Financial Statements of

ST. JOSEPH'S VILLA

And Independent Auditor's Report thereon

Year ended December 31, 2025

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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 - Dundas, Ontario of St. Joseph's Villa

Opinion

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

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in 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 December 31, 2025, 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 ***"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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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.
- 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

Hamilton, Canada

April 2, 2026

ST. JOSEPH'S VILLA

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 17,612,798	$ 18,117,400
Accounts receivables (note 2)	2,044,532	2,162,073
Prepaid expenses	153,237	66,731
Inventories	63,224	51,565
	19,873,791	20,397,769
Restricted cash (note 6)	633,907	622,862
Other assets (note 3(b))	234,259	219,109
Capital assets (note 3(a))	45,026,498	44,058,246
	$ 65,768,454	$ 65,297,986
Residents' trust funds	$ 109,961	$ 105,623
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	$ 19,328,659	$ 18,572,734
Deferred revenue, current portion (note 5)	2,717,850	3,988,920
Current portion of long-term debt (note 6)	963,251	895,441
	23,009,760	23,457,095
Accrued sick pay benefits	1,390,923	1,347,765
Deferred revenue (note 5, note 14)	–	133,334
Deferred capital contributions (note 8)	18,734,620	17,168,587
Deferred contributions, other	84,180	84,180
Long-term debt (note 6)	12,711,016	13,674,267
Total liabilities	55,930,499	55,865,228
Net assets:		
Invested in capital assets (note 10(a))	12,617,611	12,319,951
Internally restricted (note 10(c))	4,691,061	4,243,856
Unrestricted deficiency	(7,470,717)	(7,131,049)
	9,837,955	9,432,758
Commitments and contingencies (note 11)		
	$ 65,768,454	$ 65,297,986
Residents' trust fund liability	$ 109,961	$ 105,623

See accompanying notes to financial statements.

Kim Watkins Trustee

Peter Tyrta Trustee

ST. JOSEPH'S VILLA

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Residents' payments	$ 11,629,635	$ 11,475,509
Ministries of Health and Long-Term Care	45,209,398	41,310,620
Recoveries and sales	1,934,490	1,968,915
Other income and grants (note 9)	4,792,894	4,996,685
	63,566,417	59,751,729
Expenses:		
Salaries, wages and employee benefits	49,998,270	46,136,659
Operating expenses	11,270,668	11,170,679
	61,268,938	57,307,338
Excess of revenue over expense before the undernoted	2,297,479	2,444,391
Other revenue (expense):		
Interest on long-term debt	(1,031,676)	(1,095,097)
Amortization of capital assets	(1,552,567)	(1,484,860)
Amortization of deferred capital contributions (note 8)	691,962	595,696
	(1,892,281)	(1,984,261)
Excess of revenue over expenses	$ 405,198	$ 460,130

See accompanying notes to financial statements.

ST. JOSEPH'S VILLA

Statement of Changes in Net Assets

Year ended December 31, 2025, with comparative information 2024

December 31, 2025	Invested in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	$ 12,319,951	$ 4,243,856	$ (7,131,049)	$ 9,432,758
Excess (deficiency) of revenue over expenses (note 10(b))	(860,605)	447,205	818,598	405,198
Net change in investment in capital assets (note 10(b))	1,158,265	–	(1,158,265)	–
Balance, end of year	$ 12,617,611	$ 4,691,061	$ (7,470,716)	$ 9,837,956

December 31, 2024	Invested in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	$ 12,875,173	$ 3,638,356	$ (7,540,901)	$ 8,972,628
Excess (deficiency) of revenue over expenses (note 10(b))	(889,164)	605,500	743,794	460,130
Net change in investment in capital assets (note 10(b))	333,942	–	(333,942)	–
Balance, end of year	$ 12,319,951	$ 4,243,856	$ (7,131,049)	$ 9,432,758

See accompanying notes to financial statements.

