West Park Healthcare Centre

Financial Statements

March 31, 2020

Independent auditor's report

To the Directors of West Park Healthcare Centre

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of West Park Healthcare Centre (the Centre) as at March 31, 2020 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.

What we have audited
The Centre's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of remeasurement gains and losses for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

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

Those charged with governance are responsible for overseeing the Centre'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.

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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

pwc

- 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 Centre’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 Centre 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 4, 2020

West Park Healthcare Centre

Statement of Financial Position

As at March 31, 2020

	2020 $	2019 $
Assets		
Current assets		
Cash	11,344,000	7,285,905
Short-term investments	7,006,426	6,820,167
Accounts receivable	2,134,293	2,756,748
Due from Ministry of Health and Long-Term Care and Local Health Integration Networks	-	141,687
Inventories	885,538	888,222
Prepaid expense and others	943,179	990,682
	22,313,436	18,883,411
Campaign advance (note 15)	2,594,613	2,330,820
Restricted cash (note 4)	3,184,896	5,682,093
Investments (note 5)	19,804,060	19,259,499
Property, plant and equipment (note 9)	50,208,666	50,421,739
	98,105,671	**96,577,562**
Liabilities		
Current liabilities		
Accounts payable and accrued charges	14,201,887	13,361,410
Due to Ministry of Health and Long-Term Care and Local Health Integration Networks	365,918	-
Deferred revenue	2,012,176	1,229,455
Current portion of long-term debt (note 6)	1,765,447	1,646,204
	18,345,428	16,237,069
Long-term liabilities		
Long-term debt (note 6)	1,696,141	3,461,588
Derivative liability (note 7)	13,007,391	5,619,965
Post-retirement benefits (note 10)	5,501,900	5,779,200
Deferred capital contributions (note 11)	42,266,830	43,803,489
	80,817,690	74,901,311
Net Assets	17,287,981	21,676,251
	98,105,671	**96,577,562**
Net assets consist of		
Accumulated operating surplus	30,577,627	27,658,866
Accumulated remeasurement losses	(13,289,646)	(5,982,615)
	17,287,981	21,676,251

Contingencies and Commitments (notes 20 and 21)

Approved by the Board of Directors

DocuSigned by:
BJ Rate
F4FB5F0D5CC34C8... Director

DocuSigned by:
Kimberly Marshall
E6B4AF44858C420... Director

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

West Park Healthcare Centre

Statement of Operations

For the year ended March 31, 2020

	2020 $	2019 $
Revenue		
Ministry of Health and Long-Term Care and Local Health Integration Networks	80,178,638	79,409,791
Patient care	8,703,497	8,381,923
Investment income	784,980	683,599
Business operations (note 12)	10,275,269	11,921,470
Ancillary operations (note 12)	3,616,361	3,198,053
Amortization of deferred capital contributions - furnishings and major equipment (note 11)	308,852	307,368
	103,867,597	103,902,204
Expenses		
Salaries and employee benefits (notes 10 and 13)	76,762,786	75,287,351
Patient care supplies and services (note 14)	4,595,777	4,110,363
Contracted out services	2,436,536	2,611,199
Equipment and software maintenance	1,979,141	1,895,893
Utilities	1,372,730	1,314,256
Other supplies and expenses	5,222,475	5,104,398
Cost of goods sold - business operations (notes 12 and 14)	6,557,338	7,425,082
Interest expense on long-term debt	341,805	495,931
Amortization of furnishings and major equipment	1,077,910	1,039,174
	100,346,498	99,283,645
Excess of revenue over expenses before the following	**3,521,099**	**4,618,559**
Amortization of deferred capital contributions - buildings and land improvements (note 11)	1,611,527	1,572,656
Amortization of buildings and land improvements	(2,213,865)	(2,247,619)
Excess of revenue over expenses for the year	**2,918,761**	**3,943,596**

