2. Significant accounting policies *(Continued from previous page)*

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to RHAM Inc., the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors. Three funds are maintained: the Operating fund, Restricted fund and the Invested in capital assets fund.

The Operating fund is used to account for all revenue and expenses related to general and ancillary operations of RHAM Inc.

The Restricted fund is used to account for all revenues and expenses for specific cost centers/programs as approved by the Board of Directors.

The Invested in capital assets fund is used to account for all capital assets of RHAM Inc. and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

Controlled entity

RHAM Inc. controls Medical Transportation Coordination Centre (MTCC) through a service purchase agreement with the Province of Manitoba. Summary financial information is included in Note 13 along with a description of MTCC and the nature of its operations.

Financial instruments

RHAM Inc. recognizes its financial instruments when RHAM Inc. becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, RHAM Inc. may irrevocably elect to subsequently measure any financial instrument at fair value. RHAM Inc. has not made such an election during the year.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess if revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurements gains and losses.

Revenue recognition

RHAM Inc. follows the deferral method of accounting for contributions.

RHAM Inc. is funded by the five Regional Health Authorities of Manitoba (Northern, Southern, Interlake-Eastern, Prairie Mountain Health and Winnipeg) and Diagnostic Services of Manitoba (DSM) in accordance with funding arrangements established with each. Funding is recorded as revenue in the period to which it relates. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue in the year in which they are received. Contributions for certain programs are internally restricted by the board to be spent only on those program mandates. These 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.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for government 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. RHAM Inc. currently does not have an allowance for doubtful accounts. Amortization is based on the estimated useful lives of capital assets. Employee future benefits are based on estimates of future obligations to RHAM Inc.

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

3. Accounts receivable

	2015	*2014*
Manitoba Health	**53,246**	53,942
Other	**20,833**	-
	74,079	53,942

4. Capital assets

	Cost	***Accumulated amortization***	***2015 Net book value***
Equipment	**26,951**	**25,335**	**1,616**
Computer equipment	**43,635**	**41,633**	**2,002**
Automotive	**30,729**	**15,365**	**15,364**
Leasehold improvements	**15,054**	**14,393**	**661**
	116,369	**96,726**	**19,643**

	Cost	*Accumulated amortization*	*2014 Net book value*
Equipment	26,951	24,606	2,345
Computer equipment	43,635	40,132	3,503
Automotive	30,729	10,243	20,486
Leasehold improvements	15,054	13,731	1,323
	116,369	88,712	27,657

5. Accounts payable and accruals

	2015	2014
Trade accounts payable	-	120,447
Professional fees	**10,500**	10,500
Government remittances	**25,595**	28,024
Accrued wages payable	**45,815**	-
	81,910	158,971

6. Deferred contributions related to operations

Deferred contributions consist of unspent contributions externally restricted for the defibrillator fund and fire safety fund. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2015	2014
Defibrillator Fund		
Balance, beginning of year	**654,976**	2,000,000
Less: Amounts recognized as revenue during the year	-	(1,345,024)
	654,976	654,976
Fire Safety Fund		
Balance, beginning of year	**2,000,000**	-
Amounts received during year	-	2,000,000
	2,000,000	2,000,000
	2,654,976	2,654,976

MNP LLP

7. Employee future benefits

The accrued benefit obligation for pre-retirement benefits are actuarially determined using the projected unit credit service pro-rated on service actuarial cost method and management's best estimates of expected future rates of return on assets, termination rates, employee demographics, salary rate increases plus age related merit/promotion scale with nil for disability and employee mortality and withdrawal rates. The most recent actuarial report was prepared at March 31, 2015.

The valuation includes employees who qualify at the fiscal year-end date and an estimate for the remainder of the employees who have not yet met the years of service criteria. The accrued pre-retirement benefit obligation for March 31, 2015 is based on an extrapolation of that valuation.

Based upon agreements, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable group pension plan. RHAM Inc.'s contractual commitment is to pay based on the following:

- RHAM Inc.'s contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Healthcare Employees Pension Plan (HEPP) is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

  (i) has ten years service and has reached the age of 55 or
  (ii) qualifies for the "eighty" rule which is calculated by adding the number of years 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 actuarial valuation was based on a number of assumptions about future events as follows:

	2015	2014
Discount rate – March 31	**2.55%**	3.35%
Rate of salary increase – April 1	**3.00%**	3.00%
Rate of salary increase – March 31	**3.50%**	3.00%
EARSL – March 31 (in years)	**5.7**	8

Actuarial gains and losses can arise in a given year as a result of (a) the difference between the actual return on plan assets in that year and the expected return on plan assets for that year, (b) the difference between the actual accrued benefit obligations at the end of the year and the expected accrued benefit obligations at the end of the year and (c) changes in actuarial assumptions. For the fiscal year beginning April 1, 2013, and in accordance with Canadian public sector accounting standards for government not-for-profit organizations, gains or losses that arise in a given year, along with past service costs that arise from pre-retirement benefits plan amendments, are to be amortized into income over the expected average remaining service life (EARSL) of the related employee group. Prior to April 1, 2013 valuation, gains or losses have been recognized in the period they were incurred.

7. **Employee future benefits** *(Continued from previous page)*

The pre-retirement valuation includes employees who qualify at the fiscal year-end date and an estimate for the remainder of the employees who have not yet met the years of service criteria. The following table presents information about accrued pre-retirement benefit obligations, the change in value and the balance of the obligation at March 31, 2015:

Pre-retirement benefit obligation per valuation at March 31, 2014	85,000
	85,000
Current period service cost	13,000
Interest cost	3,000
Actuarial gain	4,000
Pre-retirement benefit obligation at March 31, 2015	105,000

Sick leave benefits obligation

RHAM Inc. accrues for the sick leave plan according to Canadian public sector accounting standards Section 3255.

At the beginning of fiscal year April 1, 2011, a valuation of RHAM Inc.'s obligations for the accumulated sick leave bank was done for accounting purposes using the average usage of sick days used in excess of the annual sick days earned. Factors used in the calculation are as follows:

- Average employee daily wage
- Number of sick days used in the year
- Number of sick days earned in the year
- Excess days of used over earned
- Dollar Value of the excess
- Number of unused sick days

Key assumptions used in the valuation were based on management's best estimates. The valuation used the same assumptions about future events as was used for the pre-retirement valuation above.

7. Employee future benefits *(Continued from previous page)*

The following table presents information about the accrued sick leave benefit obligation, the change in value and the balance of the obligation:

Sick leave benefit obligation per valuation at March 31, 2014	44,000
	44,000
Current period service cost	7,000
Interest cost	2,000
Benefits paid	(12,000)
Actuarial gain	11,000
Sick leave benefit obligation at March 31, 2015	52,000

Vacation benefits obligation

The accrued vacation benefits obligation is valued using employee vacation bank balances at March 31 and salary rates. The total reported on the financial statements for vacation benefits at March 31, 2015 is $109,739 (2014 - $98,399).

8. Contingent liability

On July 1, 1987, a group of health care organization "subscribers" formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons to exchange with other 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, if any, experienced by the group of subscribers for the years in which they were a subscriber. No assessments have been made to March 31, 2015.

9. Invested in capital assets

Invested in capital assets is calculated as follows:

	2015	2014
Capital assets	**19,643**	27,657
Amounts financed by:		
Deferred contributions	-	-
Ending balance invested in capital assets	**19,643**	27,657

Change in net assets invested in capital assets is calculated as follows:

	2015	2014
a) Excess (deficiency) of revenues over expenses		
Amortization of capital assets included in programs	**(8,014)**	(8,014)
b) Purchase of capital assets	-	5,005
Change in net assets	**(8,014)**	(3,009)

10. Commitments

RHAM Inc. has entered into lease agreements with estimated minimum annual payments as follows:

2016	25,780
2017	25,780
2018	25,780
2019	25,590
2020	20,310
	123,240

Additionally, on March 30, 2010, an agreement was signed between the Government of Manitoba, Manitoba Health and the Regional Health Authorities of Manitoba. The terms of the agreement provide for the allocation of $925,134 to the Medical Transportation Coordination Centre (MTCC) annually as a reserve for capital maintenance.

MTCC is the dedicated centre for the dispatch of rural and northern Emergency Medical Services (EMS), and the coordinator of all inter-facility ambulance transfers across the province. The Centre was established in 2006 through a cooperative venture between Manitoba Health and RHAM Inc. A Service Purchase Agreement (SPA) between Manitoba Health and RHAM Inc. identifies the services to be provided by MTCC and the associated funding from Manitoba Health for the delivery of said services.

11. Pension plan

Substantially all of the employees of RHAM Inc. are members of the Healthcare Employees Pension Plan (HEPP). HEPP is a multi-employer defined benefit pension plan, which is accounted for as a defined contribution plan. The most recent actuarial valuation of HEPP at December 31, 2013 indicates the plan is 96.1% funded. The Plan has a going concern unfunded liability of $203,558,000 as at December 31, 2013, based on total actuarial value of assets of $5,031,593,000 and total liabilities of $5,235,151,000. Minimum going concern special payments of 1.57% of projected aggregate covered payroll are required in order to amortize the going concern unfunded liability of $203,558,000 over the periods required under the Pension Benefits Act, Manitoba. No assessments have been made to March 31, 2015.

