# Consolidated financial statements of
# Runnymede Healthcare Centre

March 31, 2024

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# Independent Auditor's Report

To the Board of Directors of
Runnymede Healthcare Centre

## Opinion

We have audited the consolidated financial statements of Runnymede Healthcare Centre (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, and the results of its operations, its remeasurement gains and losses 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 GAAS 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 GAAS, we exercise professional judgement 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 Corporation’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 Corporation’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 Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 31, 2024

**Runnymede Healthcare Centre**

## Consolidated statement of financial position

As at March 31, 2024

| | Notes | **2024** | 2023 |
|---|---|---|---|
| | | **$** | $ |
| | | | (Restated Note 14) |
| **Assets** | | | |
| Current assets | | | |
| Cash | 4 | **3 368 277** | 6 022 439 |
| Patient and sundry accounts receivable, net | | **5 490 324** | 3 026 199 |
| Harmonized Sales Tax rebate | | **341 305** | 2 944 730 |
| Supplies and prepaid expenses | | **775 502** | 865 007 |
| | | **9 975 408** | 12 858 375 |
| Investments | 5 | **27 162 236** | 12 482 246 |
| Capital assets | 6, 14 | **125 690 453** | 100 510 946 |
| | | **162 828 097** | 125 851 567 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | **18 775 381** | 12 780 777 |
| Deferred operating revenue | | **4 445 273** | 1 091 579 |
| | | **23 220 654** | 13 872 356 |
| Deferred capital contributions | 7(b), 14 | **99 487 962** | 70 422 225 |
| Employee future benefits | 9(c) | **2 845 600** | 2 612 600 |
| | | **125 554 216** | 86 907 181 |
| Commitments and contingencies | 10 and 11 | | |
| **Net assets (deficiency)** | | | |
| Invested in capital assets | 8(a) | **26 202 491** | 30 088 721 |
| Internally restricted | 12 | **23 529 073** | 23 529 073 |
| Unrestricted | | **(16 656 010)** | (18 093 535) |
| | | **33 075 554** | 35 524 259 |
| **Accumulated remeasurement gains** | | **4 198 327** | 3 420 127 |
| | | **37 273 881** | 38 944 386 |
| | | **162 828 097** | 125 851 567 |

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board

_______________________________, President & Chief Executive Officer

_______________________________, Director

**Runnymede Healthcare Centre**
**Consolidated statement of operations**
Year ended March 31, 2024

| | Notes | 2024 $ | 2023 $ (Restated Note 14) |
|---|---|---|---|
| **Revenue** | | | |
| Ministry of Health | 14 | **48 643 391** | 46 863 021 |
| Co-payment and preferred accommodation income | | **2 223 481** | 2 116 785 |
| Ancillary and other revenue | 13 | **2 821 300** | 769 506 |
| Investment income | | **1 642 637** | 1 238 822 |
| Amortization of deferred capital equipment contributions | 8(c) | **90 935** | 75 926 |
| | | **55 421 744** | 51 064 060 |
| **Expenses** | | | |
| Salaries | 14 | **32 464 753** | 29 006 022 |
| Employee benefits | | **9 914 038** | 9 567 182 |
| Contracted services | 14 | **3 673 320** | 4 417 679 |
| Building and equipment repairs and maintenance | | **1 501 827** | 1 351 653 |
| Utilities | | **707 495** | 701 000 |
| Food | | **1 157 398** | 1 117 016 |
| Medical and surgical supplies | | **623 669** | 1 152 469 |
| Drugs | | **1 126 638** | 571 174 |
| Professional fees | | **2 942 055** | 1 765 700 |
| Supplies and other | 14 | **2 037 383** | 1 670 822 |
| Loss on disposal of capital equipment | 8(c) | **—** | 52 723 |
| Amortization of capital equipment | 8(c) | **1 522 306** | 1 608 983 |
| | | **57 670 882** | 52 982 423 |
| Deficiency of revenue over expenses before the undernoted | | **(2 249 138)** | (1 918 363) |
| Amortization of deferred capital building contributions | 8(c) | **1 820 791** | 1 820 791 |
| Amortization of building | 8(c) | **(2 020 358)** | (2 009 904) |
| | | **(199 567)** | (189 113) |
| **Deficiency of revenue over expenses for the year** | | **(2 448 705)** | (2 107 476) |

The accompanying notes are an integral part of the consolidated financial statements.

| | 2024 | 2023 |
|---|---|---|
| | **$** | $ |
| **Accumulated remeasurement gains, at beginning of year** | **3 420 127** | 4 822 030 |
| Change in remeasurement gains for the year | **778 200** | (1 401 903) |
| **Accumulated remeasurement gains, at end of year** | **4 198 327** | 3 420 127 |

The accompanying notes are an integral part of the consolidated financial statements.