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

West Park Healthcare Centre

Statement of Changes in Net Assets

For the year ended March 31, 2020

			2020
	Internally restricted **$** (note 8)	**Unrestricted** **$**	**Total** **$**
Balance - Beginning of year	**18,700,000**	**8,958,866**	**27,658,866**
Excess of revenue over expenses for the year	-	2,918,761	2,918,761
Transfer to internally restricted net assets	2,500,000	(2,500,000)	-
Balance - End of year	**21,200,000**	**9,377,627**	**30,577,627**

			2019
	Internally restricted **$** (note 8)	**Unrestricted** **$**	**Total** **$**
Balance - Beginning of year	**15,200,000**	**8,515,270**	**23,715,270**
Excess of revenue over expenses for the year	-	3,943,596	3,943,596
Transfer to internally restricted net assets	3,500,000	(3,500,000)	-
Balance - End of year	**18,700,000**	**8,958,866**	**27,658,866**

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

West Park Healthcare Centre

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2020

	2020 $	2019 $
Accumulated remeasurement losses - Beginning of year	**(5,982,615)**	**(554,322)**
Unrealized gains/(losses) attributable to		
Investments	80,317	191,022
Derivative liability	(7,387,426)	(5,619,965)
Amounts reclassified to statement of operations		
Loss on sale of investments	78	650
Net remeasurement losses for the year	(7,307,031)	(5,428,293)
Accumulated remeasurement losses - End of year	**(13,289,646)**	**(5,982,615)**

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

West Park Healthcare Centre

Statement of Cash Flows

For the year ended March 31, 2020

	2020 $	2019 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	2,918,761	3,943,596
Add (deduct): Non-cash items		
Amortization of property, plant and equipment	3,291,775	3,286,793
Amortization of deferred capital contributions	(1,920,379)	(1,880,024)
Realized gains and interest income on investments, net	(650,425)	(572,248)
Non-pension post-retirement expense (note 10)	(10,700)	(25,600)
	3,629,032	4,752,517
Net change in non-cash working capital balances related to operations (note 16)	2,537,717	(2,577,301)
Premiums paid related to employee future benefits (note 10)	(266,600)	(262,400)
	5,900,149	1,912,816
Investing activities		
Purchase of investments	-	(700,000)
Increase in campaign advance	(263,793)	(420,572)
Decrease in restricted cash	2,497,197	6,000,779
	2,233,404	4,880,207
Capital activities		
Purchase of property, plant and equipment	(2,812,974)	(12,087,456)
Financing activities		
Capital contributions received	383,720	5,257,014
Long-term debt principal repayments	(1,646,204)	(1,535,413)
	(1,262,484)	3,721,601
Increase/(Decrease) in cash during the year	4,058,095	(1,572,832)
Cash - Beginning of year	7,285,905	8,858,737
Cash - End of year	**11,344,000**	**7,285,905**
Non-cash transactions		
Capital asset additions recorded in accounts payable	654,826	389,096
Due from Ministry of Health and Long-Term Care related to deferred capital contributions recorded	263,895	263,895

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

1 Nature of operations

West Park Healthcare Centre (the Centre) is a public hospital that provides specialized rehabilitation for patients recovering from life-altering accidents and illnesses. The Centre operates a full service Prosthetics and Orthotics manufacturing facility where certified staff design and build prostheses and orthoses, operates an Assessment Centre that provides comprehensive assessment services aimed at providing credible third party opinions for the insurance industry and owns a long-term care facility, operated by Extendicare (Canada) Inc.

The Centre is incorporated without share capital under the laws of Ontario. The Centre is registered as a charitable organization under the Income Tax Act (Canada) and is therefore exempt from income taxes.

The Centre is funded primarily by the Province of Ontario in accordance with approved funding arrangements approved by both the Ministry of Health and Long-Term Care (MOHLTC) and the Local Health Integration Networks (LHINs). Under the Connecting Care Act, 2019, the funder will transfer from the LHINs to Ontario Health.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS), including the 4200 series of standards for government not-for-profit organizations, and include the following significant accounting policies.

Revenue recognition

The Centre 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 recognized. Contributions received for property, plant and equipment are deferred in the accounts and amortized over the same term and on the same basis as the related asset.

