

Financial Statements of

**HEALTHCARE EMPLOYEES'
BENEFITS PLAN - MANITOBA -
EMPLOYEE ASSISTANCE PLAN**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Healthcare Employees' Benefits Plan - Manitoba - Employee Assistance Plan

Opinion

We have audited the financial statements of Healthcare Employees' Benefits Plan - Manitoba - Employee Assistance Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2019, the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2019, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

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

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

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

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

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



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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.



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

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 12, 2020

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - EMPLOYEE ASSISTANCE PLAN

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Cash	\$ 569,835	\$ 503,575
Receivable from Manitoba Blue Cross (note 3)	8,266	8,217
Total assets	\$ 578,101	\$ 511,792
Liabilities		
Accounts payable and accrued liabilities	\$ 7,000	\$ 7,000
Due to Healthcare Employees' Pension Plan - Manitoba (note 7)	11,928	-
Total liabilities	18,928	7,000
Subsequent event (note 9)		
Net assets available for benefits (note 8)	\$ 559,173	\$ 504,792

See accompanying notes to financial statements.

Approved by the Trustees:


Chair


Vice-Chair

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - EMPLOYEE ASSISTANCE PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Increase in net assets:		
Premiums	\$ 2,312,233	\$ 2,312,576
Interest income	10,441	7,332
Total increase in net assets	2,322,674	2,319,908
Decrease in net assets:		
EAP service costs	2,213,137	2,213,466
Administrative expenses (notes 4 and 7)	55,156	36,944
Total decrease in net assets	2,268,293	2,250,410
Increase in net assets available for benefits	54,381	69,498
Net assets available for benefits, beginning of year	504,792	435,294
Net assets available for benefits, end of year	\$ 559,173	\$ 504,792

See accompanying notes to financial statements.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - EMPLOYEE ASSISTANCE PLAN

Notes to Financial Statements

Year ended December 31, 2019

1. General:

Healthcare Employees' Benefits Plan - Manitoba (HEBP) is a jointly trustee, not-for-profit organization which includes the employee assistance plan (the "Plan") for healthcare employees in Manitoba.

The Plan is registered as a health and welfare trust under the *Income Tax Act* and is not subject to income taxes.

The Plan provides a comprehensive counselling service designed to help identify and resolve personal concerns affecting the health and well-being of participating employees and their families. The employee assistance plan (EAP) services are provided by Manitoba Blue Cross effective April 1, 2014.

2. Significant accounting policies:

(a) Basis of presentation:

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its obligations. In selecting or changing accounting policies that do not relate to its obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

These financial statements are prepared on a going concern basis and present the financial position of the Plan as a separate financial reporting entity, independent of the participating employers and members. Only the assets and obligations to members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Cash and investments, if any, are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Plan has elected not to carry any such financial instruments at fair value.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - EMPLOYEE ASSISTANCE PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies (continued):

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. These costs are amortized using the straight-line method.

(c) Premiums:

Premiums recorded in the statement of changes in net assets available for benefits include the members' subscription required for employee assistance coverage. Premiums are recorded on an accrual basis.

(d) EAP service costs:

EAP service costs are recorded in the period in which they are paid or payable. Any service costs not paid at fiscal year-end, if any, are reflected in accounts payable and accrued liabilities.

(e) 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 increases and decreases in net assets available for benefits during the year. Actual results could differ from those estimates.

3. Receivable from Manitoba Blue Cross:

The amounts receivable from Manitoba Blue Cross are funds held by Manitoba Blue Cross at December 31, 2019 related to the excess of premiums collected over service costs charged to the Plan.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - EMPLOYEE ASSISTANCE PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Administrative expenses:

	2019	2018
Salaries and benefits	\$ 47,916	\$ 30,000
Audit fees	7,198	6,902
Other administrative expenses	42	42
	<u>\$ 55,156</u>	<u>\$ 36,944</u>

5. Capital management:

The main objective of the Plan is to sustain a certain level of net assets in order to meet the obligations of the Plan. Increases in net assets are a direct result of premiums paid into the Plan by eligible employers. The main use of net assets is for payment of service costs for eligible members of the Plan.

6. Risk management:

(a) Market risk:

Management of the Plan believe they are not exposed to any market risks including interest rate, currency and other price risk in relation to the Plan's financial instruments.

(b) Credit risk:

Credit risk associated with receivable from Manitoba Blue Cross is minimized due to its nature. Premiums are collected by Manitoba Blue Cross from participating employers which are used to pay the service costs. No provision for doubtful receivables has been recorded in 2019 or 2018.

(c) Liquidity risk:

Liquidity risk is the possibility that financial assets of the Plan cannot be readily converted into cash when required. Liquidity risk is managed through premiums received being held by Manitoba Blue Cross on behalf of the Plan to fund the Plan's obligations. The Plan's accounts payable and accrued liabilities have contracted maturities of less than one year.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - EMPLOYEE ASSISTANCE PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Related party:

HEBP and Healthcare Employees' Pension Plan - Manitoba (HEPP) have a certain number of common trustees and a cost sharing agreement to allocate certain costs based on factors such as square footage, number of employees and time usage.

The balance due to HEPP is non-interest bearing, and has not fixed terms of repayment.

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. Net assets available for benefits:

The Board of Trustees has approved the establishment of a contribution stabilization reserve in fiscal 2019. The contribution stabilization reserve has been established at an amount equal to two months of the current year's premiums. At December 31, 2019, the Board of Trustees has restricted \$386,000 (2018 - nil) for the reserve.

9. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Plan is not known at this time.