Financial Statements of

ST. JOSEPH'S LIFECARE CENTRE

And Independent Auditors’ Report thereon

Year ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the St. Joseph's Health System and The Board of Trustees of St. Joseph's Lifecare Centre:

Opinion

We have audited the financial statements of St. Joseph's Lifecare Centre (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows 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 Entity as at end of December 31, 2021 and its results of operations and its cash flows for the year 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 "***Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
MM DD, YYYY

ST. JOSEPH'S LIFECARE CENTRE
Statement of Financial Position

December 31, 2021, with comparative information for 2020

		2021		2020
Assets				
Current assets				
Cash	$	2,281,622	$	2,341,001
Accounts receivable (note 2)		467,047		309,880
Prepaid expenses		111,258		140,915
Inventories		33,312		28,274
Due from related parties (note 12)		4,539,736		3,675,666
		7,432,975		6,495,736
Capital assets (note 3)		23,568,667		23,930,500
	$	31,001,642	$	30,426,236
Residents’ trust fund assets	$	33,768	$	32,468
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	$	2,071,904	$	1,984,297
Current portion of long-term debt (note 5)		886,192		836,705
Current portion of capital lease obligation (note 6)		90,704		87,632
Deferred revenue		1,290,138		434,630
Deferred grants		13,000		-
		4,351,938		3,343,264
Employee future benefits (note 7(b))		928,300		999,600
Long-term debt (note 5)		7,744,649		8,630,841
Capital lease obligations (note 6)		730,468		821,172
Deferred capital contributions (note 8)		10,041,499		10,251,073
Total liabilities		23,796,854		24,045,950
Net assets:				
Invested in capital assets (note 10(a))		4,075,155		3,303,077
Unrestricted		3,129,633		3,077,209
		7,204,788		6,380,286
Commitments and contingencies (note 11)				
Impact of COVID-19 (note 15)				
	$	31,001,642	$	30,426,236
Residents’ trust fund liability	$	33,768	$	32,468

See accompanying notes to financial statements.
On behalf of the Board:

_______________________ Trustee

_______________________ Trustee

ST. JOSEPH'S LIFECARE CENTRE

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Ministries of Health and Long-Term Care (note 14)	$ 13,673,805	$ 12,287,254
Residents' payments	5,123,503	5,336,273
Other income and grants (note 9)	1,295,540	845,871
	20,092,848	18,469,398
Expenses:		
Salaries, wages and benefits	12,911,724	12,308,089
Other operating expenses	2,760,689	2,128,486
COVID-19 expenses (note 14)	2,146,076	1,479,142
	17,818,489	15,915,717
Excess of revenue over expenses before the undernoted	2,274,359	2,553,681
Other revenue (expense):		
Interest on long-term debt	(582,961)	(634,767)
Depreciation of capital assets	(1,469,478)	(1,173,639)
Amortization of deferred capital contributions (note 8)	552,482	530,538
	(1,499,967)	(1,277,868)
Excess of revenues over expenses	$ 774,402	$ 1,275,813

See accompanying notes to financial statements.

ST. JOSEPH'S LIFECARE CENTRE

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

December 31, 2021	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	$ 3,303,077	$ 3,077,209	$ 6,380,286
Excess (deficiency) of revenues over expenses (note 10(b))	(916,996)	1,691,398	774,402
Net change in investment in capital assets (note 10(b))	1,689,074	(1,689,074)	-
Employee future benefits (note 7(b))	-	50,100	50,100
Balance, end of year	$ 4,075,155	$ 3,129,633	$ 7,204,788

December 31, 2020	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	$ 2,579,635	$ 2,584,438	$ 5,164,073
Excess (deficiency) of revenues over expenses (note 10(b))	(643,101)	1,918,914	1,275,813
Net change in investment in capital assets (note 10(b))	1,366,543	(1,366,543)	-
Employee future benefits (note 7(b))	-	(59,600)	(59,600)
Balance, end of year	$ 3,303,077	$ 3,077,209	$ 6,380,286

See accompanying notes to financial statements.

