Financial Statements of

# MARGARET'S PLACE HOSPICE

And Independent Auditor's Report thereon

Year ended March 31, 2026

**KPMG LLP**
120 Victoria Street South
Suite 600
Kitchener, ON  N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

# INDEPENDENT AUDITOR'S REPORT

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

## *Opinion*

We have audited the financial statements of Margaret's Place Hospice (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- 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 March 31, 2026, and its results of operations and its cash flows for the year 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 auditor's 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 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 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.

### *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 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.

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- 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 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 3, 2026

# MARGARET'S PLACE HOSPICE

Statement of Financial Position

March 31, 2026, with comparative information for 2025

| | | 2026 | | 2025 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash | $ | 1,016,725 | $ | 899,120 |
| Accounts receivable (note 2) | | 29,463 | | 35,029 |
| Current portion of due from related parties (note 10) | | 435,767 | | 372,911 |
| Prepaid expenses | | 20,809 | | 16,236 |
| | | 1,502,764 | | 1,323,296 |
| Due from related parties (note 10) | | 1,362,347 | | 1,663,600 |
| Capital assets (note 3) | | 13,658,671 | | 13,969,951 |
| | $ | 16,523,782 | $ | 16,956,847 |
| **Liabilities and Net Assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (note 4) | $ | 344,364 | $ | 307,932 |
| Deferred revenue (note 5) | | 137,788 | | – |
| Current portion of long-term debt (note 6) | | 300,486 | | 294,688 |
| | | 782,638 | | 602,620 |
| Long-term debt (note 6) | | 1,394,759 | | 1,695,245 |
| Deferred capital contributions (note 7) | | 14,346,385 | | 14,658,982 |
| | | 16,523,782 | | 16,956,847 |
| Net assets: | | | | |
| Invested in capital assets (note 8) | | – | | – |
| Unrestricted | | – | | – |
| | | – | | – |
| Commitments and contingencies (note 9) | | | | |
| | $ | 16,523,782 | $ | 16,956,847 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# MARGARET'S PLACE HOSPICE

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

| | | 2026 | | 2025 |
|---|---|---|---|---|
| Revenue: | | | | |
| Ministry of Health | $ | 1,509,772 | $ | 1,454,171 |
| PSW wage enhancement | | 61,373 | | 62,779 |
| St. Joseph's Villa Foundation | | 887,512 | | 762,194 |
| Amortization of deferred capital contributions (note 7) | | 323,166 | | 320,925 |
| Other revenue (note 10) | | 235,282 | | 230,620 |
| Interest income | | 30,225 | | 48,840 |
| | | 3,047,330 | | 2,879,529 |
| Expenses: | | | | |
| Salaries, wages and employee benefits | | 2,261,619 | | 2,122,918 |
| Amortization of capital assets | | 323,166 | | 320,925 |
| Occupancy costs | | 218,842 | | 206,419 |
| Program costs | | 123,202 | | 101,024 |
| Interest on long-term debt | | 36,198 | | 41,884 |
| General and administrative expenses | | 84,303 | | 86,359 |
| | | 3,047,330 | | 2,879,529 |
| Excess of revenue over expenses | $ | – | $ | – |

See accompanying notes to financial statements.

# MARGARET’S PLACE HOSPICE

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

| | Invested in capital assets | Unrestricted | 2026 Total |
|---|---|---|---|
| Balance, beginning of year | $ – | $ – | $ – |
| Excess of revenue over expenses | – | – | – |
| Net change in invested in capital assets (note 8(b)) | – | – | – |
| Balance, end of year | $ – | $ – | $ – |

| | Invested in capital assets | Unrestricted | 2025 Total |
|---|---|---|---|
| Balance, beginning of year | $ – | $ – | $ – |
| Excess of revenue over expenses | – | – | – |
| Net change in invested in capital assets (note 8(b)) | – | – | – |
| Balance, end of year | $ – | $ – | $ – |

See accompanying notes to financial statements.

# MARGARET'S PLACE HOSPICE

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

| | | 2026 | | 2025 |
|---|---|---|---|---|
| Cash provided by (used in): | | | | |
| Operations: | | | | |
| Excess of revenue over expenses | $ | – | $ | – |
| Items not involving cash: | | | | |
| Amortization of capital assets | | 323,166 | | 320,925 |
| Amortization of deferred capital contributions | | (323,166) | | (320,925) |
| Change in non-cash working capital balances arising from operating activities: | | | | |
| Accounts receivable | | 5,566 | | (15,657) |
| Prepaid expenses | | (4,573) | | 4,196 |
| Accounts payable and accrued liabilities | | 40,213 | | (62,820) |
| Deferred revenue | | 137,788 | | (61,801) |
| | | 178,994 | | (136,082) |
| Financing: | | | | |
| Deferred capital additions | | 10,569 | | 39,803 |
| Repayment of long-term debt | | (294,688) | | (289,002) |
| | | (284,119) | | (249,199) |
| Investments: | | | | |
| Purchase of capital assets | | (11,886) | | (32,927) |
| Decrease in due from related parties | | 234,616 | | 249,901 |
| | | 222,730 | | 216,974 |
| Increase (decrease) in cash | | 117,605 | | (168,307) |
| Cash, beginning of year | | 899,120 | | 1,067,427 |
| Cash, end of year | $ | 1,016,725 | $ | 899,120 |

See accompanying notes to financial statements.

