

Financial Statements of

**STEDMAN COMMUNITY
HOSPICE**

And Independent Auditor's Report thereon

Year ended March 31, 2026



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the St. Joseph's Health System and Board of Trustees of St. Joseph's Lifecare Centre

Opinion

We have audited the financial statements of Stedman Community Hospice (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of change in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the 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 March 31, 2026, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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.



Responsibility 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 the 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's 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 20, 2026

STEDMAN COMMUNITY HOSPICE

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 500	\$ 500
Prepaid expenses	12,025	431
Accounts receivable (note 2)	94,159	62,032
Due from St. Joseph's Lifecare Foundation (note 7(a))	225,520	27
	332,204	62,990
Capital assets (note 3)	4,429,689	4,455,611
	<u>\$ 4,761,893</u>	<u>\$ 4,518,601</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 411,905	\$ 268,302
Due to St. Joseph's Lifecare Centre (note 7(b))	327,831	283,737
Deferred revenue	126,915	—
	866,651	552,039
Deferred capital contributions (note 6)	4,154,711	4,226,031
	5,021,362	4,778,070
Net assets:		
Unrestricted	(259,469)	(259,469)
	<u>\$ 4,761,893</u>	<u>\$ 4,518,601</u>

See accompanying notes to financial statements.

On behalf of the Board:



Trustee



Trustee

STEDMAN COMMUNITY HOSPICE

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenues:		
Residential program	\$ 1,186,085	\$ 1,126,513
Outreach funding	959,766	816,203
One-time funding (note 9)	473,004	473,000
Grief & Bereavement funding (note 9)	—	62,500
Retention incentives funding (note 9)	—	59,552
St. Joseph's Lifecare Foundation	1,388,169	1,332,651
Miscellaneous revenue	372,298	67,495
Amortization of deferred capital contributions (note 6)	200,467	237,947
	4,579,789	4,175,861
Expenses:		
Salaries and benefits	3,620,746	3,204,412
Office and general	938,249	992,971
Amortization of capital assets	200,467	237,947
	4,759,462	4,435,330
Deficiency of revenues over expenses before the undernoted:	(179,673)	—
St. Joseph's Lifecare Foundation – Shortfall One-Time	179,673	—
Deficiency of revenues over expenses	\$ —	\$ (259,469)

See accompanying notes to financial statements.

STEDMAN COMMUNITY HOSPICE

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Invested in capital assets	Unrestricted	2026 Total
Balance, beginning of year	\$ —	\$ (259,469)	\$ (259,469)
Excess of revenue over expenses	—	—	—
Net change in invested in capital assets	—	—	—
Balance, end of year	\$ —	\$ (259,469)	\$ (259,469)

	Invested in capital assets	Unrestricted	2025 Total
Balance, beginning of year	\$ —	\$ —	\$ —
Excess of revenue over expenses	—	(259,469)	(259,469)
Net change in invested in capital assets	—	—	—
Balance, end of year	\$ —	\$ (259,469)	\$ (259,469)

STEDMAN COMMUNITY HOSPICE

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided (used in):		
Operating activities:		
Deficiency of revenues over expenses	\$ —	\$ (259,469)
Items not involving cash:		
Amortization of capital assets	200,467	237,947
Amortization of deferred capital contributions	(200,467)	(237,947)
Changes in non-cash operating working capital:		
Accounts receivable	(32,127)	(36,494)
Prepaid expenses	(11,594)	(150)
Due to/from St. Joseph's Lifecare Centre	44,094	(983)
Due from St. Joseph's Lifecare Foundation	(225,493)	350,601
Accounts payable and accrued liabilities	143,603	(32,674)
Deferred revenue	126,915	—
	45,398	20,831
Financing activities:		
Repayment of loan	—	(3,307)
Investing activities:		
Purchase of capital assets	(174,545)	(78,981)
Deferred capital contributions received (note 6)	129,147	61,457
	(45,398)	(17,524)
Net change in cash	—	—
Cash, beginning of year	500	500
Cash, end of year	\$ 500	\$ 500

See accompanying notes to financial statements.

STEDMAN COMMUNITY HOSPICE

Notes to Financial Statements

Year ended March 31, 2026

Stedman Community Hospice (the “Hospice”) operates a ten-bed residential facility and an outreach program to provide palliative care in the community. It opened the Stedman House for operations in 2004 and moved to its new facility in the Hankinson House in October 2014.

The Hospice is part of St. Joseph’s Lifecare Centre (the “Centre”) which is a division of St. Joseph’s Health System (the “System”). The System is incorporated under the laws of the Province of Ontario. Both the Centre and the System are registered charitable organizations under the Income Tax Act (Canada).

These financial statements do not include the accounts of the other health care facilities which are part of the St. Joseph’s Health System.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada – Handbook.

(a) Basis of presentation:

These financial statements present only the accounts of the Hospice as a separately managed entity. They do not include the accounts of the following related (see note 8) but separately managed entities:

St. Joseph's Lifecare Centre
St. Joseph's Lifecare Foundation

(b) Revenue recognition:

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

Under the Local Health System Integration Act, 2006 and Regulations thereto, the Hospice is funded partly by the Province of Ontario through Home and Community Care Support Services, Hamilton Niagara Haldimand Brant (“HCCSS HNHB”) in accordance with budget arrangements established by the HCCSS HNHB. Operating subsidies are recorded as revenue in the period to which they relate.

