

Revenues

Between the construction delay that moved our opening of the North Wing to April 1, and then the added effects of COVID-19 creating further delays in having new residents move in, we are behind in our rent and other revenue expectations by about \$400K for the year. Relief funding from the Alberta government for COVID has provided just over \$100K to date, leaving us about \$300K short overall on total revenues compared to our budget.

We have not been able to find any relief funding for the loss of rental revenue created by COVID – related move-in delays. While we continue to look for possibilities in this regard, we are proceeding on the assumption that there will be none.

Move-ins continue, and rent revenue is growing each month. This is encouraging, and we expect that we should be at full capacity by the end of the year if not sooner. As of the date of this writing (August 19) we still have 7 empty suites in the North Wing and 8 vacancies in the rest of the facility. (Due to the delays mentioned above, some previously booked suites in the North Wing were cancelled.)

Expenses

Payroll continues to be higher than budget, mostly due to additional staffing requirements brought on by COVID – Screeners, Housekeeping, and Kitchen being the main areas affected. YTD this is about \$145K. We are looking at all staffing levels and also the organizational structure to see if we can find some efficiencies to reduce this extra cost.

Beginning in April we began to accrue estimated Property Taxes on the North Wing. Beginning in July, we are now accruing Amortization on the North Wing, as well as expensing Interest on the Construction Loan which will soon be converted to a new Mortgage. (Up until the end of June, the Construction Loan interest was considered part of the capital cost of the North Wing.)

Also in July, we had three pay periods (this happens twice per year due to our biweekly payroll cycle), which added roughly 50% to our payroll costs for July.

Net Income

On the attached Income Statement, June seems to look not too bad, and then full reality hits in July and we see a large deficit. 2020 has definitely had a ‘roller-coaster’ aspect to it! July is somewhat skewed due to the third payroll figures (gross of \$90K) but our expectation is that figures will begin to improve month by month from here through to the end of the year.

Overall

There is no denying that this has been a challenging year, and we will end the year with a substantial deficit. We do expect stability to return next year, even in the continuing shadow of COVID, and a preliminary budget is being drawn up now that should be ready for discussion by the next Board meeting. Cash reserves remain very healthy and there are no problems in terms of maintaining the day-to-day operations of Emmanuel Home.

Henry Baker