**Runnymede Healthcare Centre**

**Consolidated statement of changes in net assets**

Year ended March 31, 2024

| | Notes | Invested in capital assets<br>$<br>(Note 8) | Internally restricted<br>$<br>(Note 12) | Unrestricted<br>$<br>(Note 15) | 2024 Total<br>$ | 2023 Total<br>$ |
|---|---|---|---|---|---|---|
| **Balance, beginning of year** | | **30 088 721** | **23 529 073** | **(18 093 535)** | **35 524 259** | 37 631 735 |
| Deficiency of revenue over expenses for the year | 8(c) | **(1 630 938)** | **—** | **(817 767)** | **(2 448 705)** | (2 107 476) |
| Net change in net assets invested in capital assets | 8(b) | **(2 255 292)** | **—** | **2 255 292** | **—** | — |
| **Balance, end of year** | | **26 202 491** | **23 529 073** | **(16 656 010)** | **33 075 554** | 35 524 259 |

The accompanying notes are an integral part of the consolidated financial statements.

**Runnymede Healthcare Centre**

**Consolidated statement of cash flows**

Year ended March 31, 2024

| | 2024 | 2023 |
|---|---|---|
| | $ | $ |
| | | (Restated Note 14) |
| **Operating activities** | | |
| Deficiency excess of revenue over expenses for the year | **(2 448 705)** | (2 107 476) |
| Add (deduct) items not involving cash | | |
| Amortization of capital assets | **3 542 664** | 3 618 887 |
| Non-pension post-employment benefits expense | **289 300** | 639 800 |
| Non-pension post-employment benefits paid | **(56 300)** | (62 400) |
| Amortization of deferred capital contributions | **(1 911 726)** | (1 896 717) |
| Loss on disposal of capital assets | **—** | 52 723 |
| | **(584 767)** | 244 817 |
| Net change in non-cash working capital balances | | |
| Patient and sundry receivable | **(2 464 125)** | (2 128 422) |
| Harmonized Sales Tax rebate | **2 603 425** | (684 864) |
| Supplies and prepaid expenses | **89 505** | 109 972 |
| Accounts payable and accrued liabilities | **5 994 604** | 3 541 849 |
| Deferred operating revenue | **3 353 694** | (465 656) |
| | **8 992 336** | 617 696 |
| **Capital activity** | | |
| Purchase of capital assets | **(28 722 171)** | (20 668 552) |
| **Investing activity** | | |
| (Purchases) proceeds on sale of investments, net | **(13 901 790)** | (866 769) |
| **Financing activity** | | |
| Deferred contributions - capital | **30 977 463** | 21 918 006 |
| Net increase in cash during the year | **(2 654 162)** | 1 000 381 |
| Cash, beginning of year | **6 022 439** | 5 022 058 |
| **Cash, end of year** | **3 368 277** | 6 022 439 |

The accompanying notes are an integral part of the consolidated financial statements.

## 1. Purpose of the organization

Runnymede Healthcare Centre (the "Corporation"), a corporation without share capital under the *Corporations Act* (Ontario), provides complex continuing care to the residents of Toronto.

The Corporation is a charitable organization registered under the *Income Tax Act* (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as an organization registered under the Act, the Corporation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Under the *Local Health System Integration Act*, 2006, the Ministry of Health ("MOH") assigned to the Toronto Central Local Health Integration Network ("LHIN"), all its rights, duties and obligations. The LHIN has full responsibility for planning, funding and integrating health services in their defined area. Funding is provided to the Corporation for defined health services and volumes formalized through the Hospital Service Accountability Agreement (HSAA), between the LHIN and the Corporation.

On November 1, 2016, the Corporation was notified that 70 complex continuing care beds were to be reclassified to 70 Rehabilitation beds effective April 1, 2017. The reclassification requires the Corporation to meet certain conditions including meeting HSAA obligations including the obligation for a balanced budget.

Effective April 1, 2021, Ontario Health ("OH") assumed all responsibilities of the LHIN as it relates to the Corporation. In addition, all agreements between the Corporation and the LHIN were transferred to OH.

## 2. Significant accounting policies

*Consolidated financial statement presentation*

These consolidated financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards ("PSAS") for government not-for-profit organizations published by Chartered Professional Accountants of Canada ("CPA Canada").