Margaret’s Place Hospice (the “Hospice”) is a not-for-profit organization providing residential and respite end of life hospice care. The Hospice is an unincorporated division on the St. Joseph’s Villa, Dundas (the “Villa”) which in itself is an unincorporated division of the St. Joseph’s Health System (the “Health System”). The Villa provides executive management and oversight of the services delivered by the hospice.

The Health System is incorporated under the laws of the Province of Ontario. Both the Villa and the Health 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 Hospice as a separately managed entity. They do not include the accounts of the any related (see note 10) but separately managed entities:

St. Joseph's Health System

St. Joseph’s Villa, Dundas

St. Joseph’s Villa Foundation (the “Foundation”)

Some users of these financial statements may require additional information from the Health System.

(b) Revenue recognition:

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

Under the Local Health System Integration Act, 2006 and Regulations thereto, the Hospice is funded partly by the Province of Ontario through Home and Community Care Support Services, Hamilton Niagara Haldimand Brant (“HCCSS HNHB”) in accordance with budget arrangements established by the HCCSS HNHB. 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 HCCSS HNHB with respect to the year ended March 31, 2026.

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

(b) Revenue recognition (continued):

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 the grant relates to a future period, it is deferred and recognized in that subsequent period.

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, as a rate corresponding with the amortization rate of the related capital assets.

Investment income is recognized as revenue when earned.

(c) 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 Hospice 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 Hospice 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 Hospice 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.

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

(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 Hospice'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 Hospice’s average interest rate to the average amount of accumulated expenditures for the asset during the year.

Amortization is recorded over the estimated useful lives of the assets on a straight-line basis at the following annual rates:

| Asset | Rate |
| --- | --- |
| Building | 2% |
| Equipment and furnishings | 10% |

(e) 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.

(f) 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 revenue and expense 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.

(g) Employer future benefits:

Multi-employer plan:

Substantially all of the employees of the hospice are eligible to be members of the Hospitals 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 costs of the multiemployer defined contribution pension plan benefits are the employer’s contributions due to the plan in the year.

## 2. Accounts receivable:

| | 2026 | 2025 |
|---|---|---|
| HST receivable | $ 7,865 | $ 6,464 |
| Due from the Ministry of Health | 20,698 | 26,765 |
| Other | 900 | 1,800 |
| | 29,463 | 35,029 |
| Less allowance for doubtful accounts | – | – |
| Total accounts receivable | $ 29,463 | $ 35,029 |

## 3. Capital assets:

| | Cost | Accumulated amortization | 2026 Net book value |
|---|---|---|---|
| Building | $ 14,796,016 | $ 1,326,200 | $ 13,469,816 |
| Equipment and furnishings | 268,210 | 96,146 | 172,064 |
| Land improvements | 20,358 | 3,567 | 16,791 |
| | $ 15,084,584 | $ 1,425,913 | $ 13,658,671 |

| | Cost | Accumulated amortization | 2025 Net book value |
|---|---|---|---|
| Building | $ 14,796,017 | $ 1,030,281 | $ 13,765,736 |
| Equipment and furnishings | 256,323 | 69,919 | 186,404 |
| Land improvements | 20,358 | 2,547 | 17,811 |
| | $ 15,072,698 | $ 1,102,747 | $ 13,969,951 |

## 4. Accounts payable and accrued liabilities:

| | 2026 | 2025 |
|---|---|---|
| Due to the Ministry of Health | $ 47,247 | $ 9,059 |
| Due to St. Joseph's Villa | 193,581 | 190,028 |
| Other accounts payable and accrued liabilities | 42,289 | 43,947 |
| Accrued salaries, wages and employee benefits | 65,028 | 64,898 |
| | $ 348,145 | $ 307,932 |

## 5. Deferred revenue:

| | 2026 | 2025 |
|---|---|---|
| Ministry of Health funding | $ 128,989 | $ – |
| Grant funding | 8,799 | – |
| | $ 137,788 | $ – |

## 6. Long-term debt:

| | 2026 | 2025 |
|---|---|---|
| Long-term debt bears interest at 1.95%, is repayable in blended monthly payments of $27,574, with the final installment due on August 16, 2031. | $ 1,695,245 | $ 1,989,933 |
| Less: current portion | (300,486) | (294,688) |
| | $ 1,394,759 | $ 1,695,245 |

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

| | |
|---|---|
| 2027 | $ 300,486 |
| 2028 | 306,338 |
| 2029 | 312,425 |
| 2030 | 318,572 |
| 2031 | 324,840 |
| Thereafter | 132,584 |
| | $ 1,695,245 |

