

West Park Healthcare Centre

Financial Statements

March 31, 2024



Independent auditor's report

To the Board of Trustees of University Health Network

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, 2024 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Centre's financial statements comprise:

- the statement of financial position as at March 31, 2024;
- 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 significant accounting policies and other explanatory information.

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
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.
- 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 26, 2024

West Park Healthcare Centre

Statement of Financial Position

As at March 31, 2024

	2024	2023
	\$	\$
Assets		
Current assets		
Cash	54,700,905	17,632,790
Short-term investments (note 3)	31,800,783	23,712,005
Accounts receivable (note 20)	4,966,629	2,636,995
Inventories (note 13)	1,352,052	1,031,280
Prepaid expenses and others	1,240,219	1,025,826
Current portion of long-term receivable (note 5)	4,885,593	-
	<u>98,946,181</u>	<u>46,038,896</u>
Campaign advance (note 14)	4,572,926	4,022,841
Derivative asset (note 7)	3,095,805	846,334
Long term receivable (note 5)	178,597,528	-
Restricted assets (note 4)	73,482,890	69,678,425
Investments (note 3)	53,500,000	-
Property, plant and equipment (note 9)	724,055,207	273,120,910
	<u>1,136,250,537</u>	<u>393,707,406</u>
Liabilities		
Current liabilities		
Accounts payable and accrued charges (note 20)	47,236,786	30,634,840
Due to Ministry of Health and Ministry of Long-Term Care	8,449,888	3,815,060
Deferred revenue	42,749,374	19,534,467
Current portion of long-term debt (note 6)	1,669,000	-
Current portion of long-term payable (note 5)	4,275,864	-
	<u>104,380,912</u>	<u>53,984,367</u>
Long-term liabilities		
Long-term debt (note 6)	51,831,000	-
Long-term payable (note 5)	211,946,553	-
Post-retirement benefits (note 10)	5,095,100	5,251,600
Deferred capital contributions (note 11)	716,559,328	291,068,651
	<u>1,089,812,893</u>	<u>350,304,618</u>
Net Assets		
Accumulated operating surplus	43,341,839	42,556,454
Accumulated remeasurement gain	3,095,805	846,334
	<u>46,437,644</u>	<u>43,402,788</u>
	<u>1,136,250,537</u>	<u>393,707,406</u>

Contingencies and Commitments (notes 18 and 19)

Approved by the Board of Directors



Director



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, 2024

	2024 \$	2023 \$
Revenue		
Ministry of Health and Ministry of Long-Term Care (note 21)	132,859,874	101,764,411
Patient care	8,028,228	8,477,278
Investment income	2,843,453	914,251
Business operations	4,750,437	4,664,029
Ancillary operations	8,050,251	8,643,887
Amortization of deferred capital contributions - furnishings and major equipment (note 11)	184,855	250,225
	<hr/> 156,717,098	<hr/> 124,714,081
Expenses		
Salaries and employee benefits (notes 10 and 12)	111,829,207	95,227,187
Patient care supplies and services (note 13)	5,030,709	5,475,210
Amalgamation (note 23)	5,089,425	-
Contracted out services	3,932,062	3,795,247
Other supplies and expenses	11,826,686	8,679,677
Facilities management, plant and equipment	8,768,291	4,541,594
Cost of goods sold - business operations (note 13)	3,118,544	3,020,871
Interest expense	4,436,832	32,500
Amortization of furnishings and major equipment	780,585	916,890
	<hr/> 154,812,341	<hr/> 121,689,176
Excess of revenue over expenses before the following	1,904,757	3,024,905
Amortization of deferred capital contributions - buildings and land improvements (note 11)	5,821,530	1,968,594
Amortization of buildings and land improvements	(6,940,902)	(2,674,481)
Excess of revenue over expenses for the year	785,385	2,319,018

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, 2024

	2024		
	Internally restricted \$ (note 8)	Unrestricted \$	Total \$
Balance - Beginning of year	30,275,000	12,281,454	42,556,454
Excess of revenue over expenses for the year	-	785,385	785,385
Transfer to unrestricted net assets	(27,912,669)	27,912,669	-
Balance - End of year	2,362,331	40,979,508	43,341,839
	2023		
	Internally restricted \$ (note 8)	Unrestricted \$	Total \$
Balance - Beginning of year	30,200,000	11,295,896	41,495,896
Impact of adoption of Section PS 3280 Asset Retirement Obligations on April 1, 2022	-	(1,258,460)	(1,258,460)
Adjusted Balance - Beginning of year	30,200,000	10,037,436	40,237,436
Excess of revenue over expenses for the year	-	2,319,018	2,319,018
Transfer to internally restricted net assets	75,000	(75,000)	-
Balance - End of year	30,275,000	12,281,454	42,556,454