Campaign advance

The campaign advance due from West Park Healthcare Centre Foundation (the Foundation) comprises disbursements paid by the Centre on behalf of the Foundation, is in the normal course of operations, and is carried at cost. Impairment is reviewed whenever events or circumstances indicate the recorded value may not be recoverable. Impairment will be recognized in the statement of operations if it is determined that the recorded value is not recoverable.

Investments

- Short-term investments

  Short-term investments consist of guaranteed investment certificates with maturity dates of one year or less and are carried at fair value. Fair value for these investments is the face value of these certificates plus interest accrued to the statement of financial position date.

- Investments

  Investments consist of fixed income pooled funds and are carried at fair value. Fair value is determined directly from published price quotations in an active market. Changes in fair value are recorded in the statement of remeasurement gains and losses until the portfolio investment matures or is sold. Interest and other income attributable to investments are reported in the statement of operations.

Property, plant and equipment

Land was contributed in 1977 by the National Sanitarium Association (the NSA) and is carried on the statement of financial position at $1. Land improvements, buildings, furnishings and major equipment are carried at cost and are amortized using the straight-line method over their estimated useful lives at the following annual rates, as noted below.

Land improvements	5%
Buildings	2-1/2%
Furnishings and major equipment	5% to 33-1/3%

Campus development costs comprise planning, development and other project related costs related to the construction of the new patient care building. Amortization is not recorded until construction is substantially complete and the assets are ready for productive use.

The Centre reviews its property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value. The impairment loss, if any, is the excess of the carrying value over its fair value.

Description of net assets

Unrestricted net assets represent the ongoing operational activity of the Centre and amounts invested in property, plant and equipment.

Internally restricted net assets are assets that have been restricted for specific purposes by the Board of Directors.

Employee benefit plans

- Multi-employer pension plan

  The Centre participates in a defined benefit multi-employer pension plan. As there is not sufficient information available to apply defined benefit plan accounting, the plan is accounted for on a defined contribution plan basis. Contributions to the multi-employer defined benefit plan are expensed when due.

- Accrued post-retirement benefits

  The Centre accrues its obligations under non-pension employee benefit plans as full-time employees render services. The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions. Actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of active employees is 13.7 years. Future cost escalation affects the amount of employee future benefits. The accrued benefit obligation related to employee future benefits is discounted using current interest rates on long-term debt.

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts involving significant estimates include accrued charges and employee future benefits liability.

Financial instruments

The Centre's financial instruments consist of cash, short-term investments, accounts receivable, campaign advance, restricted cash, investments, accounts payable and accrued charges, due to/from MOHLTC and LHINs, long-term debt and derivative liability. The Centre's financial instruments are measured as follows:

Cash and restricted cash	Amortized cost
Accounts receivable	Amortized cost
Campaign advance	Amortized cost
Investments	Fair value
Accounts payable and accrued charges	Amortized cost
Due to/from MOHLTC and LHINs	Amortized cost
Long-term debt	Amortized cost
Derivative liability	Fair value

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. When a financial asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Fair value measurement

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Investments and derivatives are measured as Level 2 fair value instruments.

COVID-19

The rapid spread of the novel strain of coronavirus, specifically identified as COVID-19, was declared by the World Health Organization to be a pandemic on March 11, 2020. Actions taken globally in response to COVID-19 have significantly disrupted business activities and has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have resulted in an economic slowdown; global equity markets have experienced significant volatility and weakness.

In response to the outbreak, the Centre has incurred additional expenditures to manage and contain the spread of COVID-19. The Centre will seek compensation from the Ministry of Health for the financial impact of COVID-19. The duration and impact of the COVID-19 outbreak is unknown and it is not possible to reliably estimate the length and severity of these developments and the impact (if any) on the financial results of the Centre in the future periods at this time.

3 Campus development project

The Centre, in conjunction with the MOHLTC, has undertaken a major capital redevelopment project to design, build, finance and maintain a new patient care centre. The new patient care building will enable the Centre to meet the healthcare needs of the community.

