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## REPORT ON SPECIFIED AUDITING PROCEDURES

To Board of Directors of The Elliott and The Corporation of the City of Guelph

As specifically agreed, we have performed the specified auditing procedures enumerated below in connection with the 2021 budget preparation in compliance the Long-Term Care Services Agreement of The Elliott as at February 26, 2015. The specified auditing procedures are summarized, along with the findings, as follows:

Specified Auditing Procedures Performed	Findings
1. Obtain and read the Long-Term Care Services (LTCS) Agreement, dated February 26, 2015.	No findings noted.
2. Obtain The Elliott's budget for 2021 that was presented to Council of the Corporation of City of Guelph (The City) on November 17, 2020 and agree to the LTC operation detailed budget for 2021 provided to us by Management of The Elliott.	The budget presented to Council agrees with the LTC operation of the detailed budget for 2021 provided to us by Management.
3. Compare long-term care (LTC) accommodation revenue in the 2021 budget to the audited financial statements for the year ended December 31, 2020.	We noted a difference between the 2021 Budget and actual 2020 audited financial statements long-term care accommodation revenue of \$9,570. Revenue is not addressed as part of the LTCS agreement.



Specified Auditing Procedures Performed	Findings
<p>4. Confirm that retirement suites revenue of \$6,503,720, life lease suites of \$670,700, Community Centre (CC) revenue of \$115,510, and suite re-leasing revenue of \$191,258 included in Management's detailed budget are excluded from the budgeted LTC operations revenue and are included in retirement operations (RET) and life lease operations (LL) revenue.</p>	<p>No findings noted. Revenue is not addressed as part of the LTCS agreement.</p>
<p>5. Compare the 2021 budget fees and recoveries for LTC of \$75,420, RET of \$268,800, LL of \$87,600 and Community Centre of \$1,500 for a total of \$433,140 with the amounts recorded in the trial balance that supports audited financial statements for the year ended December 31, 2020.</p>	<p>Agreed recorded fees and recoveries for LTC of \$76,231, RET of \$300,700 and LL of \$110,386 for a total of \$487,317 to the December 31, 2020 trial balance amounts. No allocations for fees and recoveries.  Revenue is not addressed as part of the LTCS agreement.</p>
<p>6. Compare the 2021 budget amortization of deferred capital contributions for LTC of \$144,624 (66%), RET of \$65,545 (30%), LL of \$10,344 (4%) for a total of \$220,513 to the deferred capital contribution continuity schedule that supports the audited financial statements for the year ended December 31, 2020.</p>	<p>Agreed budget amortization of deferred capital contributions to the deferred capital contribution continuity schedule for the year ended December 31, 2020 which includes amortization revenue of \$136,768 (67%) for LTC, \$55,763 (27%) for RET, \$10,641 (5%) for LL for a total of \$203,172.  Funding amortization is allocated based on LTC 56%, RET 36% and LL 7%. City capital funding is 100% allocated to LTC. Other allocations range from 60%, 50% or 40% depending on the nature of the capital project.  Revenue is not addressed as part of the LTCS agreement.</p>
<p>7. a. Compare 2021 budget wages and salaries for LTC of \$5,591,447 (56%), RET of \$4,071,602 (41%), LL of \$172,099 (2%) and CC/other \$62,527 (1%) for a total of \$9,897,675 to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p>	<p>a. Noted the December 31, 2020 trial balance recorded salaries and wages for LTC of \$5,069,468 (56%), RET of \$3,785,879 (42%) and LL of \$93,400 (1%) and CC and other \$58,436 (1%) for a total of \$9,007,183.</p>



