Financial Statements of

HEALTHCARE EMPLOYEES' PENSION PLAN - MANITOBA, COST OF LIVING ADJUSTMENT 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' Pension Plan - Manitoba, Cost of Living Adjustment Plan

Opinion

We have audited the financial statements of Healthcare Employees' Pension Plan - Manitoba, Cost of Living Adjustment 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 11, 2020

HEALTHCARE EMPLOYEES' PENSION PLAN - MANITOBA, COST OF LIVING ADJUSTMENT PLAN

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	Active Employees Fund	Past Retirees Fund	2019 Total	2018 Total
Assets				
Cash	$ 12,415,415	$ 5,910,688	$ 18,326,103	$ 15,831,427
Contributions receivable:				
Employer	1,102,724	122,537	1,225,261	1,781,744
Employee	1,101,889	122,076	1,223,965	2,074,662
Other receivables (note 11)	1,370,006	7,340	1,377,346	2,067,394
Investments (note 4)	204,122,706	8,127,391	212,250,097	155,946,114
Capital assets (note 5)	14,288	14,288	28,576	57,154
Total assets	$ 220,127,028	$ 14,304,320	$ 234,431,348	$ 177,758,495
Liabilities				
Accounts payable and accrued liabilities	$ 178,531	$ 25,086	$ 203,617	$ 181,838
Commitment (note 12)				
Subsequent event (note 13)				
Net assets available for benefits	$ 219,948,497	$ 14,279,234	$ 234,227,731	$ 177,576,657

See accompanying notes to financial statements.

Approved by the Trustees:

____________________ Chair

Monica Guenard

____________________ Vice-Chair

HEALTHCARE EMPLOYEES' PENSION PLAN - MANITOBA, COST OF LIVING ADJUSTMENT PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2019 with comparative information for 2018

	Active Employees Fund	Past Retirees Fund	2019 Total	2018 Total
Increase in net assets:				
Pension fund contributions:				
Employer	$ 19,174,096	$ 2,076,726	$ 21,250,822	$ 21,598,879
Employee	19,052,194	2,055,170	21,107,364	21,025,819
Investment income (note 6)	6,523,139	122,729	6,645,868	4,215,269
Other interest income	116,189	224,187	340,376	184,229
Current period change in fair value of investments	12,653,453	–	12,653,453	–
Total increase in net assets	57,519,071	4,478,812	61,997,883	47,024,196
Decrease in net assets:				
Current period change in fair value of investments	–	95,338	95,338	7,216,645
Benefit payments	2,175,320	1,215,786	3,391,106	1,372,042
Administrative expenses (note 7)	1,249,594	610,771	1,860,365	1,324,376
Total decrease in net assets	3,424,914	1,921,895	5,346,809	9,913,063
Increase in net assets available for benefits	54,094,157	2,556,917	56,651,074	37,111,133
Net assets available for benefits, beginning of year	165,854,340	11,722,317	177,576,657	140,465,524
Net assets available for benefits, end of year	$ 219,948,497	$ 14,279,234	$ 234,227,731	$ 177,576,657

See accompanying notes to financial statements.

1. General:

Healthcare Employees' Pension Plan - Manitoba, Cost of Living Adjustment (COLA) Plan (the "Plan") is governed by a Board of Trustees appointed by signatory employers and unions through a Trust Agreement dated December 12, 2013. The Plan was created pursuant to a June 10, 2010 letter of understanding between the signatory employers and unions, which provided for monies to be contributed to the Active Employees Fund and the Past Retirees Fund (collectively, the "Plan") and such monies to be dedicated for the specific purpose of providing ad hoc cost of living adjustments to benefits payable under the Healthcare Employees' Pension Plan - Manitoba (HEPP) to retired members who participated in HEPP as a result of their employment. Contributions from members for the Active Employees Fund commenced on April 1, 2014. Contributions from members for the Past Retirees Fund commenced on April 1, 2017. Benefit payments to members commenced on April 1, 2018.

The Plan is registered with Canada Revenue Agency (CRA) as a supplemental plan pursuant to the *Income Tax Act*. The Plan is not a pension plan as defined under the *Pension Benefits Act* (Manitoba), and therefore is not registered under, or subject to, any provisions of the *Pension Benefits Act* (Manitoba).

