Financial Statements of

# THE ELLIOTT

Year ended December 31, 2024

# 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, 2024
- the statement of operations and changes in deficit for the year then ended
- the statement of remeasurement gains and losses 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, 2024 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 12, 2025

# THE ELLIOTT

Statement of Financial Position

December 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash (note 3) | $ | 2,303,178 | $ | 3,868,239 |
| Accounts receivable (note 4) | | 435,804 | | 337,291 |
| Prepaid expenses | | 111,193 | | 30,335 |
| Trust funds held for residents | | 3,215 | | 2,318 |
| | | 2,853,390 | | 4,238,183 |
| Capital assets (note 5) | | 21,185,978 | | 15,975,396 |
| Fair value of interest rate swap contract (note 6) | | 442 | | 7,177 |
| | $ | 24,039,810 | $ | 20,220,756 |
| **Liabilities and Deficit** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | $ | 2,650,823 | $ | 3,035,407 |
| Deferred revenue | | 85,596 | | 164,128 |
| Trust funds held for residents | | 3,215 | | 2,318 |
| Current portion of long-term debt (note 6) | | 1,944,723 | | 982,889 |
| Current portion of obligations under capital leases (note 7) | | 194,383 | | 186,924 |
| | | 4,878,740 | | 4,371,666 |
| Long-term liabilities: | | | | |
| Long-term debt (note 6) | | 12,747,105 | | 11,171,470 |
| Obligations under capital leases (note 7) | | 1,034,682 | | 1,229,065 |
| Employee future benefits obligations (note 9) | | 609,695 | | 595,803 |
| Deferred capital contributions (note 8) | | 7,237,729 | | 4,978,594 |
| | | 21,629,211 | | 17,974,932 |
| | | 26,507,951 | | 22,346,598 |
| Deficit: | | | | |
| Accumulated remeasurement gains | | 442 | | 7,177 |
| Deficit (note 14) | | (2,468,583) | | (2,133,019) |
| | | (2,468,141) | | (2,125,842) |
| Subsequent event (note 6) | | | | |
| | $ | 24,039,810 | $ | 20,220,756 |

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, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Revenue: | | |
| Provincial Subsidy | $ 7,651,812 | $ 6,742,139 |
| Retirement Suites | 5,809,475 | 5,745,673 |
| City of Guelph - Long-Term Care Funding | 2,329,128 | 2,009,556 |
| Long-Term Care - Basic | 1,944,263 | 1,851,976 |
| Long-Term Care - Preferred | 589,081 | 488,871 |
| Respite transition beds | 913,774 | 932,594 |
| Long-Term Care wage enhancement funding | 382,525 | 333,830 |
| COVID-19 one-time funding | - | 295,079 |
| Life Lease Suites | 735,418 | 701,782 |
| Fees and recoveries | 1,005,947 | 766,809 |
| Suite re-leasing (note 10) | 269,800 | 592,700 |
| Community Centre | 56,542 | 83,973 |
| Other revenue | 223,818 | 209,564 |
| Amortization of deferred capital contributions | 447,047 | 333,724 |
| | 22,358,630 | 21,088,270 |
| Expenses: | | |
| Wages and salaries | 12,753,644 | 11,516,877 |
| Employee benefits | 2,962,496 | 2,680,099 |
| Supplies | 2,060,655 | 1,878,726 |
| Amortization of capital assets | 1,244,620 | 1,041,122 |
| Facility costs | 1,221,587 | 1,286,036 |
| Purchased services | 641,841 | 540,359 |
| Minor equipment, repairs and maintenance | 627,433 | 614,743 |
| Interest and financing fees | 512,375 | 545,354 |
| Wage enhancement wages, salaries and benefits | 382,525 | 399,846 |
| COVID-19 supplies and services | - | 219,382 |
| COVID-19 employee benefits | - | 11,611 |
| Administrative and other | 340,589 | 300,813 |
| Accretion of deferred financing costs | 3,481 | 3,481 |
| | 22,751,246 | 21,038,449 |
| Excess (deficiency) of revenue over expenses before other revenue and expenses | (392,616) | 49,821 |
| Other revenue and expenses: | | |
| Fundraising revenue | 196,447 | 174,480 |
| Grant revenue | 5,582 | 64,860 |
| Enhanced living fundraising expenses | (120,855) | (80,808) |
| Grant expenses | (24,122) | (40,939) |
| | 57,052 | 117,593 |
| Annual surplus (deficit) | (335,564) | 167,414 |
| Deficit, beginning of year | (2,133,019) | (2,300,433) |
| Deficit, end of year (note 14) | $ (2,468,583) | $ (2,133,019) |

