

SHALOM MANOR LONG TERM CARE HOME

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

Contents	Page
Independent auditors' report	1 – 3
Statement of financial position	4
Statement of changes in net assets	5
Statement of operations	6
Statement of cash flows	7
Notes to financial statements	8 – 16
Schedule of Provincial subsidy revenue	Schedule 1
Schedule of operating expenses	Schedule 2
Schedule of other revenues and expenses	Schedule 3
Schedule of development project costs	Schedule 4

INDEPENDENT AUDITORS' REPORT

To the Members
Shalom Manor Long Term Care Home

Qualified Opinion

We have audited the financial statements of Shalom Manor Long Term Care Home ("the Organization") which comprise the financial position as at December 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and its results of operations 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, the Organization derives revenue from donations, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and deferred revenue as limited to the amounts recorded in the records of the Organization. Consequently, we were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both 2022 and 2021. The predecessor auditors' audit opinion on the financial statements for the year ended December 31, 2021 was modified because of the possible effects of this limitation in scope.

Note 2 describes the policy with respect to the Organization's property, plant and equipment and development costs. Property and equipment are recorded at cost. Amortization on the building is recorded to the extent that principal is repaid on the mortgage payable. Certain equipment additions that qualify for subsidy are expenses in the statement of operations. This constitutes a departure from Canadian accounting standards for not-for-profit organizations. The impact of this departure on these financial statements have not been determined and therefore we were not able to determine the adjustments necessary to expenses, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2022 and 2021, long-term assets at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both 2022 and 2021 years. The predecessor auditors' audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this departure.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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.

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules is presented for the purposes of additional information and has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

The financial statements of the company for the year ended December 31, 2021 were audited by another auditor who expressed a modified opinion on those financial statements on April 28, 2022.

INDEPENDENT AUDITORS' REPORT, continued

Emphasis of matter

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 auditors' 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 these 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

INDEPENDENT AUDITORS' REPORT, continued

We 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.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
April 24, 2023

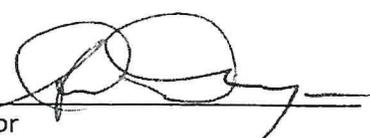
SHALOM MANOR LONG TERM CARE HOME

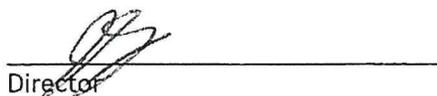
Statement of financial position

As at December 31, 2022

	Operating Fund	Other Funds	Total 2022	Total 2021
Assets (Note 11)				
Current assets				
Cash and cash equivalents (Note 4)	\$ 417,726	1,277,842	1,695,568	1,672,419
Restricted cash and short-term investments (Note 5)	-	10,499,238	10,499,238	7,301,923
Accounts receivable (Note 6)	643,579	-	643,579	493,404
Prepaid expenses	65,490	-	65,490	50,680
	1,126,795	11,777,080	12,903,875	9,518,426
Long-term assets				
Cash in trust for residents	27,318	-	27,318	31,975
Restricted cash and short-term investments (Note 5)	-	1,355,853	1,355,853	1,251,866
Property, plant and equipment and development costs (Note 7)	-	24,812,623	24,812,623	21,960,729
	27,318	26,168,476	26,195,794	23,244,570
	\$ 1,154,113	37,945,556	39,099,669	32,762,996
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	\$ 1,657,058	-	1,657,058	1,782,217
Provincial subsidy payable	90,704	-	90,704	321,730
Deferred contributions (Note 9)	243,207	15,577,590	15,820,797	8,271,295
Interfund payable	(1,265,415)	1,265,415	-	-
Current portion of loans payable (Note 10)	-	1,901,786	1,901,786	1,924,768
Current portion of mortgages payable (Note 11)	-	748,264	748,264	695,222
	725,554	19,493,055	20,218,609	12,995,232
Long-term liabilities				
Liability for residents' trust funds	27,318	-	27,318	31,975
Loans payable (Note 10)	-	1,618,442	1,618,442	2,647,893
Mortgages payable (Note 11)	-	4,055,143	4,055,143	4,803,407
	27,318	5,673,585	5,700,903	7,483,275
	752,872	25,166,640	25,919,512	20,478,507
Net assets				
Operating fund	401,241	-	401,241	82,244
Endowment fund	-	262,753	262,753	262,753
Other restricted funds	-	12,516,163	12,516,163	11,939,492
	401,241	12,778,916	13,180,157	12,284,489
	\$ 1,154,113	37,945,556	39,099,669	32,762,996