ST. JOSEPH'S LIFECARE CENTRE

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	$ 774,402	$ 1,275,813
Items not involving cash and cash equivalents:		
Depreciation of capital assets	1,469,478	1,173,639
Amortization of deferred capital contributions	(552,482)	(530,538)
Employee future benefit expenses	50,100	(59,600)
	1,741,498	1,859,314
Change in non-cash operating working capital:		
Increase in accounts receivable	(157,167)	(88,197)
Increase in inventories	(5,038)	(968)
Decrease (Increase) in prepaid expense	29,657	(5,865)
Increase in accounts payable and accrued liabilities	87,607	190,313
Increase in due from related parties	(864,070)	(437,095)
Increase in deferred revenue	855,508	428,062
Increase in deferred grants	13,000	-
Increase (decrease) in employee future benefits	(71,300)	42,000
	1,629,695	1,987,564
Financing activities:		
Repayment of long-term debt	(836,705)	(789,979)
Repayment of obligations under capital lease	(87,632)	(86,790)
	(924,337)	(876,769)
Investing activities:		
Purchase of capital assets	(1,093,442)	(672,807)
Land development project	(14,203)	-
Contributions received for capital assets	342,908	183,033
	(764,737)	(489,774)
Net (decrease) increase in cash	(59,379)	621,021
Cash, beginning of year	2,341,001	1,719,980
Cash, end of year	$ 2,281,622	$ 2,341,001

See accompanying notes to financial statements.

St. Joseph's Lifecare Centre Brantford ("the Centre") operates a 205 bed long-term care facility and hospice facility in Brantford, Ontario. It opened for operations on October 26, 2004. The Centre is a division of St. Joseph's Health System (the "System").

The System is incorporated under the laws of the Province of Ontario. Both the Centre and the System are registered charitable organizations under the Income Tax Act (Canada).

These financial statements do not include the accounts of the other health care facilities which are part of the St. Joseph's Health System.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Basis of presentation:

These financial statements present only the accounts of the Centre as a separately managed entity. They do not include the accounts of the following related (see note 12) but separately managed entities:

St. Joseph's Lifecare Foundation

Stedman Community Hospice

St. Joseph's Health Centre Guelph

(b) Revenue recognition:

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

Under the Long-Term Care Homes Act, 2007 and Regulations thereto, the Centre is funded primarily by the Province of Ontario on a per diem basis as established by the Ministry of Health and Ministry of Long-Term Care. Operating subsidies are recorded as revenue in the period to which they relate. Operating subsidies approved but not received at the end of an accounting period are accrued. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended December 31, 2021.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

1. **Significant accounting policies (continued):**

(b) Revenue recognition (continued):

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate of the related capital assets.

Unrestricted investment income is recognized as revenue when earned.

Revenue from preferred accommodation, other services and other ancillary operations is recognized when the goods are sold or the service is provided.

(c) Inventories:

Inventories consist of food supplies. Inventory is valued at the lower of cost on a first-in, first-out basis and net realizable value defined by replacement cost.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Centre's ability to provide services, its carrying amount is written down to its residual value.

Incremental interest incurred during the acquisition, construction or production of capital assets is included in the cost of the capital asset. The interest capitalized is determined by applying the Centre’s average interest rate to the average amount of accumulated expenditures for the asset during the year.

Depreciation is recorded over the estimated useful lives of the assets on a straight-line basis at various annual rates between 2% and 50%. Depreciation is not recognized or funded by the Ontario Ministry of Health and Ministry of Long-Term Care.

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Centre has not elected 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, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Centre determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Interest rate hedging:

The Centre enters into interest rate swaps to hedge the effect of changes in interest rates on its long-term debt that bears interest based on prime rates. The Centre uses the accrual basis of accounting for hedges. Gains or losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item.

