Financial Statements of

THE ELLIOTT

Year ended December 31, 2023

THE ELLIOTT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of The Elliott

Opinion

We have audited the financial statements of The Elliott (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and changes in deficit 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, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 public sector accounting standards, 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

Kitchener, Canada

May 6, 2024

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Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
Assets				
Current assets:				
Cash	$	3,868,239	$	3,206,337
Accounts receivable (note 3)		337,291		328,778
Prepaid expenses		30,335		141,486
Trust funds held for residents		2,318		2,431
		4,238,183		3,679,032
Capital assets (note 4)		15,975,396		14,107,419
Fair value of interest rate swap contract (note 6)		7,177		17,199
	$	20,220,756	$	17,803,650
Liabilities and Deficit				
Current liabilities:				
Accounts payable and accrued liabilities (note 5)	$	3,035,407	$	2,177,460
Deferred revenue		164,128		746,980
Trust funds held for residents		2,318		2,431
Current portion of long-term debt (note 6)		982,889		954,676
Current portion of obligations under capital leases (note 7)		186,924		179,751
		4,371,666		4,061,298
Long-term liabilities:				
Long-term debt (note 6)		11,171,470		12,150,878
Obligations under capital leases (note 7)		1,229,065		1,415,989
Employee future benefits obligation (note 9)		595,803		590,911
Deferred capital contributions (note 8)		4,978,594		1,867,808
		17,974,932		16,025,586
		22,346,598		20,086,884
Deficit:				
Accumulated remeasurement gains		7,177		17,199
Deficit (note 14)		(2,133,019)		(2,300,433)
		(2,125,842)		(2,283,234)
Commitment (note 15)				
Subsequent event (note 15)				
	$	20,220,756	$	17,803,650

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

THE ELLIOTT

Statement of Operations and Changes in Deficit

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Long-Term Care - Basic	$ 1,851,976	$ 1,617,011
Long-Term Care - Preferred	488,871	407,045
COVID-19 one-time funding	295,079	748,794
COVID-19 wages, salaries and employee benefit funding	333,830	294,173
Retirement Suites	5,745,673	6,323,371
Life Lease Suites	701,782	672,256
Provincial Subsidy	6,742,139	5,542,487
City of Guelph - Long-Term Care Funding	2,009,556	1,939,138
Suite re-leasing (note 10)	592,700	294,700
Fees and recoveries	766,809	723,153
Amortization of deferred capital contributions	333,724	285,537
Community Centre	83,973	118,351
Other revenue	1,142,158	860,537
	21,088,270	19,826,553
Expenses:		
Wages and salaries	11,516,877	10,358,292
Employee benefits	2,680,099	2,226,310
COVID-19 wages and salaries	399,846	585,110
COVID-19 employee benefits	11,611	31,240
COVID-19 supplies and services	219,382	478,235
Supplies	1,878,726	1,474,443
Facility costs	1,286,036	1,251,150
Minor equipment, repairs and maintenance	614,743	588,008
Amortization of capital assets	1,041,122	929,084
Interest and financing fees	545,354	586,010
Purchased services	540,359	448,700
Administrative and other	300,813	207,836
Accretion of deferred financing costs	3,481	3,481
	21,038,449	19,167,899
Excess of revenue over expenses before other revenue and expenses	49,821	658,654
Other revenue and expenses:		
Fundraising revenue	174,480	563,747
Grant revenue	28,937	-
Enhanced living fundraising expenses	(80,808)	(36,989)
Grant expenses	(5,016)	-
	117,593	526,758
Annual surplus	167,414	1,185,412
Deficit, beginning of year	(2,300,433)	(3,485,845)
Deficit, end of year (note 14)	$ (2,133,019)	$ (2,300,433)

See accompanying notes to financial statements.

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Statement of Remeasurement Gains and Losses

Year ended December 31, 2023, with comparative information for 2022

		2023		2022
Accumulated remeasurement gains (losses), beginning of year	$	17,199	$	(7,644)
Remeasurement gain (loss) attributable to interest rate swap agreement (note 6)		(10,022)		24,843
Accumulated remeasurement gains, end of year	$	7,177	$	17,199

See accompanying notes to financial statements.