Approved by the Board

Director 

Director 

SHALOM MANOR LONG TERM CARE HOME

Statement of changes in net assets

For the year ended December 31, 2022

	Operating Fund	Endowment Fund	Other Restricted Funds				Total 2022
			Capital Fund	Maintenance Reserve Fund	Board Directed Reserve Fund	Promissory Note Reserve Fund	
Balance, beginning of year	\$ 82,244	262,753	9,414,067	989,113	1,069,686	466,626	12,284,489
Excess of revenue over expenses	318,997	-	345,774	103,987	18,314	101,238	888,310
Investment income	-	7,358	-	-	-	-	7,358
Transfers	-	(7,358)	407,358	-	100,000	(500,000)	-
Balance, end of year	\$ 401,241	262,753	10,167,199	1,093,100	1,188,000	67,864	13,180,157

Other Restricted Funds, end of year

\$ 12,516,163

For the year ended December 31, 2021

	Operating Fund	Endowment Fund	Other Restricted Funds				Total 2021
			Capital Fund	Maintenance Reserve Fund	Board Directed Reserve Fund	Promissory Note Reserve Fund	
Balance, beginning of year	\$ 391,565	262,655	9,160,569	895,983	946,699	357,378	12,014,849
Excess (deficiency) of revenues over expenses	(309,321)	-	335,256	93,130	22,987	109,248	251,300
Donation income	-	98	-	-	-	-	98
Investment income	-	18,242	-	-	-	-	18,242
Transfers	-	(18,242)	(81,758)	-	100,000	-	-
Balance, end of year	\$ 82,244	262,753	9,414,067	989,113	1,069,686	466,626	12,284,489

Other Restricted Funds, end of year

\$ 11,939,492

SHALOM MANOR LONG TERM CARE HOME**Statement of operations****For the year ended December 31, 2022**

	Actual 2022	Budget (Unaudited) 2022	Actual 2021
Revenues			
Provincial subsidy (Schedule 1)	\$ 10,461,775	9,165,149	9,229,241
Resident revenue			
Basic accommodation	2,962,602	3,022,396	2,934,951
Preferred accommodation	807,956	804,521	816,840
Rental income	594,834	560,000	598,713
Interest and other income	120,383	31,000	36,089
	14,947,550	13,583,066	13,615,834
Expenses (Schedule 2)			
Nursing and personal care	7,428,214	7,271,569	6,987,920
Program and support services	1,180,946	1,184,406	1,052,391
Raw food	618,864	572,845	572,290
Dietary services	1,126,873	1,089,655	1,153,314
Housekeeping	741,757	501,767	750,513
Laundry	253,391	266,557	262,331
Building and property	547,719	313,792	520,429
Facility costs	1,551,007	1,572,843	1,559,664
Administration	978,457	946,584	823,928
	14,427,228	13,720,018	13,682,780
Excess (deficiency) of revenues over expenses, before other items	520,322	(136,952)	(66,946)
Other items			
Other revenues (Schedule 3)	922,351	675,800	754,685
Other expenses (Schedule 3)	(433,968)	(459,035)	(321,228)
Development project costs (Schedule 4)	(120,395)	(79,000)	(115,211)
	367,988	137,765	318,246
Excess of revenues over expenses for year	\$ 888,310	813	251,300