## 7. Deferred capital contributions:

Deferred capital contributions related to capital assets represent both the unamortized amount of grants 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:

| | 2026 | 2025 |
|---|---|---|
| Unamortized capital contributions used to purchase capital assets | $ 13,658,671 | $ 13,969,951 |
| Unspent capital contributions | 687,714 | 689,031 |
| | $ 14,346,385 | $ 14,658,982 |

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

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 14,658,982 | $ 14,940,104 |
| Add deferred contributions received | 10,569 | 39,803 |
| Less amounts amortized to revenue | (323,166) | (320,925) |
| Balance, end of year | $ 14,346,385 | $ 14,658,982 |

## 8. Net assets invested in capital assets:

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

| | 2026 | 2025 |
|---|---|---|
| Capital assets | $ 13,658,671 | $ 13,969,951 |
| Amounts financed by: | | |
| Deferred contributions | (13,658,671) | (13,969,951) |
| | $ – | $ – |

## 8. Net assets invested in capital assets (continued):

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

| | | 2026 | | 2025 |
|---|---|---|---|---|
| Excess of expenses over revenues: | | | | |
| Amortization of deferred capital contributions | $ | 323,166 | $ | 320,925 |
| Amortization of capital assets | | (323,166) | | (320,925) |
| | $ | – | $ | – |

| | | 2026 | | 2025 |
|---|---|---|---|---|
| Net change in invested in capital assets: | | | | |
| Purchase of capital assets | $ | 11,886 | $ | 32,927 |
| Deferred contributions received | | (10,569) | | (39,803) |
| Contribution from prior year(s) unallocated grants | | (1,317) | | 6,876 |
| | $ | – | $ | – |

## 9. Commitments and contingencies:

The Hospice 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 Hospice 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.

## 10. Related party transactions:

St. Joseph's Villa Foundation:

The Hospice has an economic interest in St. Joseph's Villa Foundation (the "Foundation") as the Foundation was established to raise funds for the use of the Villa including the Hospice. The Foundation's by-laws indicate that it will operate and fundraise to support the Villa. The Foundation is separately incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The Board of Directors of the Foundation is separate from the Villa, and thus the Foundation is separately managed. The Foundation has committed to providing annual operating support for the non-clinical costs of the hospice in addition to the capital commitment made by the Foundation to build the hospice. The Foundation is committed to repaying the principal portion of the capital loan taken out by the Hospice. At March 31, 2026, $1,654,863 (2025 - $1,941,734) remains receivable and is recorded as due from related parties. In addition to the capital loan, there is also an outstanding Foundation receivable balance of $nil for various miscellaneous items (2025 -$3,856). The Foundation also contributes to the loan interest expense through its operating fund contributions.

**10. Related party transactions (continued):**

Foundation net resources are $11,881,483 as of March 31, 2026, of which $1,188,805 externally restricted contributions for the purchase of capital assets for the Villa including the Hospice, and the balance is available, at the discretion of the Foundation's Board of Directors, to the Villa, including the Hospice for other purposes.

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

St. Joseph's Health System:

The Hospice is an unincorporated division on the St. Joseph's Villa, Dundas which in itself is an unincorporated division of the St. Joseph's Health System (the "Health System"). In the normal course of operations, the Hospice enters into transactions with other members of the Health System.

During the year the Hospice charged St. Joseph's Home Care $235,070 (2025 - $230,460) in rent for occupancy of the 2nd floor of the hospice and is recorded in other income on the statement of operations. The two parties have entered into a 5-year rental agreement, initiated on December 19, 2021. At March 31, 2026, $20,968 (2025 - $20,579) is receivable from Home Care and recorded as due from related parties on the statement of financial position. As part of the rental agreement, the Hospice financed various leasehold improvements in the space occupied by Home Care. The leasehold improvements will be repaid by Home Care over the course of the 5-year rental term, with the outstanding amount bearing interest at 2%. At March 31, 2026, $8,738 (2025 - $21,632) is receivable from Home Care and included as due from related parties on the statement of financial position.

At year end, $117,326 is receivable from the Villa and $193,581 is recorded as a payable (2025 – $48,709 receivable and $190,028 payable). Related party transactions during the year between the Villa and the Hospice not separately disclosed in the financial statements include cost recoveries for payroll and general operating expenses paid to the Villa of $2,461,579 (2025 - $2,378,445).

**11. Employee future benefits:**

Substantially all full-time employees of the Hospice 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 hospice financial statements.

Employer contributions to the Plan on behalf of employees amounted to $138,741 (2025 - $123,946). The most recent actuarial valuation of the HOOPP plan at December 31, 2025, indicated that the plan is fully funded with assets exceeding liabilities by 109%.

**12. Financial risks and concentration of credit risk:**

(a) Liquidity risk:

Liquidity risk is the risk that the Hospice will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospice manages its liquidity risk by monitoring its operating requirements. The Hospice prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Interest rate risk:

The Hospice is exposed to interest rate risk on its fixed interest rate long-term debt. Further detail about long term debt is included in note 6.