Humber River Health
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Humber River Health

Opinion

We have audited the financial statements of Humber River Health (the "Hospital"), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in net assets, remeasurement gains, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hospital 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 these 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 Hospital'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 Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital'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 these financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Hospital'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 Hospital'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 Hospital 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 27, 2024

Humber River Health
Statement of Financial Position
(expressed in thousands)

	March 31, 2024 $	March 31, 2023 $ (Restated) (Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	**40,962**	83,605
Restricted cash and investments *[note 3]*	**178,387**	135,462
Accounts receivable *[note 5]*	**23,893**	22,353
Inventory	**6,833**	5,996
Prepaid expenses	**6,074**	4,776
Current portion of long-term receivable *[note 6]*	**11,423**	10,703
Total current assets	**267,572**	262,895
Long-term receivable *[note 6]*	**485,955**	497,378
Other non-current assets *[note 7]*	**8,507**	7,222
Interest rate swaps *[note 17]*	**8,874**	5,857
Capital assets *[note 9]*	**1,383,297**	1,402,977
	2,154,205	2,176,329
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities *[note 10]*	**202,694**	193,965
Current portion of long-term debt *[note 18]*	**3,772**	4,198
Current portion of MES lease obligation *[note 12]*	**10,823**	10,186
Current portion of long-term payable *[note 11]*	**11,598**	10,826
Legal defense fund *[note 17[ii]]*	**4,452**	4,547
Total current liabilities	**233,339**	223,722
Long-term debt *[note 18]*	**109,554**	124,977
Post-employment benefits *[note 13]*	**10,075**	9,330
MES lease obligation *[note 12]*	**10,909**	6,373
Long-term payable *[note 11]*	**511,712**	521,942
Asset retirement obligation *[note 14]*	**9,364**	8,576
Deferred capital contributions *[note 15b]*	**1,218,002**	1,237,522
Total liabilities	**2,102,955**	2,132,442
Commitments and contingencies *[note 17]*		
Net assets		
Unrestricted	**36,467**	32,463
Internally restricted	**5,551**	5,384
	42,018	37,847
Accumulated remeasurement gains	**9,232**	6,040
	2,154,205	2,176,329

On behalf of the Board:

Trustee

Trustee

The accompanying notes are an integral part of these financial statements.

Humber River Health
Statement of Changes in Net Assets
(expressed in thousands)

For the year ended March 31	Internally Restricted	Unrestricted	2024 $ Total	2023 $ (Restated) (Note 1) Total
Net assets, beginning of year	**5,384**	**32,463**	**37,847**	30,354
Adoption of Public Private Partnerships *[note 1]*	**-**	**-**	**-**	3,656
Net assets, beginning of year restated	**5,384**	**32,463**	**37,847**	34,010
Excess of revenue over expenses for the year	**-**	**4,171**	**4,171**	3,100
Adoption of Public Private Partnerships *[note 1]*	**-**	**-**	**-**	737
Excess of revenue over expenses for the year as restated	**-**	**4,171**	**4,171**	3,837
Interfund transfer	**167**	**(167)**	**-**	-
Net assets, end of year	**5,551**	**36,467**	**42,018**	37,847

The accompanying notes are an integral part of these financial statements.

Humber River Health
Statement of Remeasurement Gains
(expressed in thousands)

For the year ended March 31	2024 $	2023 $
Accumulated remeasurement gains, beginning of year	**6,040**	548
Unrealized gains attributable to change in fair value		
Derivative interest rate swaps	**3,017**	5,309
Investments	**175**	183
Net remeasurement gains for the year	**3,192**	5,492
Accumulated remeasurement gains, end of year	**9,232**	6,040

The accompanying notes are an integral part of these financial statements.

Humber River Health
Statement of Operations
(expressed in thousands)

For the year ended March 31	2024 $	2023 $ (Restated) (Note 1)
REVENUE		
Ministry of Health and Ontario Health *[note 2a]*	**614,630**	553,489
Patient services	**46,886**	41,582
Ancillary and other	**35,353**	28,655
Amortization of deferred capital contributions - equipment	**6,941**	7,122
	703,810	630,848
EXPENSES		
Salaries, wages and benefits	**445,527**	414,782
Medical and surgical supplies	**52,043**	42,944
Drugs and gases	**32,466**	27,877
Supplies and other expenses	**126,724**	102,908
Specifically funded programs	**19,780**	17,937
Amortization - equipment	**22,667**	20,682
	699,207	627,130
Excess of revenue over expenses for the year before other items	**4,603**	3,718
OTHER ITEMS		
Revenue allocated to buildings and innovation	**10,741**	11,252
Building amortization, lifecycle and interest - net *[note 15a]*	**(6,972)**	(6,390)
Interest on long-term debt	**(4,201)**	(4,743)
Excess of revenue over expenses for the year	**4,171**	3,837

Humber River Health
Statement of Cash Flows
(expressed in thousands)