SHALOM MANOR LONG TERM CARE HOME**Statement of cash flows****For the year ended December 31, 2022**

	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses for year	\$ 888,310	251,300
Adjustment for		
Amortization of property, plant and equipment and development costs	731,656	691,562
	1,619,966	942,862
Changes in non-cash working capital		
Increase in accounts receivable	(150,175)	(105,961)
(Increase) decrease in prepaid expenses	(14,810)	23,657
(Decrease) increase in accounts payable and accrued liabilities	(125,159)	389,556
Decrease in provincial subsidy payable	(231,026)	(134,070)
Increase in unearned income	5,449,502	5,154,025
Cash flows from operating activities	6,548,298	6,270,069
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment and development costs	(1,483,550)	(971,156)
Endowment Fund income	7,358	18,341
Cash flows used in investing activities	(1,476,192)	(952,816)
Cash flows from (used in) financing activities		
Repayment of loans payable	(1,052,433)	(259,582)
Repayment of mortgages payable	(695,222)	(1,645,940)
Cash flows used in financing activities	(1,747,655)	(1,905,522)
Net increase in cash during year	3,324,451	3,411,731
Cash and cash equivalents, beginning of year	10,226,208	6,814,477
Cash and cash equivalents, end of year	\$ 13,550,659	10,226,208
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 1,695,568	1,672,419
Restricted cash and short-term investments	11,855,091	8,553,789
	\$ 13,550,659	10,226,208

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

1. Purpose of the organization

Shalom Manor Long Term Care Home ("the Organization") was incorporated without share capital under the Corporations Act of the Province of Ontario. The Organization operates a home for the aged in Grimsby, Ontario consisting of 144 beds as well as owning a multi-unit residential complex that it rents to Shalom Manor Non-Profit Seniors Assisted Living Apartments.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Organization follows the restricted fund method of accounting for contributions for financial statement reporting purposes. The accounts have been classified into the following funds.

i) Endowment Fund

The Board of Directors has established an Endowment Fund to maintain bequests and memorial donations designated to the fund.

Investment income earned on the endowment investment is to be used by the Organization to assist with capital purchases and therefore, all investment income is transferred to the Unrestricted Fund in the year it was earned.

ii) Capital Fund

The Board of Directors has established a Capital Fund. The fund is an internally restricted fund used to purchase land, building and equipment and development costs not funded through the Operating Fund.

All unrestricted donations are direct to this fund for future use.

Funds on deposit are to be used at the discretion of the Board of Directors.

iii) Maintenance Reserve Fund

The Board of Directors has established a Maintenance Reserve Fund. The fund is an externally restricted fund pursuant to the agreement with Stonebridge Financial Corporation, the financial agent for the lenders indicated in Note 10. The Organization was required to establish and maintain funds to cover major maintenance costs incurred with respect to the facility. An amount equivalent to .75% of annual revenue derived from residents' fees and Provincial subsidies is required to be deposited into this account. The account is to be maintained until the maturity of the mortgages payable.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

2. Significant accounting policies – continued

b) Basis of accounting – continued

iv) Board Directed Reserve Fund

The Board of Directors has established a Board Directed Reserve Fund. The fund is an internally restricted fund and provides for capital expenditures in excess of the Maintenance Reserve account balance. Funds on deposit are to be used at the discretion of the Board of Directors.

v) Promissory Note Reserve Fund

The Board of Directors has established the Promissory Note Reserve Fund. The fund is an internally restricted fund and provides a cash reserve towards the future repayment of promissory notes which assisted the Organization in financing the acquisition of land, building and equipment. The allocation to the fund is at the discretion of the Board of Directors.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less.

d) Property, plant and equipment and development costs

Property, plant and equipment and development costs are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets at the rates described below. Methods and rates used are:

Building

Amortized to the extent that the principal portion of the mortgages are repaid and is being charged to the Operating Fund.

