St. Joseph's Continuing Care Centre of Sudbury

Financial Statements

March 31, 2025

St. Joseph's Continuing Care Centre of Sudbury

Contents

For the year ended March 31, 2025

Page

Independent Auditor's Report

Financial Statements

Statement of Financial Position *1*

Statement of Operations *2*

Statement of Changes in Net Assets *3*

Statement of Cash Flows *4*

Notes to the Financial Statements *5*

Independent Auditor's Report

To the Directors of St. Joseph's Continuing Care Centre of Sudbury:

Opinion

We have audited the financial statements of St. Joseph's Continuing Care Centre of Sudbury (the "Centre"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre 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 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 Centre'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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Centre 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Sudbury, Ontario

June 25, 2025

St. Joseph's Continuing Care Centre of Sudbury
Statement of Financial Position
As at March 31, 2025

	2025	2024
Assets		
Current		
Cash *(Note 3)*	**13,893,794**	7,090,415
Accounts receivable *(Note 4)*	**2,135,600**	2,172,505
Inventory	**96,226**	97,391
Prepaid expenses	**224,667**	458,979
Advances to related parties *(Note 5)*	**40,911**	2,371
	16,391,198	9,821,661
Tangible capital assets *(Note 6)*	**42,176,863**	26,166,446
	58,568,061	35,988,107
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 8)*	**4,146,479**	4,537,607
Deferred contributions *(Note 9)*	**15,674,575**	1,580,322
Advances from related parties *(Note 5)*	**174,950**	1,068,659
Current portion of capital lease obligations *(Note 10)*	**31,189**	35,085
	20,027,193	7,221,673
Capital lease obligations *(Note 10)*	**33,787**	61,080
Deferred tangible capital contributions *(Note 11)*	**34,149,391**	24,466,028
Post-employment benefits *(Note 12)*	**536,300**	468,158
	54,746,671	32,216,939
Contingencies *(Note 13)*		
Commitments *(Note 14)*		
Net Assets		
Unrestricted surplus (deficit)	**(4,841,106)**	1,466,915
Invested in tangible capital assets	**7,962,496**	1,604,253
Internally restricted	**700,000**	700,000
	3,821,390	3,771,168
	58,568,061	35,988,107

Approved on behalf of the Board

Director

The accompanying notes are an integral part of these financial statements

St. Joseph's Continuing Care Centre of Sudbury
Statement of Operations
For the year ended March 31, 2025

	2025	2024
Revenue		
Ministry of Health	**34,831,953**	30,376,342
Other	**803,743**	952,753
Amortization of deferred tangible capital contributions *(Note 11)*	**728,690**	568,978
	36,364,386	31,898,073
Expenses		
Salaries and wages *(Note 5)*	**20,525,056**	18,447,293
Supplies and other *(Note 5)*	**8,483,210**	6,115,517
Employee benefits *(Note 15)*	**4,014,971**	3,488,155
Medical and surgical	**854,798**	943,373
Amortization of tangible capital assets	**818,992**	659,022
Management fees	**739,413**	-
Drugs	**711,073**	798,421
Medical staff remuneration	**166,651**	179,776
	36,314,164	30,631,557
Excess of revenue over expenses	**50,222**	1,266,516

The accompanying notes are an integral part of these financial statements

St. Joseph's Continuing Care Centre of Sudbury
Statement of Changes in Net Assets
For the year ended March 31, 2025

	Unrestricted	*Invested in tangible capital assets*	*Internally restricted*	***2025***	*2024*
Net assets, beginning of year	**1,466,915**	**1,604,253**	**700,000**	**3,771,168**	2,504,652
Excess (deficiency) of revenue over expenses	**140,524**	**(90,302)**	**-**	**50,222**	1,266,516
Tangible capital assets funded by operations	**(6,448,545)**	**6,448,545**	**-**	**-**	-
Net assets, end of year	**(4,841,106)**	**7,962,496**	**700,000**	**3,821,390**	3,771,168