For the year ended March 31	2024 $	2023 $ (Restated) (Note 1)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**4,171**	3,837
Add (deduct) items not requiring cash		
Amortization	**65,888**	65,947
Amortization of deferred capital contributions	**(44,446)**	(46,419)
Amortization of deferred financing fee	**37**	37
	25,650	23,402
Net change in non-cash working capital balances related to operations *[note 19]*	**4,959**	48,417
Accrual for post-employment benefits	**745**	621
Accretion on asset retirement obligation	**778**	310
Cash provided by operating activities	**32,132**	72,750
FINANCING AND CAPITAL ACTIVITIES		
Deferred capital contributions received	**24,926**	57,471
Repayment of long-term debt	**(15,849)**	(4,096)
Purchase of capital assets	**(46,235)**	(102,768)
Decrease in long-term receivable	**10,703**	10,028
Increase in other non-current assets	**(1,285)**	(1,093)
Decrease in long-term payable	**(9,458)**	(9,860)
Increase (decrease) in MES lease obligation	**5,173**	(1,468)
Cash used in financing and capital activities	**(32,025)**	(51,786)
INVESTING ACTIVITY		
Increase in restricted cash and investments	**(42,750)**	(42,642)
Cash used in investing activity	**(42,750)**	(42,642)
Net decrease in cash during the year	**(42,643)**	(21,678)
Cash and cash equivalents, beginning of year	**83,605**	105,283
Cash and cash equivalents, end of year	**40,962**	83,605

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Nature and purpose of organization

Humber River Health [the "Hospital"] is incorporated without share capital under the Corporations Act (Ontario). The Hospital provides a full range of secondary level care and selected regional services principally to the residents of northwest Toronto.

The Hospital is a charitable organization registered under the Income Tax Act (Canada) [the "Act"] and, as such, is exempt from income taxes. In order to maintain its status as an organization registered under the Act, the Hospital must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Basis of accounting and presentation

The financial statements of the Hospital have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

These financial statements do not include the activities of the following affiliated entities *[note 16]*:

- Humber River Health Foundation (The Foundation)
- Humber River Hospital Volunteer Association (The Volunteer Association)

These financial statements also do not include the assets, liabilities and results of operations of Humber Meadows Long-Term Care Home (Humber Meadows) as it maintains its own accounts and report separately from the Hospital to its own governing body. In accordance with PSAS, the Hospital has chosen not to consolidate but disclose summarized information into a note *[note 16]*.

Cash and cash equivalents

Cash and cash equivalents consist of bank accounts and term deposits held at a chartered bank. The Hospital considers all highly liquid investments that are cashable within 90 days to be cash equivalents. As at March 31, 2024, cash equivalents includes a term deposits of $6,095 [2023 - $30,408] with maturity date between May 14, 2024 and May 21, 2024 [2023 – April 3, 2023] and earns interest between 5.40% and 5.50% [2023 – 4.20%].

These cash equivalents consist of term deposits that are recorded at fair value, which is considered to be cost plus accrued interest.

Inventory

Inventory is valued at the lower of cost, which is recorded on the first in first out basis, and net realizable value. Inventory consists of drugs, medical and general supplies that are used in the Hospital's operations and not for resale purposes.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition. Amortization of buildings, service equipment and equipment is provided on a straight-line basis over the assets' estimated useful lives at the rates indicated as follows:

Buildings and building service equipment	2% to 20%
Equipment	5% to 33%

MES capital lease

The Hospital entered into an agreement with General Electric Canada for long-term managed equipment services that includes new equipment, equipment replacement at specified periods in time and maintenance on this equipment. The agreement is being treated as a capital lease as substantially all of the benefits and risks associated with ownership are transferred to the Hospital. Assets under capital lease are recorded with an offsetting obligation in the period in which new equipment is delivered to the Hospital. The equipment is amortized in a manner consistent with capital assets owned by the Hospital and the obligation including interest thereon is expensed over the term of the lease. The maintenance component of the lease is expensed over the term of the lease.

Internally restricted net assets

Net assets internally restricted by the Board of Directors are for innovation projects. During the year, the Board approved the transfer of $167 [2023 - $1,246] to internally restricted.

Contributed services

The Humber River Hospital Volunteer Association volunteer numerous valuable hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (MOH) and the Ontario Health – Toronto Region (OH). The Hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) and Multi-Sector Service Accountability Agreement (M-SAA) for fiscal year 2024 with OH that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by OH. The H-SAA and M-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, OH has the right to adjust funding received by the Hospital. OH is not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of OH funding received by the Hospital during the year may be increased or decreased subsequent to year end.

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants. Unrestricted contributions are recognized as revenue when received or if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in a subsequent period. These financial statements reflect agreed arrangements approved by the MOH and OH with respect to the year ended March 31, 2024.

Ancillary revenue and other revenue from patient services and ancillary revenue is recognized when services are performed or goods are delivered.

Except for amounts restricted for capital, which are recorded as deferred contributions, interest and income distributions from pooled funds and realized gains or losses attributed to investments are recorded in the statement of operations and unrealized gains and losses are recorded in the statement of remeasurement gains.

Employee benefit plans

[i] Multi-employer plan

Substantially all of the employees of the Hospital 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. This plan is accounted for as a defined contribution plan. The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

[ii] Accrued post-employment benefits

The Hospital provides defined retirement and post-employment benefits to certain employee groups. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment. The discount rate used in the determination of the above-mentioned liabilities is equal to the provincial cost of borrowing rate recommended by MOH.

