Financial Statements of

ST. JOSEPH'S VILLA FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of St. Joseph's Villa Foundation

Qualified Opinion

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

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in fund balances 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, except for the possible effects of the matter described in the ***Basis of Qualified Opinion*** paragraph, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the Entity as at March 31, 2024, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, St. Joseph's Villa Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of St. Joseph's Villa Foundation.

Therefore, we were not able to determine whether, as at March 31, 2024, and for the year then ended, any adjustments might be necessary to donations and surplus (deficiency) for the year reported in the statement of operations and changes in fund balances, surplus for the year recorded in the statement of cash flows and current assets and fund balances reported in the statement of financial position.

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 qualified 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 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

June 11, 2024

ST. JOSEPH'S VILLA FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	General Fund	Restricted Funds	Total 2024	Total 2023
Assets				
Current assets:				
Cash	$ 686,751	$ –	$ 686,751	$ 575,644
Accounts receivable	22,532	–	22,532	35,410
	709,283	–	709,283	611,054
Investments (note 2)	6,016,793	1,943,674	7,960,467	7,052,941
Capital assets (note 3)	9,002	22,985	31,987	31,987
Other assets (note 4)	385,025	–	385,025	385,025
	$ 7,120,103	$ 1,966,659	$ 9,086,762	$ 8,081,007
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (notes 7)	$ 64,421	$ –	$ 64,421	$ 9,642
Deferred revenue (note 5)	395,025	–	395,025	405,025
	459,446	–	459,446	414,667
Fund balances:				
Unrestricted	6,660,657	–	6,660,657	5,501,558
Restricted	–	1,966,659	1,966,659	2,164,782
	6,660,657	1,966,659	8,627,316	7,666,340
Commitment and contingencies (note 6)				
	$ 7,120,103	$ 1,966,659	$ 9,086,762	$ 8,081,007

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

ST. JOSEPH'S VILLA FOUNDATION

Statement of Operations and Changes in Fund Balances

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

	General Fund	Restricted Funds	Total 2024	Total 2023
Revenue:				
Fundraising revenue	$ 639,937	$ 843	$ 640,780	$ 697,378
Donations	721,093	876,435	1,597,528	1,937,134
Investment income (loss)	648,908	–	648,908	(60,569)
	2,009,938	877,278	2,887,216	2,573,943
Expenses:				
Fundraising expenses	164,220	–	164,220	166,011
Salaries and benefits (note 8)	533,199	–	533,199	497,283
Promotion and donor development	55,438	–	55,438	35,905
Postage, stationery and office supplies	39,227	–	39,227	56,898
Accounting fees	23,927	–	23,927	28,376
Professional fees	11,338	–	11,338	8,809
Interest and bank charges	22,266	–	22,266	8,075
Professional development	1,024	–	1,024	25
	850,639	–	850,639	801,382
Excess of revenue over expenses before the following:	1,159,299	877,278	2,036,577	1,772,561
Disbursements to St. Joseph's Villa	(200)	(1,075,401)	(1,075,601)	(1,061,627)
Surplus (deficiency) for the year	1,159,099	(198,123)	960,976	710,934
Fund balances, beginning of year	5,501,558	2,164,782	7,666,340	6,955,406
Fund balances, end of year	$ 6,660,657	$ 1,966,659	$ 8,627,316	$ 7,666,340

See accompanying notes to financial statements.

ST. JOSEPH'S VILLA FOUNDATION

Statements of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operations:		
Surplus for the year	$ 960,976	$ 710,934
Items not involving cash:		
Change in unrealized gain on investments	(342,496)	616,480
Change in non-cash operating working capital:		
Accounts receivable	12,878	(20,646)
Prepaid expenses	–	2,402
Accounts payable and accrued liabilities	54,779	1,693
Deferred revenue	(10,000)	(5,730)
	676,137	1,305,133
Investing:		
Net investment contributions	(565,030)	(1,735,165)
Change in cash	111,107	(430,032)
Cash, beginning of year	575,644	1,005,676
Cash, end of year	$ 686,751	$ 575,644

See accompanying notes to financial statements.

The St. Joseph's Villa Foundation, Dundas, Ontario (the “Foundation”) is a corporation without share capital incorporated under the laws of the Province of Ontario. Its principal activity is the raising of donation revenue to be used for the charitable purposes of St. Joseph's Villa Long-Term Care ("The Villa Campus") and Margaret’s Place Hospice. Any earnings or other surpluses shall be used in promoting its objectives. As the Foundation is a registered charitable organization, it is exempt from the payment of income taxes under the Income Tax Act (Canada).