12. Benefits plan

Substantially all of the employees of RHAM Inc. are members of the Healthcare Employees Benefits Plan - Manitoba Disability and Rehabilitation Plan (HEBP). The most recent actuarial valuation of HEBP at December 31, 2014 indicates the plan is 154.2% funded. The Plan has a net surplus position of $75,129,000 as at December 31, 2014, based on total actuarial market value of net assets of $213,706,000 and total actuarial liabilities of $138,577,000. Minimum service costs under 2014 valuation assumptions of 2.51% of annual pay are required in order to amortize the net surplus position of $75,129,000 over the periods. No assessments have been made to March 31, 2015.

13. Medical Transportation Coordination Centre

Medical Transportation Coordination Centre was incorporated under the Canada Corporations Act as a not-for-profit organization, as described in Section 149 (1)(l) of the Income Tax Act, and therefore, is not subject to either federal or provincial income taxes. Medical Transportation Coordination Centre is principally involved in coordinating Emergency Medical Transportation throughout the Province of Manitoba.

Although both entities operate as separate organizations, they are operated by a common Board of Directors. The controlled entity's financial information as at year end for the year ended March 31, 2015 was as follows:

	2015	*2014*
Current Assets	**6,462,572**	5,681,955
Long Term Assets	**1,783,343**	2,224,505
Current Liabilities	**(494,431)**	(478,609)
Long Term Liabilities	**(7,751,484)**	(7,427,851)
Net Assets	**-**	-
Revenues	**5,181,996**	4,972,416
Expenses	**(5,388,771)**	(5,156,945)
Deficiency of revenues over expenses	**(206,775)**	(184,529)
Operating Transactions	**664,721**	1,135,086
Capital Transactions	**-**	(293,990)
Net change in cash	**664,721**	841,096

14. Segments

During the year, RHAM Inc. had six (2014 - six) reportable segments. These segments are differentiated by service lines, accountability and control relationships:

Regional Health Authorities Manitoba ("RHAM")

The Regional Health Authorities of Manitoba is a non-profit organization that assists its members in improving the quality and delivery of Manitoba's health services. Providing members with support services and the legal ability to pursue joint initiatives fulfills this role.

Regional Health Authorities of Manitoba Purchasing Program ("RHAPP")

The Regional Health Authorities of Manitoba Purchasing Program (RHAPP) performs and coordinates specified competitive bidding / contracting services on behalf of the rural Regional Health Authorities (RHAs) in the Province of Manitoba.

Office of Rural & Northern Health ("OR&NH")

The Office of Rural and Northern Health was established to provide rural and northern leadership with coordination and administration of programs related to education and the recruitment and retention of rural health care professionals. The OR&NH also administers the Manitoba Locum Tenens Program (MLTP) providing physician locum placements and support for the Regional Health Authorities.

Print Resources - Information Resources Program ("IRP")

Manitoba Health and the Regional Health Authorities of Manitoba (RHAM) along with representatives from the Regional Health Authorities across the province joined to create the Joint Management Committee on Information Resources. The purposes of this committee are to: review and evaluate current print health information resources; initiate and support the development of new information resources; and provide a tracking and distribution process through Materials Distribution Agency (MDA) for these materials. Funding is provided on a yearly basis by Manitoba Health and administered by RHAM.

Manitoba Health, Healthy Living and Seniors ("MH")

The Regional Health Authorities of Manitoba (RHAM) manages and coordinates specific contracts on behalf of Manitoba Health, Healthy Living and Seniors (MH) that benefit all of the Regional Health Authorities.

Clinical Privileges ("CP")

The Manitoba Privileges Advisory Committee (previously known as Clinical Privileges Advisory Panel) oversees a provincial credentialing process for physicians in Manitoba.

14. Segments *(Continued from previous page)*

	RHAM	RHAPP	OR&NH	IRP	MH	CP	2015
Revenues	115,385	1,113,701	1,933,547	124,700	755,902	-	**4,043,235**
Expenses							
Amortization	8,014	-	-	-	-	-	**8,014**
Dues and memberships	77,998	21,000	550	-	-	-	**99,548**
Equipment lease	93	1,407	1,374	-	-	-	**2,874**
Meeting expense	18,472	1,632	41,209	-	-	3,685	**64,998**
Miscellaneous	-	-	-	-	-	-	**-**
Office	4,095	488	17,185	196,649	-	-	**218,417**
Professional fees	64,408	-	1,447,793	-	19,407	22,958	**1,554,566**
Public relations	1,104	-	143,722	-	-	-	**144,826**
Purchased services	2,584	-	45,439	73,843	-	-	**121,866**
Rental	-	7,375	24,560	-	-	-	**31,935**
Repairs and maintenance	-	-	2,569	-	-	-	**2,569**
Salaries, wages and benefits	329,048	171,056	216,789	-	736,495	-	**1,453,388**
Telephone, fax and internet	2,235	484	6,699	-	-	-	**9,418**
Training and education	-	-	5,692	-	-	-	**5,692**
Travel	-	-	81,152	-	-	-	**81,152**
Total expenses	508,051	203,442	2,034,733	270,492	755,902	26,643	**3,799,263**
Excess (deficiency) of revenues over expenses	(392,666)	910,259	(101,186)	(145,792)	-	(26,643)	**243,972**

14. Segments *(Continued from previous page)*

	RHAM	RHAPP	OR&NH	IRP	MH	CP	2014
Revenues	1,426,932	934,358	1,740,975	124,700	756,044	-	**4,983,009**
Expenses							
Amortization	8,014	-	-	-	-	-	**8,014**
Defibrilator fund	1,345,024	-	-	-	-	-	**1,345,024**
Dues and memberships	77,994	23,446	1,459	-	-	-	**102,899**
Equipment lease	-	1,731	1,082	-	-	-	**2,813**
Meeting expense	22,711	1,459	55,169	-	-	3,388	**82,727**
Miscellaneous	-	-	-	-	-	-	**-**
Office	2,853	113	10,192	50,089	-	-	**63,247**
Professional fees	121,641	-	943,625	-	186,462	27,350	**1,279,078**
Public relations	1,454	-	113,156	-	-	-	**114,610**
Purchased services	2,492	-	44,807	72,912	-	-	**120,211**
Rental	-	7,375	23,962	-	-	-	**31,337**
Repairs and maintenance	-	-	4,864	-	-	-	**4,864**
Salaries, wages and benefits	326,385	167,332	210,079	-	569,944	-	**1,273,740**
Telephone, fax and internet	4,048	377	8,364	-	-	-	**12,789**
Training and education	-	1,437	6,088	-	-	-	**7,525**
Travel	-	-	58,655	-	-	-	**58,655**
Total expenses	1,912,616	203,270	1,481,502	123,001	756,406	30,738	**4,507,533**
Excess (deficiency) of revenues over expenses	(485,684)	731,088	259,473	1,699	(362)	(30,738)	**475,476**

15. Financial instruments

RHAM Inc., as part of its operations, carries a number of financial instruments. It is management's opinion that RHAM Inc. is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

A credit concentration exists relating to accounts receivable. As at March 31, 2015, one funder accounted for 72% (2014 – 100%) of the accounts receivable.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Financial Statements of

REHABILITATION CENTRE FOR CHILDREN, INC.

March 31, 2015

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada
Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rehabilitation Centre for Children, Inc.

We have audited the accompanying financial statements of Rehabilitation Centre for Children, Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rehabilitation Centre for Children, Inc. as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants

May 21, 2015
Winnipeg, Manitoba

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REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Operations
Year Ended March 31, 2015

	2015	2014
REVENUE		
Patient services - Winnipeg Regional Health Authority	$ 2,829,935	$ 2,742,072
Sales of prosthetics/orthotics fees for service	931,647	1,003,007
Sales of prosthetics/orthotics - other revenue	196,251	155,831
Restricted funding		
Children's Rehabilitation Foundation Inc. (Note 10b)	698,529	575,959
Research revenue	23,371	22,434
MB FASD Centre	262,750	192,117
Stepping Out Saturdays	216,389	235,354
Sales of assistive devices	55,051	54,415
School therapy program	2,168,162	2,137,361
Provincial Outreach Therapy for Children program	590,000	590,004
Childrens' Therapy Initiative (Note 11)	172,192	182,279
Healthy Child program	47,600	47,600
Miscellaneous	190,899	172,330
	8,382,776	8,110,763
EXPENSES		
Salaries	2,557,582	2,505,839
Employee benefits and costs	597,299	586,718
Prosthetics and orthotics supplies	292,781	217,252
Special devices supplies	185,887	189,099
Other supplies and expenses	214,002	234,156
Restricted expenditures		
Children's Rehabilitation Foundation Inc.	629,175	529,132
Research expense	23,611	28,587
School therapy salaries and other costs	2,147,921	2,156,788
Provincial Outreach Therapy for Children salaries and other costs	637,199	626,537
Childrens' Therapy Initiative and other costs (Note 11)	188,582	182,856
Repairs and maintenance	42,213	39,606
Utilities, insurance and taxes	75,104	70,095
Purchased services	214,321	169,250
Family support network	55,723	47,328
MB FASD Centre	280,411	196,909
Stepping Out Saturdays	233,197	225,965
	8,375,008	8,006,117
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME (EXPENSES)	7,768	104,646
OTHER INCOME (EXPENSES)		
Amortization of deferred contributions	38,828	45,096
Amortization of capital assets	(43,488)	(52,027)
Interest income	34,803	37,062
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	37,911	134,777
Donation to SSCY capital campaign	-	(250,000)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	$ 37,911	$ (115,223)