Specified Auditing Procedures Performed	Findings	
<p>7.</p> <p>b. Compare 2021 budget employee benefits for LTC of \$1,278,068 (54%), RET of \$1,020,943 (43%), LL of \$44,620 (2%) and CC/other \$17,335 (1%) for a total of \$2,360,966 to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p> <p>c. Compare 2021 budget benefits as a percentage of wages and salaries for LTC 23%, RET of 25%, LL of 26% LL and CC/other of 28%.</p>	<p>b. Agreed recorded employee benefits for LTC of \$1,108,371 (56%), RET of \$837,243 (42%) and LL of \$22,774 (1%) and CC and other \$15,961 (1%) for a total of \$1,984,349 to the December 31, 2020 trial balance.</p> <p>c. Actual benefits as a percentage of total wages and salaries for LTC 22%, RET of 22%, LL of 24% LL and CC/other of 27%.</p>	
<p>d. Select 11 employees from different departments from the last payroll register supporting the amount accrued in the December 31, 2020 audited financial statements. Report the percentages allocated to LTC, RET and LL.</p> <p>e. Select the same 11 employees and agree to detailed 2021 budget wage and salary worksheets and report percentages allocated to LTC, RET and LL.</p>	<p style="text-align: center;"><u>d. Actual</u></p> <p>#1 – Human resources allocated LTC 60% and RET 40% *</p> <p>#2 – Administration allocated LTC 10%, RET 65% and LL 25%</p> <p>#3 – Recreation allocated LTC 95.7% and COVID 4.3%</p> <p>#4 – Cook allocated LTC 40% and RET 60%*</p> <p>#5 – Housekeeping allocated LTC 86.7% and RET 13.3%</p> <p>#6 – Nursing Aide allocated COVID 48.7% and RET 51.3%</p> <p>#7 – Personal Support Worker allocated for RET 100%</p> <p>#8 – RPN allocated COVID 9.3% and RET 90.7%</p>	<p style="text-align: center;"><u>e. Budget</u></p> <p>#1 – Human resources allocated LTC 55%, RET 45% and LL 5%*</p> <p>#2 – Administration allocated LTC 10%, RET 65% and LL 25%</p> <p>#3 – Recreation allocated LTC 45% and RET 55%</p> <p>#4 – Cook allocated LTC 40% and RET 60% *</p> <p>#5 – Housekeeping allocated 50% and 50%</p> <p>#6 – Nursing Aide allocated RET 100%</p> <p>#7 – Personal Support Worker allocated RET 100%</p> <p>#8 – RPN allocated RET 100%</p>



Specified Auditing Procedures Performed	Findings	
	d. Actual	e. Budget
	<p>#9 – Dietary allocated LTC 40% and RET 60%*</p> <p>#10 – Housekeeping allocated LTC 50%, RET 44.4% and COVID 5.6%</p> <p>#11 – Administration/CEO allocated LTC 15%, RET 80% and LL 5%*</p> <p><b>* in accordance with the LTCS agreement indirect cost allocation</b></p> <p><b>All other payroll costs are direct costs, or an allocation based on actual time spent/workload</b></p>	<p>#9 – Dietary allocated LTC 40% and RET 60%*</p> <p>#10 –Housekeeping allocated for RET 100%</p> <p>#11 – Administration/CEO allocated LTC 15%, RET 80% and LL 5%*</p>
<p>8.</p> <p>a. Compare 2021 budget supplies for LTC of \$610,449 (47%), RET of \$650,805 (50%), LL of \$8,400 (1%), CC and other \$33,560 (2%) for a total cost of \$1,303,214, to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p> <p>b. Select the largest account from the supplies financial statement caption from the trial balance supporting the audited financial statements for the year ended December 31, 2020 and report how the costs are allocated for one journal entry.</p>	<p>a. Agreed recorded supplies for LTC of \$595,638 (51%), RET of \$534,059 (46%) and LL of \$7,861 (1%) and CC and other \$20,000 (2%) for a total of \$1,157,558 to the December 31, 2020 trial balance.</p> <p>b. Selected one journal entry for food expense. The journal entry dated August 24, 2020 recorded LTC good costs of 41% and RET of 59%.</p> <p>Food costs are considered direct costs and therefore not subject to LTCS agreement allocation.</p>	