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, 2024

	2024 \$	2023 \$
Accumulated remeasurement gain (loss) - Beginning of year	846,334	(1,682,825)
Unrealized gains(losses) attributable to		
Investments	-	(84,337)
Derivative asset	2,249,471	2,310,629
Amounts reclassified to statement of operations		
Loss on sale of investments	-	302,867
Net remeasurement gains for the year	<u>2,249,471</u>	<u>2,529,159</u>
Accumulated remeasurement gain - End of year	<u>3,095,805</u>	<u>846,334</u>

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, 2024

	2024 \$	2023 \$
Cash provided by		
Operating activities		
Excess of revenue over expenses for the year	785,385	2,319,018
Add (deduct): Non-cash items		
Amortization of property, plant and equipment	7,721,487	3,591,371
Amortization of deferred capital contributions	(6,006,385)	(2,218,819)
Realized gains and interest income on investments, net	-	(410,798)
Non-pension post-retirement expense	224,900	244,700
	<u>2,725,387</u>	<u>3,525,472</u>
Net change in non-cash working capital balances related to operations (note 15)	36,334,627	15,255,220
Premiums paid related to employee future benefits	<u>(381,400)</u>	<u>(341,400)</u>
	<u>38,678,614</u>	<u>18,439,292</u>
Investing activities		
Purchases of investments	(53,500,000)	(3,603,211)
Purchases of short-term investments	(31,800,783)	-
Proceeds from sale of short-term investments	23,712,005	3,776,814
Increase in campaign advance	(295,360)	(1,587,654)
(Increase) decrease in restricted assets	<u>(3,804,465)</u>	<u>37,326,246</u>
	<u>(65,688,603)</u>	<u>35,912,195</u>
Capital activities		
Purchases of property, plant and equipment	(236,097,011)	(147,764,795)
Financing activities		
Capital contributions received	235,664,441	95,235,297
Proceeds from long-term receivable	12,074,470	-
Repayment of long-term payable	(1,063,796)	-
Proceeds from long-term debt	<u>53,500,000</u>	<u>-</u>
	<u>300,175,115</u>	<u>95,235,297</u>
Increase in cash during the year	37,068,115	1,821,989
Cash - Beginning of year	<u>17,632,790</u>	<u>15,810,801</u>
Cash - End of year	<u>54,700,905</u>	<u>17,632,790</u>
Non-cash transactions		
Property, plant and equipment additions recorded in accounts payable and accrued charges	7,271,883	1,999,323
Due from Ministry of Health related to deferred capital contributions recorded	45,891	25,586
Deferred capital contributions related to campaign advance	254,725	-
Deferred capital contributions related to long term receivable	195,557,591	-
Property, plant and equipment related to long term payable	217,286,213	-

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

West Park Healthcare Centre

Notes to Financial Statements

March 31, 2024

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. On April 15, 2024, the new hospital opened at 170 Emmett Avenue, on the same campus of the former facility. The Centre owns the licenses to a 200 bed 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.

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Centre is funded primarily by the Province of Ontario in accordance with funding arrangements established by both the Ministry of Health (MOH) and Ministry of Long-Term Care (MLTC) through Service Accountability Agreements with Ontario Health (OH).

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, which includes donations and government grants. 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 in the form of grants for specific capital expenditures are initially deferred and recorded as deferred capital contributions. The deferred contributions are recognized into revenue on the same basis as the amortization of the cost of the related capital assets.

Investment income earned on grants received and unspent MOH/OH capital grants are recognized as an increase in deferred capital contribution and are considered restricted to these purposes. Unrestricted investment income, which consists of interest and realized gains and losses on investments, is recognized as revenue when earned.

Exchange transactions are transactions where goods or services are provided by the Centre for consideration and include performance obligations arising directly from a payment of promise of consideration. Revenue from an exchange transaction is recognized as the Centre satisfies the performance obligation by providing the promised goods or services based on the portion of the transaction price allocated to the performance obligation that has been satisfied. Non-exchange transactions are transactions where there is no direct transfer of goods and services and therefore there is no performance obligation. Revenue from non-exchange transactions is recognized when the Centre has the authority to retain an inflow of economic resources and there is a past transaction that gives rise to an asset. Revenue from exchange transactions is included within patient care, business operations and

West Park Healthcare Centre

Notes to Financial Statements

March 31, 2024

ancillary operations in the statement of operations and is recognized when services are performed, or goods are delivered.