*Reporting entity*

These consolidated financial statements (the "financial statements") reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity a is comprised of the following controlled organizations:

- Runnymede Healthcare Centre (the "Corporation"); and
- Runnymede Long Term Care (the "LTC").

All inter-organizational transactions and balances between the organizations in the reporting entity are eliminated upon preparation of the consolidated financial statements.

*Runnymede Healthcare Centre Charitable Corporation*

These consolidated financial statements do not include the assets, liabilities or operations of Runnymede Healthcare Centre Charitable Corporation (the "Foundation"), a related non-controlled organization (Note 13).

## 2. Significant accounting policies (continued)

*Basis of presentation*

The activities of the Corporation are reflected in the various funds:

- Invested in capital assets - Reflects the investment of the Corporation in capital assets net of external funding.
- Internally restricted - Reflects funds that have been designated by the Board of Directors for specific purposes.
- Unrestricted - Reflects the transactions of the Corporation that are not subject to any restrictions by the Board or from an external funding agency or donor.

*Revenue recognition*

The Corporation follows the deferral method of accounting for contributions. 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 incurred.

The Corporation has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Corporation by OH, previously the LHIN, beginning for the year ended March 31, 2008, and for subsequent years. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Corporation’s performance in a number of areas. If the Corporation does not meet its performance standards or obligations, the OH has the right to adjust funding received by the Corporation. The OH is not required to communicate funding adjustments until after submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of the OH funding received during a year may be increased or decreased subsequent to year end. The amount of revenue recognized in these financial statements represents management’s best estimates of amounts that have been earned during the year.

Funding authorized by the MOH, and/or OH as of the end of the fiscal year, and for which a specific purpose or use has been identified, are recognized as revenue when there is reasonable assurance that the Corporation has complied with, and will continue to comply with, the conditions necessary to earn the funding. The recognition of revenue associated with this funding requires management to make estimates and assumptions based on the best information available at the time of the preparation of these financial statements. Final funding approved is subject to the funders’ reconciliation process and could differ from these estimates.

Funding for which revenue has been earned but not received as at the end of the fiscal year is recognized as accounts receivable. Where a portion of funding relates to performance requirements in a future fiscal period, it is deferred and included as deferred revenue.

Revenue from transactions with performance obligations is recognized when the Corporation satisfies the performance obligations.

*Financial instruments*

The Corporation initially recognizes financial instruments at fair value and subsequently measures them at amortized cost, except for investments which are remeasured at fair value.

The carrying value of cash, patient and sundry accounts receivable, accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of investments is based on quoted prices in an active market for identical financial assets. Transaction costs are expensed as incurred.

## 2. Significant accounting policies (continued)

*Capital assets*

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the assets as follows:

| | |
|---|---|
| Building | 40 years |
| Building service equipment | 15 years |
| Equipment | 3-15 years |
| Furniture and fixtures | 10 years |
| Information technology equipment | 5 years |
| Software | 3 years |

Construction in progress is recorded at cost and will be transferred to the appropriate capital asset category and amortized when the capital asset is put into use.

*Impairment of long-lived assets*

When conditions indicate a tangible capital asset no longer contributes to the Corporation's ability to provide services or that the value of the future economic benefits associated with the tangible capital assets is less than its net book value, then the net book value of the tangible capital asset will be reduced to reflect the decline in the assets value.

*Supplies*

Supplies are valued at the lower of cost and current replacement cost.

*Deferred contributions*

Deferred restricted contributions represent restricted donations which are to be used for future capital or other areas of greatest need.

Deferred capital contributions represent capital grants, restricted capital donations or amounts designated for capital and are amortized over the life of the related capital asset.

*Employee benefit plans*

*(a) Multi-employer plan*

Substantially all of the employees of the Corporation are eligible to be members of the Healthcare of Ontario Pension Plan ("HOOPP" or the "Plan"), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to reflect the Corporation's contributions to HOOPP as the Corporation has insufficient information to apply defined benefit plan accounting.

*(b) Accrued post-employment benefits*

The Corporation accrues its obligations under non-pension employee benefit plans as employees render services and has adopted the following policies:

(i) The cost of non-pension post-employment benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate assumptions.

(ii) Past service costs from plan amendments are recognized immediately.

## 2. Significant accounting policies (continued)

*Employee benefit plans (continued)*

*(b) Accrued post-employment benefits (continued)*

(iii) The cumulative unamortized balance of the net actuarial gains (losses) are amortized over the expected average remaining service life to retirement of active employees. The expected average remaining service life of active employees to retirement is 18 years.