Furniture and equipment

20% diminishing balance basis and this amortization is being charged to the Capital Fund

Computer equipment

30% diminishing balance basis and this amortization is being charged to the Capital Fund

Equipment additions that are funded through Provincial subsidy are treated as operating expenses in the period purchased.

Development costs include direct costs, such as materials and labour, and overhead costs directly attributable to the construction activity. Interest on financing obtained for the construction of the facility is capitalized, interest on the acquisition of land is expenses as part of the indirect overhead costs.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

2. Significant accounting policies – continued

e) Allocation of expenses

The Organization classifies its expenditures by function: Nursing and personal care, program and support services, raw food, dietary services, housekeeping, laundry, building and property, facility costs and administration. The costs of each function include the costs of personnel and other expenses that are directly related to providing the function. The Organization follows the guidelines of the Ministry of Long-Term Care in the allocation of costs to each of these functions.

f) Revenue recognition

Provincial subsidy revenue is recognized in the period to which the approved funding relates with any unspent funding recorded as either deferred revenue or subsidy payable to the Ministry of Long-Term Care.

Resident revenues are recognized in the period that the services are performed and if collection is reasonably assured.

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or pledged if the amount to be received can be reasonably estimated and collectability is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions that the donor has required to be held in perpetuity are recognized as direct increases in net assets in the current period.

Rental income is recognized on a monthly basis, as earned, in accordance with rental agreements in place.

Interest and sundry are recognized as revenue when they are earned.

g) Donated materials and services

The value of donated materials and services are recorded when a fair value can be reasonably estimated, otherwise they are not reflected in these financial statements.

Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributions of such services are not recognized in the financial statements.

3. Financial instruments

a) Fair value

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

The Organization has designated marketable securities to be measured at fair value.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

3. Financial instruments - continued

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The Organization is exposed to interest rate risk and credit risk.

i) Interest rate risk

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

A portion of the Organization's cash and cash equivalents, restricted cash and short-term investments bear interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the asset.

A portion of the Organization's cash and cash equivalents, restricted cash and short-term investments bear interest at variable rates. Consequently, there is a risk of cash flow exposure. However, there is no risk of fair value on this part of the asset.

The Organization's loans payable and mortgages payable bear interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the liability.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. These accounts are generally rent settled monthly and the Organization does not anticipate any significant loss for non-performance.

c) Liquidity risk

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Organization is not subject to significant liquidity risk. The Organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.
- having committed borrowing facilities or other lines of credit that it can access to meet liquidity needs.
- holding financial assets for which there is not a liquid market, but which are expected to generate cash inflows that will be available to meet cash outflows on liabilities.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

4. Cash and cash equivalents

The balance of cash and cash equivalents is comprised of the following:

	Operating Fund	Other Funds	Total 2022	Total 2021
Cash	\$ 417,726	210,589	628,315	634,437
Funds on deposit with CSS	-	1,067,253	1,067,253	1,037,982
	\$ 417,726	1,277,842	1,695,568	1,672,419

Cash in Other Funds is held on deposit with an account bearing interest ranging from 0% to 2.75% (2021 – 0.5%).

The revocable funds on deposit with Christian Stewardship Services (“CSS”) are invested at the discretion of CSS and can be transferred back to the Organization when requested.

5. Restricted cash and short-term investments

	2022	2021
Cash	\$ 9,922,854	6,654,555
Term deposit	254,285	260,096
Funds on deposit with CSS	1,677,952	1,639,138
	\$ 11,855,091	8,553,789

Cash is held on deposit within an account bearing interest ranging from 2.5% to 2.9% (2021 – 0.6%). The term deposit bears interest at 1.25% (2021 – 1.25%) and is due February 2023.

Funds on deposit with CSS include \$1,415,199 (2021 - \$1,376,385) revocable funds that are invested at the discretion of CSS and can be transferred back to the Organization when requested.