Operating subsidies approved but not received at the end of an accounting period are accrued.

These financial statements reflect agreed arrangements approved by HCCSS HNHB with respect to the year ended March 31, 2026.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period.

STEDMAN COMMUNITY HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, as a rate corresponding with the amortization rate of the related capital assets.

Investment income is recognized as revenue when earned.

(c) Capital assets:

Purchased capital assets are recorded at cost.

Repair 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 Hospice's ability to provide services, its carrying amount is written down to its residual value.

Incremental interest incurred during the acquisition, construction or production of capital assets is included in the cost of the capital asset. The interest capitalized is determined by applying the Hospice's average interest rate to the average amount of accumulated expenditures for the asset during the year.

Amortization is recorded over the estimated useful lives of the assets on a straight-line basis at various annual rates between 3% and 20%.

(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 Hospice 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.

STEDMAN COMMUNITY HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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 Hospice 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 Hospice 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.

(e) Contributed goods and services:

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

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Significant items subject to such estimates and assumptions include the useful life of capital assets and accrued liabilities. Actual results could differ from those estimates.

(g) Employer future benefits:

Substantially all the employees of the Hospice are eligible to be members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer high five-year average pay contributory pension plan. As HOOPP's assets and liabilities are not segmented by participating employer, the Hospice accounts for its HOOPP obligation on a cash basis (as a defined contribution plan).

2. Accounts receivable:

	2026	2025
HCCSS funding	\$ 89,947	\$ 23,547
Other	4,212	38,485
	<u>\$ 94,159</u>	<u>\$ 62,032</u>

STEDMAN COMMUNITY HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land improvements	\$ —	\$ —	\$ —	\$ —
Building	5,633,343	1,563,513	4,069,830	4,143,678
Furniture, fixtures and equipment	1,094,322	734,463	359,859	311,933
	\$ 6,727,665	\$ 2,297,976	\$ 4,429,689	\$ 4,455,611

4. Accounts payable and accrued liabilities:

	2026	2025
Accounts payable and other accrued liabilities	\$ 232,045	\$ 149,237
Accrued salaries, wages and employee benefits	179,860	119,065
	\$ 411,905	\$ 268,302

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2025 - \$5,256), which includes amounts payable for payroll related taxes and fees.

5. Pension plan:

Substantially, all full-time employees of the Hospice are members of the Healthcare of Ontario Pension Plan ("HOOPP"). HOOPP is a multi-employer, defined benefit pension plan. As this is a multi-employer plan, no liability has been recorded on the Hospice's books.

Employer contributions to HOOPP on behalf of employees amount to \$201,771 (2025 - \$191,859). The most recent actuarial valuation of HOOPP at December 31, 2025 indicated that the plan is fully funded with assets exceeding liabilities by 109%.

STEDMAN COMMUNITY HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2026

6. Deferred capital contributions:

Deferred capital contributions related to capital assets represent both the unamortized amount of grants already spent, and the unspent amount of donations and grants received for future purchase of capital assets.

The balance of unamortized deferred capital contributions was \$4,154,711 as at March 31, 2026 (2025 - \$4,226,031).

The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	\$ 4,226,031	\$ 4,402,521
Add contributions during year	129,147	61,457
Less amounts amortized to revenue	(200,467)	(237,947)
Balance, end of year	\$ 4,154,711	\$ 4,226,031

7. Related party transactions:

(a) St. Joseph's Lifecare Foundation:

The Hospice is a related party to St. Joseph's Lifecare Foundation (the "Foundation"). Amounts received and receivable from St. Joseph's Lifecare Foundation represent operating and capital funding that the Foundation has committed to pay the Hospice. As of March 31, 2026, the amount owing is \$225,520 (2025 - \$27). While the Hospice receives funding from the HCCSS and the Foundation, any shortfalls in funding are provided by the Foundation to cover the Hospice's operations which amount to \$179,673 (2025 - \$nil).

(b) St. Joseph's Lifecare Centre:

St. Joseph's Lifecare Centre (the "Centre") exercises control over the Hospice by virtue of a shared Board of Directors, management structure and through its funding support.

The Centre performs the treasury, procurement and payroll processes for the Hospice and as such the Hospice reimburses the Centre for costs paid by the Centre on its behalf. During the year the Centre also charged the Hospice expenses of \$506,832 (2025 - \$506,832) related to the Hospice's share of utilities, IT support, administration, finance, maintenance, insurance and various employees who provide services to the Hospice.

At March 31, 2026, there was a net amount owing to the Centre totaling \$327,831 (2025 - \$283,737) which represents amounts incurred by the Centre on behalf of the Hospice.

STEDMAN COMMUNITY HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2026

8. Financial risks:

Liquidity risk:

Liquidity risk is the risk that the Hospice will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospice manages its liquidity risk by monitoring its operating requirements. The Hospice prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2025.