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and short-term investments	$ 928,049	$ 425,382
Investments in GIC	1,857,312	2,147,257
Accounts receivable (Note 3)	987,670	1,110,495
Inventory	300,476	289,530
Prepaid expenses	10,779	6,870
Due from WRHA - accrued vacation pay (Note 2h)	155,997	155,997
	4,240,283	4,135,531
Restricted cash	32,106	31,921
Due from WRHA - pre-retirement and sick leave benefits (Note 2h)	399,053	388,652
Capital assets (Note 4)	157,674	186,618
	$ 4,829,116	$ 4,742,722
LIABILITIES		
CURRENT		
Accounts payable	$ 567,050	$ 488,558
Accrued vacation pay - WRHA	243,758	240,553
Accrued vacation pay - other funders	59,367	117,757
	870,175	846,868
Accrued pre-retirement leave benefits (Note 5)	789,751	764,750
Accrued sick leave benefits (Note 6)	165,925	141,622
Deferred contributions related to capital assets (Note 7)	151,572	167,447
Deferred contributions (Note 8)	69,447	77,700
	2,046,870	1,998,387
NET ASSETS (Note 11)		
Restricted POTC	47,970	95,169
Restricted Childrens' Therapy	27,807	44,197
Restricted School Therapy	196,880	176,639
Restricted Prosthetics and Orthotics	152,861	98,710
Restricted Stepping Out Saturdays	295,055	311,863
Equipment Reserve	837,800	820,719
Unrestricted	1,223,873	1,197,038
	2,782,246	2,744,335
	$ 4,829,116	$ 4,742,722

APPROVED BY THE BOARD

Original document signed Director

Original document signed Director

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015								2014
	POTC Restricted	Childrens' Therapy Restricted	School Therapy Restricted	Prosthetics & Orthotics Restricted	Stepping Out Saturdays Restricted	Equipment Reserve	Unrestricted (Note 11)	**Total**	Total
Balance, beginning of year	$ 95,169	$ 44,197	$ 176,639	$ 98,710	$ 311,863	$ 820,719	$ 1,197,038	**$ 2,744,335**	$ 2,859,558
Excess of revenue over expenses (expenses over revenue)	(47,199)	(16,390)	20,241	54,151	(16,808)	17,081	26,835	**37,911**	(115,223)
Interfund transfers	-	-	-	-	-	-	-	-	-
Balance, end of year	**$ 47,970**	**$ 27,807**	**$ 196,880**	**$ 152,861**	**$ 295,055**	**$ 837,800**	**$ 1,223,873**	**$ 2,782,246**	$ 2,744,335

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	$ 37,911	$ (115,223)
Add charges (deduct credits) to operations not requiring a current cash payment		
Amortization of capital assets	43,488	52,027
Amortization of deferred contributions - capital assets	(30,575)	(39,093)
Amortization of deferred contributions - EMR	(8,253)	(6,003)
Employee future benefits	(16,282)	104,178
	26,289	(4,114)
Net change in non-cash working capital balances		
Accounts receivable	122,825	(183,917)
Inventory	(10,946)	2,237
Prepaid expenses	(3,909)	2,427
Accounts payable	78,492	102,771
	212,751	(80,596)
FINANCING ACTIVITIES		
Increase in deferred contributions related to capital assets	14,700	14,700
Change in cash restricted for purchases of capital assets	(185)	(9,172)
	14,515	5,528
INVESTING ACTIVITIES		
Purchase of capital assets	(14,544)	(9,352)
Investments in GIC, net	289,945	(78,224)
	275,401	(87,576)
NET INCREASE (DECREASE) IN CASH POSITION	502,667	(162,644)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	425,382	588,026
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ 928,049	$ 425,382

1. NATURE AND OBJECTIVES OF THE CENTRE

The Rehabilitation Centre for Children, Inc. (the "Centre") was incorporated by Articles of Incorporation under the Corporations Act of Manitoba on March 2, 1981 without authorized share capital, and is a registered charity under the Income Tax Act.

The Rehabilitation Centre for Children, Inc. is a family centered organization which supports children and youth with disabilities and/or special needs in Manitoba and surrounding areas, in maximizing their independence, reaching their goals and participating in their communities. Together, with families and our partners, we provide a centre of excellence for children's rehabilitation including direct and consultative service, education, research, and innovative assistive technologies that are developed and delivered in a culturally responsive, integrated service system.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Public Sector Accounting Standards ("PSAS"), including PSAS for Government Not-for-Profit Organizations (PS 4200 – PS 4270), and include the following significant accounting policies:

a) *Revenue*

i) *Funding from Winnipeg Regional Health Authority (WRHA)*

The Centre is funded during the year by the WRHA for programs outlined in the WRHA/RCC Service Purchase Agreement. Based on this agreement the Centre is permitted to retain the greater of 50% of the WRHA global funded surplus or 2% of the WRHA annual global operating budget. Any amount in excess of the above would be repayable to the WRHA.

ii) *Other Funding Sources*

The Centre receives funding from other sources including Children's Rehabilitation Foundation Inc., Province of Manitoba Family Services and Labour, Manitoba Health and school divisions for specified programs.

b) *Revenue recognition*

The Centre follows the deferral method of accounting for contributions which includes donations and government grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Revenue recognition (continued)*

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 at the same rate as the corresponding capital asset.

c) *Inventory*

Inventory is valued at the lower of cost or net realizable value. Cost is determined on the first in, first out basis. Net realizable value is the estimated selling price. Inventory expensed during the year amounted to $436,417 (2014 - $381,240).

d) *Capital assets*

Equipment acquired before April 1, 1981 is recorded at a nominal value. Additions to equipment subsequent to April 1, 1981 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution and recorded as restricted donations. Repairs and maintenance costs are charged to expense.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Building and building service equipment	20 years
Equipment and furniture	5 - 25 years
Information systems	5 - 10 years
Leasehold improvements	term of lease

e) *Cash and short-term investments*

Cash and short-term investments include cash and highly liquid investments with an original maturity of three months or less at the date of acquisition.

f) *Pre-retirement leave obligation*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Pre-retirement leave obligation (continued)

The Centre 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. Any change in the accrual relating to pre-retirement leave benefits are recorded as an expense on the Statement of Operations.

g) Sick leave benefits

The Centre has a policy whereby full-time employees are allowed 1.25 sick days per month and any unused sick days can be carried forward but they do not vest; paid sick days for part-time employees are pro-rated base the number of hours they work per month. The Centre recognizes an obligation for the estimated sick leave benefits that have accumulated based on the expectation of future utilization of the benefits. Any change in the accrual relating to sick leave benefits are recorded as an expense on the Statement of Operations.

h) Due from WRHA – employee future benefits

Funding for vacation pay entitlements by the WRHA has been capped at the amount owing for vacation entitlements as at March 31, 2004. Because the vacation entitlements up to March 31, 2004 will be funded, this amount has been recorded on the statement of financial position as a receivable from the WRHA.

For certain employees, funding for pre-retirement and sick leave benefits will be provided by the WRHA and therefore the amount that is to be funded by the WRHA has been recorded as a receivable on the statement of financial position.

i) Financial instruments

All financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Financial assets and financial liabilities are subsequently measured at either cost/amortized cost or fair value as described below.

Cash and short-term investments	Cost
Investments in GIC	Amortized cost
Accounts receivable	Amortized cost
Due from WRHA	Cost
Accounts payable	Cost
Accrued vacation pay	Cost
Accrued pre-retirement leave benefits	Amortized cost
Accrued sick leave benefits	Amortized cost

No financial instruments are recorded at fair value subsequent to their initial recognition.

j) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include allowance for doubtful accounts, inventory obsolescence, accrued pre-retirement leave benefits, accrued sick leave benefits and the useful life of capital assets. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

	2015	2014
Patient services	**$ 179,037**	$ 223,669
School divisions	**193,341**	174,436
Manitoba Health – Patient services	**153,437**	140,781
Winnipeg Regional Healthy Authority – Operations	**197,857**	119,614
Due from Children's Rehabilitation Foundation Inc. (Note 10b)	**94,657**	83,233
Specialized Services for Children and Youth (SSCY) Capital campaign	**144,632**	287,635
GST Rebate	**9,391**	30,070
EMR Funding – CDC	**-**	39,891
Other	**15,318**	11,166
	$ 987,670	$1,110,495

4. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building and building service equipment	$ 211,177	$ 209,210	$ 1,967	$ 1,896
Equipment and furniture	7,941	4,765	3,176	4,765
Information systems	640,794	515,993	124,801	138,297
Leasehold improvements	377,171	349,441	27,730	41,660
	$ 1,237,083	$ 1,079,409	$ 157,674	$186,618

5. ACCRUED PRE-RETIREMENT LEAVE BENEFITS

The WRHA undertook an actuarial valuation as at March 31, 2015 of the accrued pre-retirement leave benefits which include those of the Centre. The significant actuarial assumptions adopted in measuring the Centre's accrued pre-retirement leave benefits include mortality and withdrawal rates, a discount rate of 2.55%, a rate of salary increase of 3.5% plus age related merit/promotion scale and a factor ranging from 0 – 2.28% for disability. Actual payments made during the year for the Centre's pre-retirement leave benefits were $65,555 (2014 - $131,001).