Restricted cash is related to the following internally and externally restricted funds:

	2022	2021
Current assets		
Capital campaign donations	\$ 9,243,374	5,765,611
Board Directed Reserve Fund	1,188,000	1,069,686
Promissory Note Reserve Fund	67,864	466,626
	10,499,238	7,301,923
Long-term assets		
Endowment Fund	262,753	262,753
Maintenance Reserve Fund	1,093,100	989,113
	1,355,853	1,251,866
	\$ 11,855,091	8,553,789

The funds received in regards to the Endowment Fund have been transferred to CSS who controls the funds held for endowment and manages how they are invested. The principal amounts invested with CSS can only be received by the Organization upon the start-up of a Foundation and the funds must then be maintained as an Endowment Fund with its inherent restrictions.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

6. Accounts receivable

	2022	2021
Residents' fees	\$ 10,709	4,828
Sales tax recoverable	272,239	241,260
Due from Mount Nemo Christian Nursing Home	67,109	121,719
Due from Shalom Manor Non-Profit Seniors Assisted Living Apartments	91,093	34,780
Miscellaneous receivables	202,429	90,817
	<u>\$ 643,579</u>	<u>493,404</u>

Mount Nemo Christian Nursing Home ("MNCNH") subcontracts staff of the Organization, additionally the two organizations are sharing the operating costs of the development project as outline in Schedule 4. The Organization deals at arm's length with MNCNH.

The amount receivable from Shalom Manor Non-Profit Seniors Assisted Living Apartments, an Organization related due to shared management and common board members, does not bear interest and is due on demand. The Organization has transactions with this related party as described in Note 12.

7. Property, plant and equipment and development costs

	2022		2021	
	Cost	Accumulated amortization	Net	Net
12 Bartlett Avenue, Grimsby				
Land and improvements	\$ 112,273		112,273	112,273
Building	22,498,316	5,439,197	17,059,119	17,754,341
Furniture and equipment	2,580,102	2,436,199	143,903	180,020
Computer equipment	43,099	42,032	1,067	1,525
	<u>25,233,790</u>	<u>7,917,428</u>	<u>17,316,362</u>	<u>18,048,159</u>
1411 Upper Wellington Street, Hamilton				
Land	4,221,924	-	4,221,924	2,084,478
Development costs	3,274,337	-	3,274,337	1,828,092
	<u>7,496,261</u>	<u>-</u>	<u>7,496,261</u>	<u>3,912,570</u>
	<u>\$ 32,730,051</u>	<u>7,917,428</u>	<u>24,812,623</u>	<u>21,960,729</u>

Amortization recorded during the year amounted to \$731,656 (2021 - \$691,562).

During the year, property, plant and equipment and development costs were acquired for cash of \$1,483,550 and donation of \$2,100,000 for an aggregate cost of \$3,583,550 (2021 - \$971,156).

The Organization purchased property and received a donation of property located at Stone Church Road and Upper Wellington Street in Hamilton, Ontario. The Organization plans to use the property to construct a campus of care that will include long-term care and senior assisted living facilities. This development is contingent upon the approval from the Ministry of Long-Term Care and securing the necessary financing.

As at December 31, 2022, future commitments in connection with development costs have amounted to approximately \$2,400,000.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

8. Accounts payable and accrued liabilities

	2022	2021
Trade accounts payable	\$ 291,460	509,201
Withholding taxes payable	31,557	24,638
Accrued wages and benefits	483,338	474,080
Accrued vacation pay	584,473	616,842
Other accrued liabilities	266,230	157,456
	<u>\$ 1,657,058</u>	<u>1,782,217</u>

9. Deferred contributions

Restricted donations have been received for the purpose of funding future programs and projects that will directly affect resident care and services. The donation revenue will be recognized in the year in which the related expenses are incurred.

Capital campaign donations have been received for the purpose of funding the construction costs for the development project, as described in Note 7. The donation revenue will be recognized in the year the campus of care is put into use.