At the inception of the hedging relationship, the Centre designates that hedge accounting will be applied. The Centre formally documents the hedging relationship between the hedging item and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same.

Hedge accounting is used only when the notional amount of the swap matches the principal amount of the hedged item, the fair value of the swap at the inception is nil, the fixed rate is the same throughout the swap and the variable rate is based on the same index and includes the same or no adjustment and the debt instrument cannot be settled before maturity and the swap matures within two weeks of the maturity date of the debt.

1. Significant accounting policies (continued):

(g) Contributed goods and services:

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

(h) Controlled organizations:

The Centre accounts for controlled organizations using the cost method. The Centre has chosen not to consolidate the organizations it controls but to instead disclose information about the resources of the controlled organizations. Stedman Community Hospice, which is controlled by the Centre, is not consolidated in the Centre's financial statements. The composition of the controlled Not-for-Profit Organization is disclosed in note 12.

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of the 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 period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and accrued liabilities. Actual results could differ from those estimates.

(j) Employer future benefits:

(i) Multi-employer plan:

Substantially all of the employees of the Centre are eligible to be members of the Healthcare of Ontario Pension Plan (“HOOPP”), which is a multi-employer high five-year average pay contributory pension plan. As HOOPP’s assets and liabilities are not segmented by participating employer, the Centre accounts for its HOOPP obligation on a cash basis (as a defined contribution plan).

(ii) Defined benefit plan:

The Centre has a plan which provides dental and extended health care benefits for retirees. The accrued benefit obligation and current service costs for these plans are recognized using the projected benefit method pro-rated on service, and income is charged with the cost of the benefits in the years in which the employees render the service which gives them the right to receive such benefits. Remeasurement and other items are recognized as a direct increase (decrease) in net assets and are not reclassified to the statement of operations in subsequent periods.

(k) Residents’ trust funds:

Residents’ trust funds are administered by the Centre and are the property of the residents.

2. Accounts receivable:

	2021	2020
Ministries of Health and Long-Term Care	$ 258,906	$ 159,070
Residents	99,802	106,261
Other (rebates, grants, programs)	184,425	118,464
	543,133	383,795
Less allowance for doubtful accounts	(76,086)	(73,915)
	$ 467,047	$ 309,880

3. Capital assets:

December 31, 2021	Cost	Accumulated amortization	Net book value
Land	$ 699,950	$ -	$ 699,950
Land improvements	218,742	208,499	10,243
Building	35,520,323	14,715,948	20,804,375
Machinery and equipment	7,211,248	5,171,352	2,039,896
Land	14,203	-	14,203
	$ 43,664,466	$ 20,095,799	$ 23,568,667

December 31, 2020	Cost	Accumulated amortization	Net book value
Land	$ 699,950	$ -	$ 699,950
Land improvements	209,312	208,791	521
Building	35,434,401	13,794,442	21,639,959
Machinery and equipment	6,213,158	4,623,088	1,590,070
	$ 42,556,821	$ 18,626,321	$ 23,930,500

4. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable and accrued liabilities	$ 1,589,072	$ 1,057,658
Accrued salaries, wages and employee benefits	482,832	645,032
Ministry of Long-Term Care	-	281,607
	$ 2,071,904	$ 1,984,297

Included in accounts payable and accrued liabilities are government remittances payable of $200,375 (2020 - $246,048), which includes amounts payable for HST and payroll related taxes.

5. Long-term debt:

	2021	2020
Long-term debt bears interest at 5.76%, is repayable in blended monthly payments of $113,348 with the final repayment installment due on December 3, 2029. The loan is secured by a general security agreement.	$ 8,630,841	$ 9,467,546
Less current portion	(886,192)	(836,705)
	$ 7,744,649	$ 8,630,841

The Centre is required to comply with certain non-financial covenants, all of which have been met as of December 31, 2021.