6. SICK LEAVE BENEFITS

The Centre calculated an obligation related to the estimated sick leave benefits that have accumulated based on the expectation of future utilization of the benefits. The significant assumptions used in measuring the Centre's accrued sick leave benefits include the estimated average remaining service life of its employees of 6.83 years, a discount rate of 2.55% and a rate of salary increase of 3.5%.

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and funding received for the purchase of capital assets. The amortization of capital contributions is recorded in the statement of operations. Changes in the deferred contributions are as follows:

	2015	2014
Balance, beginning of year	$ 167,447	$ 191,840
Plus: contributions received during the year	14,700	14,700
Less: current year amortization	(30,575)	(39,093)
	$ 151,572	$ 167,447

8. DEFERRED CONTRIBUTIONS

During the prior year contributions were received from Manitoba eHealth for the Electronic Medical Records (EMR) Adoption Program. These funds are restricted for the use of purchasing specific computer hardware and software products for the EMR system and related expenses.

	2015	2014
Balance, beginning of year	$ 77,700	$ 83,703
Less: current year purchases/expenses	(8,253)	(6,003)
	$ 69,447	$ 77,700

9. PENSION PLAN

Substantially all of the employees of the Centre are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. Variances between the actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The costs of the benefit plan are not individually allocated to the participating facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and accordingly, the plan is accounted for as a defined contribution plan.

Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $431,249 (2014 - $366,448) and are included in the statement of operations.

10. ECONOMIC DEPENDENCE AND RELATED ENTITIES

a) The Province of Manitoba and the WRHA provide a significant amount of the operating funding of the Centre. The statement of operations and Note 3 provide details of the transactions between the Centre and these entities.

b) The Children's Rehabilitation Foundation Inc. (the "Foundation"), in part, supports the activities of the Rehabilitation Centre for Children, Inc. A member of the Centre's Board of Directors sits as a Director on the Foundation's 15 member Board. The Foundation is incorporated under the Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The Foundation may, at its discretion, fund specific projects of the Centre but such funding is for restricted purposes and is not available for general operating activities. The Foundation is not controlled by the Centre and therefore the financial statements of the Foundation have not been consolidated in these statements. During the year, the Foundation donated a total of $698,529 to the Centre in the form of cash and capital donations (2014 - $575,959).

11. NET ASSETS

Per the Centre's agreement with the Province of Manitoba Department of Family Services and Labour, surpluses generated through the Provincial Outreach Therapy for Children (POTC) program are restricted to the future provision of outreach therapy services. In addition, funds received for the Children's Therapy and Stepping Out Saturdays Initiatives are restricted for use for these programs.

Funds received for the School Therapy and Prosthetics and Orthotics Initiatives are internally restricted for use for these programs. During the year, the Board transferred $nil (2014 - $100,000) to an Equipment Reserve to support the capital needs of rehabilitation engineering and $nil (2014 - $3,801) of the funds in the Equipment Reserve were used to purchase allowable assets and therefore this amount was transferred from the Equipment Reserve Fund to the Unrestricted Fund.

Based on the Service Purchase Agreement, the Centre is permitted to retain the greater of 50% of the surplus or 2% of the WRHA annual global operating budget. However, there are instances where the Centre requests that surplus amounts that would otherwise be repaid to the WRHA be retained for specific future purposes. This deferred funding is to be used towards financing the SSCY project manager and related administrative costs in the 2016 fiscal year.

Details relating to unrestricted net assets as of March 31, 2015 are as follows:

Cumulative net assets subject to audit by the WRHA	$	503,633
Net assets invested in capital assets		6,102
Net assets - unrestricted		714,138
	$	1,223,873

Management believes that the amount subject to audit will be able to be retained by the Centre and therefore no amounts have been recorded as a payable to the WRHA as at March 31, 2015.

The Centre participates in providing services for the Children's Therapy Initiative with other service providers. The following is a summary of the entire program's operations for the fiscal year:

	2015	2014
Gross funding received by the Centre	**$ 776,475**	$ 776,475
Disbursement to the third party	**(604,283)**	(594,196)
Revenue earned by the Centre	**172,192**	182,279
Expenses incurred by the Centre	**(188,582)**	(182,856)
Program deficit at the Centre	**$ (16,390)**	$ (573)

12. SPECIAL SERVICES FOR CHILDREN AND YOUTH (SSCY) CAPITAL CAMPAIGN

SSCY is a partnership between Manitoba Health, the Winnipeg Regional Health Authority, Manitoba Family Services and Labour and a number of community service providers. The following is a summary of the Campaign's operations:

	2015	2014
WRHA – donated funds	$ **144,632**	$ 287,635
Campaign expenses	**144,632**	287,635

These expenses are not reflected in the Centre's statement of operations. Funds raised by the Campaign will be held by the Winnipeg Foundation on behalf of the partners and disbursed to the WRHA. Any expenses incurred by the Centre will be recovered from the WRHA through donated funds.

13. INTEREST RATE AND CREDIT RISK

Interest rate risk
Interest rate risk is the risk to the Centre's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. The Centre does not use derivative instruments to reduce this risk.

Credit risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, the Centre's accounts receivable are amounts due from government funding authorities and similar agencies which minimizes credit risk.

RESEARCH MANITOBA

Financial Statements

For the year ended March 31, 2015

RESEARCH MANITOBA

Financial Statements
For the year ended March 31, 2015

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Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l./S.E.N.C.R.L.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of the **RESEARCH MANITOBA**

We have audited the accompanying financial statements of **RESEARCH MANITOBA**, which comprise the statement of financial position as at March 31, 2015, and the statement of operations and fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **RESEARCH MANITOBA** as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 25, 2015

RESEARCH MANITOBA
Statement of Financial Position

March 31	2015	2014
Assets		
Current Assets		
Cash and bank	**$ 1,153,375**	$ 737,134
Short-term investment (Note 2)	**5,884,211**	8,038,731
Accounts receivable (Note 3)	**37,349**	29,780
Accrued interest receivable	**29,996**	41,235
Prepaid expenses	**2,300**	2,129
Deposits	**-**	500
	7,107,231	8,849,509
Capital assets (Note 4)	**33,760**	26,633
	$ 7,140,991	$ 8,876,142
Liabilities and Fund Balance		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,632,640**	$ 30,193
Deferred revenue (Note 5)	**3,265,250**	5,558,570
Research grants payable	**1,107,133**	2,149,419
	6,005,023	7,738,182
Commitments (Note 7)		
Fund balance	**1,135,968**	1,137,960
	$ 7,140,991	$ 8,876,142

Approved on behalf of the Board

Original document signed
________________________ Director

Original document signed
________________________ Director

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

RESEARCH MANITOBA
Statement of Operations and Fund Balance

For the year ended March 31	2015	2014
Revenue		
Province of Manitoba		
Jobs and the Economy	**$ 12,184,300**	$ 6,002,600
Health	**-**	2,000,000
Winnipeg Regional Health Authority	**1,100,000**	1,100,000
Other funding	**63,600**	5,500
Grants returned/rescinded	**175,023**	335,986
Investment income	**136,109**	139,945
	13,659,032	9,584,031
Add deferred revenue, beginning of year	**5,558,570**	4,823,679
Less deferred revenue, end the year	**3,265,250**	5,558,570
	15,952,352	8,849,140
Expenditures		
Administration (Page 12)	**1,076,110**	907,206
Health Research Personnel awards	**1,416,250**	1,528,985
Health Research grants	**4,297,681**	4,091,796
MS grants and awards	**1,948,712**	1,190,109
Applied Health Services	**419,609**	75,000
George and Fay Yee Centre for Healthcare Innovation Support Unit	**1,000,000**	1,000,000
Research and Infrastructure Grants	**3,795,982**	-
Health Research Initiative (HRI)	**2,000,000**	-
	15,954,344	8,793,096
Excess (deficiency) of revenue over expenditures for the year	**(1,992)**	56,044
Fund balance, beginning of year	**1,137,960**	1,081,916
Fund balance, end of year	**$ 1,135,968**	$ 1,137,960

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

RESEARCH MANITOBA
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	**$ (1,992)**	$ 56,044
Adjustments for		
Amortization of capital assets	**5,965**	5,588
	3,973	61,632
Changes in non-cash working capital balances		
Accounts receivable	**(7,569)**	(12,088)
Accrued interest receivable	**11,239**	(4,540)
Deposit	**500**	-
Prepaid expenses	**(171)**	-
Accounts payable and accrued liabilities	**1,602,447**	(21,936)
Deferred revenue	**(2,293,320)**	734,891
Research grants payable	**(1,042,286)**	1,756,224
	(1,725,187)	2,514,183
Cash Flows from Investing Activities		
Purchase of capital assets	**(13,092)**	(1,183)
Increase (decrease) in cash and cash equivalents during the year	**(1,738,279)**	2,513,000
Cash and cash equivalents, beginning of year	**8,775,865**	6,262,865
Cash and cash equivalents, end of year	**$ 7,037,586**	$ 8,775,865
Represented by		
Cash and bank	**$ 1,153,375**	$ 737,134
Short-term investment	**5,884,211**	8,038,731
	$ 7,037,586	$ 8,775,865

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

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

Research Manitoba was originally established by The Manitoba Health Research Council Act to promote and assist basic, clinical and applied research in the health sciences in Manitoba. It was continued under The Research Manitoba Act in 2014 to promote and support, and coordinate funding of, research in the health, natural and social sciences, engineering and the humanities in Manitoba. Research Manitoba is a registered charity and is exempt from tax under the Income Tax Act.