2. Description of the plan:

The following description of the Plan is a summary only. For more complete information reference should be made to the Plan Text.

(a) General:

The Plan is designated as a specified multi-employer pension plan under the *Income Tax Act* for all employees of participating healthcare facilities in the Province of Manitoba.

(b) Funding policy:

Employers and employees are required to contribute to the Plan a certain percentage of the members' earnings as established by the settlors of the Plan.

2. Description of the plan (continued):

The following contribution rates were approved for 2018 and 2019:

	Employer	Employee
	1.0%	1.0%

The Active Employees Fund and the Past Retirees Fund receive an allocation of 90 percent and 10 percent of the aggregate contributions, respectively.

(c) COLA benefits:

COLA benefits are only paid to members in receipt of a pension on the effective date of each determination by the Trustees to provide COLA benefits, and such COLA benefits will be calculated based on the value of such member's pension excluding any COLA previously granted. COLA benefits paid from the Active Employees Fund and the Past Retirees Fund are made on an ad hoc basis to members in receipt of a pension at rates determined by the Trustees based on the financial position of each fund.

The COLA benefits provided in a calendar year to a pensioner may not exceed 66 2/3 percent of the increase in the Consumer Price Index for Canada (CPI), as reported by Statistics Canada, for the first month immediately preceding the month in which the Trustees decide to grant COLA benefits for which Statistics Canada has issued a report, compared to the same month in the prior calendar year. In the event that the Trustees grant more than one COLA benefit in a calendar year, the total of all COLA benefits for the calendar year shall not exceed 66 2/3 percent of the increase in the CPI determined as of the month used to determine the CPI limit for the first COLA benefit granted for that calendar year.

(d) Death benefits:

Upon the death of a member, any COLA benefits previously extended to the member shall cease and the member's spouse, common-law partner, survivors, beneficiaries, dependents, or estate shall have no entitlement to any benefits under the Plan.

2. Description of the plan (continued):

(e) Benefits on termination:

A member who terminates Plan membership other than by reason of retirement and receives a lump sum payment under HEPP in lieu of a pension ceases to be a member and shall not be entitled to any benefit, including any COLA benefits, from the Plan.

A member who terminates Plan membership other than by reason of retirement and elects a deferred pension from HEPP may be entitled to COLA benefits upon or after retirement if they receive a pension in accordance with the terms and conditions of the Plan.

3. Significant accounting policies:

(a) Basis of presentation:

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

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the participating employers and members. Only the net assets of the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the benefit security of the individual plan members.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and investments 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.

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.

3. Significant accounting policies (continued):

(c) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan uses closing market price for fair value measurement. When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits as part of the current period change in fair value of investments.

The equity, bond and real estate pooled funds are recorded at fair values established by the respective fund trustee.

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. 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 Plan's ability to provide services, its carrying amount is written-down to its residual value. Capital assets, which comprise computer software, are amortized on a straight-line basis over three years.

(e) Foreign currency transactions and balances:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions.

3. Significant accounting policies (continued):

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in the statement of changes in net assets available for benefits within current period change in fair value of investments.

(f) Investment transactions and income recognition:

(i) Investment transactions:

Investment transactions are accounted for on a trade date basis.

(ii) Income recognition:

Investment income has been accrued as reported by the issuer of the short-term investment fund. Interest income has been accrued as earned.

(g) Contributions:

Contributions from the members are recorded on an accrual basis. Member reciprocal service contributions and transfers from the registered plan of a previous employer are not permitted.

(h) Benefits:

Benefit payments to members are recorded in the period in which they are paid or payable.

(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 increases and decreases in net assets during the year. Significant items subject to such estimates and assumptions include the determination of the carrying value of capital assets. Actual results could differ from those estimates.

4. Investments:

	Active Employees Fund	Past Retirees Fund	2019 Total	2018 Total
Equity pooled funds	$ 105,843,944	$ 5,016,356	$ 110,860,300	$ 71,778,718
Bond pooled funds	68,274,377	1,600,777	69,875,154	24,421,864
Real estate pooled fund	30,004,385	1,510,258	31,514,643	–
Short-term investment pooled fund	–	–	–	59,745,532
	$ 204,122,706	$ 8,127,391	$ 212,250,097	$ 155,946,114

The investments of the Plan are in equity, bond and real estate pooled funds which yielded rates of return as follows: Active Employees Fund - return of 11.70 percent (2018 - loss of 1.74 percent). The Past Retirees Fund - The fund invested $8,100,000 during 2019 which had a market value of $8,127,391 at December, 31, 2019.

5. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer software:				
Active Employees Fund	$ 434,097	$ 419,809	$ 14,288	$ 28,577
Past Retirees Fund	434,097	419,809	14,288	28,577
	$ 868,194	$ 839,618	$ 28,576	$ 57,154

6. Investment income:

	Active Employees Fund	Past Retirees Fund	2019 Total	2018 Total
Equity pooled funds	$ 4,257,923	$ 87,735	$ 4,345,658	$ 2,282,045
Bond pooled funds	1,052,638	31,661	1,084,299	714,024
Real Estate	683,968	3,333	687,301	–
Short-term investment pooled fund	528,610	–	528,610	1,219,200
	$ 6,523,139	$ 122,729	$ 6,645,868	$ 4,215,269

7. Administrative expenses:

	Active Employees Fund	Past Retirees Fund	2019 Total	2018 Total
Salaries and benefits	$ 409,670	$ 409,670	$ 819,340	$ 731,884
Investment manager and related expenses	648,351	9,528	657,879	168,279
Other administrative expenses	153,541	153,541	307,082	319,894
Amortization of capital assets	14,288	14,288	28,576	28,576
Trustee related	10,210	10,210	20,420	37,591
Audit fees	10,238	10,238	20,476	15,966
Actuarial fees	2,169	2,169	4,338	3,616
Legal fees	1,127	1,127	2,254	18,570
	$ 1,249,594	$ 610,771	$ 1,860,365	$ 1,324,376

8. Capital risk management:

The main objective of the Plan is to sustain a certain level of net assets in order to meet the current and future obligations of the Plan. The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (SIPP), which is reviewed annually by the Plan. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the approved SIPP. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the employers.

The primary risk the Plan faces is that the Plan's asset growth and contribution rates will be insufficient to cover the Plan's liabilities (funding risk) resulting in an unfunded liability (funding deficiency). If a funding deficiency reaches a certain level, or persists, it may need to be eliminated through contribution rate increases.

The Plan's net funded position can change relatively quickly if there are changes in the value of the investments or liabilities. Either can result in a mismatch between the Plan's assets and its liabilities. The most significant contributors to funding risk are:

- declining interest rates, and
- declining long-term investment rates of return.

The Plan's assets are subject to financial instrument risks which are explained in more detail in note 9 to these financial statements.

9. Risk management:

(a) Market risk:

(i) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Plan's fixed income 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. The Plan's exposure to interest rate risk is concentrated in its investment in the bond pooled funds. To properly manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored.

The remaining terms to contractual maturity of the bond pooled funds at December 31 are as follows:

	2019	2018
One to five years	$ 31,921,465	$ 11,362,454
After five years	37,953,689	13,059,410
Total market value	$ 69,875,154	$ 24,421,864

As at December 31, 2019, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would likely have decreased or increased, respectively, by approximately $7,035,000 (2018 - $2,131,000). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

(ii) Foreign currency risk:

Foreign currency exposure arises from the Plan's investment in equity and bond pooled funds, which hold investments denominated in U.S. currency. Fluctuations in the relative value of the Canadian dollar against this currency can result in a positive or negative effect on the fair value of investments. The Plan's foreign currency risk is monitored by the investment manager on a quarterly basis.

9. Risk management (continued):

The Plan's exposure in investments to foreign currencies to Canadian dollars is shown below:

As at December 31, 2019	Actual currency exposure	%
Canadian	$ 136,727,256	64.4
US dollar	39,327,639	18.5
Other currencies	36,195,202	17.1
	$ 212,250,097	100.0

As at December 31, 2018	Actual currency exposure	%
Canadian	$ 107,885,223	69.2
US dollar	26,727,312	17.1
Other currencies	21,333,579	13.7
	$ 155,946,114	100.0

A 10 percent increase or decrease in exchange rates, with all other variables held constant, would result in a charge in unrealized gains (losses) of $7,553,000 (2018 - $4,806,000).

(iii) Other price risk:

The Plan's investments in equity pooled funds are sensitive to market fluctuations. To properly manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set by the Board of Trustees and monitored by the investment managers on a quarterly basis. As at December 31, 2019, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of $11,086,000 (2018 - $7,178,000).

