Director of Finance – 2021 Annual Report

Overview

2021 was a year with many blessings and also many challenges. The primary driver for many things remains the COVID-19 pandemic, and this has certainly had a negative impact on our results for 2021.

A second major factor is the termination of our Supportive Living Contract, which covered the expenses for 15 DSL residents. This contract came to an end on August 31, 2021 due to the government’s desire to rationalize their costs and administration for this program. We fell below the minimum facility size (which has been set at 30 units) and thus had no real choice in the decision.

Aside from these two major issues that we continue to work on, there have been no major setbacks or unexpected changes to the operations of Emmanuel Home. For that we give thanks to God in heaven!

Income Statement

Here are the major differences from our initial 2021 budget, which forecast a surplus of $216K:

1. Base Rent Revenue – short by $270K. This was a direct impact of COVID-19, carrying over from 2020, when outbreaks and restrictions on incoming tenancies meant that people on the waiting list could not come in, had to find other accommodations, or cancelled their applications. Note that as of December 31, we had 16 empty suites, 9 of which are former DSL studio suites which are being renovated and should be ready in January. There are two of the other 7 which are booked, 1 for January and 1 for February, plus we have some potentials that our Resident Experience Coordinator is working with.

1. Other Revenues – short by $88K. This includes some areas where revenues were a bit weaker than anticipated (Housekeeping, Parking, Meals) plus things like the Chaplaincy, which did not get started and therefore also had no expenses.
2. Emmanuel Home Expenses – over by $224K. This includes:
   1. Utilities – over by $34K, 8% higher than budget, can be somewhat hard to predict.
   2. Amortization – over by $40K, this is a number set by our Auditor and not known until after the budget is set each year.
   3. Insurance – we budgeted what we thought was a good increase, but still fell short by $11K.
   4. Contracted Services re: COVID-19 – unexpected expense of $25K. Our outlook on COVID-19 was quite good when the budget for 2021 was created, something that was proved to be wrong.
   5. Office-Related: over by about $23K – COVID-19 affected costs here as well, plus some additional improvements in the North Wing, no large items but overall it does add up.
   6. Contingency Reserve All Wings – the Board approved a Contingency layout of $75K for the West Wing DSL Suite renovations, we have gone over a bit which will be moved to general Suite Maintenance for the official year end.
   7. Generally, inflation is becoming a factor and all departments are working hard to contain costs and manage their resources better.

1. Ongoing Projects - Garden Fund – over by $4.5K. Expenses here are expected to be offset by an equal amount in Revenue. For 2021, additional moneys were spent on providing more elements for the North Wing. These expenses should not be repeated in the future.

1. Kitchen – over by $15K. Inflation is a factor here, as the supply chain issues that are plaguing business in general are impacting food costs. This can be offset to a large degree by care in purchasing, and our Kitchen Manager is working hard to seek out savings in this area.
2. Housekeeping Expenses – Over by $12K, can be attributed almost completely to COVID-19 due to extra cleaning and sanitizing throughout the building.
3. Recreation Expenses – over by $6K. This also is an outcome of COVID-19, as normal activities such as Bus trips and outside Events were curtailed (which usually break even) and internal events increased as necessary diversions for residents (normally at no cost to the residents).
4. Maintenance Expenses – over by $17K. This number is normally hard to pin down from year to year, and our Maintenance Manager has done a good job to come close to budget. A couple of unexpected repairs and some plumbing issues in the West Wing are mostly to blame for this overage.
5. Home Living/Supportive Living – over by $273K. As mentioned earlier, our Supportive Living Contract came to an end in August 2021. Historically, the combined income from our Home Living and Supportive Living programs covered almost all of the expenses incurred in providing these programs, PLUS the incidental activities of the Health Care department that benefit all our residents. COVID-19 introduced a number of new and increased costs, which affected our results all year, plus in September 2021 the revenue for our DSL program stopped. So this has now become a whole new situation. Our Director of Care is working hard to reduce staffing to a more efficient and reasonable level, and a number of other measures are being considered, including charging residents for non-funded services. While we do not want to reduce our ability or our commitment to caring for all our residents, these costs must be covered somehow and work continues on making this happen.
6. COVID-19. It is difficult to put a firm number on the impact of COVID-19, however this is the primary driver for the poor result for 2021. Initial expectations in the fall of 2020 were much too optimistic in hindsight, and the idea that this disease would be with us for some time yet took some time to sink in.

In the fall of 2020, we spent a great deal of time looking at staffing levels, discretionary expenses, and the ways we were approaching and doing things. At every level there is now an awareness that we need to find better ways, and cheaper ways, to keep Emmanuel Home functioning at the high level we consider essential for our residents. This is crucial for continued success here and also for our growth plans as we move forward with the West End project.