The accompanying notes are an integral part of these financial statements

St. Joseph's Continuing Care Centre of Sudbury
Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**50,222**	1,266,516
Amortization of tangible capital assets	**818,992**	659,022
Amortization of deferred tangible capital contributions	**(728,690)**	(568,978)
	140,524	1,356,560
Changes in working capital accounts		
Accounts receivable	**36,905**	784,086
Inventory	**1,165**	19,533
Prepaid expenses	**234,312**	(90,912)
Accounts payable and accrued liabilities	**(391,128)**	1,346,273
Deferred contributions	**14,094,253**	(284,901)
	14,116,031	3,130,639
Financing		
Advances from related parties	**-**	894,274
Repayment of advances from related parties	**(893,709)**	-
Repayments of capital lease obligations	**(31,189)**	(31,189)
Additions to deferred tangible capital contributions	**10,412,053**	9,829,441
Increase in post-employment benefits	**68,142**	64,332
	9,555,297	10,756,858
Capital activities		
Purchase of tangible capital assets	**(16,829,409)**	(10,243,476)
Investing		
Advances to related parties	**(38,540)**	-
Repayment of advances to related parties	**-**	564,299
	(38,540)	564,299
Increase in cash resources	**6,803,379**	4,208,320
Cash resources, beginning of year	**7,090,415**	2,882,095
Cash resources, end of year	**13,893,794**	7,090,415

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

St. Joseph's Continuing Care Centre (the "Centre") was incorporated, without share capital, under the laws of Ontario on January 18, 2008 and commenced operations on June 1, 2009. Throughout the year, the Centre operated 16 complex continuing care and 48 rehabilitation beds.

The Centre operates as a hospital providing programs for complex continuing care and rehabilitative care and related services. The Centre 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. 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. The significant policies are detailed as follows:

Revenue recognition

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

The Centre is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health/Ontario 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.

Externally 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.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on the straight-line basis at rates corresponding to those of the related tangible capital assets.

Revenue from insurance plans and accommodation services are recognized when the service is provided.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on the straight-line basis at the following range of annual rates:

Amortization is taken at 50% of the above rates in the year of acquisition and no amortization is recorded in the year of disposal.

	Method	Rate
Buildings	straight-line	40 years
Furniture and fixtures	straight-line	3 to 20 years
Leasehold improvements	straight-line	30 years
Information technology	straight-line	5 to 10 years
Signs	straight-line	10 years
Equipment under capital lease	straight line	15 years

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

Long-lived assets

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

When the Centre determines that a long-lived asset no longer has any long-term service potential to the Centre, 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.

Internally restricted net assets

Restricted net assets represent amounts internally restricted for unforeseen expenses, as per the Board's capital reserve policy.

Retirement and post-employment benefits

The Centre provides retirement and post-employment benefits to certain employee groups. These benefits include pension, health and dental benefits. The Centre has adopted the following policies with respect to accounting for these employee benefits:

i) The costs of post-employment benefits are determined using management's best estimate of health care costs, employee turnover rates and discount rates. Adjustments to these costs arising from plan amendments and changes in estimates are accounted for in the period of the amendment or change.

ii) The expense related to the multi-employer defined benefit pension plan are the employer's contributions to the plan in the year.

iii) The discount rate used in the determination of post-employment benefits is equal to the provincial cost of borrowing rate recommended by the Ministry of Health for hospital use.

Contributed services

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

Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any Unrealized gain is adjusted through the statement of remeasurement gains and losses.

2. 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Accrued liabilities are estimated based on the anticipated charges for unbilled goods and services at year-end. Post-employment benefits are estimates based on valuations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Cash

The cash balance of $13,893,794 includes $8,398,356, which is related to the construction of Lasalle Phase 2.

4. Accounts receivable

	2025	*2024*
Ministry of Health	**372,718**	824,808
Canada Revenue Agency HST rebates	**1,466,921**	1,267,669
Patients	**51,099**	69,137
Other	**244,862**	10,891
	2,135,600	2,172,505

5. Related party transactions

The Centre is related to the St. Joseph's Health Centre of Sudbury ("SJHC"), St. Joseph's Villa of Sudbury Inc. ("SJV"), St. Gabriel's Villa of Sudbury ("VSGV"), and St. Joseph's Foundation of Sudbury by virtue of common board members.