Basis of Accounting

The financial statements have been prepared using the Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Grant revenue is reflected in income in the period in which the grant is received or becomes receivable and in accordance with the terms of the applicable funding agreements, where there are restrictions related to when the related expenditures are incurred as outlined below. Interest income is recognized as revenue when earned and is allocated to the General Fund.

The General Research Funds - General research grants are charged to expenditures in the year the funding is committed for, by the Board. Research grants returned to or rescinded by the organization are recorded as revenues when received or rescinded.

The Applied Health Services Research funds - Research Manitoba is partnering with Manitoba Health, the regional health authorities and the George and Fay Yee Centre for Healthcare Innovation (CHI) to support applied health services research which is relevant to the health system in Manitoba and to support collaborations between policy makers, service providers and researchers interested in working together to address health system challenges.

Funding through this initiative will provide grants-in-aid of research, designed to defray the normal direct costs of research including, among others, personnel costs, supplies and expendable materials, equipment, computer costs and publication costs. The maximum amount of funding awarded will be $200,000 over a 2-year period.

For the year ended March 31, 2014

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash and bank, a short-term investment in a cash savings account that can be redeemed at the organization's request, and a bank overdraft.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as 20% per year for 5 years. Any changes to this policy will be Board approved. The amortization for purchases prior to this fiscal year will continue to be calculated as follows:

Office and computer equipment	20% diminishing balance basis
Computer equipment for review committees	33.3% diminishing balance basis

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Cash has been designated to be in the fair value category. 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 balance sheet date and charged to the financial instrument for those measured at amortized cost. Due to the nature of the financial instruments held by Research Manitoba, there are no unrealized gains or losses, and therefore a statement of remeasurement gains and losses are not required for these financial statements.

Grants and Awards

All grants and awards and their renewals are recorded as an expenditure in the year they are committed for.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector 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.

For the year ended March 31, 2014

2. Short-term Investment

	2015	2014
Steinbach Credit Union, charity regular savings account, 1.85%, no maturity date.	**$ 5,884,211**	$ 8,038,731

The fair value of the short-term investment approximates the carrying value.

3. Accounts Receivable

	2015	2014
Miscellaneous receivables	**$ 25,024**	$ 21,981
Goods and Services Tax receivable	**12,325**	7,799
	$ 37,349	$ 29,780

4. Capital Assets

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Office equipment	**$ 34,151**	**$ 15,206**	$ 21,059	$ 13,151
Computer equipment	**49,007**	**34,192**	49,007	30,282
	$ 83,158	**$ 49,398**	$ 70,066	$ 43,433
Cost less accumulated amortization		**$ 33,760**		$ 26,633

5. Deferred Revenue

Revenue of $5,000,000, received from Manitoba Health at the end of March, 2011, is intended to fund clinical research into whether the chronic cerebrospinal venous insufficiency treatment is a safe, effective treatment for Multiple Sclerosis patients. The MS awards made to date include funding of clinical trials undertaken by a research team in Manitoba in partnership with the Canadian Institutes of Health Research, The Canadian Multiple Sclerosis Monitoring System and the Manitoba Centre for Advanced Cell and Tissue Therapies (stem cells). During the current year, $1,948,712 of these funds were utilized (for a cumulative total of $3,240,142) and future commitments of $1,018,278 were made. The unexpended balance at March 31, 2015 is $1,759,858.

5. Deferred Revenue (continued)

Revenue received from the WRHA in the amount of $2,000,000 is intended to support research that will have an impact on the health of individuals, the health of populations and communities, decisions about government health policy, health system organization and healthcare delivery. Funding is awarded up to $200,000 over 2 years. During the current year, $419,608 of these funds were utilized (for a cumulative total of $494,609) and the unexpended balance at March 31, 2015 is $1,505,392.

6. Pension Benefits

Employees of Research Manitoba are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including Research Manitoba, through the Civil Service Superannuation Fund (CSSF). Effective April 1, 2012, pursuant to an agreement with the Province of Manitoba, Research Manitoba transferred to the Province the pension liability for its employees.

Commencing April 1, 2012, Research Manitoba was required to pay to the Province the employees' current pension contributions. The plan is funded by the organization's employees at rates of 6.6% to 8.5% of the employees' salary. The organization is required to match at rates of 5.6% to 7.5% of the employees' salary. The amount contributed by Research Manitoba for 2015 was $32,660 and the employee share was $32,660. Under this agreement, the organization has no further pension liability.

7. Commitments

Research Manitoba has committed grants and awards under the General Research funds, MS funds and S Patient Oriented Research funds as follows:

Year	Research General funds	MS funds	SPOR funds	Total
2016	$ 3,188,089	$ 828,535	$ 1,000,000	$ 5,016,624
2017	1,182,018	642,700	1,000,000	2,824,718
2018	450,000	125,000	1,000,000	1,575,000
2019	450,000	93,750	-	543,750
Total	$ 5,270,107	$ 1,689,985	$ 3,000,000	$ 9,960,092

Commitments of future years of all the funds are not recorded as an expenditure in the year of commitment, they are recorded as an expenditure in the year they are committed for. These commitments will be funded as follows:

Current General Research Fund Balance	$ 1,135,968
Deferred revenue	3,265,250
Future Province of Manitoba grants	5,558,874
	$ 9,960,092

8. Related Party Transactions

Research Manitoba is related to all Province of Manitoba departments and agencies. During the year, Research Manitoba had the following transactions with related organizations:

	2015	2014
Grant revenue	**$ 13,284,300**	$ 9,102,600

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.

9. Economic Dependence

Research Manitoba relies almost entirely on grants from the Province of Manitoba.

For the year ended March 31, 2014

10. Financial Instrument Risks

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the organization's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the organization's Chief Executive Officer. The Board of Directors receives quarterly reports from the organization's Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The organization's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

Interest Rate Risk

The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the cash flows related to its investments. The organization's objective is to minimize interest rate risk by locking in fixed rates on its investments when possible.

At March 31, 2015, a 1% move in interest rates, with all other variables held constant, could impact the interest revenue of the investments by $58,800 (2014 - $80,000). These changes would be recognized in the statement of operations.

Credit Risk

The organization is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the organization's receivables are from government entities which minimizes the risk of non-collection. The organization also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding.

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization has a planning and budgeting process in place to help determine the funds required to support the organization's normal operating requirements on an ongoing basis. The organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

RESEARCH MANITOBA
Schedule of Administrative Expenses

For the year ended March 31	2015	2014
Accounting and audit	$ 9,882	$ 7,801
Amortization	5,965	5,588
Bank charges and interest	1,580	1,507
Communications and information technology	65,819	71,384
Conferences, meetings and travel	36,459	28,183
Consulting and professional fees	22,357	22,386
Council and committee expenses	5,974	5,739
Delivery	1,569	2,056
GST expense	2,639	-
Insurance	4,888	4,561
Marketing	60,596	49,636
Office space	57,555	42,372
Parking	1,106	2,175
Printing, stationery and office supplies	22,934	11,098
Repairs and maintenance	2,851	1,563
Reviewer's expenses	36,123	20,259
Salaries and benefits	728,040	619,660
Workshops and training	9,773	11,238
	$ 1,076,110	$ 907,206

Financial Statements of

SPORT MANITOBA INC.

Year ended March 31, 2015

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sport Manitoba Inc.

We have audited the accompanying financial statements of Sport Manitoba Inc., which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sport Manitoba Inc. as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Accountants

June 24, 2015

Winnipeg, Canada

SPORT MANITOBA INC.

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash (note 10)	$ 4,149,922	$ 2,709,610
Accounts receivable	661,435	1,416,346
Inventories	24,673	24,319
Prepaid expenses and deposits	120,744	90,380
	4,956,774	4,240,655
Marketable securities (note 2[f])	100,007	100,007
Long-term accounts receivable	50,367	50,367
Capital assets (note 3)	15,891,199	15,601,039
	$ 20,998,347	$ 19,992,068

	2015	2014

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	$ 1,976,016	$ 1,412,872
Current portion of loan payable (note 6)	360,382	251,118
	2,336,398	1,663,990
Loan payable (note 6)	14,215,312	14,575,694
Deferred contributions relating to (note 7):		
Expenses of future periods	662,193	1,455,133
Capital assets	2,759,214	1,720,453
	3,421,407	3,175,586
Net assets:		
Unrestricted	(1,221,828)	(705,206)
Internally restricted (note 2[e]):		
Initiatives program	87,107	87,107
Coaching	26,875	26,875
Future major repairs and upgrades	300,000	225,000
Phase 2 building expenditures	390,000	90,000
Princess Royal Pan Am Scholarship endowment (note 2[f])	100,007	100,007
Invested in capital assets (note 10)	1,343,069	753,015
	1,025,230	576,798
KidSport Canada trust assets (note 4)		
	$ 20,998,347	$ 19,992,068

See accompanying notes to financial statements.

On behalf of the Board:

Original document signed Director

Original document signed Director

SPORT MANITOBA INC.