A Project Agreement was entered into on August 8, 2018, with EllisDon Infrastructure Healthcare to design, build, finance and maintain (for a 30-year term) the new patient care centre. The guaranteed cost of construction, financing and the 30-year maintenance agreement is $1,246,287,000, of which the Centre's local share is $107,643,400. Construction activity is underway and substantial completion is scheduled for February 28, 2023. Including demolition of the existing buildings and landscaping, final completion is scheduled for September 27, 2024.

As a P3 project, during construction, EllisDon Infrastructure Healthcare is responsible for all expenditures including construction financing of their asset. At substantial completion, the asset is transferred to the Centre, at which time EllisDon will be paid the amount outstanding less previous Construction Period Payments (a vehicle to reduce financing expenses). The payment at substantial completion will be comprised of MOHLTC grants and the Centre's local share.

The Centre continues to capitalize all relevant ancillary costs related to the campus development project.

4 Restricted cash

The Centre has received $32,473,531 to date from the MOHLTC for planning, design and other project related costs for the new patient care building. No amounts were received during the current year. These funds are required to be segregated in a separate bank account or investment certificates and the use of these funds is restricted to the redevelopment project. Any interest earned on the funds is to be used for the redevelopment project or returned to the MOHLTC. Interest earned on these funds is recorded as an increase in deferred capital contributions.

5 Investments

Short-term investments consist of guaranteed investment certificates with maturity dates of one year or less.

	2020 **$**	**2019** **$**
Guaranteed investment certificates	7,006,426	6,820,167

The weighted rate of return on these guaranteed investment certificates is 2.42% (2019 - 2.86%).

Investments, which are managed by a third party investment manager, consist of the following:

	2020 **$**	**2019** **$**
Cash and cash equivalents	1,399,102	1,380,907
Fixed income pooled fund	18,404,958	17,878,592
	19,804,060	**19,259,499**

The weighted average rate of return on the fixed income pooled fund was 2.97% (2019 - 3.54%).

6 Long-term debt

	2020 $	2019 $
Long-term debt for long-term care facility (note 6(a))	3,336,674	4,899,598
Long-term debt for energy management project (note 6(b))	124,914	208,194
	3,461,588	5,107,792
Less: Current portion of long-term debt	(1,765,447)	(1,646,204)
Long-term portion	**1,696,141**	**3,461,588**

a) Long-term debt for long-term care facility

The Centre operates a 200-bed long-term care facility, which was partially funded by a 20-year term mortgage maturing in February 2022, at an interest rate of 7.375% per annum.

The Centre repays principal and interest in monthly instalments of $156,012. Interest expensed in 2020 was $309,216 (2019 - 420,007). The Centre has pledged as security a debenture on all present and future assets of the facility, a debenture on a leasehold interest on the land related to the facility, an assignment of funds payable by the MOHLTC for funding construction and operation of the facility and an assignment of any insurance proceeds related to the facility.

The Centre has a debt service escrow account, for the benefit of the lenders, of $1,388,088 (2019 - $1,359,871), which must maintain a minimum of six months' principal and interest on the mortgage plus the accrued interest earned on the escrow account. The debt service escrow account shall remain intact until the mortgage is fully repaid. The funds are held in a separate bank account and are recorded as part of investments.

b) Long-term debt for energy management project

In fiscal 2011, the Centre implemented an energy management project, which was partially funded by a loan from the City of Toronto's Sustainable Energy Funds loan program. The loan was provided interest free as the proceeds were spent on approved energy saving initiatives. The Centre was advanced a loan amount of $832,764, maturing in July 2021.

The Centre repays principal in quarterly instalments of $20,819. No interest was expensed in 2020. The Centre has pledged as security a promissory note equal to the value of the loan.

Principal due within each of the next two years on the loans for the long-term care facility and the energy management grant as at March 31, 2020 are as follows:

	$
2021	1,765,447
2022	1,696,141
	3,461,588

c) Long-term debt for new hospital development

On August 8, 2018, the Centre entered into a new credit agreement to finance the new campus development project. Total credit approved is $127 million, is unsecured, and includes short-term and long-term and revolving and non-revolving facilities.