Future principal payments required on all long-term debt for the next five years and thereafter are as follows:

2022	$ 886,192
2023	938,606
2024	994,120
2025	1,052,917
2026	1,115,192
Thereafter	3,643,814
	$ 8,630,841

5. Long-term debt (continued):

Interest rate swap:

In conjunction with the long-term debt, the Centre entered into an interest rate swap arrangement on April 1, 2005. The interest rate on the long-term debt is variable and its risk has been mitigated through the swap agreement. The fair value of the interest rate swap agreement is based on amounts quoted by the Centre's bank to realize favourable contracts or settle unfavourable contracts, taking into account interest rates at December 31, 2021. The interest rate swap agreement is in a net unfavourable position of $1,458,476 (2020 - $2,226,617). The Centre has applied hedge accounting and the associated losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item, which is not currently reflected in the Centre's financial statements.

6. Capital lease obligations:

The Centre entered into a capital lease obligation in 2019 originating from the Managed Energy Savings Agreement. Capital lease repayments are due as follows:

2022	$ 117,609
2023	117,609
2024	117,609
2025	117,609
2026	117,609
Thereafter	465,575
Total minimum lease payments	1,053,620
Less amount representing interest	232,448
Present value of net minimum capital lease payments	821,172
Current portion of obligations under capital leases	90,704
	$ 730,468

The total amount of capitalized assets under this lease relates to building in the amount of $997,849 with related accumulated amortization of $176,676.

7. Employee future benefits:

(a) Pension plan:

Substantially all full time employees of the Centre are members of the Healthcare of Ontario Pension Plan (HOOPP). This Plan is a multi-employer, defined benefit pension plan. As this is a multi-employer plan, no liability has been recorded on the Centre's financial statements.

Employer contributions during the year to the Plan on behalf of employees amounted to $796,885 (2020 - $779,473). The most recent actuarial valuation of the HOOPP plan at December 31, 2020, indicated that the plan is fully funded with assets exceeding liabilities by 119%.

(b) Other employee future benefits:

Other benefit plan

	2021	2020
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 999,600	$ 957,600
Actuarial loss (gain)	(50,100)	59,600
Interest costs	21,000	27,600
Current service costs	41,000	36,500
Benefit payments	(83,200)	(81,700)
Benefit obligation, end of year	$ 928,300	$ 999,600

8. Deferred capital contributions:

Deferred capital contributions represent both the unamortized amount of grants and donations already spent, and the unspent amount of donations and grants received for future purchase of capital assets.

The balance of unamortized deferred capital contributions consists of the following:

	2021	2020
Unamortized capital contributions	$ 10,041,499	$ 10,251,073

8. Deferred capital contributions (continued):

The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance of the year are as follows:

	2021	2020
Balance, beginning of year	$ 10,251,073	$ 10,598,578
Add contributions during year	342,908	183,033
	10,593,981	10,781,611
Less amounts amortized to revenue	(552,482)	(530,538)
Balance, end of year	$ 10,041,499	$ 10,251,073

9. Other income and grants:

	2021	2020
Rental income	$ 499,778	$ 477,944
Foundation funds	108,033	165,562
Investment income	139,603	85,531
Other income and donations	27,268	6,349
Unrealized investment gain	395,858	110,485
Insurance proceeds	125,000	-
	$ 1,295,540	$ 845,871

10. Net assets invested in capital assets:

(a) Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	$ 23,568,667	$ 23,930,500
Amounts financed by:		
Deferred capital contributions	(10,041,499)	(10,251,073)
Long-term debt	(8,630,841)	(9,467,546)
Capital lease obligations	(821,172)	(908,804)
	$ 4,075,155	$ 3,303,077

10. Net assets invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Excess (deficiency) of expenses over revenues:		
Amortization of deferred capital contributions	$ 552,482	$ 530,538
Amortization of capital assets	(1,469,478)	(1,173,639)
	$ (916,996)	$ (643,101)
Net change in investment in capital assets:		
Purchase of capital assets	$ 1,093,442	$ 672,807
Land development project	14,203	-
Repayment of long-term debt	836,705	789,979
Amounts funded by deferred capital contributions	(342,908)	(183,033)
Amounts funded by capital lease obligations	87,632	86,790
	$ 1,689,074	$ 1,366,543

11. Commitments and contingencies:

a) The Centre is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. In management's opinion, insurance coverage is sufficient to offset the cost of unfavourable settlements, if any, which may result from such claims.