Financial instruments

The Hospital is party to an interest rate swap agreement that manages the exposure to market risks from changing interest rates. At March 31, 2024, $113,550 [2023 - $117,218] is the outstanding amount advanced under this interest rate swap. HRH's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

Fair value

This category is comprised of cash and cash equivalents, restricted cash and investments and derivative instruments. These financial instruments are initially measured at cost and subsequently carried at fair value with changes in fair value recognized in the statement of changes in net assets. Changes in fair value of derivative instruments are recognized in the statement of remeasurement gains until they are realized, when they are transferred to the statement of changes in net assets. Transaction costs related to financial instruments in the fair value category are expensed as incurred. Changes in fair value on restricted assets are recognized as a liability until the restriction criterion has been met.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized cost

This category includes accounts receivable, long-term receivable, other non-current assets, accounts payable and accrued liabilities, legal defense fund, long-term debt and long-term payable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

(expressed in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Use of estimates

The preparation of the financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management believes that the estimates utilized in preparing the financial statements are reasonable and prudent; however, actual results could differ from those estimates. Areas of key estimation include determination of fair value for investments, allowance for doubtful accounts, useful lives of capital assets, asset retirement obligations and actuarial estimation of post-employment benefits.

Change in accounting policy

[i] PSAS 3160 Public Private Partnerships

Effective April 1, 2023, the Hospital adopted new Public Sector Accounting Handbook Standard PSAS 3160 Public Private Partnerships, using the retrospective method with restatement. As a result of the adoption, the presentation of the financial statements has changed from the prior year. The standard requires an infrastructure asset and corresponding liability to be recognized using principals in Section PS 3160. The Hospital previously recognized an asset and liability, but upon adoption of Section PS 3160, these balances were remeasured based upon the new applicable guidance.

The impact of adoption of this standard was as follows:

Statement of Financial Position as at April 1, 2022	$
Increase in capital assets	$29,665
Increase in deferred capital contributions	26,009
Decrease in net assets	3,656

Statement of Operations for the year ended March 31, 2023	$
Decrease in building revenue	$1,978
Decrease in building expenses	2,715

Public Private Partnerships

The Hospital initially recognizes infrastructure, or a betterment to infrastructure, procured through a public private partnership arrangement as an asset at cost where, through the terms and economic substance of the public private partnership the Hospital controls the purpose and use of the infrastructure, access to the future economic benefits and exposure to risks of the infrastructure asset,

(expressed in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

and any significant residual interest in the infrastructure at the end of the public private partnership's term. Where cost of the infrastructure asset is neither determinable nor verifiable from the public private partnership process and agreement, cost is determined to be the estimated fair value of the asset at the transaction date.

Infrastructure assets are subsequently amortized on a straight-line basis over their estimated useful lives as follows:

Hospital Facility at 1235 Wilson Ave, Toronto, 50 years

When the Hospital recognizes an infrastructure asset in relation to a public private partnership and has an obligation to provide consideration to the private sector partner, it recognizes a liability that is initially measured at the same amount as the related infrastructure asset, reduced by any consideration previously provided to the private sector partner. When the liability results from a combination of the financial liability model and the user pay model, the liability is separated into a financial liability and a performance obligation.

The financial liability is subsequently measured at amortized cost using the effective interest method. For the financial liability for Facility, the Hospital was unable to determine the implicit contract rate, the weighted average cost of capital specific to the public private partnership arrangement or the private sector partner’s cost of capital. As a result, the discount rate used to determine the financing charge embedded in the financial liability was the Hospital’s cost of borrowing for an obligation of a similar amount and risk profile upon of initial recognition.

When the Hospital has granted the private sector partner the right to earn revenue from third party users or from another revenue generating asset as compensation, revenue is recognized, and the liability is subsequently reduced as the performance obligation(s) are satisfied. The Hospital reduces the related performance obligation and recognizes revenue on a straight-line basis over the term of the arrangement.

[ii] PSAS 3280 Asset Retirement Obligation

Effective April 1, 2022, the Hospital adopted new Public Sector Accounting Handbook Standard PSAS 3280 Asset Retirement Obligation. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires an adjustment to opening accumulated net assets and the liability is measured as of the date the legal obligation was incurred. However, the discount rate and assumptions used are those as of the first date of adoption. The change in accounting policy has been applied retroactively with restatement of prior year. The impact of the adoption of this standard was as follows:

	March 31, 2023 $
Increase in capital assets	620
Increase in asset retirement obligation *[note 14]*	8,266
Increase in building amortization and interest, net	354
Decrease in net assets	7,292

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. COVID-19

(a) COVID-19 MINISTRY OF HEALTH FUNDING

In response to the ongoing COVID-19 pandemic, the MOH has provided funding programs to assist hospitals with incremental operating and capital costs, revenue decreases as a result of COVID-19 and working fund support. Additionally, as part of the broad based funding reconciliation, the MOH is allowing hospitals to reallocate surplus funding that otherwise would have been repayable from certain programs to offset budget constraints created by COVID-19.

Management's estimate of the Hospital's MOH revenue is based on guidance which continues to evolve and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. This guidance includes the maximum amount of funding potentially available to the Hospital, as well as the criteria for eligibility. As a result, there is measurement uncertainty associated with the MOH revenue related to COVID-19. In addition, as the funding is subject to review and reconciliation in subsequent periods, funding recognized as revenue during a period may be increased or decreased in subsequent periods.

(b) FINANCIAL IMPACTS OF COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Since March 2020, the Hospital has been making changes to certain volume-based programs, which had implications on its patient revenues and certain ancillary revenues. These services continue to be impacted under government-imposed restrictions. In addition, the Hospital has been incurring incremental expenses relating to the pandemic. The Ministry of Health provided funding for net incremental COVID-19 capital and operating expenses.