Credit Available	Swap	Swap Rate	Stamping Fee	Commitment	Purpose
$26,000,000	$20,000,000	3.01%	0.35%	3 years	Construction holdback
$40,000,000	$40,000,000	3.29%	0.72%	20 years	Construction
$25,000,000	$20,412,000	3.07%	0.65%	4 years	Construction
$15,000,000	$13,500,000	3.21%	0.35%	15 years	Equipment
$21,000,000	-	-	0.35%	4 years	HST
$127,000,000	$93,912,000				

No draws have been made against any of the credit facilities as at March 31, 2020.

7 Derivative liability

The Centre entered into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt for the new hospital development. These swaps effectively lock-in the interest rate applicable on the long-term debt. These swap agreements require periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. Notional amount represents the contract amounts to which interest rates are applied to calculate the cash flows to be exchanged. The notional amount of the Centre's interest rate swaps as at March 31, 2020 is $93,912,000 (2019 - $93,912,000).

Fair value of the interest rate swaps was calculated based on the present value of the estimated future cash flows using observable Canadian dollar interest rate swap yield curves obtained from dealer quotes. Fair value as at March 31, 2020 of these interest rate swaps is $13,007,391 (2019 - $5,619,965) and is reported as a liability on the statement of financial position.

The Centre pays standby fees related to the interest rate swaps related to the non-revolving loans at 0.05%. Standby fees expensed in 2020 were $32,589 (2019 - $20,925).

8 Internally restricted net assets

During 2020, the Centre transferred $2,500,000 (2019 - $3,500,000) to internally restricted net assets from unrestricted net assets. Cash equal to these internally restricted net assets are part of investments.

The balance of internally restricted funds is as follows:

	2020 $	2019 $
Local share of redevelopment	18,535,000	16,035,000
Renewal of property, plant and equipment - Long-Term Care Facility	2,665,000	2,665,000
	21,200,000	**18,700,000**

9 Property, plant and equipment

			2020
	Cost $	Accumulated amortization $	Net $
Land and land improvements	1,396,136	635,874	760,262
Buildings	56,951,709	39,498,028	17,453,681
Furnishings and major equipment	46,822,916	43,508,942	3,313,974
Campus Development – Hospital	28,680,749	-	28,680,749
	133,851,510	**83,642,844**	**50,208,666**

			2019
	Cost $	Accumulated amortization $	Net $
Land and land improvements	1,396,136	591,822	804,314
Buildings	56,683,919	37,328,215	19,355,704
Furnishings and major equipment	46,322,427	42,434,447	3,887,980
Campus Development – Hospital	26,373,741	-	26,373,741
	130,776,223	**80,354,484**	**50,421,739**

During the year, the Centre wrote off $3,415 (2019 - $99,708) in cost and $3,415 (2019 - $99,708) in accumulated amortization of assets that were no longer in use by the Centre.

Under an agreement dated April 25, 1977 between the Centre and the NSA, the NSA donated its land to the Centre for $1. If the Centre ceases to be a public hospital, the property donated by the NSA is to revert to the NSA. The Centre must obtain permission from the NSA to sell any of the donated land. The Centre is also required to advise the NSA of any actions taken by it that may result in an encumbrance being placed on the land.

10 Post-retirement benefits

Pension plan

Substantially all of the employees of the Centre are eligible to be members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer, defined benefit, final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Centre amounted to $4,453,913 (2019 - $4,374,731). These amounts are included in salaries and employee benefits in the statement of operations. The most recent actuarial valuation of the Plan as at December 31, 2019 indicates the Plan is 128% funded.

The unionized employees of the long-term care facility, which is managed by a third party on behalf of the Centre, are eligible to be members of the Nursing Homes and Related Industries Pension Plan (the Pension Plan), which is a multi-employer, defined benefit pension plan. Employer contributions made to the Pension Plan during the year by the Centre amounted to $293,505 (2019 - $278,585). These amounts are included in salaries and employee benefits in the statement of operations. The most recent actuarial valuation of the Pension Plan as at January 1, 2019 indicates the plan is 100% funded.