THE ELLIOTT

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operation activities:		
Annual surplus	$ 167,414	$ 1,185,412
Items not involving cash:		
Amortization of capital assets	1,041,122	929,084
Amortization of deferred capital contributions	(333,724)	(285,537)
Accretion of deferred financing costs	3,481	3,481
Employee future benefits obligation	4,892	41,285
	883,185	1,873,725
Changes in non-cash operating working capital:		
Accounts receivable	(8,513)	(3,268)
Prepaid expenses	111,151	(41,183)
Accounts payable and accrued liabilities	(82,033)	737,392
Deferred revenue	(582,852)	450,017
	320,938	3,016,683
Financing activities:		
Repayment of long-term debt	(954,676)	(929,174)
Principal repayments on capital leases	(179,751)	(172,854)
	(1,134,427)	(1,102,028)
Capital activities:		
Purchase of capital assets	(2,909,099)	(1,277,452)
Capital contributions received	3,444,510	902,931
Proceeds from disposal of fully funded capital asset	-	36,672
Accounts payable, related to capital	939,980	185,000
	1,475,391	(152,849)
Increase in cash	661,902	1,761,806
Cash, beginning of year	3,206,337	1,444,531
Cash, end of year	$ 3,868,239	$ 3,206,337
Non-cash transactions:		
Deferred revenue related to gain of disposal of fully funded capital assets	$ -	$ (14,186)

See accompanying notes to financial statements.

The Elliott is incorporated under the laws of the Province of Ontario and its principal business activity is the provision of sheltered care and services for seniors.

On January 31, 2015, The Elliott surrendered its long-term care license to the Ministry of Health and Long-Term Care (now the Ministry of Long-Term Care). Subsequently the Corporation of the City of Guelph ("City of Guelph") was approved to operate the same long-term care beds. As part of this transfer, The Elliott was designated as the City of Guelph's long-term care home.

In addition to long-term care, The Elliott provides services for seniors through life lease and retirement operations. The life lease suites provide an independent living option. The terms and conditions of suite-leasing transfers the responsibility and stewardship of the individual suites to the residents occupying the suites. Retirement suites are available for seniors who require supportive or assistive care.

The Elliott is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook - Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(a) Basis of presentation:

These financial statements include the operations of:

- Long-term care residence - reflects the activities associated with the provision of care in the full nursing arrangements of the long-term care facility.
- Life lease suites - reflects the activities associated with the operation of the life lease suites.
- Retirement suites - reflects the activities associated with the operation of the retirement facility.

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

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 buildings and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related buildings and equipment.

Revenue from suite re-leasing, preferred accommodation, interest, as well as income from other ancillary operations such as fees, community centre and other revenue, is recognized when the goods are sold or the service is provided.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days.

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. Capital assets are recorded at cost and amortized as follows:

Asset	Method	Rate
Buildings	Straight-line	40 years
Building improvements	Straight-line	5-20 years
Machinery and equipment	Straight-line	5-15 years
Vehicles	Straight-line	10 years
Fixtures and building improvements under capital leases	Straight-line	Over lease term or 25 years

The estimated useful lives of capital assets are reviewed by management and adjusted if necessary.

Capital assets under construction are not amortized until the project is complete and the capital asset is available for use.

(e) Employee future benefits:

The Elliott provides sick leave benefits for substantially all employees.

The Elliott accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the compensated absences. The most recent actuarial valuation of the benefit plan was performed as of December 31, 2022.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees which is 15.7 (2022 -15.7) years. Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

(f) Contributed services:

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

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported 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. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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 effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long-term debt is recorded at cost. The related interest rate swaps are recorded at fair value.

Canadian Public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs; other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

1. Significant accounting policies (continued):

(h) Multi-employer pension plan:

The Elliott is a member of Ontario Municipal Employees Retirement System pension plan ("OMERS"), a multi-employer defined benefit pension plan. Member organizations are unable to identify their share of the underlying assets and liabilities. OMERS governance determines the annual payments to the plan and is responsible for ensuring that the pension fund is financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of The Elliott. Therefore, The Elliott's contributions are accounted for as if OMERS was a defined contribution plan with contributions being expensed in the period they come due.

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Change in accounting standard:

The Elliott adopted the new accounting standard PS 3280 Asset Retirement Obligations (ARO) which establishes the accounting and reporting requirements for legal obligations associated with the retirement of capital assets.The new standard requires the recognition of a liability for legal obligations associated with the retirement of a capital asset, when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. The adoption of the ARO accounting standard did not impact the financial statements.