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Operating Fund	Restricted Funds	Capital Asset Fund	2015 Total	2014 Total
Revenue:					
Province of Manitoba:					
Program support	$ 11,105,927	$ –	$ –	$ 11,105,927	$ 11,105,927
Bingo allocation	461,120	–	–	461,120	411,500
Other grants	1,220,797	–	–	1,220,797	396,853
Sport Medicine Centre	478,489	–	–	478,489	409,920
Amortization of deferred contributions	–	–	48,775	48,775	58,775
Manitoba Games	78,693	–	–	78,693	358,685
Other income	566,324	–	–	566,324	363,692
Bilateral funding:					
Province of Manitoba	312,273	–	–	312,273	312,273
Federal Government	312,273	–	–	312,273	312,273
	14,535,896	–	48,775	14,584,671	13,729,898
Expenses:					
Grants					
Sport groups for sport development	8,521,048	–	–	8,521,048	7,919,155
Bilateral sport development programs	377,072	–	–	377,072	317,271
Sport Medicine Centre	539,745	–	–	539,745	489,637
Administration and services provided to sport groups:					
Occupancy	1,731,223	–	–	1,731,223	1,730,332
Operating	335,254	–	–	335,254	356,534
Administration	1,616,807	–	–	1,616,807	1,574,174
Member services	1,508,261	–	–	1,508,261	1,621,248
Cost recovered from sport groups	(1,006,867)	–	–	(1,006,867)	(1,026,225)
Amortization	–	–	513,696	513,696	552,865
	13,622,543	–	513,696	14,136,239	13,534,991
Excess (deficiency) of revenue over expenses	$ 913,353	$ –	$ (464,921)	$ 448,432	$ 194,907

See accompanying notes to financial statements.

SPORT MANITOBA INC.

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	Unrestricted	Internally restricted initiatives program	Internally restricted coaching fund	Internally restricted phase 2 building expenditures	Internally restricted future major repairs and upgrades	Princess Royal Pan Am Scholarship endowment	Invested in capital assets	2015 Total	2014 total
Net assets, beginning of year	$ (705,206)	$ 87,107	$ 26,875	$ 90,000	$ 225,000	$ 100,007	$ 753,015	$ 576,798	$ 381,891
Excess (deficiency) of revenue over expenses	913,353	–	–	–	–	–	(464,921)	448,432	194,907
Capital assets acquired	(803,857)	–	–	–	–	–	803,857	–	–
Principal payments on loan payable	(251,118)	–	–	–	–	–	251,118	–	–
Internally imposed restriction (note 2[e])	(375,000)	–	–	300,000	75,000	–	–	–	–
Net assets, end of year	$ (1,221,828)	$ 87,107	$ 26,875	$ 390,000	$ 300,000	$ 100,007	$ 1,343,069	$ 1,025,230	$ 576,798

See accompanying notes to financial statements.

SPORT MANITOBA INC.

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 448,432	$ 194,907
Items not involving cash:		
Amortization of capital assets	513,696	552,865
Amortization of deferred contributions related to capital assets	(48,775)	(58,775)
Change in non-cash operating working capital	494,398	56,167
	1,407,751	745,164
Capital activities:		
Additions to capital assets	(803,857)	(362,154)
Increase in deferred contributions related to capital assets	1,087,536	407,628
	283,679	45,474
Financing activities:		
Principal repayments of loan payable	(251,118)	(236,933)
Increase in cash	1,440,312	553,705
Cash, beginning of year	2,709,610	2,155,905
Cash, end of year	$ 4,149,922	$ 2,709,610

See accompanying notes to financial statements.

1. General:

Sport Manitoba Inc. (the organization) is a not-for-profit organization which has been empowered by the Province of Manitoba to play the lead role in the implementation of the Province's sport policy. The organization's purpose is to lead and support participation and achievement in sport by all Manitobans. The organization is exempt from income taxes and is funded through an agreement with the Province of Manitoba which expires on March 31, 2015. Sport Manitoba is currently re-negotiating a new four year agreement.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The organization follows the deferral method of accounting for contributions, which include government grants.

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

Externally restricted contributions and grants 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 at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as an increase in net assets when received.

2. Significant accounting policies (continued):

(b) Inventories:

Inventories are valued at the lower of cost and estimated realizable value with cost being determined on the first-in, first-out basis.

(c) Capital assets:

Capital assets are stated at cost. Amortization is recorded on a straight-line basis using the following terms:

Asset	Term
Building	40 years
Computers	3 years
Furniture and equipment	2 - 20 years
Print shop equipment	3 - 30 years

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over the remaining term of the lease.

Interest is capitalized on payments for major capital asset additions made prior to them being ready for use and is included in the cost of the asset.

Any gain or loss on disposal of these assets is charged to operations in the year of disposal.

(d) Operating fund:

The purpose of the Operating Fund is to record the operations of the organization which includes operations of The Sport for Life Sport Medicine Centre.

The Sport for Life Sport Medicine Centre is a multidisciplinary clinic that offers patient care for sport medicine and orthopedic injuries including sport medicine, physiotherapy, athletic therapy, massage, chiropractic and nutrition.

2. Significant accounting policies (continued):

(e) Internally restricted funds:

The initiatives program represents net assets restricted by the Board of Directors. These net assets are to be used to meet exceptional or one time initiatives and to support Sport Manitoba's pro-active participation in collaborative projects with partners in sport. All expenditures must be approved by the Board.

The Board of Directors has also internally restricted certain net assets to be used for coaching initiatives.

During the year, the Board of Directors internally restricted resources amounting to $75,000 (2014 - $75,000) to be used to fund future major repairs and upgrades required for 145 Pacific Avenue, as well as an additional $300,000 (2014 - $90,000) to be used to fund future capital expenditures and salaries relating to Phase 2 of the building. This amount was transferred from the unrestricted net assets. These internally restricted amounts are not available for other purposes without prior approval of the Board of Directors

(f) Princess Royal Pan Am Scholarship endowment:

The organization received $100,000 to establish the Princess Royal Pan Am Scholarship endowment. The principal cannot be used to fund programs. The investment income earned is used to provide annual scholarships to one male and one female athlete, up to $3,000 each, who are competing in sport at a national or international level and who are enrolled in a post-secondary education program at a Manitoba post-secondary institution. The endowment is recorded at fair value.

(g) Capital fund:

The purpose of the Capital Fund is to record capital assets, related debt, and the net investment of the organization in such assets.

(h) 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 expenses during the year. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(i) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported 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. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Transaction costs incurred on 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 effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

The organization did not incur any re-measurement gains and losses during the year ended March 31, 2015 (2014 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

The standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

2. Significant accounting policies (continued):

(j) Allocation of general administration expenses:

The organization classifies expenses on the statement of operations by function. The organization allocates certain costs by identifying the appropriate basis of allocation and applying that basis consistently each year. Allocated expenses consist of salaries and benefits which are allocated 65 percent to member services expenses and 35 percent to administration expenses on the basis of the average of individual job positions responsibilities.

3. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	$ 1,200,000	$ –	$ 1,200,000	$ 1,200,000
Building	16,474,829	1,962,671	14,512,158	14,160,322
Computers	247,416	213,219	34,197	32,468
Furniture and equipment	775,999	641,335	134,664	188,016
Print shop equipment	248,761	239,420	9,341	18,552
Leasehold improvements	40,577	39,738	839	1,681
	$ 18,987,582	$ 3,096,383	$ 15,891,199	$ 15,601,039

4. KidSport Canada trust assets:

In accordance with a Delegation of Authority agreement with KidSport Canada signed March 19, 2008, the organization is holding $805,304 of assets in trust for KidSport Canada as at March 31, 2015 (2014 - $755,664). The agreement delegates authority to the organization to issue tax receipts for qualifying donations on behalf of KidSport Canada. These trust assets together with the related obligation, donation income and grant expenses have not been recorded in these financial statements for financial reporting purposes.

5. Sport For Life Centre:

In February 2009, the organization purchased land and building at 145 Pacific for $3,700,000 which has become home to the new Sport for Life Centre. The Phase 1 renovations have been completed. Sport Manitoba moved in to the new building on March 4, 2010. Phase 2, which will include the activity space, is anticipated to be complete by the winter of 2017.

6. Loan payable:

	2015	2014
Loan payable to Province of Manitoba bearing interest at 3.25%, unsecured, repayable in monthly installments of $78,337 including interest, maturing March 31, 2045	$ 18,000,000	$ 14,826,812
Deferred financing fee	(3,424,306)	–
	$ 14,575,694	$ 14,826,812
Current portion of loan payable	360,382	251,118
	$ 14,215,312	$ 14,575,694

The loan payable to the Province of Manitoba was refinanced as of March 31, 2015 resulting in the interest rate decreasing from 5.90 to 3.25 percent, monthly installments decreasing from $92,392 to $78,337 and the term extending from 25 years to 30 years. This refinancing resulted in the loan payable to the Province increasing from $14,575,694 to $18,000,000 which includes a deferred financing fee of $3,424,306.

Principal repayments over the next five years are as follows:

2016	$ 360,382
2017	372,271
2018	384,552
2019	397,237
2020	410,342

7. Deferred contributions:

Deferred contributions related to expenses of future periods represent restricted funding received for future expenses.