Non-pension post-retirement benefit plans

The Centre's non-pension post-retirement benefit plans are comprised of medical, dental and life insurance coverage for employees who retire from the Centre and are between the ages of 55 and 65. Spouses of eligible retirees are covered by the plans. The measurement date used to determine the accrued benefit obligation is March 31, 2020. The most recent actuarial valuation of the non-pension post-retirement benefit plans for funding purposes is at March 31, 2020.

Information about the Centre's non-pension post-retirement benefit plans and reconciliation to the accrued benefit liability and net benefit costs is as follows:

	2020 $	2019 $
Balance - Beginning of year	5,779,200	6,067,200
Current service cost	179,700	166,800
Interest cost	99,000	105,000
Benefits paid	(266,600)	(262,400)
Actuarial gain	(289,400)	(297,400)
Balance - End of year	**5,501,900**	**5,779,200**
Net benefit cost (recovery) recognized		
Current service costs	179,700	166,800
Interest cost	99,000	105,000
Amortization of actuarial gains	(289,400)	(297,400)
	(10,700)	**(25,600)**

The significant actuarial assumptions adopted in measuring the Centre's accrued benefit obligations and expense for the non-pension post-retirement benefit plans are as follows:

- discount rate for calculation of net benefit costs of 2.90% (2019 - 3.20%);
- discount rate to determine accrued benefit obligation for disclosure at end of year of 3.10% (2019 - 2.90%); and
- dental and extended health care costs in 2020 are based on actual rates. Dental cost increases are assumed to be 2.75% per annum thereafter. Extended health-care costs are assumed to be 5.75% in 2020 decreasing by 0.25% per annum to an ultimate rate of 4.50% per annum.

11 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of property, plant and equipment. The changes in the deferred capital contributions balance are as follows:

	2020 **$**	**2019** **$**
Deferred capital contributions - Beginning of year	43,803,489	42,402,121
Add		
Contributions received for capital purposes	383,720	3,281,392
Less		
Amortization of deferred capital contributions - furnishings and major equipment	(308,852)	(307,368)
Amortization of deferred capital contributions - buildings and land improvements	(1,611,527)	(1,572,656)
Deferred capital contributions - End of year	**42,266,830**	**43,803,489**

Deferred capital contributions include the following:

	2020 **$**	**2019** **$**
Campus development	33,072,244	32,962,290
Other capital purposes	8,447,613	10,094,226
Debt service escrow account	746,973	746,973
	42,266,830	**43,803,489**

12 Ancillary and business operations revenue

Business operations revenue includes revenue from the Assessment Centre, Prosthetics and Orthotics, and Ontario Workers' Network.

Ancillary operations revenue includes revenue from the parking lease and management fee, Rehab Plus outpatient rehabilitation and wellness and other services.

13 Salaries and employee benefits expenses

Salaries and employee benefits expenses consist of the following:

	2020 $	2019 $
Program salaries	37,785,971	37,261,763
Long-term care facility contracted salaries and benefits	11,104,206	10,662,842
Administration and support salaries	11,922,080	11,709,954
Ancillary and business operations salaries	2,072,256	1,953,317
Employee benefits	13,878,273	13,699,475
	76,762,786	**75,287,351**

14 Inventories

During the year, $4,135,243 (2019 - $3,923,718) of inventory was recognized as an expense. These amounts are included as part of patient care supplies and services and cost of goods sold. There were no significant write downs of inventories recognized as an expense during 2020 and 2019.

15 Related party transactions

The Foundation is a separate corporation without share capital and with its own Board of Directors. The accounts of the Foundation are not included in the accompanying financial statements. The Foundation receives and expends funds for the benefit of the Centre. During the year, the Foundation approved $350,908 (2019 - $476,841) in capital and operating grants to the Centre.

All donations to the Centre are received through the Foundation and are receipted by the Foundation for income tax purposes. The Centre also provides space and certain administrative support services to the Foundation at no cost.

On July 1, 2011, the Centre entered into a ten-year sublease agreement for its parking facilities with the Foundation. During the year, the Centre earned $226,200 (2019 - $226,200) in leasing revenue and $238,200 (2019 - $238,200) in management fees from the operations of the parking lot. These amounts are included in ancillary operations.