In the normal course of operations, the Centre is subject to various human resource matters, including grievances filed by employees or groups of employees under Provincial legislation. Currently, no significant matters are before an arbitrator or pending resolution.

b) The Centre entered into a managed energy service agreement dated August 15, 2017 with Blackstone Energy Services Limited and PNC equipment Finance to provide services to reduce the utility consumption at the Lifecare facility. The services include facility upgrades to provide improvements in the energy and water usage which were completed in December 2019. The contract is for a term of 10 years with monthly payments of $9,800. The Centre signed a new agreement on June 10, 2021 for the purpose of obtaining a more favourable interest rate. It has been accounted for as a capital lease as further described in note 6.

12. Related party transactions:

The Centre enters into transactions with several related parties. 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.

St. Joseph's Lifecare Foundation:

The Centre holds an economic interest in St. Joseph's Lifecare Foundation (the "Foundation") as the Foundation was established to raise funds for the use of the Centre. The Foundation's by-laws indicate that it will operate and raise funds for the community including Stedman Community Hospice and the Centre. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. Net resources of the Foundation are invested to support the needs of the Centre and Stedman Community Hospice, at the discretion of the Foundation's Board of Directors.

The net assets and results from operations of the Foundation are not included in the financial statements of the Centre. Separate financial statements of the Foundation are available upon request.

Investments are carried at fair value and are included in the balances due from the Foundation. The Centre's investments of $3,911,707 (2020 - $3,390,670) are comprised of marketable securities held and invested through the Foundation on behalf of the Centre. The amount receivable relating to securities is included in due from related parties on the statement of financial position.

Throughout the year, the Foundation incurred $58,032 (2020 - $115,562) of expenses on behalf of the Centre pertaining to public relations, marketing and administration support and provided an offsetting grant in an equal amount.

Included in the Due to Related Parties are amounts totalling $28,721 (2020 - $20,114) due to the Foundation related to payroll deductions owed and for capital equipment funding.

St. Joseph's Health Centre Guelph:

As a member of St. Joseph's Health System, the Centre has a Memorandum of Understanding with St. Joseph's Health Centre Guelph for shared services. These services include financial management, human resource management, IT support and various expenses incurred for supplies and materials. Included in the financial statements is $133,015 (2020 - $269,718) in accounts payable and $350,000 (2020 - $175,000) in accrued liabilities related to such services.

12. Related party transactions (continued):

Stedman Community Hospice:

The Centre controls Stedman Community Hospice ("Stedman") by virtue of a shared Board of Trustees, management structure and through its funding support. Stedman receives funds from the Ministries of Health and Long-Term Care and any shortfalls in funding are provided by Lifecare and the Foundation to cover Stedman's operations. The amounts recovered by the Centre and included in the statement of operations of the Hospice totaled $134,275 (2020 -$126,484).

The net assets and results from operations of Stedman are not included in the financial statements of the Centre. Separate financial statements of Stedman are available upon request.

Stedman operates a ten bed residential facility and an outreach program to provide palliative care to the community named the Hankinson House. On a yearly basis, Stedman's operations are expected to be in a balanced position. The net assets and results from operations of Stedman are not included in the statements of the Centre. Separate financial statements of Stedman are available upon request.

Included in the Due to Related Parties is a receivable in the amount of $599,308 due from Stedman (2020 - $264,882).

