St. Joseph's Lodge of Manitoulin Island

Financial Statements

December 31, 2025

St. Joseph's Lodge of Manitoulin Island
Contents
For the period ended December 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 Members of St. Joseph's Lodge of Manitoulin Island:

Opinion

We have audited the financial statements of St. Joseph's Lodge of Manitoulin Island (the "Lodge"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flows for the period 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 Lodge as at December 31, 2025, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Lodge 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 not-for-profit organizations, 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 Lodge'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 Lodge or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Lodge'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 Lodge'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 Lodge'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 Lodge 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, 2026

St. Joseph's Lodge of Manitoulin Island
Statement of Financial Position
As at December 31, 2025

	2025
Assets	
Current	
Cash	1,102,170
Accounts receivable *(Note 3)*	510,289
Prepaid expenses	28,369
	1,640,828
Tangible capital assets *(Note 4)*	48,030
Restricted cash *(Note 5)*	750
	1,689,608
Liabilities	
Current	
Accounts payable and accrued liabilities *(Note 7)*	805,805
Deferred contributions *(Note 8)*	173,284
Advances from related parties *(Note 9)*	595,923
Payable to the Ontario Ministry of Long-Term Care *(Note 10)*	105,672
	1,680,684
Funds held in trust for residents	896
	1,681,580
Contingencies *(Note 11)*	
Net Assets	
Unrestricted	(40,002)
Invested in tangible capital assets	48,030
	8,028
	1,689,608

Approved on behalf of the Board

Catherine Hunault

Director

The accompanying notes are an integral part of these financial statements

St. Joseph's Lodge of Manitoulin Island
Statement of Operations
For the period ended December 31, 2025

	2025
Revenue	
Ontario Ministry of Long-Term Care	**3,106,347**
Resident fees	**634,564**
Other	**166,487**
	3,907,398
Expenses	
Nursing and administrative	**2,308,042**
Purchased service *(Note 9)*	**557,054**
Dietary	**393,921**
Plant maintenance	**165,860**
Programs	**110,213**
Plant operations and communications	**83,975**
Housekeeping	**65,364**
Administrative	**59,892**
Laundry and linen	**47,085**
Information technology	**40,738**
Rent	**39,389**
Management fees *(Note 9)*	**22,500**
Amortization	**5,337**
	3,899,370
Excess of revenue over expenses	**8,028**

The accompanying notes are an integral part of these financial statements

St. Joseph's Lodge of Manitoulin Island
Statement of Changes in Net Assets
For the period ended December 31, 2025

	Unrestricted	*Invested in tangible capital assets*	*2025*
Net assets, beginning of year	-	-	-
Excess of revenue over expenses	13,365	(5,337)	8,028
Tangible capital assets funded by operations	(53,367)	53,367	-
Net assets, end of year	(40,002)	48,030	8,028

The accompanying notes are an integral part of these financial statements

St. Joseph's Lodge of Manitoulin Island
Statement of Cash Flows
For the period ended December 31, 2025

	2025
Cash provided by (used for) the following activities	
Operating	
Excess of revenue over expenses	**8,028**
Amortization	**5,337**
	13,365
Changes in working capital accounts	
Accounts receivable	**(510,289)**
Prepaid expenses	**(28,369)**
Accounts payable and accrued liabilities	**805,805**
Deferred contributions	**173,284**
Payable to the Ontario Ministry of Long-Term Care	**105,672**
Funds held in trust for residents	**896**
	560,364
Financing	
Advances from related parties	**595,923**
Investing	
Purchase of tangible capital assets	**(53,367)**
Increase in cash resources	**1,102,920**
Cash resources, beginning of year	**-**
Cash resources, end of year	**1,102,920**
Cash resources are composed of:	
Cash	**1,102,170**
Restricted cash	**750**
	1,102,920

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

St. Joseph's Lodge of Manitoulin Island (the "Lodge") was incorporated, without share capital, under the laws of the province of Ontario on November 27, 2024 and began operations in July 2025. It operates a long-term care facility on Manitoulin Island, Ontario. The facility is a not-for-profit organization and is exempt from tax under the Income Tax Act (Canada) and is sponsored by the Catholic Health Sponsors of Ontario.

St. Joseph's Health Centre of Sudbury (the "Health Centre") owns the operating license of the Lodge. The Lodge is responsible for the management of the facilities on behalf of the Health Centre.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follow:

Revenue recognition

The Lodge follows the deferral method of accounting for contributions. 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.

The Lodge is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Long-Term Care/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.

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. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Purchased capital assets are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

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

	Rate
Computer equipment	5 years

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.

The Lodge writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Lodge's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Lodge determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

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

Contributed materials

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

Financial instruments

The Lodge recognizes financial instruments when the Lodge becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Lodge may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Lodge has not made such an election during the period.

The Lodge subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Lodge's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Lodge initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Lodge may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Lodge has not made such an election during the period, thus all such related party debt instruments are subsequently measured at amortized cost.