(iv) Liabilities are discounted using the yield on Ontario Provincial bonds plus 60% of the spread between the Ontario provincial bond yields and AA corporate bond yields at March 31, 2024.

*Adoption of new accounting policies*

Effective April 1, 2023, the Corporation adopted PS 3400, Revenue. The adoption of this standard had no impact on the financial statements as the Corporation's previous accounting treatment was compliant with the new standards.

*Use of estimates and assumptions*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include MOH, and/or OH revenue and deferred operating revenue, certain accrued liabilities, employee future benefits liability, harmonized sales tax rebate and the net book value of capital assets which is based on estimated useful lives of the various capital asset categories.

## 3. Financial instruments and risk management

*Fair value hierarchy*

Subsequent to initial recognition financial instruments which are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

All of the Corporation's investments are valued using level 1 fair value measurements as at March 31, 2024 and 2023.

The Corporation, through its financial assets and liabilities has exposure to the following risks from its use of financial instruments: market risks and credit risk.

## 3. Financial instruments and risk management (continued)

*Market risks*

*Price risk*

Price risk is the risk that changes in the prices of the Corporation's investments will affect the Corporation's income or value of its financial instruments. The value of an investment will fluctuate as a result of changes in market conditions, whether these changes are specific to an individual investment or factors affecting all securities traded in the market.

*Foreign currency risk*

Foreign currency exposure arises from holdings of foreign currency denominated investments. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of these investments.

*Credit risk*

The Corporation's principal financial assets are cash, short-term investments, patient and sundry accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Corporation's maximum credit exposure at the statement of financial position date.

The Corporation's credit risk is primarily attributable to its patient and sundry accounts receivables. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment.

## 4. Restricted cash

Cash includes restricted cash of $165,657 ($125,264 in 2023) relating to patient funds held in trust of $3,635 ($3,734 in 2023) and volunteer funds of $162,023 ($121,530 in 2023).

## 5. Investments

Investments are comprised of the following:

| | | **2024** | | 2023 |
|---|---|---|---|---|
| | **Cost** | **Fair value** | Cost | Fair value |
| | **$** | **$** | $ | $ |
| Cash held by Custodian | **197,685** | **197,686** | 121,721 | 121,721 |
| Mutual funds | **10,005,772** | **10,005,772** | 2,150,899 | 2,150,899 |
| Canadian equities | **11,693,624** | **14,068,431** | 6,789,499 | 10,209,626 |
| Foreign equities | **1,066,828** | **2,890,347** | — | — |
| | **22,963,909** | **27,162,236** | 9,062,119 | 12,482,246 |

## 6. Capital assets

| | Cost<br>$ | Accumulated amortization<br>$ | 2024<br>Net book value<br>$ | 2023<br>Net book value<br>$<br>(Restated Note 14) |
|---|---|---|---|---|
| Land | **5,426,129** | **—** | **5,426,129** | 5,426,129 |
| Building | **75,915,303** | **(27,473,703)** | **48,441,600** | 50,350,103 |
| Building service equipment | **898,573** | **(508,549)** | **390,024** | 459,105 |
| Equipment | **10,033,439** | **(7,264,138)** | **2,769,302** | 1,631,935 |
| Furniture and fixtures | **1,798,470** | **(1,717,237)** | **81,232** | 40,633 |
| Information technology equipment and software | **9,030,467** | **(7,520,295)** | **1,510,173** | 3,602,055 |
| Construction in progress | **67,071,943** | **—** | **67,071,943** | 39,000,986 |
| | **170,174,323** | **(44,483,922)** | **125,690,403** | 100,510,946 |

*Construction in progress*

Construction in progress includes the accumulated capital costs for various capital projects where construction is in progress as at March 31, 2024 including Runnymede Long Term Care of $63,360,821 ($36,851,325 in 2023); First Responder Wellness and Rehabilitation Services of $2,941,648 ($2,091,894 in 2023); and the Corporation's various capital projects of $769,474 ($57,767 in 2023).

## 7. Deferred contributions

(a) *Restricted*

Deferred contributions - restricted represent unspent externally restricted donations. Funds designated for and spent on capital are transferred and accounted for as a deferred contribution - capital. Funds designated for non-capital items are recognized in revenue in the year the related expenditures are incurred. Deferred contributions – restricted of $2,635 (2,635 in 2023) are inldued in deferred operating revenue in the statement of financial position.