	2021	Contributions received	Contributions recognized as revenue	2022
Restricted donations	\$ 281,921	-	(38,714)	243,207
Capital campaign donations	7,989,374	7,650,625	(62,409)	15,577,590
	<u>\$ 8,271,295</u>	<u>7,650,625</u>	<u>(101,123)</u>	<u>15,820,797</u>

10. Loans payable

	2022	2021
Private loans payable, interest rates ranging from 0% to 3.1% and terms ranging from 1 to 5 years	\$ 3,020,228	4,072,661
Development project loan, non-interest bearing, due May 2024	500,000	500,000
	<u>3,520,228</u>	<u>4,572,661</u>
Less amount due within one year	<u>1,901,786</u>	<u>1,924,768</u>
	<u>\$ 1,618,442</u>	<u>2,647,893</u>

The loans are unsecured with no principal repayments required until maturity. Interest is compounded semi-annually and paid either semi-annually or upon maturity.

Estimated principal payments due in each of the next five years are as follows:

2023	\$ 1,901,786
2024	1,251,497
2025	168,591
2026	128,354
2027	70,000
	<u>\$ 3,520,228</u>

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

11. Mortgages payable

	2022	2021
Mortgages payable, repayable in blended monthly instalments of \$24,870, over 20 years and \$64,926 over 25 years, bearing interest at 7.375% per annum, secured by the building, assignment of insurance proceeds, assignment of lease and general security agreement, due December 2029		
Maritime Life Assurance Company - 62.5%	\$ 3,002,129	3,436,643
Industrial Alliance Insurance & Financial Services Inc. – 37.5%	1,801,278	2,061,986
	<u>4,803,407</u>	<u>5,498,629</u>
Less amount due within one year	748,264	695,222
	<u>\$ 4,055,143</u>	<u>4,803,407</u>

Interest expense related to mortgages payable, included in facility costs, amounted to \$381,786 during the year.

Principal payments due in each of the next five years are as follows:

2023	\$ 748,264
2024	805,352
2025	558,056
2026	600,633
2027	646,458
Thereafter	<u>1,444,644</u>
	<u>\$ 4,803,407</u>

12. Related party transactions

The Organization is related to Shalom Manor Non-Profit Seniors Assisted Living Apartments (“Apartments”) as described in Note 6.

The Organization recovered expenses of \$342,812 (2021 - \$313,501) from the Apartments for dietary, labour, maintenance and administrative services. Food costs in the amount of \$126,279 (2021 - \$117,217) were also recovered from the Apartments. Rent was charged in the amount of \$560,000 (2021 – \$560,000) to the Apartments for the usage of the facilities.

The above transactions are in the normal course of operations and are measured at the exchange amount of consideration, being cost as described in the accounting policy note.

SHALOM MANOR LONG TERM CARE HOME

Notes to financial statements

As at December 31, 2022

13. Economic dependence and contingency

The Organization receives a significant portion of its revenue from the Ministry of Long-Term Care ("Ministry"). Should these contributions cease, the Organization would need to consider its ability to continue its current operations.

The Organization must submit an annual report to the Ministry regarding the spending of this funding in accordance with the Ministry's guidelines. The Ministry's assessed amounts may differ from what has been reported in these financial statements. Any differences from estimated amounts relating to prior year funding will be recorded in other income or expense in the year the assessment is received.

14. Income taxes

The Organization is a registered charity and is therefore exempt from income taxes under Section 149(1)(i) of the Income Tax Act.

15. Non-monetary transaction

During the year, the Organization entered into a non-monetary transaction by which it received a donation of land in the amount of \$2,100,000. The transaction was measured at fair value and did not result in any gains or losses on settlement.