3. Accounts receivable:

	2023	2022
Ontario Ministry of Long-Term Care	$ 9,849	$ 9,467
Guelph General Hospital - Transition beds	61,500	88,500
Harmonized Sales Tax receivable	246,665	90,338
Residents	19,094	54,448
Other	183	86,025
	$ 337,291	$ 328,778

No allowance for impairment of accounts receivable has been recorded at December 31, 2023 (2022 -$ Nil)

4. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	$ 35,539,157	$ 25,646,042	$ 9,893,115	$ 10,128,854
Building improvements	1,909,125	595,055	1,314,070	1,218,899
Machinery and equipment	4,993,579	3,727,152	1,266,427	829,972
Vehicles	77,847	77,847	-	5,839
Construction in progress	1,686,329	-	1,686,329	24,931
	44,206,037	30,046,096	14,159,941	12,208,495
Fixtures and building improvements under capital lease	3,150,864	1,335,409	1,815,455	1,898,924
	$ 47,356,901	$ 31,381,505	$ 15,975,396	$ 14,107,419

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is a balance payable to the City of Guelph of $Nil (2022 - $168,502).

6. Long-term debt:

	2023	2022
Mortgage held by the City of Guelph bearing interest at 3.119%, payable in monthly installments of $93,000 for principal and interest, maturing December 25, 2036	$ 11,858,611	$ 12,592,287
Banker's acceptance, with interest of 2.07% per annum fixed through a swap transaction, plus a stamping fee of 0.8% for a total of 2.87%, payable in varying installments of principal and interest, maturing June 25, 2025	341,000	562,000
	12,199,611	13,154,287
Less current portion of long-term debt	982,889	954,676
	11,216,722	12,199,611
Less transaction costs	45,252	48,733
	$ 11,171,470	$ 12,150,878

The repayment terms of the mortgage held with the City of Guelph have payments due 30 days from the invoice date, being the payment due date under the mortgage agreement. The mortgage is secured by a general security agreement over assets and property of The Elliott.

The Elliott is a party to an interest rate swap agreement to manage the volatility of interest rates. The maturity date of the interest rate swap is the same as the maturity date of the banker's acceptance, being June 25, 2025.

The fair value of the interest rate swap at December 31, 2023 is in a net favourable position of $7,177 (2022 - $17,199 net favourable) which is recorded on the statement of financial position. The current year impact of the change in fair value of the interest rate swap is a loss of $10,022 (2022 - $24,843 gain).

The fair value of the interest rate swap has been determined using Level 3 of the fair value hierarchy. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

6. Long-term debt (continued):

Principal repayments on the long-term debt are due as follows:

2024	$ 982,889
2025	895,837
2026	805,542
2027	831,030
2028	857,323
Thereafter	7,826,990
	$ 12,199,611

Interest expense on long-term debt for the year is $394,472 (2022 - $424,251).

7. Obligations under capital leases:

The Elliott has financed various building improvements, fixtures and equipment purchases by entering into capital lease arrangements. Capital lease repayments are due as follows:

	2023	2022
2023	$ -	$ 239,087
2024	239,087	239,087
2025	239,087	239,087
2026	239,087	239,087
2027	239,087	239,087
2028	239,087	239,087
Thereafter	418,406	418,406
Total minimum lease payments	1,613,841	1,852,928
Less amount representing interest at 3.92%	197,852	257,188
Present value of net minimum capital lease payments	1,415,989	1,595,740
Current portion of obligations under capital leases	186,924	179,751
Long-term portion of obligations under capital leases	$ 1,229,065	$ 1,415,989

Interest expense on capital lease obligations for the year is $59,336 (2022 - $66,234).

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amounts of donations and grants received for the purchase of capital assets. The amortization of contributions is recorded as revenue in the statement of operations:

	2023	2022
Balance, beginning of year	$ 1,867,808	$ 1,272,900
Add City of Guelph - Long-Term Care funding - Capital	816,363	788,006
Add other capital contributions received during the year	2,628,147	114,925
Less amounts transferred to deferred revenue	-	(22,486)
Less amounts amortized to revenue during the year	(333,724)	(285,537)
Balance, end of year	$ 4,978,594	$ 1,867,808

Deferred capital contributions include unspent restricted capital contributions from the City of Guelph of $660,259 (2022 - $385,075 City of Guelph).

9. Employee future benefits obligation:

Full time employees are provided with sick leave of 7.5 hours per month which, if unused, can accumulate to a maximum of 450 hours for use in future periods. Continuous part-time employees receive 3.75 hours per month and can accumulate at most 225 hours. Part-time employees receive 1.88 hours per month and can accumulate at most 225 hours. Flexible part-time employees do not receive sick leave.