See accompanying notes to financial statements.

# THE ELLIOTT

Statement of Remeasurement Gains and Losses

Year ended December 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Accumulated remeasurement gains, beginning of year | $ | 7,177 | $ | 17,199 |
| Remeasurement loss attributable to interest rate swap agreement (note 6) | | (6,735) | | (10,022) |
| Accumulated remeasurement gains, end of year | $ | 442 | $ | 7,177 |

See accompanying notes to financial statements.

# THE ELLIOTT
Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---|---|
| Cash provided by (used in): | | |
| Operation activities: | | |
| Annual surplus | $ (335,564) | $ 167,414 |
| Items not involving cash: | | |
| Amortization of capital assets | 1,244,620 | 1,041,122 |
| Amortization of deferred capital contributions | (447,047) | (333,724) |
| Accretion of deferred financing costs | 3,481 | 3,481 |
| Employee future benefits obligation | 13,892 | 4,892 |
| | 479,382 | 883,185 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (98,513) | (8,513) |
| Prepaid expenses | (80,858) | 111,151 |
| Accounts payable and accrued liabilities | 704,316 | (82,033) |
| Deferred revenue | (78,532) | (582,852) |
| | 925,795 | 320,938 |
| Financing activities: | | |
| Repayment of long-term debt | (982,889) | (954,676) |
| Advance from long-term debt | 3,516,877 | - |
| Principal repayments on capital leases | (186,924) | (179,751) |
| | 2,347,064 | (1,134,427) |
| Capital activities: | | |
| Purchase of capital assets including capitalized interest | (6,455,202) | (2,909,099) |
| Capital contributions received | 2,706,182 | 3,444,510 |
| Accounts payable, related to capital | (1,088,900) | 939,980 |
| | (4,837,920) | 1,475,391 |
| Increase (decrease) in cash | (1,565,061) | 661,902 |
| Cash, beginning of year | 3,868,239 | 3,206,337 |
| Cash, end of year | $ 2,303,178 | $ 3,868,239 |

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.

Unrestricted contributions such as provincial subsidies and City of Guelph - Long-Term Care funding 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, at a rate corresponding with the amortization rate of the related buildings and equipment.

Other revenues from transactions with performance obligations, such as retirement suites, long-term care basic and preferred, life lease suites, respite transition beds, suite re-leasing, fees and recoveries and Community Centre, from the sale of goods or rendering of services, are recognized as The Elliott satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations such as fundraising and other revenue, are recognized when The Elliott has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

(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, extrapolated to December 31, 2024.

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 (2023 - 15.7) years. Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

## 1. Significant accounting policies (continued):

(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.

(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.

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset, while other borrowing costs are recognized as an expense in the period incurred

## 1. Significant accounting policies (continued):

(g) Financial instruments (continued):

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.

(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, accounts payable and accrued liabilities, and obligations related to employee future benefits. Actual results could differ from those estimates.

## 2. Change in accounting standards:

The Elliott adopted the following accounting standards applicable for fiscal years beginning January 1, 2024:

I. PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

II. PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

III. PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on financial statements of The Elliott as a result of the adoption of these standards.