Specified Auditing Procedures Performed	Findings
<p>9.</p> <p>a. Compare 2021 budget facility costs for LTC of \$433,960 (33%), RET of \$446,514 (35%), LL of \$408,952 (32%) and CC of \$1,800 (0%) for total cost of \$1,291,226, to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p> <p>b. Select one trial balance account from the facility costs financial statement caption from the trial balance of the audited financial statements for December 31, 2020 and report how the costs are allocated for one journal entry.</p>	<p>a. Agreed to the December 31, 2020 trial balance the recorded facility costs for LTC of \$391,175 (34%), RET of \$388,387 (34%) and LL of \$366,319 (32%) for a total of \$1,145,881.</p> <p>b. Selected one journal entry for insurance expense. The journal entry dated May 31, 2020 recorded insurance at 33% for LTC, 33% for RET and 33% for LL.</p> <p>LTCS states insurance to be allocated 32% for LTC, and the remaining 69% for RET and LL.</p>
<p>10. Compare 2021 budget interest and financing fees for LTC of \$315,323 (51%), RET of \$186,234 (30%), LL of \$109,194 (18%) and CC/other of \$3,300 (1%) for a total cost of \$614,051 to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p>	<p>Agreed to the December 31, 2020 trial balance for LTC of \$331,142 (52%), RET of \$199,641 (32%) and LL of \$96,358 (15%) and CC \$4,556 (1%) for a total of \$631,697.</p> <p>Amounts are allocated based on actuals. Interest on debt is allocated for LTC of 60%, RET of 35% and LL of 5% which agrees to the LTCS agreement allocation. The capital lease interest costs (LL and RET) are considered direct costs and therefore not subject to LTCS agreement allocation.</p>
<p>11. Compare 2021 budget equipment expense for LTC of \$215,096 (42%), RET of \$220,646 (43%), LL of \$74,244 (14%) and CC of \$3,600 (1%) for a total of \$513,586 to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p>	<p>Agreed to the December 31, 2020 trial balance equipment expense for LTC of \$250,276 (53%), RET of \$166,635 (35%) and LL of \$56,292 (12%) and CC \$2,467 (0%) for a total of \$475,670.</p> <p>Amounts allocated based on actual and allocations of LTC of 60%, RET of 35% and LL of 5% which agrees to the LTCS agreement allocation.</p>



Specified Auditing Procedures Performed	Findings
<p>12.</p> <p>a. Compare 2021 budget purchased services expense for LTC \$213,992 (74%), RET of \$57,203 (20%) and LL of \$15,995 (6%) for a total of \$287,190, to the trial balance that supports the audited financial statements for the year ended December 31, 2020.</p> <p>b. Select one journal entry from each of the three accounts from the trial balance grouped within the purchase services caption in the audited financial statements for the year ended December 31, 2020 and report how the costs are allocated.</p>	<p>a. Agreed purchased services expense for LTC of \$238,338 (72%), RET of \$55,342 (17%) and LL of \$18,152 (6%) and CC/other of \$17,936 (5%) for a total of \$329,768 to the December 31, 2020 trial balance.</p> <p>b. KPMG selected all professional fees – audit transactions for the year ended December 31, 2020. Annual audit fees are allocated for LTC of 65% and RET of 35%, LL 0%. Audit fees related to LTC specific reporting are allocated 100% to LTC. Audit fees are not specifically addressed in the LTCS agreement allocation.</p> <p>Agreed journal entry dated December 31, 2020 for contracted information systems costs of \$29,359 are allocated 100% to LTC as a direct cost.</p> <p>Agreed journal entry dated November 1, 2020 for contracted maintenance is allocated 60% LTC and RET 40%. Agrees with the LTCS agreement allocation.</p>
<p>13.</p> <p>a. Compare 2021 budget administration and other expense for LTC \$87,039 (52%), RET of \$69,024 (41%), LL of \$4,016 (2%) and CC and other of \$7,627 (5%) for a total of \$167,706, to the trial balance that supports the financial statements for the year ended December 31, 2020.</p>	<p>a. Agreed to the December 31, 2020 trial balance for LTC of \$72,301 (51%), RET of \$61,400 (43%) and LL of \$5,348 (4%) and CC \$2,291 (2%) for a total of \$141,340.</p>