Based on funding and commitments received from the MOH to cover all incremental COVID-19 operational and capital costs, the Hospital recognized additional one-time revenues and capital grants

(expressed in thousands)

2. COVID-19 (continued)

for fiscal years 2023 and 2024. If the Hospital does not meet its performance standards or obligations, the Ministry has the right to adjust the COVID-19 funding received by the Hospital. The Ministry is not required to communicate the funding adjustments until after the submission of the year-end data. Therefore, the funding received for COVID-19 may be increased or decreased subsequent to year-end. The amount of revenue recognized in the financial statements represents management's best estimates of the amount earned during the year.

As the impacts of COVID-19 continue, there could be further impact on the Hospital, including its funding sources. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Hospital is not able to fully estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity at this time.

3. RESTRICTED CASH AND INVESTMENTS

In May 2000, the Hospital received from the Ontario Ministry of Health (MOH), an unconditional capital grant from the Superbuild Growth Fund for capital projects directed by the Health Services Restructuring Commission. The balance for the Superbuild fund at March 31, 2024 is $6,994 [2023 - $6,994].

Included in planning and capital grants is $10,000 received from MOH which is payable to the MOH representing unspent funds towards their share of Humber River's new hospital construction costs [*note 10*].

The Hospital received from MOH other planning and capital grants to assist with developing the Humber River Health's new hospital project, Finch Site Reactivation Care Centre and Church Site Reactivation Care Centre. In 2021, the Hospital received planning and capital grants from the Ministry of Long Term Care for the construction of a Long Term Care Home Facility [*note 9*]. The planning and capital grants balance at year end was $13,431 [2023 - $35,964].

The unspent portion of these grants are invested in term deposits, bankers' acceptances or current accounts bearing average interest rates ranging from 3.25% to 5.81% [2023 – 0.40% to 4.85%]. The interest income earned was $1,017 [2023 - $510].

The restricted cash and investments are summarized in the following continuity table:

	2024	2023
	$	$
Legal defense fund	**6,743**	6,333
Planning and capital grants	**13,431**	35,964
Humber River Health sinking fund	**2,756**	2,621
Restricted investment fund	**11,434**	22,828
Innovation fund	**5,533**	5,276
	39,897	73,022
Unrestricted investment fund	**138,490**	62,440
	178,387	135,462

(expressed in thousands)

3. RESTRICTED CASH AND INVESTMENTS (continued)

Legal defense fund:
Effective January 1, 2014, the Hospital entered into an arrangement with Health Care Insurance Reciprocal of Canada (HIROC) whereby the costs of investigating and defending any litigation claims are borne by the Hospital.

The Hospital has transferred funds to an account held by HIROC Management Limited (HML), as the Hospital's appointed agent, to fund expected payments. The cash balance of $6,743 [2023 - $6,333] is restricted to these payments.

Sinking fund:
Under the Development Accountability Agreement, the Hospital was required to establish a sinking fund, three months in advance of substantial completion, to pay for its share of the new hospital. The sinking fund trust account should contain at all times an amount equal to at least six months of long term debt interest costs and the Hospital's share of the annual service payments excluding facility management services. The Hospital's sinking fund, as at March 31, 2024, was $2,756 [2023 - $2,621] and is held in trust by Computershare.

Unrestricted and restricted investment fund:
Unrestricted and restricted investment fund includes guaranteed investment certificates (GICs) and funds held by a custodian and managed under the direction of an investment manager. The investments are recorded at fair value and the components are as follows:

	2024 Fair Value $	2024 Cost $
Cash and cash equivalents	41	41
Fixed income securities	79,406	79,048
Money market fund	3,919	3,919
Guaranteed investment certificates	66,557	66,557
	149,923	149,565

Innovation fund:
Innovation fund consists of cash restricted for innovation projects.

4. FINANCIAL INSTRUMENT CLASSIFICATIONS

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

(expressed in thousands)

4. FINANCIAL INSTRUMENT CLASSIFICATIONS (continued)

	2024		
	Fair Value	Amortized Cost	Total
	$	$	$
Cash and cash equivalents	-	40,962	40,962
Accounts receivable	-	23,893	23,893
Long-term receivable	-	497,378	497,378
Other non-current assets	-	8,507	8,507
Restricted cash and investments	178,387	-	178,387
Accounts payable and accrued liabilities	-	(202,694)	(202,694)
Legal defense fund	-	(4,452)	(4,452)
Long-term debt	-	(113,326)	(113,326)
Long-term payable	-	(523,310)	(523,310)
Interest rate swaps	8,874	-	8,874

	2023		
	Fair Value	Amortized Cost	Total
	$	$	$
Cash and cash equivalents	-	83,605	83,605
Accounts receivable	-	22,253	22,253
Long-term receivable	-	508,081	508,081
Other non-current assets	-	7,222	7,222
Restricted cash and investments	135,462	-	135,462
Accounts payable and accrued liabilities	-	(193,965)	(193,965)
Legal defense fund	-	(4,547)	(4,547)
Long-term debt	-	(129,175)	(129,175)
Long-term payable	-	(532,768)	(532,768)
Interest rate swaps	5,857	-	5,857

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, 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 using the last bid price;
- 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

(expressed in thousands)

4. FINANCIAL INSTRUMENT CLASSIFICATIONS (continued)

- 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).