	2015	2014
Balance, beginning of year	$ 1,455,133	$ 419,932
Contributions in the current year	693,750	1,413,611
Amounts amortized to revenue	(1,486,690)	(378,410)
Balance, end of year	$ 662,193	$ 1,455,133

Deferred contributions for expenses of future periods are comprised of the following:

	2015	2014
Future bids, MB Games sponsorship, coaching and programming and storage of equipment	$ 655,057	$ 1,177,950
Sport for Life Centre	7,136	26,638
High Performance Athlete Initiative	–	250,545
	$ 662,193	$ 1,455,133

Deferred contributions related to capital assets represent unamortized and unspent amount of externally restricted contributions that have been received for the construction of the Sport for Life Centre.

	2015	2014
Balance, beginning of year	$ 1,720,453	$ 1,371,600
Contributions in the current year	1,087,536	407,628
Amounts amortized to revenue	(48,775)	(58,775)
Balance, end of year	$ 2,759,214	$ 1,720,453

Deferred contributions related to capital assets are comprised of the following:

	2015	2014
Sport for Life Centre Phase 1	$ 9,050	$ 57,825
Sport for Life Centre Phase 2	2,570,164	1,662,628
	$ 2,579,214	$ 1,720,453

8. Manitoba Sports Hall of Fame and Museum Incorporated:

The organization is the sole voting member of the Manitoba Sports Hall of Fame and Museum Incorporated (Hall of Fame), which is a registered charity organized to honour Manitoba athletes and builders. The financial statements of the Hall of Fame have not been consolidated with those of the organization.

On April 1, 2008, the Hall of Fame entered into an occupancy and support agreement with the organization whereby certain services are provided by the organization to the Hall of Fame for a fee equal to the cost of providing such services, minus the sum of $65,000. In addition, the organization provided the Hall of Fame $2,000 (2014 - $2,716) towards the construction and fit-out of the Manitoba Sports Hall of Fame and Museum.

The accounts receivable from the Hall of Fame in the amount of $76,367 (2014 - $76,367), is non-interest bearing, and has no fixed terms of repayment.

The following represents the financial position and the results of operations of the Hall of Fame as at March 31:

		2015		2014
Assets	$	675,719	$	752,210
Liabilities and deferred contributions	$	653,349	$	732,627
Net assets		22,370		19,583
	$	675,719	$	752,210
Revenues	$	399,960	$	340,672
Expenses		397,173		343,602
Excess (deficiency) of revenues over expenses	$	2,787	$	(2,930)

9. Manitoba Foundation for Sports Inc.:

The organization is the sole voting member of the Manitoba Foundation for Sports Inc. (Foundation), which is a registered charity organized for the purpose of furthering the development of amateur athletics in the Province of Manitoba. The financial statements of the Foundation have not been consolidated with those of the organization.

9. Manitoba Foundation for Sports Inc. (continued):

The following represents the financial position and results of operations of the Foundation as at March 31:

	2015	2014
Assets	$ 1,087,028	$ 1,054,312
Deferred contributions	$ 401,813	$ 401,813
Unrestricted net assets	178,460	145,744
Pan Am Games Legacy fund	505,000	505,000
Restricted Bud Tinsley fund	1,755	1,755
	$ 1,087,028	$ 1,054,312

	2015	2014
Revenue	$ 53,279	$ 52,409
Expenses	20,563	29,606
Excess of revenue over expenses	$ 32,716	$ 22,803

During the year, the Foundation provided $17,000 (2014 - $13,000) of scholarship grants to Manitoba athletes.

During the year, the Foundation received donations of nil (2014 - $25,000) from Sport Manitoba Inc.

10. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 15,891,199	$ 15,601,039
Amounts financed by:		
Loan payable	(14,575,694)	(14,826,812)
Deferred contributions	(2,759,214)	(1,720,453)
Unspent cash proceeds	2,786,778	1,699,241
	$ 1,343,069	$ 753,015

11. Pension plan:

The organization has a defined contribution pension plan. Pension expense for the year ended March 31, 2015 was $124,995 (2014 - $131,092).

12. Financial risks:

The organization has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterpart may default on its contractual obligations resulting in a financial loss. The organization is exposed to credit risk with respect to the accounts receivable, cash and marketable securities.

The organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the organization at March 31, 2015 is the carrying value of these assets.

At March 31, 2015, an allowance for bad debt was set up for $27,975 (2014 - $29,379). All other accounts receivable for March 31, 2015 are current.

The maximum exposure to investment credit risk is the fair value of the marketable securities at March 31, 2015.

There have been no significant changes to the credit risk exposure from 2014.

(b) 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 liquidity risk by monitoring its operating requirements. The organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2016.

There have been no significant changes to the liquidity risk exposure from 2014.

12. Financial risks (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the organization to cash flow interest risk. The organization is not exposed to this risk as its loans payable have fixed interest rates.

There has been no change to the risk exposures from 2014.

SPORT MANITOBA INC.

Schedule - Administration and Services Provided to Sports Groups

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Occupancy expenses:		
Interest on loan payable	$ 857,581	$ 871,766
Member services	172,905	177,833
Utilities	162,578	159,307
Security and janitorial services	173,976	162,307
Salaries	78,796	72,623
Property repairs and maintenance	72,931	60,201
Insurance and taxes	210,724	225,222
Sport for Life Centre	1,732	1,073
	$ 1,731,223	$ 1,730,332

	2015	2014
Operating expenses:		
Courier	$ 11,756	$ 13,082
Multi-sport games support	105,570	132,590
Postage	45,443	44,770
Repairs and maintenance	97,959	95,393
Service bureau fees	2,107	2,526
Stationery	25,494	21,891
Telephone	46,925	46,282
	$ 335,254	$ 356,534

	2015	2014
Administration expenses:		
Advertising, marketing and media programs	$ 131,554	$ 174,857
Coaching development	94,514	104,083
Community and regional development programs	110,902	113,442
Delivery and freight	970	1,277
Hall of Fame administration	2,000	2,553
Insurance	14,829	13,016
KidSport programs	25,898	33,152
Long-term athlete development	13,786	9,876
Meetings	10,429	20,680
Membership dues and subscriptions	3,644	3,466
Office supplies and stationery	6,804	5,565
Photocopying	5,323	6,281
Postage	4,327	4,581
Printing	4,287	8,039
Professional development	2,930	8,324
Professional fees	22,363	23,308
Respect in Sport	102,221	96,825
Salaries and benefits	812,112	872,990
Service bureau fees	2,485	3,518
Telephone	23,165	31,651
Travel	18,264	18,059
Volunteer and staff recognition	5,168	5,144
Fit Kids Healthy Kids	198,832	13,487
	$ 1,616,807	$ 1,574,174

SPORT MANITOBA INC.

Schedule - Administration and Services Provided to Sport Groups (continued)

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Member services expenses:		
Salaries and benefits	$ 1,508,261	$ 1,621,248
Amortization:		
Amortization of leasehold improvements	$ 842	$ 8,116
Amortization of other capital assets	512,854	544,749
	$ 513,696	$ 552,865

TRAVEL MANITOBA

Financial Statements
For the year ended March 31, 2015

TRAVEL MANITOBA

Financial Statements
For the year ended March 31, 2015

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Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of TRAVEL MANITOBA

We have audited the accompanying financial statements of **TRAVEL MANITOBA**, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets, remeasurement gains, and cash flows for the then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **TRAVEL MANITOBA** as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 16, 2015

TRAVEL MANITOBA
Statement of Financial Position

As at March 31	2015	2014
Assets		
Current Assets		
Cash and short-term deposits (Note 2)	**$ 1,975,338**	$ 1,662,949
Trade accounts receivable	**290,793**	277,606
Prepaid expenses	**98,585**	44,187
	2,364,716	1,984,742
Due from the Province of Manitoba (Note 3)	**78,532**	94,647
Capital assets (Note 4)	**86,968**	131,048
	$ 2,530,216	$ 2,210,437
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,409,897**	$ 1,142,114
Deferred revenue	**279,070**	333,608
	1,688,967	1,475,722
Retirement allowances and other benefits payable (Note 5)	**531,142**	484,148
	2,220,109	1,959,870
Contingencies and commitments (Note 7)		
Net Assets		
Unrestricted	**135,954**	44,147
Restricted for purchase of capital assets	**75,000**	75,000
Invested in capital assets	**86,968**	131,048
	297,922	250,195
Accumulated remeasurement gains	**12,185**	372
	310,107	250,567
	$ 2,530,216	$ 2,210,437

Approved on behalf of the Board of Directors:

Original document signed
Director

Original document signed
Director

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

TRAVEL MANITOBA
Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Province of Manitoba		
Operating	**$ 7,471,000**	$ 7,471,000
Other initiatives - Federal and provincial funding	**485,000**	300,000
Partnership and leveraged marketing	**1,142,664**	561,292
Other	**17,473**	49,476
	9,116,137	8,381,768
Expenses		
Marketing and industry relations	**7,144,738**	6,877,000
Visitor services	**1,011,761**	996,954
Corporate services	**900,045**	882,770
Amortization	**11,866**	12,365
	9,068,410	8,769,089
Excess (deficiency) of revenue over expenses for the year	**$ 47,727**	$ (387,321)