SHALOM MANOR LONG TERM CARE HOME**Schedule of Provincial subsidy revenue****For the year ended December 31, 2022**

	Actual	Budget	Actual
	2022	(Unaudited) 2022	2021
Nursing and personal care			
Long-term care base funding	\$ 7,115,524	6,654,301	6,137,609
Pay equity	235,212	235,212	235,212
Laboratory fees	5,860	-	7,020
High Intensity Needs	11,267	-	1,180
Physician-on-call	15,766	16,000	16,090
RAI MDS funding	76,342	76,404	75,156
Professional growth	19,836	46,344	4,613
	7,479,807	7,028,261	6,476,880
Program and support services			
Long-term care base funding	1,153,913	906,530	993,883
Pay equity	16,584	16,590	16,584
	1,170,497	923,120	1,010,467
Raw food			
Long-term care base funding	580,262	569,966	520,502
Other accommodation			
Long-term care base funding	3,688,888	3,154,860	3,650,106
Pay equity	117,024	117,018	117,024
Construction funding	298,440	298,440	298,440
Structural compliance	76,827	81,480	84,012
Falls prevention equipment	12,631	14,400	14,816
	4,193,810	3,666,198	4,164,398
Basic revenue reduction	(2,962,601)	(3,022,396)	(2,943,006)
	1,231,209	643,802	1,221,392
	\$ 10,461,775	9,165,149	9,229,241

SHALOM MANOR LONG TERM CARE HOME**Schedule of operating expenses****For the year ended December 31, 2022**

	Actual	Budget	Actual
	2022	(Unaudited) 2022	2021
Nursing and personal care			
Salaries	\$ 5,950,051	5,986,056	5,548,780
Employee benefits	950,258	966,126	885,979
Purchased services	766,300	42,740	494,696
Medical director	17,345	16,819	16,819
Physician-on-call	15,766	15,528	16,092
Incontinent supplies	106,790	85,000	92,698
Medical and nursing supplies	167,313	95,000	217,733
Repairs, maintenance and equipment	66,598	67,400	106,762
Education and training	2,766	7,400	2,293
Other	39,784	24,400	24,337
Expense recoveries	(748,226)	(34,900)	(502,625)
	7,334,745	7,271,569	6,904,564
Laboratory fees	5,860	-	7,020
High Intensity Needs	11,267	-	1,180
RAI MDS funding expenses	76,342	-	75,156
	\$ 7,428,214	7,271,569	6,987,920
Program and support services			
Salaries	\$ 777,404	822,845	762,745
Employee benefits	115,489	138,881	114,917
Purchase services	48,249	42,400	51,032
Dietician	63,370	77,600	50,976
Supplies	18,719	12,500	11,392
Repairs, maintenance and equipment	55,741	2,000	15,439
Other	11,019	13,900	5,459
Expense recoveries	(20,303)	(52,820)	(78,801)
	1,069,688	1,057,306	933,159
Physiotherapy	111,258	127,100	119,232
	\$ 1,180,946	1,184,406	1,052,391
Raw food			
Food costs	\$ 795,444	712,029	736,517
Expense recovery	(176,580)	(139,184)	(164,227)
	\$ 618,864	572,845	572,290
Dietary services			
Salaries	\$ 1,037,754	1,023,042	1,087,153
Employee benefits	151,846	165,306	163,834
Purchased services	1,223	2,500	1,839
Supplies	74,876	45,000	48,514
Repairs, maintenance and equipment	13,756	15,000	30,130
Other	18,666	10,670	15,859
Expense recoveries	(171,248)	(171,863)	(194,015)
	\$ 1,126,873	1,089,655	1,153,314

SHALOM MANOR LONG TERM CARE HOME**Schedule of operating expenses - continued****For the year ended December 31, 2022**