(b) *Capital*

Deferred contributions - capital represents the unamortized amounts of grants received and receivable and other capital donations for the purchase or development of capital assets. Amortization of deferred contributions - capital of $1,911,726 ($1,896,717 in 2023) is recorded as revenue in the statement of operations. The changes in the deferred contributions - capital balance are as follows:

| | 2024<br>$ | 2023<br>$<br>(Restated Note 14) |
|---|---|---|
| Deferred contributions, capital, beginning of year | **70,422,225** | 50,400,936 |
| Contributions received during the year | **30,977,463** | 21,918,006 |
| | **101,399,688** | 72,318,942 |
| Less: amortization of deferred contributions - capital | **(1,911,726)** | (1,896,717) |
| Deferred contributions - capital, end of year | **99,487,962** | 70,422,225 |

## 8. Net assets invested in capital assets

(a) Net assets invested in capital assets is calculated as follows:

| | 2024<br>$ | 2023<br>$<br>(Restated<br>Note 14) |
|---|---|---|
| Capital assets | **125,690,453** | 100,510,946 |
| Less: amounts financed by deferred capital contributions | **99,487,962** | 70,422,225 |
| Amounts invested in capital assets | **26,202,491** | 30,088,721 |

(b) The net change in net assets invested in capital assets is determined as follows:

| | 2024<br>$ | 2023<br>$<br>(Restated<br>Note 14) |
|---|---|---|
| Purchase of capital assets | **28,722,171** | 20,668,552 |
| Less: deferred contributions, capital received | **(30,977,463)** | (21,918,006) |
| Change in net assets invested in capital assets | **(2,255,292)** | (1,249,454) |

(c) Excess of expenses over revenues:

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Amortization of capital equipment | **(1,522,306)** | (1,608,983) |
| Amortization of building | **(2,020,358)** | (2,009,904) |
| Amortization of deferred capital equipment contributions | **90,935** | 75,926 |
| Amortization of deferred capital building contributions | **1,820,791** | 1,820,791 |
| Loss on disposal of capital assets | **—** | (52,723) |
| Excess of expenses over revenues | **(1,630,938)** | (1,774,893) |

## 9. Pension and other post-employment benefit plans

*(a) Pension plan*

The Corporation is a member of the Healthcare of Ontario Pension Plan (“HOOPP” or the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating member of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, which provide the highest earnings.

The Plan’s assets consist of investment grade securities. Market and credit risks on these securities are managed by the Plan through its policy framework, rebalancing the portfolio on a regular basis, the use of derivatives, and diversification. The most recent actuarial valuation of the plan as at December 31, 2023 indicates that the plan is 115% funded.

## 9. Pension and other post-employment benefit plans (continued)

### *(a) Pension plan (continued)*

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.9% of salary contributed by employees (9.2% of salary above the years maximum pensionable earnings), required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee's contributions. The employer currently contributes 126% of the employee's contribution.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members.

Contributions to the Plan made during the year by the Corporation on behalf of its employees amounted to $2,641,731 ($2,281,500 in 2023) and are included in employee benefits expense in the statement of operations.

### *(b) Accrued post-employment benefits*

The Corporation's non-pension post-employment benefit plans are comprised of medical, dental and life insurance coverage for certain groups of employees who have retired from the Corporation and are between the ages 61 and 65. Spouses of eligible retirees are also covered by the Plans. The most recent actuarial valuation of the Plan was performed as at March 31, 2024, and the results of this valuation will be extrapolated to March 31, 2024.

Information for the Corporation's non-pension post-employment benefit plans and reconciliations to the accrued benefit liability is as follows:

| | **2024** | 2023 |
|---|---|---|
| | **%** | % |
| Discount rate used to determine the obligation | **4.60** | 3.70 |
| Discount rate used to calculate the net benefit costs | **4.70** | 4.60 |
| Expected annual increase in dental care costs | **5.00** | 5.00 |
| Expected annual increase in extended health care costs | **see (i)** | see (i) |

(i) 5.60% per annum; for the first 5 years, reaching 3.57% in 2043

| | **2024** | 2023 |
|---|---|---|
| Average remaining service period of active employees to retirement who are expected to receive benefits under the benefit plan (years) | **17** | 17 |

## 9. Pension and other post-employment benefit plans (continued)

*(c) Accrued benefit liability*

| | **2024** | 2023 |
|---|---|---|
| | **$** | $ |
| Accrued benefit obligation | | |
| Accrued benefit obligation | **2,071,100** | 1,811,500 |
| Unamortized actuarial experience gains | **774,500** | 801,100 |
| Accrued benefit liability on the statement of financial position | **2,845,600** | 2,612,600 |