All transactions between the Centre and the Foundation are settled through the campaign advance account on a monthly basis. On March 29, 2017, the Foundation and Centre entered into a new agreement that extended the term loan of $2,500,000 to July 31, 2021. On June 11, 2018, the Centre extended a temporary increase of the loan to $3,000,000 to expire on March 31, 2020. On March 26, 2020, the Centre increased the loan limit to $3,500,000 effective immediately and extended the expiry date to July 31, 2022. The Foundation has pledged as security on this term loan its unrestricted investments. As at year-end, the amount outstanding on the loan is $2,594,613 (2019 - $2,330,820).

16 Net change in non-cash working capital balances related to operations

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

	2020 **$**	**2019** **$**
Accounts receivable	622,455	310,045
Due to/from MOHLTC and LHINs	507,605	(270,334)
Inventories	2,684	(127,740)
Prepaid expense and others	47,503	(194,859)
Accounts payable and accrued charges	574,749	(2,262,204)
Deferred revenue	782,721	(32,209)
	2,537,717	**(2,577,301)**

17 Operating line of credit

The Centre has an unsecured operating line of credit to a maximum of $2,500,000. This facility bears interest at prime less 0.25% and is due on demand. As at March 31, 2020, there were no borrowings under this facility.

18 Segmented financial reporting

The Centre's reportable segments are a 283-bed complex continuing care and rehabilitation hospital which includes in-patient, out-patient and community outreach services and a 200-bed long-term care facility. Segmentation is based on the distinct budgeting and operating process of these two segments.

The following segmented information is regularly reported to senior management of the Centre and the Corporate Committee of the Centre Board of Directors. Revenue and expenses are directly attributable between these segments due to the distinct operations, management and governance of these segments and do not incorporate any allocations between these segments. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 2.

	Long-Term Care Centre $	Health Centre $	Consolidated $
Revenue			
MOHLTC and LHINs	11,080,197	69,098,441	80,178,638
Patient care and other agencies	5,235,651	3,467,846	8,703,497
Investment income	51,895	733,085	784,980
Business operations	-	10,275,269	10,275,269
Ancillary operations	88,681	3,527,680	3,616,361
Amortization of deferred capital contributions - furnishings and major equipment	-	308,852	308,852
	16,456,424	87,411,173	103,867,597
Expenses			
Salaries and employee benefits	11,104,205	65,658,581	76,762,786
Patient care supplies and services	1,059,212	3,536,565	4,595,777
Contracted out services	266,545	2,169,991	2,436,536
Equipment and software maintenance	107,211	1,871,930	1,979,141
Utilities	403,995	968,735	1,372,730
Other supplies and expenses	1,255,520	3,966,955	5,222,475
Cost of goods sold - business operations	-	6,557,338	6,557,338
Interest expense on long-term debt	309,216	32,589	341,805
Amortization of furnishings and major equipment	140,772	937,138	1,077,910
	14,646,676	85,699,822	100,346,498
Excess of revenue over expenses before the following	**1,809,748**	**1,711,351**	**3,521,099**
Amortization of deferred capital contributions - buildings and land improvements	104,975	1,506,552	1,611,527
Amortization of buildings and land improvements	(637,067)	(1,576,798)	(2,213,865)
Excess of revenue over expenses for the year	**1,277,656**	**1,641,105**	**2,918,761**

19 Liability insurance

In 1987, a group of hospitals, including the Centre, formed the Health Care Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums that are actuarially determined.

All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made to March 31, 2020.

Each subscriber has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and 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.

20 Contingencies

The nature of the Centre's activities is such that there are usually claims pending or in progress at any time. In the opinion of management, the resolution of the claims against the Centre will not have a material effect on the financial position of the Centre.

21 Commitments

As at March 31, 2019, the Centre has entered into various contracts for Campus Development Construction. The commitments outstanding as at March 31, 2020 are $3,175,279 (2019 - $3,206,791).