Specified Auditing Procedures Performed	Findings
<p>b. Select one journal entry each from the two largest trial balance accounts from the administration and other financial statement caption from the trial balance of the audited financial statements for December 31, 2020 and report how the costs are allocated.</p>	<p>b. Selected software licenses and membership trial balance accounts for the year ended December 31, 2020.</p> <p>Selected license fees entry July 25, 2020. The journal entry was allocated 60% LTC and 40% RET. Agrees with the LTCS agreement allocation.</p> <p>Selected membership fees entry September 30, 2020. The journal entry was allocated 60% LTC and 40% RET. Agrees with the LTCS agreement allocation.</p>
<p>14.</p> <p>a. Compare the 2021 budget amortization of capital assets for LTC of \$493,860 (42%), RET of \$417,468 (34%), LL of \$298,032 (24%) and Café of \$3,000 (0%) for a total of \$1,212,360 to a capital asset continuity schedule supporting the audited financial statements for the year ended December 31, 2020.</p> <p>b. Agree the 2021 budget amortization expense of assets and fees for LTC of \$495,960 (41%), RET of \$418,692 (35%), LL of \$298,188 (24%) and Café of \$3,000 (0%) for a total of \$1,215,840 to the 2020 capital asset continuity schedule that supporting the audited financial statements for the year ended December 31, 2020.</p>	<p>a. Agreed to the capital asset continuity schedule for December 31, 2020 amortization expense for LTC of \$456,933 (47%), RET of \$377,068 (38%), LL of \$147,443 (15%) and Café of \$2,064 (0%) for a total of \$983,508. Capital lease amortization is only RET and LL.</p> <p>Amortization expense for capital purchased that benefits all operations is allocated in accordance with the LTCS agreement. Amortization expense that relates to a specific operation is charged to that operation and is treated as a direct expense (i.e. capital lease amortization).</p> <p>b. The capital asset continuity schedule amortization expense that supports the 2020 audited financial statements is - LTC of \$456,933 (46%), RET of \$377,068 (38%), LL of \$147,443 (15%) and Café of \$2,064 (0%) for a total of \$983,508.</p> <p>Amortization of financing fees for 2020 was allocated LTC of \$2,100, RET of \$1,224 and LL of \$156 which agrees to the LTCS agreement allocation.</p>



Specified Auditing Procedures Performed	Findings
15. Compare the 2021 budget accretion of deferred financing costs to the audited financial statements for the year ended December 31, 2020 and related support.	2021 budget agrees to audited financial statements for year ended December 31, 2020. Based on related support the amortization of financing fees for 2021 will be \$3,481 vs 2021 budget of \$3,480.
16. Agree the 2021 budget employee future benefit expense of \$55,020 to the actuarial report estimate for fiscal 2021. Agree the allocation made among LTC, RET and LL to LTCS agreement.	The actuarial report dated January 28, 2020 estimates employee future benefit expense for 2021 to be \$97,055 in non-cash expense and \$61,339 in cash payments. Allocated to LTC for 60%, RET for 35% and LL for 5% which agrees to the LTCS agreement allocation.
17. Compare the 2021 budget principal payments of the City Mortgage and SWAP Loan to The Elliott's debt repayment schedule supporting amounts disclosed in the audited financial statements for the year ended December 31, 2020. Agree the allocation among LTC, RET and LL to LTCS agreement.	Agree to debt repayment schedule support. The debt repayments for 2021 of \$901,363 are allocated LTC 60%, RET 35% and LL 5% which agrees to the LTCS agreement allocation.
18. Agree the principal payments for capital leases in the cashflow budget for 2021 to the corresponding payments disclosed in the audited financial statements for the year ended December 31, 2020.	The 2021 scheduled principal repayments in the financial statements are \$204,474 compared to the budgeted principal repayments of \$196,033.

Our engagement was performed in accordance with Canadian generally accepted standards for specified auditing procedures engagements.





Page 9

We make no representation regarding the appropriateness and sufficiency of the specified auditing procedures. These specified auditing procedures do not constitute an audit or review of the 2021 Budget of The Elliott and therefore we are unable to and do not provide any assurance on the compliance of the 2021 Budget of The Elliott with the Long-Term Care Services Agreement, dated February 26, 2015. Had we performed additional procedures, an audit or a review, other matters might have come to light that would have been reported.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountant  
Waterloo, Canada  
August 18, 2021