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

Financial instruments *(Continued from previous page)*

The Lodge subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Lodge assesses impairment of all its financial assets measured at cost or amortized cost. The Lodge groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Lodge determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the period.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Lodge reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Lodge reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Lodge reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current period excess of revenues over expenses.

The Lodge reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the period the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Amortization is based on the estimated useful lives of tangible capital assets. Accrued liabilities are estimated based on anticipated charges for unbilled goods and services at year-end and repayable to funder is based on the anticipated amount to be repaid.

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.

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

Employee future benefits

The Lodge's employee future benefit program consists of multiemployer target-benefit plan

Multiemployer defined benefit plan

The Lodge is part of an employer member of the Nursing Homes and Related Industries Pension Plan ("NHRIPP"), which is a multi-employer, target-benefit plan. The Lodge has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Lodge's contributions to these plans are expensed as incurred.

3. Accounts receivable

	2025
Ontario Ministry of Long-term Care	**259,878**
Harmonized Sales Tax	**97,477**
Residents	**5,938**
Other	**146,996**
	510,289

4. Tangible capital assets

	Cost	*Accumulated amortization*	*2025 Net book value*
Computer equipment	**53,367**	**5,337**	**48,030**

5. Restricted cash

The restricted cash represents funds held in trust for residents for small purchases made by them throughout the year.

6. Bank indebtedness

The Lodge has an overdraft lending agreement facility with the Desjardins Ontario Credit Union to a maximum of $200,000 with interest charged at the bank's prime lending rate 4.45%. The overdraft facility has been guaranteed by St. Joseph's Health Centre of Sudbury. At December 31, 2025, $nil was drawn on this facility.

7. Accounts payable and accrued liabilities

	2025
Trade payables	**567,774**
Government remittances	**88,625**
Accrued liabilities and other payables	**149,406**
	805,805

8. Deferred contributions

	2025
Preceptor Resource and Education Program funding	**22,500**
Education Grant	**3,000**
ITS Funding	**6,262**
Jarlette	**84,822**
Pay Equity	**56,700**
	173,284

9. Related party transactions

The Lodge is related to St. Joseph's Health Centre of Sudbury ("Health Centre"), St. Joseph's Continuing Care Centre, St. Gabriel's Villa of Sudbury and St. Joseph's Villa of Sudbury Inc. by virtue of common board members. The Lodge is related to St. Joseph's Foundation of Sudbury by virtue of common purpose.

The Health Centre has charged amounts to the Lodge for services provided. The amount charged for the year was $557,054. The management fees charged by SJHC were $22,500.

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.

	2025
Advances from related parties	
St. Joseph's Health Centre	**594,505**
St. Joseph's Continuing Care Centre	**1,418**
	595,923

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

10. Due to the Ontario Ministry of Long-Term Care

The net amounts due to (from) the Ontario Ministry of Long-Term Care ("the Ministry") are as follows:

	2025
Unspent other Ministry funds	**86,829**
Municipal Tax Allowance	**22,512**
Resident Co-Payment Reduction	**(3,669)**
	105,672

The Resident Co-Payment Reduction represents the amount due to (from) the Ministry for the excess (deficiency) of resident fees over the amount estimated by the Ministry based on the Northern Regional Average per diem.

11. Contingencies

The Lodge has entered into accountable contribution agreements with the Ministry (see note 10). 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 Lodge in the period in which they are determined.

12. Pension plans

Multi-employer pension plan

Some employees of the Lodge are eligible to be members of the NHRIPP, which is a multi-employer target benefit plan. Employer contributions made to the plan during the year by the Lodge amounted to $27,507. These amounts are included in nursing and administration in the statement of operations. The most recent valuation for financial reporting purposes completed by NHRIPP as of December 31, 2025 disclosed net assets available for benefits of $3.5 billion.

13. Financial instruments

The Lodge, as part of its operations, carries a number of financial instruments. It is management's opinion that the Lodge 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 Lodge will encounter difficulty in meeting obligations associated with financial liabilities. The Lodge is exposed to this risk associated with its accounts payable and accrued liabilities and payable to the Ministry of Long-Term Care.

The Lodge reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains adequate cash resources and arrangements to repay creditors as required and through management's on-going budgeting and program financial monitoring processes.

Credit Risk

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

The Lodge minimizes risk associated with its cash balances by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The Lodge incurs receivable transactions in the normal course of operations and is exposed to credit risk associated with its accounts receivable balances. The Lodge manages this risk exposure through management's on-going monitoring of accounts receivable balances and collections. The Lodge 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.

Interest rate risk

The Lodge is exposed to interest rate risk with respect to the use of the overdraft facility which includes variable interest rate terms. This exposure may have an effect on interest expense and associated cash flows and its earnings in future periods.

14. Comparative figures

The Lodge was incorporated on November 27, 2024 and began operations in July 2025. Accordingly, these financial statements represent the Lodge's first reporting period and no comparative figures are available.