The Corporation's non-pension post-employment benefit expense is comprised as follows:

| | **2024** | 2023 |
|---|---|---|
| | **$** | $ |
| Net benefit costs recognized | | |
| Current service costs | **230,000** | 286,500 |
| Prior service costs incurred during the year | | |
| Amortization of actuarial losses and (gains) | **(34,600)** | 21,900 |
| Interest expense | **93,900** | 101,000 |
| | **289,300** | 409,400 |

| | **2024** | 2023 |
|---|---|---|
| | **$** | $ |
| Accrued benefit liability | | |
| Beginning of year | **2,612,600** | 2,035,200 |
| Expense | **289,300** | 639,800 |
| Benefit paid | **(56,300)** | (62,400) |
| Accrued benefit liability on the statement of financial position | **2,845,600** | 2,612,600 |

## 10. Contingencies and guarantees

The nature of the Corporation's activities is such that there is usual potential for litigation or in prospect at any time. With respect to claims at March 31, 2024, management believes the Corporation has valid defenses and an appropriate insurance coverage in place to mitigate the potential risk. Management believes in the event any claims are successful, that such claims are not expected to have a material effect on the Corporation's financial position.

In the normal course of business, the Corporation enters into agreements that meet the definition of a guarantee. The Corporation's primary guarantees are as follows:

(a) Indemnity has been provided to all directors and or officers of the Corporation for various items including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Corporation. The maximum amount of any potential future payment cannot be reasonably estimated.

## 10. Contingencies and guarantees (continued)

(b) In the normal course of business, the Corporation has entered into agreements that include indemnities to protect the Corporation from any claims or potential claims brought on by third party contractors. The Corporation requests proof of insurance certificate and/or to be added onto the third-party insurance policy as additionally insured. These indemnification agreements may require the Corporation to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(c) The Corporation is a member of the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of liability insurance risks of its members. All members of the pool pay annual premiums, which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they are members. No negative reassessments have been made to March 31, 2024.

(d) Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income, less the obligation for claims reserves and expenses and operating expenses. Each subscriber who has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors at HIROC. There is no distributions receivable from HIROC as at March 31, 2024.

The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Corporation has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the statement of financial position with respect to these agreements.

## 11. Commitments

The Corporation’s future operating commitments expiring at various dates up to 2026 relate to capital asset construction; service and maintenance of equipment; managed services for supply chain processes and information technology infrastructure and support are as follows:

| | $ |
|---|---|
| 2025 | 48,490,990 |
| 2026 | 5,577,085 |
| 2027 | 1,371,048 |
| | 55,439,123 |

## 12. Internally restricted net assets

Internally restricted net assets include funds committed to support patient programs and services and allow the Corporation to continue to provide leading edge, patient-centred care.

## 13. Related party transactions

The Corporation is related to the Foundation as the Corporation has an economic interest in the net assets of the Foundation. However, the Corporation does not exercise control or significant influence over the Foundation; consequently, these consolidated statements do not include the assets, liabilities and activities of the Foundation.

During the year, the Corporation received from the Foundation contributions of $245,023 ($383,112 in 2023). As at March 31, 2024, the Foundation owed the Corporation $290,464 ($239,164 as at March 31, 2023).

## 14. Prior period adjustment

During the year it came to the Corporation's attention that capital costs incurred in relation to an ongoing capital project had been expensed in the prior year and the associated funding was recognized into income. These expenses should have been recorded as capital assets and the funding received in relation to these costs should have been recorded as deferred capital contributions. The comparative figures have been retroactively restated as follows to reflect the resulting prior period adjustment:

| | As previously reported<br>$ | Adjustment<br>$ | As restated<br>$ |
|---|---|---|---|
| As at March 31, 2023 | | | |
| Assets | | | |
| Capital assets | 98,419,052 | 2,091,984 | 100,510,946 |
| Liabilities | | | |
| Deferred capital contributions | 68,330,331 | 2,091,984 | 70,422,225 |
| For the year ended March 31, 2023 | | | |
| Revenue | | | |
| Ministry of Health | 48,954,915 | (2,091,894) | 46,863,021 |
| Expenses | | | |
| Salaries | 29,181,022 | (175,000) | 29,006,022 |
| Contracted services | 6,309,593 | (1,891,914) | 4,417,679 |
| Supplies and other | 1,695,802 | (24,980) | 1,670,822 |