	Actual	Budget	Actual
	2022	(Unaudited) 2022	2021
Housekeeping services			
Salaries	\$ 605,081	390,053	615,776
Employee benefits	102,911	76,414	98,801
Purchased services	1,526	1,000	2,039
Supplies	23,950	36,000	38,470
Repairs, maintenance and equipment	13,360	2,500	7,200
Other	438	2,000	441
Expense recoveries	(5,509)	(6,200)	(12,214)
	\$ 741,757	501,767	750,513
Laundry services			
Salaries	\$ 227,733	232,069	239,379
Employee benefits	36,480	39,388	39,430
Purchased services	-	2,500	-
Supplies	13,734	20,500	11,761
Repairs, maintenance and equipment	5,251	2,000	1,934
Other	250	600	63
Expense recoveries	(30,057)	(30,500)	(30,236)
	\$ 253,391	266,557	262,331
Building and property			
Salaries	\$ 139,233	134,678	130,440
Employee benefits	24,466	24,314	22,710
Purchase services	144,761	152,000	230,770
Supplies	152,166	30,000	107,179
Repairs, maintenance and equipment	170,924	55,000	96,930
Other	2,840	2,300	2,479
Expense recoveries	(86,671)	(84,500)	(70,079)
	\$ 547,719	313,792	520,429
Facility costs			
Amortization – building	\$ 695,222	695,222	645,940
Mortgage interest	381,786	382,336	431,105
Other interest	91,043	110,000	112,670
Utilities	321,283	325,940	313,440
Insurance	61,673	59,345	56,509
	\$ 1,551,007	1,572,843	1,559,664
Administration			
Salaries	\$ 684,131	663,139	607,382
Employee benefits	121,024	121,693	112,619
Purchased services	53,399	44,500	40,594
Equipment and information technology	143,310	88,410	55,414
Professional fees	51,371	62,000	80,313
Supplies	25,910	25,000	26,291
Memberships and dues	18,028	19,000	19,353
Other	68,934	107,500	86,512
Expense recoveries	(187,650)	(184,658)	(204,550)
	\$ 978,457	946,584	823,928

SHALOM MANOR LONG TERM CARE HOME**Schedule of other revenues and expenses****For the year ended December 31, 2022**

	Operating Fund	Capital Fund	Maintenance Reserve Fund	Board Directed Reserve Fund	Promissory Note Reserve Fund	Total 2022
Revenues						
Investment income	\$ -	147,431	15,587	18,314	1,238	182,570
Donations	107,470	511,418	-	-	-	618,888
Annual allotment	(188,400)	-	88,400	-	100,000	-
ICIP grants	-	120,893	-	-	-	120,893
	(80,930)	779,742	103,987	18,314	101,238	922,351
Expenses						
Major repairs and replacements	-	214,293	-	-	-	214,293
Capital campaign consulting	-	183,241	-	-	-	183,241
Amortization	-	36,434	-	-	-	36,434
	-	433,968	-	-	-	433,968
	\$ (80,930)	345,774	103,987	18,314	101,238	488,383

For the year ended December 31, 2021

	Operating Fund	Capital Fund	Maintenance Reserve Fund	Board Directed Reserve Fund	Promissory Note Reserve Fund	Total 2021
Revenues						
Investment income	\$ -	148,702	4,730	22,987	9,248	185,667
Donations	61,236	507,782	-	-	-	569,018
Annual allotment	(188,400)	-	88,400	-	100,000	-
	(127,164)	656,484	93,130	22,987	109,248	754,685
Expenses						
Major repairs and replacements	-	82,353	-	-	-	82,353
Capital campaign consulting	-	193,253	-	-	-	193,253
Amortization	-	45,622	-	-	-	45,622
	-	321,228	-	-	-	321,228
	\$ (127,164)	335,256	93,130	22,987	109,248	433,457

SHALOM MANOR LONG TERM CARE HOME**Schedule of development project costs****For the year ended December 31, 2022**

	Actual	Budget	Actual
	2022	(Unaudited) 2022	2021
Salaries and benefits	\$ 85,500	80,000	85,475
Consulting and professional fees	76,088	-	55,938
Mortgage interest	-	25,863	15,781
Supplies and computer expenses	4,428	-	1,463
Travel	46	-	192
	166,062	105,863	158,849
Expense recoveries	(45,667)	(26,863)	(43,638)
	\$ 120,395	79,000	115,211