Ancillary operations revenue includes revenue from prosthetics and orthotics, Ontario Workers' Network, parking operations, Rehab Plus outpatient rehabilitation and wellness and leasing income.

Business operations revenue represents revenue from the assessment centre.

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 money market funds 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. Interest and other income attributable to short-term investments are reported in the statement of operations.

- Investments

Investments consist of guaranteed investment certificates with maturity dates of one year or more and are carried at fair value. Fair value is the face value of these certificates plus interest accrued to the statement of financial position date. 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 a nominal amount. Land improvements, buildings and furnishings, major and minor start-up 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, major and minor start-up equipment	5% to 33-1/3%
Artwork	Non-depreciable

Capital redevelopment projects in progress are not amortized until the projects are substantially complete and the assets are ready for use.

West Park Healthcare Centre

Notes to Financial Statements

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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.

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 12.0 years. Future cost escalation affects the amount of employee future benefits.

Financial instruments

The Centre's financial instruments consist of cash, short-term investments, accounts receivable, campaign advance, derivative asset, restricted assets, investments, accounts payable and accrued charges, due to MOH and MLTC and long-term debt. The Centre's financial instruments are measured as follows:

Cash	Amortized cost
Short-term investments	Fair value
Accounts receivable	Amortized cost
Campaign advance	Amortized cost
Derivative asset	Fair value
Long term receivable	Amortized cost
Restricted assets	Amortized cost
Investments	Fair value
Accounts payable and accrued charges	Amortized cost
Due to MOH and MLTC	Amortized cost
Long-term debt	Amortized cost
Long-term payable	Amortized cost

West Park Healthcare Centre

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March 31, 2024

Unrealized changes in fair value of investments and derivative financial instruments 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 reclassified 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.

Derivative asset is measured as a Level 2 fair value financial instrument. Short-term investments and investments are measured as Level 1 fair value financial instruments.

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of property, plant and equipment. It is recognized when there is a legal obligation to incur retirement costs in relation to property, plant and equipment.

Asset retirement obligations are measured as the best estimate of directly attributable expenditures required to settle the obligation. The amount of the obligation is added to the carrying amount of the associated property, plant and equipment and amortized on a straight-line basis over the estimated remaining life. Asset retirement obligations are reviewed at each statement of financial position date and adjusted based on the facts and circumstances available at the time. Once the property, plant and equipment is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligation and new obligation that arise in respect of the asset's disposal is recognized as an expense in the period in which those changes occur.

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. Items involving significant estimates include accrued charges and employee future benefits liability.

In particular, the amount of revenue recognized from the MOH and MLTC requires some estimations. The Centre has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Centre by the MOH. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas. If the Centre does not meet its performance standards or obligations, the MOH has the right to adjust funding received.

West Park Healthcare Centre

Notes to Financial Statements

March 31, 2024

The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

Changes in accounting policies

On April 1, 2023, the Centre adopted Public Sector Accounting (PSA) Handbook Section PS 3400, Revenue using the prospective approach. The section establishes standards on how to account for and report on revenue. It differentiates between revenue arising from transactions that include performance obligations and those that do not. The standard applies to the Centre's revenue from patient care, business operations and ancillary operations in the statement of operations. As a result of applying the new accounting policy, no adjustments were required.

Effective for the fiscal year beginning on April 1, 2023, the Centre adopted the PSA Handbook Section PS 3160 Public Private Partnerships. The section establishes standards on how to account for, recognize and measure assets and the liabilities related to public private partnerships. The Centre adopted the section in its financial statements for the year ended March 31, 2024 using the retroactive approach without restatement of comparatives (note 22).

Public-private partnership ("P3") projects are delivered by private sector partners selected to design, build, finance and maintain the assets. The cost of the assets under construction is estimated at fair value, based on construction progress billings verified by an independent certifier, and also includes other costs incurred directly by the Centre.

The asset cost includes development and financing fees estimated at fair value, which requires the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received, and amounts repaid, during the construction term. The interest rate used is the project internal rate of return. When available for operations, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation net of the contributions received is recorded as a liability and included in long-term payables. Associated contributions to be received from the MOH are included in long term receivables.

Upon substantial completion, the private sector partner receives monthly payments over the term of the project agreement to cover the private sector partner's operating costs, financing costs and other costs.

3 Short-term investments and investments

a) Short-term investments consist of guaranteed investment certificates and money market funds managed by a third-party investment manager, with maturity dates of one year or less.