Hourly paid employees are compensated at 75% for the first two days of illness and 100% for subsequent days. Salaried employees receive 100% reimbursement.

Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits.

The main actuarial assumptions employed for the valuations are as follows:

	2023	2022
Discount rate	5.00 %	5.00 %
Rate of compensation increase	2.00 %	2.00%

9. Employee future benefits obligation (continued):

Information about The Elliott's sick leave benefit plan is as follows:

	2023	2022
Balance, beginning of year	$ 586,023	$ 557,706
Current benefit cost	98,844	82,960
Interest	28,714	17,086
Benefits paid	(122,312)	(59,273)
Actuarial gain	-	(12,456)
Balance, end of year	591,269	586,023
Unamortized actuarial gain	4,534	4,888
Accrued benefit obligation related to accumulated sick leave benefits	$ 595,803	$ 590,911

10. Suite re-leasing fees:

The Elliott provides a service coordinating the re-leasing of the life lease suites.

	2023	2022
Suite re-leasing revenue	$ 6,935,000	$ 3,451,000
Suite re-leasing costs	(6,342,300)	(3,156,300)
	$ 592,700	$ 294,700

11. Multi-employer defined benefit pension plan:

The Elliott makes contributions to the Ontario Municipal Employees Retirement System pension plan ("OMERS"), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a contributory defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2023 was $945,128 (2022 - $743,727) for current service, is included in employee benefits expense in the Statement of Operations and Changes in Deficit.

The latest available report for the OMERS plan was as at December 31, 2023. The plan reported a $4.2 billion actuarial deficit, based on actuarial liabilities of $134.6 billion and actuarial net assets of $130.4 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

12. The Elliott Endowment Fund:

The Elliott has a permanent endowment fund established under an agreement with the Guelph Community Foundation. Under the terms of this agreement, the invested capital cannot be withdrawn and only the related income can be paid to The Elliott.

The estimated fair value of The Elliott Endowment Fund and the income earned during the year from the endowment fund are as follows:

	2023	2022
Fair value	$ 13,473	$ 12,384
Income	1,089	307

13. Financial risks:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose The Elliott to cash flow interest rate risk. The Elliott is exposed to this risk through its interest bearing long-term debt and capital leases, which is mitigated through its interest rate swap and its revolving lease line of credit.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Elliott is exposed to credit risk with respect to the accounts receivable and cash.

The Elliott assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of The Elliott at December 31, 2023 is the carrying value of these assets. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

(c) Liquidity risk:

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

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

The contractual maturities of long-term debt, capital leases and interest rate swaps are disclosed in notes 6 and 7.

There were no changes in risk from 2022.

14. Deficit:

		2023		2022
Operating deficit	$	(2,217,086)	$	(2,342,427)
Life Lease Building capital reserve		84,067		41,994
Deficit	$	(2,133,019)	$	(2,300,433)

Commencing 2022, a capital reserve contribution of $45 per month is billed to each resident in the Life Lease building in order to fund future capital expenditures required for the safe and effective operation of the building located at 172 Metcalfe Street. The capital reserve revenue is recorded on the statement of operations in other revenue.

No capital expenditures were funded by these assessments during the year. Activity in the Life Lease Building capital reserve is as follows:

		2023		2022
Balance, beginning of the year	$	41,994	$	-
Capital reserve funds collected		42,073		41,994
Balance, end of the year	$	84,067	$	41,994

15. Commitment and subsequent event:

The Elliott has committed to capital expenditures relating to the expansion of 29 Long-Term Care bed addition (capital project). The capital project cost is estimated at $6.9 million. As at December 31, 2023, $1.7 million of costs have been incurred. The estimated remaining capital project costs to be incurred in 2024 is $5.2 million. The capital project will be funded by: grants and subsidies from the Ontario Ministry of Long-Term Care; debt financing and a one-time, in-year capital contribution from the City of Guelph; and cashflows from operations.

On March 1, 2024, The Elliott secured a $6.2 million revolving credit facility to assist in the financing of the capital project. The revolving credit facility, bears interest at 4.88%, with principal and interest due sixty days after the capital project completion date and secured under a general security agreement.

Upon sixty days after the capital project completion date, the accrued interest and principal on the revolving credit facility will convert into a twenty-five year Term Loan, which will bear interest at the lower of 4.88% or the Corporation of the City of Guelph's 20 year debenture rate. Principal and interest payments will be determined at time of conversion. The Term Loan will be secured under a general security agreement.