ST. JOSEPH'S VILLA

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 405,198	$ 460,130
Items not involving cash:		
Amortization of capital assets	1,552,567	1,484,860
Amortization of deferred capital contributions	(691,962)	(595,696)
Accrued sick pay benefits	43,158	86,835
Change in non-cash operating working capital:		
Decrease in accounts receivables	117,541	662,542
Decrease (increase) in prepaid expenses	(86,506)	92,086
Decrease (increase) in inventories	(11,659)	64,874
Increase in accounts payable and accrued liabilities	755,925	4,483,661
Increase (decrease) in deferred revenue	(1,404,404)	2,655,570
	679,858	9,394,862
Financing activities:		
Repayment of long-term debt	(895,441)	(832,405)
Deferred capital additions	2,257,995	1,682,496
Increase in restricted cash	(11,045)	(22,642)
	1,351,509	827,449
Investment activities:		
Purchase of capital assets,	(2,520,819)	(1,184,033)
Other assets	(15,150)	(8,421)
	(2,535,969)	(1,192,454)
Increase (decrease) in cash	(504,602)	9,029,857
Cash, beginning of year	18,117,400	9,087,543
Cash, end of year	$ 17,612,798	$ 18,117,400

See accompanying notes to financial statements.

St. Joseph's Villa (the “Villa”) is part of the St. Joseph's Health System (the “Health System”). The Villa has a 146-year history in the Dundas Community and currently operates a 425 bed long-term care facility and complementary community outreach services in Dundas, Ontario.

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 have been prepared by management 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 Villa as a separately managed entity. They do not include the accounts of the following related (note 12) but separately managed and related entities:

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

St. Joseph’s Estates (the “Estates”)

Margaret’s Place Hospice (“Margaret’s Place”)

(b) Revenue recognition:

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

Under the Fixing Long-Term Care Act, 2021 (“FLTCA”) and regulations thereto, the Villa is funded primarily by the Province of Ontario on a per diem basis as established by the 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, 2025.

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.

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.

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. 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 and pandemic 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) 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 Villa 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 Villa 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 Villa 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):

(e) 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 Villa'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 Villa’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 various annual rates between 2% and 50%. Amortization is not recognized or funded by the Ontario Ministry of Long-Term Care.

(f) 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.

(g) 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, accrued liabilities and accrued sick leave benefits. Actual results could differ from those estimates.

(h) Employer future benefits: Multi-employer plan:

Substantially all of the employees of the Villa 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 costs of the multiemployer defined contribution pension plan benefits are the employer’s contributions due to the plan in the year.

(i) Residents’ trust funds:

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

2. Accounts receivable:

	2025	2024
Due from related parties	$ 1,061,127	$ 563,560
Ministry of Long-Term Care	158,765	552,488
Residents	155,619	185,802
Other (rebates, grants, programs)	751,202	951,024
	2,126,713	2,252,874
Less: allowance for doubtful accounts	82,181	90,801
	$ 2,044,532	$ 2,162,073

3. Capital assets and other assets:

(a) Capital assets:

December 31, 2025	Cost	Accumulated amortization	Net book value
Land	$ 2,750,000	$ –	$ 2,750,000
Buildings and building equipment	72,104,876	31,916,524	40,188,352
Equipment and furnishings	9,044,625	6,956,479	2,088,146
	$ 83,899,501	$ 38,873,003	$ 45,026,498

December 31, 2024	Cost	Accumulated amortization	Net book value
Land	$ 2,750,000	$ –	$ 2,750,000
Buildings and building equipment	70,304,248	30,635,844	39,668,404
Equipment and furnishings	8,253,001	6,684,592	1,568,409
Construction in progress	71,433	–	71,433
	$ 81,378,682	$ 37,320,436	$ 44,058,246

3. Capital assets and other assets (continued):

(b) Other assets:

		2025		2024
Donated property	$	234,259	$	219,109

In Fiscal 2000, the Villa received a donation of real property. The donation was recorded at its fair value and is recorded as a deferred contribution until the expiration of a life interest in the property.