Stedman Community Hospice - Statement of Financial Position items:

	March 31, 2021	March 31, 2020
Cash	$ 500	$ 500
Prepaid expenses	88	1,667
Accounts receivables	7,751	10,000
Due from St. Joseph's Lifecare Centre	-	17,372
Due from St. Joseph's Lifecare Centre Foundation	297,991	-
Capital assets	4,939,784	4,927,608
Total assets	$ 5,246,114	$ 4,957,147
Accounts payable and accrued liabilities	$ 227,146	$ 102,687
Deferred revenue	4,499	-
Current portion of loan payable	4,962	4,962
Due to St. Joseph's Lifecare Centre	265,524	-
Loan payable	13,230	18,192
Deferred contributions	4,730,753	4,831,306
Total liabilities	$ 5,246,114	$ 4,957,147

12. Related party transactions (continued):

Stedman Community Hospice (continued):

Stedman Community Hospice - Statement of Operations items:

	March 31, 2021	March 31, 2020
Revenues:		
Ministry/LHIN Funding:		
Residential program	$ 1,160,866	$ 1,174,654
Outreach program	816,203	816,203
COVID-19 Funding	131,381	-
Grants from the St. Joseph's Lifecare Foundation	1,138,104	1,028,064
COVID-19 Funding	173,000	-
Outreach Six Nations Funding	-	40,000
Funding from the St. Joseph's Lifecare Centre	-	3,329
Amortization of deferred contributions	234,328	231,905
Total revenues	3,653,882	3,294,155
Expenses:		
Salaries and benefits	2,637,371	2,583,297
Office and general	260,008	478,953
Covid 19 Expenses	522,175	-
Amortization of capital assets	234,328	231,905
Total expenses	3,653,882	3,294,155
Net revenues over expenses	$ -	$ -

During the year, the Centre had the following related party transactions with other St. Joseph’s Health System Partners with respect to other operating costs:

St. Joseph’s Health System Hamilton	$ 41,819	$ 41,443

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.

13. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages its liquidity risk by monitoring its operating requirements. The Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

(b) 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 the resident receivables. The Centre assesses, on a continuous basis, resident receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The Centre is exposed to interest rate risk on its variable interest rate long-term debt. The risks related to this variable interest rate have been mitigated through the Centre's participation in an interest rate swap. Further detail about long-term debt is included in note 5.

14. Ministries of Health and Long-Term Care:

Included in the Ministries of Health and Long-Term Care (the "Ministries") revenues are funding amounts received to assist the Centre in managing the impact of the COVID-19 pandemic as further described in note 15. The Ministries provided funding under three funding tranches related to Pandemic Pay, COVID-19 Infection Control and Containment and PSW Enhancement Wages. The Centre has received the following amounts in the year ended December 31, 2021 and 2020:

	2021	2020
COVID-19 funding	$ 2,145,774	$ 1,105,560
Pandemic pay funding	42,751	816,958
PSW Wage enhancement funding	330,240	266,294
IPAC Training and Personnel	77,091	-
Covid 19 Minor Capital Funding	102,070	-
	$ 2,697,926	$ 2,188,812

Of the amounts received, $1,290,138 (2020 - $428,063) has been recognized as deferred revenue for expenses of future periods related to agreements that allow for the covering of expenditures subsequent to December 31, 2021. Of the amounts received, $nil (2020 - $281,607) has been recognized as a payable to the Ministry of Long-Term Care to reflect unspent amounts related to agreements that do not allow for funding to be redeployed to cover other costs from which the funds were originally directed, and do not allow for carryforward to cover expenditures beyond December 31, 2021. In November and December the Ministry of Long Term Care provided funding for direct care, allied health and professional growth and of the amounts received $303,092 has been recognized as deferred revenue.

15. Impact of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

At the time of the date of the audit report, the Centre has incurred additional expenditures in managing the impacts of the pandemic including $2,146,076 (2020 - $827,696) in infection control and containment, and $330,240 (2020 - $651,446)

The Centre continues to monitor the guidance from the Provincial government around opening of businesses and attractions. The current challenging economic climate, presents uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and financial effect on our business is not known. An estimate of the financial effect is not practicable at this time.