The Foundation, as a part of its activities, actively obtains pledges for donations through its planned giving program. These financial statements do not reflect the value of these pledges. Increased activity in this program area has resulted in future expectations with an approximate value of $7,860,000.

Development activities and costs incurred in the year do not necessarily relate to the donations in any one year. The nature of the Foundation’s work creates normal donation delays which may result in the costs preceding the receipt of the gifts by several years (for example, gifts in wills).

These financial statements present only the accounts of the Foundation as a separately controlled corporation and do not include the accounts of The Villa Campus.

1. Significant accounting policies:

The Foundation prepares its financial statements in accordance with not-for-profit organizations in Part III of the CPA Handbook.

(a) Funds:

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund is managed at the discretion of the Board of Directors. It accounts for the Foundation's program delivery and administrative activities including the cost of the planned giving program.

Restricted Funds are designated by the donor for specific projects or capital needs within The Villa Campus.

(b) Revenue recognition:

Pledges and donations are recorded as revenue when cash is received or if the amount can be reasonably estimated and collection is reasonably assured.

Donated materials, including artwork, which would otherwise be paid for by the Foundation, are recorded at fair value when provided.

All investment income (loss) is recognized in the General Fund.

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. 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 Foundation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following estimated useful lives:

Asset	Years
Computers	3 years
Equipment	5 years
Art paintings	Not depreciated

Paintings that have been received by the Foundation for display in The Villa Campus have been recorded at the fair market value determined at the time of receipts which totals $31,987. These assets are not depreciated.

(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 Foundation 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 Foundation 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 Foundation 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) 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 revenues and expenses during the year. Actual results could differ from those estimates.

2. Investments:

Fair market values and cost values of investments are as follows:

	2024		2023	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	$ 363,477	$ 363,477	$ 425,826	$ 430,187
Fixed income	2,687,655	2,662,528	2,395,439	2,342,150
Canadian equity	3,613,440	4,379,960	3,323,395	3,876,930
International equity	416,540	554,502	371,422	403,674
	$ 7,081,112	$ 7,960,467	$ 6,516,082	$ 7,052,941

3. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Computers	$ 61,013	$ 61,013	$ –	$ –
Equipment	41,637	41,637	–	–
Art paintings	31,987	–	31,987	31,987
	$ 134,637	$ 102,650	$ 31,987	$ 31,987

4. Other assets:

In prior years, the Foundation received two separate donations of real property of $66,525 and $318,500. These donations were recorded at their receipted value and are presented as deferred revenue until the expiration of the life interests in the properties.

5. Deferred revenue:

Deferred revenue related to expenses of future periods represent unspent externally restricted donations for specific programs and other assets (note 4):

	2024	2023
Balance, beginning of year	$ 405,025	$ 410,755
Less: amount recognized as revenue in the year	(20,000)	(25,730)
Add: amount received related to future periods	10,000	20,000
	$ 395,025	$ 405,025

6. Commitment and contingencies:

In fiscal 2003, the Foundation entered into an agreement with a Lender that provided financing to The Villa Campus for The Villa Campus 's building construction. The Foundation has agreed that they will pay the "required contribution amounts" owing to the Lender. The required contribution amounts are determined under the terms of the Credit Agreement between the Lender and The Villa Campus. The required contribution amounts are determined based on the debt service coverage ratio of The Villa Campus. As of March 31, 2024, the amount contributed by the Foundation by way of a letter of credit is $450,000, which is secured by an escrow bank account.

Due to the Foundation’s relationship with St. Joseph’s Villa there may be litigation pending or in the prospect. No claims are outstanding at March 31, 2024. Therefore, no provision has been accrued in these financial statements.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $1,087 (2023 - $766), which includes payroll related taxes.

8. Related entities:

St. Joseph’s Villa

The Foundation is a related party to The Villa Campus. Transactions with The Villa Campus during the year include salaries and benefits paid by The Villa Campus in the amount of $533,199 (2023 - $497,283).

8. Related entities (continued):

St. Joseph's Healthcare Hamilton Foundation

The Foundation is a related party to St. Joseph's Healthcare Hamilton Foundation ("Healthcare Foundation). In a prior year the Healthcare Foundation received a commitment from one of their donors related to the Hospice project. The total commitment from the Healthcare Foundations donor related to the project is up to $1,500,000. As at March 31, 2024, an amount of $800,000 remains outstanding (2023 - $800,000). This pledge includes a payment of $300,000 in 2025 as well as a life insurance policy in the future and all will flow to the Foundation upon receipt.

9. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments. There has been no change to the risk exposure from 2023.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. There has been no change to the risk exposure from 2023.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Foundation's overall currency positions are monitored by the portfolio manager. There has been no change to the risk exposure from 2023.