4. Accounts payable and accrued liabilities:

		2025		2024
Due to Ministries of Health and Long-Term Care	$	9,129,268	$	8,425,636
Other accounts payable and accrued liabilities		2,369,746		2,116,295
Accrued salaries, wages and employee benefits		7,829,645		8,030,803
	$	19,328,659	$	18,572,734

Included in accounts payable and accrued liabilities are government remittances payable of $2,401 (2024 - $2,431), which includes amounts payable for HST and payroll related taxes.

5. Deferred revenue:

		2025		2024
Revenue relating to St. John Vianney Suites	$	133,334	$	333,334
LTC funding		1,897,449		2,962,566
PSW Wage Enhancement		160,456		207,463
Adult Day Program Funding		2,870		–
IPAC Funding		116,805		113,409
Behavioural Supports Ontario funding		266,201		410,356
Other funding		140,735		95,126
		2,717,850		4,122,254
Less: current portion		2,717,850		3,988,920
	$	–	$	133,334

6. Long-term debt:

	2025	2024
Long-term debt bears interest at 7.322%, is repayable in blended monthly payments of $161,048, with the final installment due on December 1, 2035. The loan is secured by a $35,000,000 demand debenture, general security agreement, an assignment of leases and rents and a specific assignment of all insurance, and matures December 1, 2035	$ 13,674,267	$ 14,569,708
Less: current portion	963,251	895,441
	$ 12,711,016	$ 13,674,267

The Villa is required to comply with certain financial and non-financial covenants, all of which have been met as of December 31, 2025. The debt service ratio covenant requires the maintenance of a reserve payment of $966,288. This reserve payment was satisfied by a $450,000 letter of credit in favour of the lender provided by St. Joseph's Villa Foundation and a cash deposit of $516,288 by the Villa. Total cash being held by the lender is $633,907 (2024 - $622,862). Interest of $117,619 has been earned to date. The letter of credit is currently held by the lender and applied to the debt service reserve account in accordance with the lending agreement.

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

2026	$ 963,251
2027	1,036,196
2028	1,114,665
2029	1,199,076
2030	1,289,880
Thereafter	8,071,199
	$ 13,674,267

7. Employee future benefits:

Pension plan:

Substantially all full-time employees of St. Joseph’s Villa 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 Villa’s financial statements.

Employer contributions to the Plan on behalf of employees amounted to $2,727,200 (2024 - $2,279,898). 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% (2024 - 111%).

8. 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:

	2025	2024
Unamortized capital contributions	$ 18,734,620	$ 17,168,587

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

	2025	2024
Balance, beginning of year	$ 17,168,587	$ 16,081,787
Add deferred contributions received	2,257,995	1,682,496
Less: amounts amortized to revenue	(691,962)	(595,696)
Balance, end of year	$ 18,734,620	$ 17,168,587

9. Other income and grants:

	2025	2024
Senior's Centre:		
Province of Ontario subsidies	$ 506,088	$ 525,383
Participants' fees	255,188	253,734
City of Hamilton	18,900	18,000
United Way of Burlington and Hamilton	30,000	27,497
Other grants and revenue	2,592	932
Foundation donations	–	20,511
Rental income – Diocesan suites	146,880	146,880
Estates resale proceeds	447,205	605,500
Investment income	533,728	606,715
Other income and donations	358,275	384,526
Alternative Health Facility	2,401,016	2,318,947
Seniors-in-Motion Gym:		
Province of Ontario	70,440	66,417
Participants' fees	22,582	21,643
	$ 4,792,894	$ 4,996,685

10. Net assets invested in capital assets:

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

	2025	2024
Capital assets	$ 45,026,498	$ 44,058,246
Amounts financed by:		
Deferred contributions	(18,734,620)	(17,168,587)
Long-term debt	(13,674,267)	(14,569,708)
	$ 12,617,611	$ 12,319,951