## 3. Operating line:

The Elliott has an operating line available up to a $1,000,000. The operating line is at bank's prime rate. At year end $nil (2023 - $nil) was drawn. The operating line and capital leases are secured through a guarantee and postponement from the City of Guelph.

### 4. Accounts receivable:

| | 2024 | 2023 |
|---|---|---|
| Ontario Ministry of Long-Term Care | $ 9,542 | $ 9,849 |
| Guelph General Hospital - Transition beds | 213,000 | 61,500 |
| Harmonized Sales Tax receivable | 160,958 | 246,665 |
| Residents | 49,876 | 19,094 |
| Other | 2,428 | 183 |
| | $ 435,804 | $ 337,291 |

No allowance for impairment of accounts receivable has been recorded at December 31, 2024 (2023 -$ Nil)

### 5. Capital assets:

| | Cost | Accumulated amortization | 2024 Net book value | 2023 Net book value |
|---|---|---|---|---|
| Buildings | $ 43,162,840 | $ 26,376,619 | $ 16,786,221 | $ 9,893,115 |
| Building improvements | 2,289,291 | 778,957 | 1,510,334 | 1,314,070 |
| Machinery and equipment | 5,131,261 | 3,973,824 | 1,157,437 | 1,266,427 |
| Vehicles | 77,847 | 77,847 | - | - |
| Construction in progress | - | - | - | 1,686,329 |
| | 50,661,239 | 31,207,247 | 19,453,992 | 14,159,941 |
| Fixtures and building improvements under capital lease | 3,150,864 | 1,418,878 | 1,731,986 | 1,815,455 |
| | $ 53,812,103 | $ 32,626,125 | $ 21,185,978 | $ 15,975,396 |

During the year, The Elliott capitalized revolving line of credit interest incurred for the long-term care bed expansion of $86,877 (2023 - $Nil).

## 6. Long-term debt:

| | 2024 | 2023 |
|---|---|---|
| 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 | $ 11,101,721 | $ 11,858,611 |
| Canadian Overnight Repo Rate Average, with interest of 1.77% per annum fixed through a swap transaction, plus a stamping fee of 0.8% for a total of 2.57%, payable in varying installments of principal and interest, maturing June 25, 2025 | 115,000 | 341,000 |
| Subsequent to year end, The Elliott financed a twenty-five year term loan with the City of Guelph, bearing interest at 4.484%, payable in monthly installments of $13,953 for principal and interest starting March 25, 2025, maturing February 25, 2050. The term loan is secured under a general security agreement. | 2,514,339 | - |
| Revolving line of credit with the City of Guelph, to assist in financing long-term care bed expansion, bearing interest at 4.88%, with principal and interest due sixty days after the project completion date. | 1,002,539 | - |
| | 14,733,599 | 12,199,611 |
| Less current portion of long-term debt | 1,944,723 | 982,889 |
| | 12,788,876 | 11,216,722 |
| Less transaction costs | 41,771 | 45,252 |
| | $ 12,747,105 | $ 11,171,470 |

On March 1, 2024, The Elliott secured a $6,200,000 revolving line of credit with the City of Guelph to assist in the financing of the long-term care bed expansion. As of December 31, 2024, The Elliott had a revolving line of credit facility of $3,516,878 with the City of Guelph. The Elliott repaid on January 9, 2025, $1,002,539 of the revolving line of credit before conversion to a term loan that was secured on February 25, 2025 for $2,514,339.

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.

### 6. Long-term debt (continued):

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 Canadian Overnight Repo Rate Average, being June 25, 2025.

The fair value of the interest rate swap at December 31, 2024 is in a net favourable position of $442 (2023 - $7,177 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 $6,735 (2023 - $10,022 loss).

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.