9. Risk management (continued):

(b) Credit risk:

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due or requested. The Plan's greatest concentration of credit risk is in its fixed income securities. The fair value of the fixed income securities includes consideration of the creditworthiness of the debt issuer. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as payment is made on a purchase once the securities have been received from the broker. For sales transactions, the securities are released once the broker has made payment.

The breakdown of the Plan's bond pooled funds by credit ratings from various rating agencies is presented below:

Credit rating	2019 Fair value	%	2018 Fair value	%
AAA	$ 18,576,582	26.6	$ 4,397,172	18.0
AA	25,097,017	35.9	4,031,439	16.5
A	12,542,102	18.0	7,643,751	31.3
BBB	13,222,217	18.9	8,141,891	33.3
BB	437,236	0.6	146,549	0.6
B	–	–	61,062	0.3
	$ 69,875,154	100.0	$ 24,421,864	100.0

Credit risk associated with contributions and other receivables is minimized due to their nature. The majority of the receivable balances are due from member facilities and are collected from participating members through the payroll process. The carrying amounts of fixed income investments and contributions and other receivables represent the maximum credit exposure to the Plan.

(c) Liquidity risk:

Liquidity risk is the possibility that investments of the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or other securities may be subject to legal or contractual restrictions on their resale. Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

9. Risk management (continued):

The Plan's financial statement liabilities have contracted maturities of less than one year. The Plan also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. At December 31, 2019, the Plan had cash in the amount of $18.33 million (2018 - $15.83 million).

10. Fair value of financial instruments:

The determination of the fair value of investments is as described in note 3(c) with fair values of investments disclosed in the statement of financial position. The fair values of other financial assets and liabilities, being cash, contributions receivable, other receivables, accounts payable and accrued liabilities and other accounts payable, approximate their carrying values due to the short-term nature of these financial instruments.

The Plan's assets which are recorded at fair value are required to be classified into one of three levels, depending on the inputs used for valuation. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included 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 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The following is a summary of the inputs used as of December 31, 2019 in valuing the Plan's investments:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Cash	$ 18,326,103	$ –	$ –	$ 18,326,103
Equity pooled funds	108,639,999	2,220,301	–	110,860,300
Bond pooled funds	–	68,875,154	–	69,875,154
Real estate pooled funds	–	–	31,514,643	31,514,643
	$ 126,966,102	$ 71,095,455	$ 31,514,643	$ 230,576,200

10. Fair value of financial instruments (continued):

The following is a summary of the inputs used as of December 31, 2018 in valuing the Plan's investments:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Cash	$ 12,038,395	$ –	$ –	$ 12,038,395
Short-term investment pooled funds	–	59,745,532	–	59,745,532
Equity pooled funds	68,979,141	2,799,577	–	71,778,718
Bond pooled funds	1,126,516	23,295,348	–	24,421,864
	$ 82,144,052	$ 85,840,457	$ –	$ 167,984,509

For the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2.

The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Total
Balance, December 31, 2018	$ –
Purchases	29,850,000
Investment income	687,301
Current period change in fair value of investments	977,342
Balance, December 31, 2019	$ 31,514,643

The Plan did not use or consider alternative assumptions for valuation of Level 3 securities as those are valued independently by investment managers or third party providers.

11. Related parties:

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

11. Related parties (continued):

During the year, HEPP also collected contributions from active plan members and employers on behalf of COLA. Other receivables include a net amount of $1,377,346 (2018 - $2,058,768) due from HEPP at December 31, 2019. This includes a balance of $1,694,745 (2018 - $2,378,513) receivable related to contributions collected, net of a balance of $317,399 (2018 - $319,745) payable related to costs incurred. The balance due from HEPP is non-interest bearing, and has no 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.

12. Commitment:

The Plan's allocation of annual lease payments under an operating lease with an expiry date of October 31, 2028 is as follows:

2020	$	62,000
2021		61,000
2022		58,000
2023		58,000
2024		59,000
Thereafter		225,000
	$	523,000

13. 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. These impacts could include decline in fair value of investments or decreases in investment income.

14. Comparative information:

Certain comparative information has been reclassified to confirm with the financial statement presentation adopted in the current year.