22 Risk management

The Centre is exposed to a variety of financial risks, including credit risk, interest rate risk and liquidity risk.

Credit risk

The Centre is exposed to credit risk in the event of non-performance by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as there are instances where the Centre would be required to provide care for patients regardless of their ability to pay for services. The Centre attempts to mitigate this credit risk by obtaining pre-approval from insurance providers of coverage of non-insured services and/or written confirmation from the patient that they will be responsible for the payment of any non-insured services.

As at March 31, 2020, the following accounts receivable were past due. An allowance in the amount of $140,198 has been provided.

	30 days	**60 days**	**90 days**	**Over 120 days**
Accounts receivable	$316,199	$83,736	$26,049	$217,096

Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility in those rates. The Centre is exposed to interest rate risk on its investment portfolio and long-term debt. The Centre mitigates its interest rate risk on its investment portfolio through diversification within the investment portfolio and through regular monitoring. The Centre has mitigated its risk of fluctuating interest rates by entering into a fixed interest rate on its long-term mortgage and by fixing the interest rates on other long-term debt through the use of interest rate swaps.

As at March 31, 2020, the Centre's total exposure to interest rate risk is $26,810,486, which represents the Centre's total investments. The Centre's estimate of the effect on net assets as at March 31, 2020 due to a 1% increase or decrease in the interest rate, with all other variables held constant, would approximately amount to an increase or decrease of $268,810. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Liquidity risk

Liquidity risk is the risk the Centre will not be able to meet its financial obligations when they come due. The Centre manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The table below is a maturity analysis of the Centre's financial liabilities as at March 31, 2020:

	Up to 6 Months $	More than 6 months up to 1 year $	More than 1 year up to 5 years $	Total $
Accounts Payable and accrued charges	10,677,196	1,060,774	2,463,919	14,201,889
Long-term debt	956,891	956,891	1,799,412	3,713,194
Derivative Liability	-	-	13,007,391	13,007,391
	11,634,087	2,017,665	17,270,722	30,922,474

23 Comparative figures

Certain prior year comparative figures have been reclassified to conform to the current year's presentation.

Certificate Of Completion

Envelope Id: E717A15D2A6F463DB1AF83CF6D06BEA6
Status: Completed

Subject: Please DocuSign: West Park Healthcare Centre Financial Statement (Mar 2020)

Source Envelope:

Document Pages: 24	Signatures: 2	Envelope Originator:
Certificate Pages: 2	Initials: 0	Amanda Wilson
AutoNav: Enabled		18 York Street
EnvelopeId Stamping: Enabled		Toronto, ON M5J 2T8
Time Zone: (UTC-05:00) Eastern Time (US & Canada)		amanda.wilson@pwc.com
		IP Address: 204.101.119.92

Record Tracking

Status: Original 6/4/2020 11:45:03 AM	Holder: Amanda Wilson amanda.wilson@pwc.com	Location: DocuSign

Signer Events	Signature	Timestamp
Charles Rate charlierate1@gmail.com Security Level: Email, Account Authentication (None)	DocuSigned by: F4FB5F0D5CC34C8... Signature Adoption: Drawn on Device Using IP Address: 174.89.219.243 Signed using mobile	Sent: 6/4/2020 11:51:38 AM Viewed: 6/4/2020 4:45:24 PM Signed: 6/4/2020 4:50:47 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Kimberly Marshall kimberlymarshall102@hotmail.com Security Level: Email, Account Authentication (None)	DocuSigned by: Kimberly Marshall E6B4AF44858C420... Signature Adoption: Pre-selected Style Using IP Address: 76.64.52.147	Sent: 6/4/2020 4:50:48 PM Viewed: 6/4/2020 7:27:29 PM Signed: 6/4/2020 7:27:51 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	6/4/2020 4:50:48 PM
Certified Delivered	Security Checked	6/4/2020 7:27:29 PM
Signing Complete	Security Checked	6/4/2020 7:27:51 PM

Envelope Summary Events	Status	Timestamps
Completed	Security Checked	6/4/2020 7:27:51 PM

Payment Events	Status	Timestamps