Principal repayments on the long-term debt, reflecting the subsequent debt refinancing are due as follows:

| | |
|---|---|
| 2025 | $ 1,944,723 |
| 2026 | 863,491 |
| 2027 | 891,631 |
| 2028 | 920,698 |
| 2029 | 950,725 |
| Thereafter | 9,162,331 |
| | $ 14,733,599 |

Interest expense on long-term debt for the year is $364,672 (2023 - $394,472) included on the statement of operations as interest and financing fees.

## 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:

| | 2024 | 2023 |
|---|---|---|
| 2024 | $ - | $ 239,087 |
| 2025 | 239,087 | 239,087 |
| 2026 | 239,087 | 239,087 |
| 2027 | 239,087 | 239,087 |
| 2028 | 239,087 | 239,087 |
| 2029 | 239,087 | 239,087 |
| Thereafter | 179,317 | 179,319 |
| Total minimum lease payments | 1,374,752 | 1,613,841 |
| Less amount representing interest at 3.92% | 145,687 | 197,852 |
| Present value of net minimum capital lease payments | 1,229,065 | 1,415,989 |
| Current portion of obligations under capital leases | 194,383 | 186,924 |
| Long-term portion of obligations under capital leases | $ 1,034,682 | $ 1,229,065 |

Interest expense on capital lease obligations for the year is $52,163 (2023 - $59,336) included on the statement of operations as interest and financing fees.

## 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:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ 4,978,594 | $ 1,867,808 |
| Add City of Guelph - Long-Term Care funding - Capital | 840,863 | 816,363 |
| Add Ontario Ministry of Long-Term Care capital funding - bed expansion | 1,002,538 | 2,599,000 |
| Add other capital contributions received during the year | - | 29,147 |
| Add City of Guelph capital funding - bed expansion | 862,781 | - |
| Less amounts amortized to revenue during the year | (447,047) | (333,724) |
| Balance, end of year | $ 7,237,729 | $ 4,978,594 |

Deferred capital contributions include unspent restricted capital contributions from the City of Guelph of $978,731 (2023 - $660,259 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.

## 9. Employee future benefits obligation (continued):

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

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 5.00% | 5.00% |
| Rate of compensation increase | 2.00% | 2.00% |

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

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ 591,269 | $ 586,023 |
| Current benefit cost | 103,786 | 98,844 |
| Interest | 29,189 | 28,714 |
| Benefits paid | (118,754) | (122,312) |
| Balance, end of year | 605,490 | 591,269 |
| Unamortized actuarial gain | 4,205 | 4,534 |
| Accrued benefit obligation related to accumulated sick leave benefits | $ 609,695 | $ 595,803 |

## 10. Suite re-leasing fees:

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

| | 2024 | 2023 |
|---|---|---|
| Suite re-leasing revenue | $ 2,950,000 | $ 6,935,000 |
| Suite re-leasing costs | (2,680,200) | (6,342,300) |
| | $ 269,800 | $ 592,700 |

## 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 2024 was $1,023,307 (2023 - $945,128) 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, 2024. The plan reported a $2.9 billion actuarial deficit, based on actuarial liabilities of $140.8 billion and actuarial net assets of $137.9 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:

| | 2024 | 2023 |
|---|---|---|
| Fair value | $ 15,376 | $ 13,473 |
| Net investment income | 1,903 | 1,089 |

## 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, 2024 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 2023.

## 14. Deficit:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Operating deficit | $ | (2,596,806) | $ | (2,217,086) |
| Life Lease Building capital reserve | | 128,223 | | 84,067 |
| Deficit | $ | (2,468,583) | $ | (2,133,019) |

**Life lease building capital reserve**

A capital reserve contribution of $47.25 (2023 - $45) per month is billed to each suite 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 | $ | 84,067 | $ | 41,994 |
| Capital reserve funds collected | | 44,156 | | 42,073 |
| Balance, end of the year | $ | 128,223 | $ | 84,067 |

## 15. Comparative information:

Certain comparative information in the statement of operations and changes in deficit have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements. There are no changes to annual surplus reported in 2023.