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Restricted cash and investments	178,387	-	-	178,387
Interest rate swaps	-	-	8,874	8,874

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2024. There were also no transfers in or out of Level 3.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2024 **$**	2023 $
Patient Receivables		
OHIP	**2,715**	2,748
WSIB	**614**	209
Third Party-Self Pay	**5,615**	1,804
Other Third Party	**7,733**	4,534
	16,677	9,295
Impairment allowance	**(7,013)**	(466)
Sub-total	**9,664**	8,829
Non-Patient Receivables	**12,182**	11,107
Receivable from MOH/OH	**1,994**	2,164
Receivable from HRH Foundation	**53**	60
Receivable from Humber Meadows	**-**	193
Balance, end of year	**23,893**	22,353

Included in accounts receivable is $6,108 [2023 - $5,617] relating to HST.

6. LONG-TERM RECEIVABLE

The Hospital has recorded a long-term receivable of $497,378 [2023 - $508,081] from MOH for the New Acute Care Hospital.

The long-term receivables are summarized in the following continuity tables.

(expressed in thousands)

6. LONG-TERM RECEIVABLE (continued)

	2024 **$**	2023 $
Long-term building receivable balance, beginning of year	**508,081**	518,109
Funds received	**(10,703)**	(10,028)
	497,378	508,081
Less: current portion	**(11,423)**	(10,703)
	485,955	497,378

Payments to the Hospital from MOH for the next five years and thereafter are as follows:

	$
2025	11,423
2026	12,190
2027	13,008
2028	13,880
2029	14,809
2030 and thereafter	432,068
	497,378

7. OTHER NON-CURRENT ASSETS

Included in Other non-current assets is a prepayment related to the lease of the land from Infrastructure Ontario for the New Acute Care Hospital. As at March 31, 2024, the amount of prepaid land lease is $7,899 [2023 - $7,014].

8. PUBLIC PRIVATE PARTNERSHIPS

In 2011, the Hospital entered into a public private partnership arrangement with Plenary Health Care Partnerships Humber LP (the Partner) for the design, construction, financing and maintenance of the hospital facility on land leased by the Hospital at 1235 Wilson Avenue, Toronto. The effective date of the arrangement is upon the substantial completion date of the hospital facility or May 11, 2015. Under the terms of this arrangement, the Partner is responsible for constructing, financing and maintaining the hospital facility for a period of 30 years in exchange for cash payments over the same term.

As of May 1, 2015, the hospital facility with associated equipment were recorded as capital assets at a cost of $1,293,592. The related liability was recorded at $568,961, being the remainder after deducting the initial payments of $724,631 from the cost of the infrastructure asset. Refer to Note 9 – Capital Assets for further information on the accumulated amortization and net book value of the hospital facility. If an event of default, as defined in the arrangement occurs, the Hospital can terminate the agreement with the Partner.

Under the terms of the arrangement, the Hospital is obligated to provide the Partner with access to the hospital facility.

(expressed in thousands)

8. PUBLIC PRIVATE PARTNERSHIPS (continued)

Throughout the term of the arrangement, the Hospital has a financial liability to compensate the Partner on an annual basis. During the current year, the Hospital recognized $32,423 (2023 - $31,081) of interest expense related to this requirement.

Throughout the term of the arrangement, the Hospital is also contractually obligated to pay the Partner lifecycle cost of $238,694, to compensate them for repairs, replacements and refurbishments of the infrastructure asset. The Hospital has recognized in the current year in lifecyle cost expenses of $5,035 (2023 - $4,849).

In addition to lifecycle payments, the Hospital has a contractual obligation to pay the Partner to manage the hospital over the term of the 30 year agreement. During the current year, the Hospital recognized $11,922 (2023 - $10,548) of maintenance expense related to this obligation.

Under the terms of the arrangement, the Hospital also has a contractual right to receive repayments from the Partner where there are assessed quality deficiencies and a difference in energy consumption. During the current year the Hospital recognized $1,027 (2023 - $42) as a reduction to maintenance and operation expense.

9. CAPITAL ASSETS

Capital assets consist of the following:

	2024		2023	
	$		$	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
	$	**$**	$	$
			(Restated)	(Restated)
Land	**761**	**-**	761	-
Buildings & building service equipment	**1,681,194**	**377,332**	1,505,647	334,145
Equipment	**251,068**	**174,779**	216,678	153,996
Construction in progress	**2,385**	**-**	168,032	-
	1,935,408	**552,111**	1,891,118	488,141
Net book value		**1,383,297**		1,402,977

Substantial completion of the New Acute Hospital was May 11, 2015; however, the final completion certification of the project has not been issued. Any potential adjustment to the costs will be recorded on a prospective basis. Cost for the New Acute Hospital are included in Hospital facility at 1235 Wilson Ave.

The Hospital was awarded an opportunity by the Ministry of Long-Term Care to develop a 320-bed long-term care home facility on its land at Finch Site location. The construction of the facility commenced December 2020 and was completed during June 2023. As of March 31, 2024, the Hospital incurred total project costs of $149 [2023 - $162,496] which is included in construction in progress. The long-term care facility is operated by Humber Meadows *[note 16]*.

(expressed in thousands)

9. CAPITAL ASSETS (continued)

A total of $1,917 [2023 - $3,916] of assets that are fully amortized and no longer in use were written off within the fiscal year.

Assets under capital lease *[note 12]* are included in equipment above as follows:

	2024		2023	
	Cost $	**Accumulated Amortization $**	Cost $	Accumulated Amortization $
Equipment under capital lease	**91,656**	**57,766**	77,856	51,242
Net book value		**33,890**		26,614

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is $10,000 [2023 - $10,000] due to MOH related to construction costs and $82,375 [2023 - $75,680] of deferred revenue from the MOH, OH, Research and others.