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

TRAVEL MANITOBA
Statement of Changes in Net Assets

For the year ended March 31, 2015

		Unrestricted		Restricted for Purchase of Capital Assets		Invested in Capital Assets		2015 Total		2014 Total
Net assets, beginning of year	**$**	**44,147**	**$**	**75,000**	**$**	**131,048**	**$**	**250,195**	$	637,516
Excess (deficiency) of revenue over expenses for the year		**96,417**		**-**		**(48,690)**		**47,727**		(387,321)
Interfund Transfers										
Acquisition of capital assets ($6,921 in 2014)		**(4,610)**		**-**		**4,610**		**-**		-
Net assets, end of year	**$**	**135,954**	**$**	**75,000**	**$**	**86,968**	**$**	**297,922**	$	250,195

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

TRAVEL MANITOBA
Statement of Remeasurement Gains

For the year ended March 31		2015		2014
Accumulated remeasurement gains, beginning of year	**$**	**372**	$	1,206
Unrealized gain (loss) attributable to foreign exchange		**11,813**		(834)
Accumulated remeasurement gains, end of year	**$**	**12,185**	$	372

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

TRAVEL MANITOBA
Statement of Cash Flows

For the year ended March 31		2015		2014
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenses for the year	**$**	**47,727**	$	(387,321)
Adjustment for non cash items				
Amortization		**11,866**		12,365
Loss on disposal of capital assets		**36,824**		-
Unrealized remeasurement (loss) gain		**11,813**		(834)
		108,230		(375,790)
Changes in non-cash working capital				
Trade accounts receivable		**(13,187)**		447,388
Prepaid expenses		**(54,398)**		(26,597)
Accounts payable and accrued liabilities		**267,783**		197,702
Deferred revenue		**(54,538)**		185,827
Due from Province of Manitoba		**16,115**		3,346
Retirement allowances and other benefits payable		**46,994**		47,216
		316,999		479,092
Cash Flows from Financing and Investing Activities		**-**		-
Cash Flows from Capital Activities				
Acquisition of capital assets		**(4,610)**		(6,921)
Net increase in cash and short-term deposits		**312,389**		472,171
Cash and short-term deposits, beginning of year		**1,662,949**		1,190,778
Cash and short-term deposits, end of year	**$**	**1,975,338**	$	1,662,949

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

For the year ended March 31, 2015

1. Nature of the Organization and Summary of Significant Accounting Policies

a. Nature of the Organization

Travel Manitoba was created as a Crown Corporation on April 1, 2005 under The Travel Manitoba Act as the culmination of extensive consultation and leadership from both the tourism industry and the provincial government. Travel Manitoba's mission is to grow tourism revenues by harnessing the collective investment in tourism to create strong connections between visitors and Manitoba's unique experiences. Travel Manitoba collaborates closely and in partnership with the tourism industry and governments to attract visitors to Manitoba, sustaining and creating jobs and businesses in the tourism sector in the province.

Travel Manitoba receives core funding from the Province of Manitoba to facilitate operations and to mobilize public and private resources to further foster the growth and professionalism of the tourism industry in Manitoba. Travel Manitoba is economically dependent on the Province of Manitoba because it derives a significant portion of its revenue from the Province of Manitoba.

b. Management's Responsibility for the Financial Statements

The financial statements of the Organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

c. Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for government not-for-profit organizations.

d. Cash and Short-term Deposits

Cash and short-term deposits consist of cash and short-term deposits with a duration of less than ninety days from the date of acquisition.

e. Contributions Receivable

Contributions receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

f. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in the statement of remeasurement gains and losses. 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.

g. Capital Assets

Capital assets are recorded at cost less accumulated amortization and are amortized on a declining balance basis over the estimated useful lives of the assets at the following rates:

Computer hardware	30%
Computer software	30%
Furniture and equipment	5%
Leasehold improvements	5%

h. Retirement Allowances and Post-Employment Benefits

The Organization provides retirement allowance and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. Actuarial gains and losses are recognized in income immediately.

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund.

In addition, an individual has entitlement to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

h. Retirement Allowances and Post-Employment Benefits (continued)

Sick leave benefits that accumulate but do not vest, are determined using present value techniques and reflect management‘s best estimate of future cost trends associated with such benefits and interest rates. Adjustment to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

i. Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Grant revenue is recognized in the period earned. Partnership and marketing revenue are recognized when services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization recognizes revenue arising from non-monetary transactions in the period when services have been rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

j. Restricted Fund for Acquisition of Capital Assets

A fund has been established by the Board of Directors in order to finance the future acquisition of capital items which are not funded by the Province of Manitoba through the provision of operating grants. Charges to the fund will occur at the discretion of the President and Chief Executive Officer. Any future redesignation of the fund balance would be subject to approval by the Board of Directors.

k. Contributed Materials and Services

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

l. Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for government 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.

2. Cash and Short-term Deposits

The Organization invests all surplus cash into short-term deposits with the Province's Treasury Division. These deposits are made up of 30, 60 and 90 day callable term deposits.

A dedicated account has been established to safeguard $100,000 for the Organization's retirement allowance obligation and enhanced pension benefit costs. Interest earned will be retained in the account.

The Organization has a credit facility to a maximum of $500,000 with interest at prime plus 1% (effective rate of 3.85% as at March 31, 2015) which is secured by a general security agreement. As at March 31, 2015, the facility remains unused.

3. Due from the Province of Manitoba

Upon inception on April 1, 2005, the Organization recorded accumulated severance pay benefits receivable and payable of $368,937 transferred from the Province of Manitoba for its employees. This receivable, or portion thereof, for the Organization, will be collected by the Organization as severance benefits are paid to employees on record as at April 1, 2005.

During the year, the Organization reduced the receivable from the government in the amount of $16,115 related to employees no longer employed by the Organization. The receivable from the Province of Manitoba as at March 31, 2015 is $78,532 ($94,647 in 2014).

4. Capital Assets

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer hardware	**$ 36,838**	**$ 22,668**	$ 44,551	$ 30,058
Computer software	**31,791**	**30,439**	33,854	29,860
Furniture and equipment	**23,150**	**6,278**	23,150	5,390
Leasehold improvements	**70,724**	**16,150**	123,493	28,692
	$ 162,503	**$ 75,535**	$ 225,048	$ 94,000
Cost less accumulated amortization		**$ 86,968**		$ 131,048

5. Retirement Allowances and Other Benefits Payable

Retirement Allowances

The Organization measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at March 31 of each year. The most recent actuarial valuation report for the retirement allowance was at April 1, 2015 and the most recent finalized and approved actuarial valuation report for the enhanced pension benefits was at December 31, 2013.

The significant actuarial assumptions adopted in measuring the Organization's retirement allowance obligation and costs are as follows:

	2015	2014
Benefit costs for the year ended March 31		
Discount rate	**6.00%**	6.50%
Rate of compensation increase	**3.75%**	3.75%
Employer contributions	**$ 198,996**	$ 161,827

The significant actuarial assumptions adopted in measuring the Organization's enhanced pension benefit and costs are as follows:

	2015	2014
Benefit costs for the year ended March 31		
Discount rate	**6.50%**	6.50%
Rate of compensation increase	**3.75%**	3.75%
Employer contributions	**$ 12,992**	$ 12,820
Effect of change in assumptions	**$ -**	$ -
Experience loss/gain adjustment	**$ -**	$ -

Sick Leave

Sick leave benefits that accumulate but do not vest, are determined using present value techniques and are estimated to be a liability as at March 31, 2015 of $36,000 ($30,200 in 2014). The amount is not considered to be significant by management, and as such has not been recorded as a liability in the financial statement of the Organization.

6. Financial Instrument Risk

The Organization is exposed to different types of risk in the normal course of operations, including 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.

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 Organization to credit risk consist principally of trade accounts receivable, due from the Province of Manitoba, and short-term deposits.

The Organization's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	0-30 Days	31-60 Days	Over 60 Days
Trade accounts receivables (net of allowance of $15,000)	$ 140,459	$ 53,095	$ 97,240
Government receivables	-	-	78,532
	$ 140,459	$ 53,095	$ 175,772

Trade Accounts Receivables - The Organization 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 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.

Government Receivables - The Organization is not exposed to significant credit risk as non-trade receivables are substantially all from provincial and federal governments.

6. Financial Instrument Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization has a planning and budgeting process in place to help determine the funds required to support the Organization's normal operating requirements on an ongoing basis. The Organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain cash balances to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	0-30 Days	31-60 Days	Over 60 Days
Trade accounts payable	$ 1,287,152	$ 113,719	$ 9,025

7. Contingencies and Commitments

The Organization has entered into lease agreements for rental of facilities at various locations expiring in June 2035 with total annual payments of $490,200. In addition, the Organization has entered into lease agreements for computer equipment and a van expiring in June 2019 and April 2017, respectively, for total annual payments of $15,100 and $3,200, respectively.

The Organization has access to a loan guarantee with the Province of Manitoba for $1,500,000. The guarantee will enable Travel Manitoba to establish a line of credit up to this amount for the purpose of providing advances and profit guarantees as part of bid proposals and preparation efforts being undertaken in attracting various events to take place in Manitoba. As at March 31, 2015, this line of credit had not been drawn upon.

8. Non-monetary Transactions

During the current year, the Organization entered into contracts with exchanges of non-monetary services for other non-monetary services with little or no monetary consideration involved. These transactions are within normal business activities and were done in order to carry out the mandate of the Organization.

The aggregate amount of all non-monetary transactions in the current year total $124,365 ($35,900 in 2014).

The Organization has not incurred any gains or losses in the current year with respect to these non-monetary transactions.