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

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

	2025	2024
Excess of expenses over revenues:		
Amortization of deferred capital contributions	$ 691,962	$ 595,696
Amortization of capital assets	(1,552,567)	(1,484,860)
	$ (860,605)	$ (889,164)
Net change in investment in capital assets:		
Purchase of capital assets	$ 2,520,819	$ 1,184,033
Repayment of long-term debt	895,441	832,405
Deferred contributions received	(2,257,995)	(1,682,496)
	$ 1,158,265	$ 333,942

(c) Internally restricted net assets:

The Villa is entitled to receive a portion of the proceeds on the resale of the Estates units. The Board of Trustees has restricted the spending of net proceeds from the resale units to capital improvements, housing opportunities, new initiative development and capital needs of the Villa.

11. Commitments and contingencies:

The Villa 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 unfavorable settlements, if any, which may result from such claims.

In the normal course of operations, the Villa is subject to various human resource matters, including grievances filed by employees or groups of employees under Provincial legislation.

The Estates, a non-profit division of the Villa, has entered into an agreement with a Canadian chartered bank whereby occupants of the Estates may obtain a non-revolving loan, secured by their occupancy agreement, to assist with personal financing. The total credit limit available for this purpose is $1,000,000, in the aggregate of which $nil (2024 - $nil) has been utilized at December 31, 2025. The Estates will guarantee the bank against any loss of principal or interest as a result of providing this loan to the occupants.

12. Related party transactions:

St. Joseph’s Villa Foundation:

The Villa 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. 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 Villa may request donations from the Foundation, but the ultimate decisions on funding are completed by the Foundation management and Board of Directors.

Net resources of the Foundation amount to $11,133,801 (2024 - $9,783,243), of which $nil (2024 - $nil), represents contributions externally restricted for the purchase of capital assets for the Villa, and the balance is available, at the discretion of the Foundation's Board of Directors, to the Villa for other purposes.

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

Related party transactions during the year not separately disclosed in the financial statements include cost recoveries relating to general operating expenses of $1,082,000 (2024 - $748,198), of which $470,799 (2024 - $169,087) is receivable at December 31, 2025. In addition, an amount of $586,717 (2024 - $556,594) received from the Foundation is recorded as deferred contributions related to capital assets.

St. Joseph’s Estates:

The Villa exercises significant influence over St. Joseph’s Estates (the "Estates") given the two organizations share the same board of directors and management. The Estates is a division of the Villa and is not a separately incorporated entity. The Estates is a non-profit seniors' residential housing project where initial occupants make a payment equivalent to the cost of the unit and in return have the right to occupy the unit for life or as long as they are capable of independent living. In addition, the occupant has the right to a major portion of the proceeds from resale of the unit. It is the Estate's responsibility to manage and maintain the common elements and to provide common services for the benefit of the occupants.

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

Related party transactions during the year not separately disclosed in the financial statements include cost recoveries relating to general operating expenses of $305,028 (2024 - $205,617), of which $39,106 (2024 - $88,796) is receivable at December 31, 2025 from St. Joseph’s Estates. The Villa also has a payable owing to the Estates in the amount of $8,180 (2024 -$18,441) for the refundable portion of the HST charged on Estate purchases. The Villa also has an outstanding receivable at the end of December of $55,500 (2024 - $68,090) related to Estate units sold during the year.

12. Related party transactions (continued):

St. Joseph's Estates - Statement of Financial Position items:

	2025	2024
Cash	$ 1,525,616	$ 1,238,303
Accounts receivable	27,182	25,608
Prepaid expenses	28,922	24,401
	$ 1,581,720	$ 1,288,312
Accounts payable and accrued liabilities	$ 227,885	$ 225,821
Net assets:		
Reserve for major repairs and replacements	1,304,372	1,020,271
Unrestricted	49,463	42,220
	1,353,835	1,062,491
	$ 1,581,720	$ 1,288,312

St. Joseph's Estates - Statement of Operations items:

	2025	2024
Revenues:		
Resident maintenance fees	$ 960,565	$ 932,143
Resident property taxes	378,175	366,602
Other	27,468	16,876
Total revenues	1,366,208	1,315,621
Expenses:		
Property taxes	373,951	353,767
Building and grounds maintenance	219,415	190,862
Utilities	69,924	71,316
Housekeeping and waste management	93,894	83,403
Management services	54,996	54,996
Insurance	44,255	48,456
Office expense	15,482	16,697
Professional fees	4,098	6,082
Total expenses	876,015	825,579
Excess of revenues over expenses	$ 490,193	$ 490,042

12. Related party transactions (continued):

St. Joseph’s Health System:

The Villa is a division of St. Joseph’s Health System (the “Health System”). In the normal course of operations, the Villa enters into transactions with other members of the Health System. At year-end, the following amounts are receivable by other members of the Health System. The balances relate to services provided to the Villa, allocation of funding to the Villa for assets and restore programs and levies as part of the Health System’s activities. Amounts receivable from other members of the Health System were $311,723 (2024 - $127,709).

During the year, the System’s corporate administrative charges incurred by the Villa amounted to $87,689 (2024 - $84,948).

The Villa charged St. Joseph’s Home Care a portion of the finance and administration expenses for $37,763 (2024 - $36,586).

Margaret’s Place Hospice:

The Villa exercises significant influence over Margaret’s Place Hospice (the "Hospice") given the two organizations share the same management. The Hospice is a division of the Villa and is not a separately incorporated entity. The Hospice began its operations in September 2021. While construction was being completed all development costs were being carried and capitalized by the Villa. As a result, upon beginning its operations, the Villa management transferred capital assets $13,164,313 to Margaret’s Place Hospice along with deferred capital contributions totaling $12,695,489 related to the Margaret’s Place Hospice capital project. The total capital transferred included $7,558,980 in construction in progress assets as of December 31, 2021 and an additional $5,605,333 recorded on the Villa’s balance sheet between January 1, 2021 and September 30, 2021. Similarly, the total deferred capital contributions transferred included $7,511,489 as of December 31, 2021 and an additional $5,184,000 from January 1, 2021 to September 30, 2021.

Related party transactions during the year not separately disclosed in the financial statements include cost recoveries relating to general operating expenses of $2,519,958 (2024 - $2,385,057) and capital costs of $nil (2024 - $nil) of which $207,120 (2024 - $201,351) is receivable at December 31, 2025 from the Hospice. The Villa also has a payable owing to the Hospice at December 31, 2025 of $6,761 (2024 -$4,942).

13. St. Joseph's Villa Senior's Centre:

In addition to the Villa's LTC operations, the Villa also receives funding from Ontario Health to run two community programs, the Adult Day Program (ADP) and the Senior's in Motion (S.I.M.) gym which have historically been referred to as the Senior's Centre. Accountability for this funding falls under the Villa's multi-sectoral service accountability agreement (M-SAA) which has its own set of reporting requirements and performance objectives. The programs' financial performance is included within the statement of operations and have been disclosed below in detail:

St. Joseph's Villa Senior's Centre - Statement of Operations items:

	2025	2024
Revenue:		
Province of Ontario	$ 576,528	$ 591,800
Participants' fees	277,770	275,377
City of Hamilton	18,900	18,000
United Way of Burlington and Hamilton	30,000	27,497
Other revenue	2,592	933
	905,790	913,607
Expenses:		
Activities	20,704	21,326
Allocated administration	20,004	20,004
Heat, hydro and housekeeping	65,496	65,496
Miscellaneous supplies	81,713	83,644
Office supplies	10,497	7,022
Salaries and benefits	705,651	724,701
Staff development and conference	300	250
Telephone	1,425	1,425
	905,790	923,868
Deficiency of revenues over expenses	$ –	$ (10,261)

14. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Villa will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Villa manages its liquidity risk by monitoring its operating requirements. The Villa 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 2024.

14. Financial risks and concentration of credit risk continued:

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Villa is exposed to credit risk with respect to the residents' receivable. The Villa assesses, on a continuous basis, residents' receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The Villa 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.