11. LONG-TERM PAYABLE

Balance includes the following:

	2024 $	2023 $
Due to PHCP [i]	**497,378**	508,081
Other PHCP payable [ii]	**13,678**	12,651
MOH deferred revenue [iii]	**9,871**	10,073
Other long-term payable [iv]	**2,383**	1,963
	523,310	532,768
Less: current portion	**11,598**	10,826
	511,712	521,942

[i] Based on the payment terms in the Plenary Health Care Partners (“PHCP”) project agreement, the Hospital has recorded a long-term payable to PHCP in the amount of $497,378 [2023 - $508,081] and a long-term receivable of $497,378 [2023 - $508,081] from the MOH. These amounts are included in deferred capital contributions [*note 15*].

(expressed in thousands)

11. LONG-TERM PAYABLE (continued)

Payments to PHCP for the next five years and thereafter are as follows:

	$
2025	11,422
2026	12,190
2027	13,008
2028	13,880
2029	14,809
2030 and thereafter	432,069
	497,378

[ii] Other PHCP payable related to payments withheld based on the PHCP project agreement. These amounts are currently in discussion with Plenary and are not expected to be settled within a year.

[iii] MOH deferred revenue relates to funding received to cover transaction costs related to the amount due to PHCP. Amounts will be amortized over the term of the payable.

[iv] Other long-term payable related to the renovation and management of properties on the Church site location.

12. MES LEASE OBLIGATION

In fiscal 2016, the Hospital entered into a lease agreement for certain equipment under managed equipment services with General Electric Canada, which requires monthly payments of principal plus interest and maintenance costs. The lease has an interest rate of 8.05%, expiring at the equipment replacement dates, at which time the Hospital has the option to purchase the equipment.

The capital lease is recorded as follows:

	2024	2023
	$	$
MES lease obligation	**21,732**	16,559
Less: current portion	**10,823**	10,186
	10,909	6,373

The current portion represents payments to be made over the next 12 months. For a full repayment schedule related to the MES equipment contract. See Note 17 [iv].

Included in operations is $1,477 [2023 - $1,368] related to interest on this lease obligation.

13. EMPLOYEE BENEFIT PLANS

[a] Multi-employer plan

Substantially all of the employees of the Hospital are eligible to be members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come

(expressed in thousands)

13. EMPLOYEE BENEFIT PLANS (continued)

due. Contributions made to the plan during the year by the Hospital amounted to $27,556 [2023 - $22,920]. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2023 disclosed net assets available for benefits of $112,635,000 with pension obligations of $102,454,000 resulting in a surplus of $10,181,000.

[b] Post-employment benefits
The Hospital's non-pension post-employment benefit plans comprise medical, dental and life insurance coverage for certain groups of employees who have retired from the Hospital and are between the ages of 55 and 65. The most recent actuarial valuation of the plan was March 31, 2024.

	2024	2023
	$	$
Accrued benefit obligation	**11,927**	12,274
Unamortized experience loss	**(1,852)**	(2,944)
Accrued benefit liability	**10,075**	9,330

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligations for the non-pension, post-employment benefit plans are as follows:

	2024	2023
	%	%
Discount rate	**3.95**	4.04
Dental cost trend rates	**5.00**	3.00
Extended Health care trend rates	**5.97**	5.57

14. ASSET RETIREMENT OBLIGATION

The Hospital’s financial statements include an asset retirement obligation for legal liabilities associated with the removal or disposal of asbestos in buildings that will undergo major renovations or demolition and for removal of above and underground fuel tanks at the Hospital’s Church and Finch campuses. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 4.30%. The estimated total undiscounted future expenditures are $14,617, which are to be incurred over 12 years.

The carrying amount of the liability is as follows:

	2024	2023
	$	$
Asset retirement obligation, beginning of year	**8,576**	8,266
Increase in asset retirement obligation	**401**	-
Increase due to accretion expense	**387**	310
Asset retirement obligation, end of year	**9,364**	8,576

(expressed in thousands)

14. ASSET RETIREMENT OBLIGATION (continued)

The land lease [*note 7*] agreement on the New Acute Care Hospital specifies that the Hospital may be required by the Landlord to demolish the premises and restore the land back to a level grade site at the time of the land lease expiration in 2114. Based on the lease agreement, the legal obligation to restore the land will only occur if the Landlord agrees that it will give notice to perform the land restoration if certain conditions are met. Given the high degree of uncertainty and considering the extent and nature of the land modification and how far in the future the decision will be made, the legal obligation is undeterminable and not accrued in the Hospital's financial statements.

15. DEFERRED CAPITAL CONTRIBUTIONS

a) In the Statement of Operations, building amortization and interest represents the amortization net of amortization of building deferred grants and the interest cost net of MOH funding as follows:

	2024 **$**	2023 $ (Restated) (Note 1)
Building grant amortization	**37,505**	32,211
Amortization	**(43,928)**	(38,075)
	(6,423)	(5,864)
Building lifecycle grant	**4,486**	3,846
Building lifecycle expense	**(5,035)**	(4,372)
	(549)	(526)
MOH Interest on long-term debt obligation related to building		
MOH funding of interest on building	**32,423**	33,081
MOH interest cost on building	**(32,423)**	(33,081)
Building amortization and interest, net	**(6,972)**	(6,390)

b) In the Statement of Financial Position, deferred capital contributions represent the unamortized amount, unspent amount of donations and grants received for the purchase of capital assets and any other adjustments. A total of $128 [2023 - $3,569] of grants related to fully amortized capital assets that were no longer in use were written off within the fiscal year. The change in deferred capital contributions is as follows:

	2024 **$**	2023 $
Deferred capital contributions, beginning of year	**1,237,522**	1,226,470
Add contributions/interest received/receivable for capital purposes		
MOH/OH	**11,017**	11,774
MLTC	**8,882**	40,787
Humber River Hospital Foundation and other	**5,027**	4,910
Less amortization of deferred capital contributions	**(44,446)**	(46,419)
Deferred capital contributions, end of year	**1,218,002**	1,237,522

(expressed in thousands)

15. DEFERRED CAPITAL CONTRIBUTIONS (continued)

As at March 31, 2024, there was $10,787 [2023 - $186,146] of deferred capital contributions received which were unamortized.

16. AFFILIATED ENTITIES

The Foundation is an independent corporation incorporated without share capital, which has its own Board of Directors and is a registered charity under the Income Tax Act. The Foundation receives and maintains funds for charitable purposes for the use of operations, renovations, maintenance and equipment of the Hospital.

At March 31, 2024, the Hospital has a receivable from the Foundation of $53 [2023 - $60]. As at March 31, 2024, the Foundation had total fund balances of $15,311 [2023 - $12,702]. Total funds received from the Foundation for fiscal year 2024 amounts to $5,851 [2023 – $6,027].

The Volunteer Association, an independent organization, engages in fundraising activities to generate funds for the benefit of the Hospital. All amounts received from the Association are externally restricted for capital or operating purposes. As at March 31, 2024, the Association had net assets of approximately $431 [2023 - $548].

Humber Meadows is an independent corporation incorporated without share capital, which has its own Board of Directors and is a registered charity under the Income Tax Act. In partnership with the Ministry of Long-Term Care (MLTC), Humber Meadows operates a 320-bed long-term care home facility located at the Hospital's Finch Site campus *[note 8]*. The Hospital entered into a 30-year lease agreement with Humber Meadows for the use of the long-term care home facility and the land upon which it is located. As at March 31, 2024, the Hospital has a receivable from Humber Meadows of $Nil [2023 - $193].

Humber Meadows has not been consolidated with HRH financial statements. A financial summary of Humber Meadows for the current and previous year is as follows:

	2024 **$**	2023 $
Financial Position:		
Total assets	**4,991**	501
Total liabilities	**3,007**	539
Net asset (deficiency)	**1,984**	(38)
Results of operations:		
Total revenue	**25,505**	1,853
Total expenses	**23,483**	1,812
Excess of revenue over expenses	**2,022**	41

(expressed in thousands)

17. COMMITMENTS AND CONTINGENCIES

[i] The Hospital is subject to various claims and potential claims. Where the potential liability is determinable, management believes that the ultimate disposition of the matters will not materially exceed insurance coverage in place. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any losses in excess of insurance coverage related to claims will be recorded in the year during which the liability is determinable.

[ii] The Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC), a pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined. Members are subject to assessment for losses, if any, experienced by the pool for the year in which they were members. No assessments have been made to March 31, 2024, with respect to claims.

Effective January 1, 2014, the Hospital entered into an agreement with HIROC where the costs of investigating and defending litigation claims would be assumed by the Hospital. The Hospital has appointed HIROC Management Limited (HML) as the Hospital's appointed agent for such claims defense costs in accordance with an Agency Agreement. At March 31, 2024, a provision of $4,452 [2023 – $4,547] has been established.

[iii] The following is a schedule of service contract commitments for the next five years and thereafter:

	$
2025	29,392
2026	25,375
2027	22,028
2028	17,049
2029	1,888
2030 and thereafter	17,862
Total minimum commitments	**113,594**

In addition, there is a 30 year maintenance agreement for the new hospital that commenced upon substantial completion May 11, 2015. The commitment is $1,411,733 excluding HST. This includes financing costs during the operational term, interest costs (net of interest earned) and fees of $685,820, lifecycle costs of $238,694, facilities management costs and other transaction costs during the operational term of $487,219.

The following schedule indicates the commitments by the MOH and the Hospital as at March 31, 2024:

	MOH $	Hospital $
Lifecycle costs	119,018	24,274
Interest	392,796	-
Maintenance	-	324,137
Other transactional costs	35,725	-
Balance, end of year	**627,539**	**348,411**

[iv] The Hospital has entered into a long-term managed equipment services contract with General Electric Canada over 15 years [*note 12*].

(expressed in thousands)

17. COMMITMENTS AND CONTINGENCIES (continued)

The following is a schedule of commitments at a nominal dollar value:

	$
2025	18,355
2026	18,869
2027	19,115
2028	19,363
2029	19,615
2030 and thereafter	29,878
	125,195

Included in the payments above is a total of $57,558 [2023 - $64,299] in interest and maintenance.

[v] Effective June 2019, the Province of Ontario enacted Bill 124 “Protecting a Sustainable Public Sector for Future Generations Act, 2019”. This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be “void and of no effect”. On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. This decision has enabled unions to trigger reopener provisions in the collective agreements.

During the year, the Hospital has made payments to non-union and certain union employee groups based on monetary awards resulting from the negotiations and arbitration decisions. As of March 31, 2024, certain collective agreements are still in negotiation where retroactive salary adjustments are expected to be settled at a later date. The Hospital has estimated the expected settlement amounts and have included an accrual in accounts payable and accrued liabilities as at March 31, 2024.