St. Joseph's Foundation of Sudbury was established to raise, receive, maintain and manage funds to be distributed towards various programs and capital projects of the Centre. The Foundation is a non-profit organization incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act.

The advances to/from related parties are unsecured, non-interest bearing with no specific terms of repayment.

The SJV provides laundry and food services to the Centre. The amount of food services provided for the year was $835,172 (2024 - $811,753) and laundry services provided for the year was $126,961 (2024 - $93,819).

The VSGV provides food services to the Centre. The amount of food services provided for the year was $846,153 (2024 - $715,333).

The Centre has acquired salaries, supplies and purchased services from SJHC in the amount of $4,948,724 (2024 - $3,549,999).

These transactions have been measured and recorded in the accompanying financial statements at the exchange amount which is the amount of consideration established and agreed to by the management of the related parties.

5. Related party transactions *(Continued from previous page)*

Amounts due to/from related parties are as follows:

	2025	2024
Advances to related parties:		
St. Joseph's Foundation of Sudbury	**8,866**	2,371
St. Gabriel's Villa of Sudbury	**32,045**	-
	40,911	2,371
Advances from related parties:		
St. Joseph's Health Centre of Sudbury	**156,212**	830,396
St. Joseph's Villa of Sudbury Inc	**18,738**	131,541
St. Gabriel's Villa of Sudbury	**-**	106,722
	174,950	1,068,659

6. Tangible capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Buildings	**22,203,029**	**8,537,459**	**13,665,570**	14,224,055
Furniture and fixtures	**1,755,427**	**1,520,892**	**234,535**	260,046
Leasehold improvements	**19,503,081**	**162,526**	**19,340,555**	-
Information technology	**717,049**	**601,708**	**115,341**	97,379
Signs	**64,066**	**64,066**	**-**	-
Assets under construction	**8,675,315**	**-**	**8,675,315**	11,434,221
	52,917,967	**10,886,651**	**42,031,316**	26,015,701
Assets under capital lease				
Equipment under capital lease	**155,943**	**10,396**	**145,547**	150,745
	53,073,910	**10,897,047**	**42,176,863**	26,166,446

Assets under construction has a carrying value of $8,675,315 (2024 - $11,434,221). Assets under construction are carried at cost and only amortized when complete and available for use.

7. Short-term demand loans

The Centre has an overdraft lending agreement facility with the Desjardins Ontario Credit Union to a maximum of $1,000,000 with interest charged per annum at the bank's prime lending rate. At March 31, 2025, there was no amount drawn on this facility (2024 - $nil).

8. Accounts payable and accrued liabilities

	2025	*2024*
Trade accounts payable	**1,630,841**	2,531,721
Due to Ministry of Health and Long-Term care	**413,883**	413,883
Accrued salaries, wages and benefits	**1,139,810**	552,592
Vacation and other entitlements	**577,549**	467,582
Government remittances	**354,379**	556,631
Other accounts payable and accruals	**30,017**	15,198
	4,146,479	4,537,607

9. Deferred contributions

Deferred contributions consist of unspent externally restricted funding that has been received and may be realized in the subsequent year or repayable to the funder. Changes in deferred contributions are as follows:

	2025	*2024*
Balance, beginning of year	**1,580,322**	1,865,223
Contributions received	**17,317,670**	2,039,504
Contributions returned	**(764,595)**	(173,908)
Contributions recognized as revenue	**(2,336,753)**	(2,150,497)
Transferred to deferred capital contributions	**(122,069)**	-
Balance, end of year	**15,674,575**	1,580,322

10. Capital lease obligations

	2025	*2024*
Capital lease obligation payable in equal monthly installments of $2,924 including interest at 3.965%, due April 2027, secured by equipment under capital lease with a carrying value of $145,547 (2024 - $150,745).	**64,976**	96,165
Less: Current portion	**31,189**	35,085
	33,787	61,080

Future minimum lease payments related to the obligation under capital lease are as follows:

2026	35,085
2027	35,085
2028	2,924
	73,094
Less: imputed interest	(8,118)
	64,976
Less: current portion	(31,189)
	33,787

11. Deferred tangible capital contributions

Deferred tangible capital contributions represent the unamortized balances of donations and grants restricted for tangible capital asset acquisitions. Details of the continuity of these funds are as follows:

	2025	*2024*
Balance, beginning of year	**24,466,028**	15,205,565
Additions to deferred tangible capital contributions	**10,412,053**	9,829,441
Less: Amounts amortized	**(728,690)**	(568,978)
	34,149,391	24,466,028

12. Post-employment benefits

The Centre pays certain health, dental and life insurance benefits on behalf of its retired employees and recognizes these post-retirement costs in the period in which the employees rendered their services. During the current year, an actuarial valuation was prepared which calculated the accrued benefit obligation at March 31, 2025. The accrued benefit liability and the expense for the period ended March 31, 2025 were determined using an annual discount rate of 3.89% (2024 - 3.95%), and projected future benefit cost annual growth rates of 3.5% and 6% for dental and extended health care benefits respectively. The accrued benefit obligation is as follows:

	2025	*2024*
Balance, beginning of year	**468,158**	403,826
Expense for the year	**77,342**	71,352
Benefits paid for the year	**(9,200)**	(7,020)
Balance, end of year	**536,300**	468,158

13. Contingent liabilities

The Centre is a member of the Health Care Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risk of 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, 2025.

The Centre has entered into accountable contribution agreements with the Ministry. The programs are subject to audit by the Ministry and should these audits result in recoveries of contributions, the amount of these recoveries would be charged to the the Centre in the period in which they are determined.

The Centre guaranteed the overdraft lending agreements of St. Joseph's Villa of Sudbury Inc. and St. Gabriel's Villa in the amounts of $200,000 and $200,000, respectively. The total balances outstanding at March 31, 2025 are $nil (2024 - $nil).

As at March 31, 2025, no liability associated with the above guarantees has been recorded. The Centre does not have any recourse should these guarantees be exercised.

14. Commitments

The Centre entered into a contract to build rehabilitation beds at 319 Lasalle Blvd, Sudbury with an estimated project cost of $49,808,300. The maximum amount of Ministry funds for this project is $34,945,100. The construction commenced in October 2023 and will be completed in February 2026.

The Centre has entered into a premises lease agreement expiring in April 2055 with minimum annual payments as follows:

2026	2,196,138
2027	2,395,787
2028	2,395,787
2029	2,395,787
2030	2,395,787
Thereafter	60,094,325
	71,873,611

15. Pension plan

Substantially all of the full-time employees of the Centre are members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer defined benefit plan. Defined contribution plan accounting principles are applied to a multi-employer plan, whereby contributions are expensed when due, as the Centre has insufficient information available to apply defined benefit plan accounting principles. The Centre records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

Contributions made to HOOPP during the year on behalf of the employees amounted to $987,800 (2024 - $914,491). These amounts are included in employee benefits in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2024 disclosed net assets available for benefits of $123 billion with a pension obligation of $112.6 billion resulting in a surplus of $10 billion.

16. Financial instruments

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

Liquidity risk

Liquidity risk is the risk that the Centre will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Centre is exposed to this risk relating to its accounts payable and accrued liabilities of $4,146,478 (2024 - $4,537,607).

The Centre reduces its exposure to liquidity risk by management's monitoring of cash activities and expected outflow through extensive budgeting and maintaining enough cash and investments to repay creditors as those liabilities become due.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Centre is exposed to credit risk with respect to accounts receivable and advances to related parties.

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

Credit Risk *(Continued from previous page)*

The Centre incurs receivable transactions in the normal course of operations and is exposed to credit risk associated with its accounts receivable balance of $2,135,600 (2024 - $2,172,505). The Centre manages this risk exposure through management's on-going monitoring of accounts receivable balances and collections. The Centre measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts.

Refer to note 2 regarding the Centre's policies for assessing impairment of financial assets measured at other than fair value which includes its advances to related parties.