	2024	2023
	\$	\$
Money market funds	-	19,420,965
Guaranteed investment certificates	31,800,783	4,291,040
	<u>31,800,783</u>	<u>23,712,005</u>

The weighted rate of return on the guaranteed investment certificates is 5.39 % (2023 – 3.25%)

West Park Healthcare Centre

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March 31, 2024

b) Investments consist of guaranteed investment certificates with maturity dates of more than a year.

	2024 \$	2023 \$
Guaranteed investment certificates	<u>53,500,000</u>	-

The weighted average rate of return on the guaranteed investment certificates was 4.92%.

4 Restricted assets

The Centre has received \$494,363,906 (2023 - \$282,658,668) to date from the MOH for the new patient care building (note 5). Cash in the amount of \$211,705,238 (2023 - \$92,377,917) was received during the current year. These funds are required to be segregated and the use of these funds is restricted to the redevelopment project. Interest earned on these funds received in advance is recorded as an increase in deferred capital contributions.

Restricted assets are segregated as follows:

	2024 \$	2023 \$
HST recoverable	-	3,094,020
Guaranteed investment certificates	<u>73,482,890</u>	<u>66,584,405</u>
	<u>73,482,890</u>	<u>69,678,425</u>

5 New West Park patient care building

The Centre, in conjunction with the MOH, has undertaken a major capital redevelopment project to design, build, finance and maintain a new patient care building. The new patient care building reached substantial completion on November 21, 2023 and the Centre opened on April 15, 2024.

A project agreement was entered into on August 8, 2018, with EllisDon Infrastructure Healthcare (EllisDon) to design, build, finance and maintain, for a 30-year term, a 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.

The balance of the remaining amounts due to EllisDon of \$216,222,417 (2023 - \$nil) related to the construction of the building is reported as a long-term payable, with a current portion of \$4,275,864 and bears variable interest between 1.09% and 3.97% along with a variable equity distribution averaging \$2,523,000 a year and is funded by the MOH.

During the year, the Centre recognized a loan receivable for \$195,557,591 which represents 90% of the amount payable to EllisDon over the 30-year term receivable from the MOH.

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The payments over the next 5 years and thereafter are as follows:

	Long-term payable \$	Future interest and equity distribution commitments \$	Future operating cost commitments \$	Future lifecycle cost commitments \$
2025	4,275,864	10,815,020	4,277,140	172,155
2026	4,439,345	10,651,538	4,277,140	305,506
2027	4,609,044	10,481,839	4,277,140	247,030
2028	4,785,261	10,305,623	4,277,140	677,752
2029	4,968,119	10,122,765	4,277,140	862,917
Thereafter	193,144,784	169,036,424	102,651,359	62,748,173
	216,222,417	221,413,209	124,037,059	65,013,533
Current	4,275,864	10,815,020	4,277,140	172,155
Long Term	211,946,553	210,598,189	119,759,919	64,841,378
	216,222,417	221,413,209	124,037,059	65,013,533

During the year, the Centre made principal payments of \$1,063,796 and interest payments of \$4,324,638 with respect to this long-term payable. Interest payments are included within interest expense on the statement of operations.

The debt, operating and maintenance services are repayable in blended average monthly installments of \$1,614,002 and matures in February 2053. Part of the agreement with EllisDon requires that it provide certain operating and maintenance services. The remaining total cost of these services is projected to be \$124,037,059 of operating costs which are recognized as an expense as they are paid and \$65,013,533 of lifecycle costs over the term of the agreement which is related to future expected capital expenditures. These payments are to be substantially funded by the MOH.

The project agreement contemplated final completion, including demolition of the existing buildings and landscaping to be complete on February 10, 2025. However, on March 28, 2024, due to system bed capacity shortages, an agreement was signed with the MOH to fund the first phase of renovations to the existing building for the West Park Healthcare Centre Reactivation Care Centre. Final completion is expected before the end of 2025.

6 Long-term debt

On August 8, 2018, the Centre entered into a credit agreement to finance the new West Park patient care building. Total credit approved was \$127,000,000, is unsecured, and includes short-term and long-term and revolving and non-revolving facilities. On March 15, 2024, an amendment to the credit agreement was executed with credit available of \$53,500,000 and the rate basis changed from CDOR (Canadian dollar offered rate) to CORRA (Canadian overnight repo rate average).

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March 31, 2024

Long-term debt for construction and equipment

(i) On March 15, 2024, non-revolving credit of \$40,000,000 was drawn to fund the local share portion of construction. The loan bears interest at 4% per annum, is unsecured, is repayable in quarterly installments and will mature on March 15, 2049. The Centre did not make any principal or interest instalments during the year.

