



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada
Tel 519 747-8800
Fax 519 747-8830

Ms. Tara Baker
Treasurer
Corporation of the City of Guelph
1 Carden Street
Guelph ON N1H 3A1

August 11, 2021

Dear Ms. Baker:

The purpose of this letter is to outline the approach in connection with the agreed specified audit procedures over The Elliott's 2021 budget preparation and its compliance with the Long-Term Care Services Agreement (LTCS) as at February 26, 2015, specifically the indirect cost allocation. KPMG has been engaged by the Corporation of the City of Guelph (City) to perform the specified audit procedures.

Approach:

Our approach to the specified audit procedures reporting was as follows:

- Agreed the detailed 2021 Budget prepared by Management for internal purposes to the LTC 2021 Budget presented to Council on November 17, 2020.
- Obtained the trial balance that supports The Elliott's audited financial statements for the year ended December 31, 2020. Summed the income statement accounts by operations of Long-Term Care Residence (LTC), Retirement Home (RET), Life Lease (LL), and Cafeteria/other (CC/other).
- Compared the 2021 Budget revenue and expense lines by operations to the grouped trial balance revenue and expense accounts for the year ended December 31, 2020. Reported the dollar values and percentages of each revenue and expense line by operation to allow for a comparison review by the City.
- Additional procedures were not performed over budgeted revenue for 2021 and actual 2020 reporting captions as these amounts are not subject to the Facility Allocation methods for indirect costs.



- For payroll related expense captions in the 2021 budget and 2020 actual results we performed the following procedures:
 - Selected 11 employees and agreed the allocation for one pay period in 2020 actual by operation (LTC, RET, LL, CC/other) and identified those who are allocated based on time vs. LTCS agreement.
 - Selected the same 11 employees and agreed to the detailed 2021 budget salary and wages for the actual employee or a similar position. Identified those who are allocated based on time vs. LTCS agreement
 - Compared total benefits for all employees in the 2021 budget to 2020 actual amounts as a percentage of total salary and wages by operations to allow for a comparison review by the City.
- For each non-payroll related expense caption for 2021 budget and 2020 actual we performed one of the following procedures:
 - Selected journal entries recorded in the account for the year ended December 31, 2020. If the expense was an indirect cost, we compared the allocation to the LTCS agreement; or
 - Agreed 2021 budget expense lines to accounting records that support the December 31, 2020 audited financial statements; or
 - Selected a 2020 trial balance account grouped within the caption and reviewed the activity in the account. If account activity is an indirect cost allocation, we compared the allocation percentage to the LTCS agreement.

It is recommended that the City and The Elliott discuss whether there is a need to update the Long-Term Care Services Agreement, dated February 26, 2015, specifically the Facility Allocation Methods for Indirect Costs in 2015 to ensure these allocations are still reasonable, appropriate and accurate.

Our findings in connection to the procedures over the 2021 Budget preparation are reported in the attached **Report on Specified Auditing Procedures**.

A handwritten signature in black ink, which appears to read 'Thomas E. Mennill'. The signature is written in a cursive, flowing style.

Thomas E. Mennill, FCPA, FCA
Partner
(519) 747-8221