[vi] The Hospital has initiated and is currently conducting a building condition assessment (BCA). This is being performed by an independent third party. The BCA was initiated due to concerns related to structural and building condition issues that may pose operational risks. The BCA has not yet been completed and as such it is too preliminary to determine financial impact if any.

18. CREDIT FACILITIES

The Hospital has a $15,000 demand revolving credit facility, which bears interest based on the bank's prime rate minus 0.50%. $5,000 of this facility is available as a swing-line loan. As at March 31, 2024, the Hospital had not utilized this facility.

As part of the new acute site hospital project, the Hospital has entered into an agreement with the Bank of Montreal and the Toronto-Dominion bank to establish a committed non-revolving term loan in the maximum principal amount not to exceed $175,000. The term loan bears interest at the banks' prime rate minus 0.50%.

As at March 31, 2024, the Hospital has utilized $165,800 of this loan [2023 - $165,800] of which the total amount outstanding was $113,326 [2023 - $129,175]. $224 [2023 - $261] of transaction costs have been netted against this balance. Repayment commenced May 13, 2016. These funds were transferred to the Hospital’s Sinking Fund [*note 3*] to pay for its share of the new acute care hospital.

(expressed in thousands)

18. CREDIT FACILITIES (continued)

Principal repayments for the next five years and thereafter are as follows:

	$
2025	3,772
2026	18,698
2027	3,394
2028	3,494
2029	3,592
2030 and thereafter	80,376
	113,326

On May 4, 2015, the Hospital entered into a series of interest rate swaps to finance its share of the new acute care hospital.

An interest rate swap in the amount of $20,000 with a maturity date of May 13, 2025 and a fixed interest rate of 2.65% was established. An interest rate swap in the amount of $10,000 with a maturity date of May 13, 2030 and a fixed interest rate of 2.99% was established. An interest rate swap in the amount of $10,000 with a maturity date of May 14, 2035 and a fixed interest rate of 3.16% was established. An interest rate swap in the amount of $100,000 with a maturity date of May 14, 2046 and a fixed interest rate of 3.26% was established. As of March 31, 2024, total unrealized gains of $8,874 [2023 - $5,857] have been recognized on the above interest rate swaps.

19. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

Net change in non-cash working capital balances related to operations consists of the following:

	2024 **$**	2023 $
Accounts receivable	**(1,540)**	5,976
Inventory	**(837)**	732
Prepaid expenses	**(1,298)**	(96)
Accounts payable and accrued liabilities	**8,729**	42,205
Legal defense fund	**(95)**	(400)
	4,959	48,417

20. FINANCIAL RISK MANAGEMENT

<u>Credit risk</u>

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash, restricted cash and investments, accounts receivable and long-term receivable. The Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to $500 [2023 - $500].

The Hospital's investment policy operates within the constraints of the investment guidelines issued by the MOH in relation to the funding agreements described in Note 1.

(expressed in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

Accounts receivable are primarily due from Ontario Health Insurance Plan (OHIP), the MOH, OH, Canada Revenue Agency and Self-pay patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The long-term receivable is due from MOH relating to the new acute site hospital project [*note 6*] and the related credit risk is mitigated by the financial solvency of the provincial government.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital's historical experience regarding collections.

The amounts outstanding at **March 31, 2024** were as follows:

			Past Due			
	Total **$**	**Current** **$**	**31 - 60 days** **$**	**61 - 90 days** **$**	**91- 120 days** **$**	**121+ days** **$**
Gross receivables	30,906	14,701	5,215	919	939	9,132
Less: impairment allowance	(7,013)	(177)	(570)	(423)	(633)	(5,210)
Net receivables	23,893	14,524	4,645	496	306	3,922
Long-term receivables	497,378	497,378	-	-	-	-

The amounts outstanding at March 31, 2023 were as follows:

			Past Due			
	Total **$**	**Current** **$**	**31 - 60 days** **$**	**61 - 90 days** **$**	**91- 120 days** **$**	**121+ days** **$**
Gross receivables	22,819	15,336	4,402	1,278	849	954
Less: impairment allowance	(466)	-	-	-	-	(466)
Net receivables	22,353	15,336	4,402	1,278	849	488
Long-term receivables	508,081	508,081	-	-	-	-

The Hospital is exposed to credit risk in the event of non-payment for services provided to uninsured residents and non-residents. The amounts aged greater than 60 days owing from patients have a corresponding impairment allowance setup against them based on the Hospital's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment. The increase in non-resident patient services rendered during the year required significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

20. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its interest bearing investments and the Hospital's credit facilities. The risk over interest bearing investments is mitigated by the fact that the Hospital only holds short-term deposits. The risk over interest bearing debt is mitigated by the use of interest rate swaps to fix the interest rate on the debt over a period of the obligation. As at March 31, 2024, a 1% fluctuation in interest rates, with all other variables being held constant, would have an estimated impact on the market value of the interest rate swaps of approximately $8,556 [2023 – $9,641].

Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. $99,276 [2023 - $99,183] of accounts payable and accrued liabilities is due within the next 6 months, and the remaining amount of $103,417 [2023 - $94,782] is due within a year. The long-term payable is based on the project agreement with PHCP and the amount is payable over 30 years as described in Note 11. Also see notes 12 and 18 for additional obligations.

21. COMPARATIVE FIGURES

The comparative information presented in the financial statements has been reclassified to conform to the current year's presentation.