(ii) On March 28, 2024, revolving credit of \$13,500,000 was drawn to fund equipment purchased for the redevelopment project. The loan bears interest at 3.53% per annum, is repayable in quarterly installments and will mature on March 28, 2039. The Centre did not make any principal or interest instalments during the year.

	2024 \$	2023 \$
Loan payable for construction and equipment	53,500,000	-
Less: Current portion of long-term debt	<u>(1,669,000)</u>	-
Long-term portion	<u>51,831,000</u>	-

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

	Total
2025	1,669,000
2026	1,731,000
2027	1,797,000
2028	1,863,000
2029	1,934,000
2030 and thereafter	44,506,000

The Centre has an unsecured operating line of credit to a maximum of \$5,000,000. This facility bears interest at prime and is due on demand. As at March 31, 2024 and 2023, there were no borrowings under this facility.

7 Interest rate swaps and derivative asset

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 West Park patient care building. 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, 2024 is \$53,500,000 (2023 - \$93,912,000). The reduction in the

West Park Healthcare Centre

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drawdown of long-term debt and corresponding interest rate swaps resulted in an unwinding of certain interest rate swaps and the receipt of an interest payment of \$1,063,000 by the Centre.

Credit available	Notional interest rate swap amount	Swap rate	CORRA credit spread	Commitment	Purpose
\$40,000,000	\$40,000,000	2.96%	1.04%	20 years	Construction
\$13,500,000	\$13,500,000	2.86%	0.67%	15 years	Equipment
\$53,500,000	\$53,500,000				

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, 2024 of these interest rate swaps is a derivative asset of \$3,095,805 (2023 - \$846,334).

The Centre pays standby fees related to the interest rate swaps related to the non-revolving loans at 0.05%. Standby fees expensed during the year were \$32,451 (2023 - \$32,500).

8 Internally restricted net assets

During 2024, the Centre transferred \$27,912,669 (2023 - (\$75,000)) from internally restricted net assets to unrestricted net assets. GICs equal to these internally restricted net assets is part of restricted assets.

The balance of internally restricted funds is as follows:

	2023 \$	2023 \$
Local share of redevelopment	-	26,535,000
Renewal of property, plant and equipment - Long-Term Care Facility	2,362,331	3,515,000
Spasticity research	-	225,000
	2,362,331	30,275,000

9 Property, plant and equipment

	2024		
	Cost \$	Accumulated amortization \$	Net \$
Land and land improvements	1,804,632	801,728	1,002,904
Buildings	60,396,545	48,471,582	11,924,963
Furnishings, major equipment and minor start-up equipment	82,659,186	47,551,468	35,107,718
Artwork	254,725	-	254,725
West Park patient care building	682,092,054	6,327,157	675,764,897
	827,207,142	103,151,935	724,055,207

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	2023		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Land and land improvements	1,424,169	801,728	622,441
Buildings	59,426,077	47,857,779	11,568,298
Furnishings and major equipment	55,017,448	46,770,941	8,246,507
West Park patient care building – construction in progress	252,683,664	-	252,683,664
	368,551,358	95,430,448	273,120,910

The capital cost of the West Park patient care building was transferred from construction in progress to West Park patient care building at substantial completion and furnishings, major and minor start up equipment on opening. At March 31, 2024, there are construction holdbacks in the amount of \$6,347,191 included in accounts payable and accrued charges.

Under an agreement dated April 25, 1977 between the Centre and the NSA, the NSA donated its land to the Centre for a nominal amount. 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 \$6,026,804 (2023 - \$4,574,831). 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, 2023 indicates the Plan is 115% 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 \$363,432 (2023 - \$348,737). 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, 2023 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, 2024. The most recent actuarial valuation of the non-pension post-retirement benefit plans for funding purposes is at March 31, 2023.

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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:

	2024 \$	2023 \$
Balance - Beginning of year	5,251,600	5,348,300
Current service cost	273,300	261,800
Interest cost	176,000	173,900
Benefits paid	(381,400)	(341,400)
Actuarial gain	(224,400)	(191,000)
	<u>5,095,100</u>	<u>5,251,600</u>
Balance - End of year		
Net benefit cost (recovery) recognized		
Current service costs	273,300	261,800
Interest cost	176,000	173,900
Amortization of actuarial gains	(224,400)	(191,000)
	<u>224,900</u>	<u>244,700</u>

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 4.50% (2023 – 3.60%);
- discount rate to determine accrued benefit obligation for disclosure at end of year of 4.70% (2023 – 4.50%); and
- dental and extended health care costs in 2023 are based on actual rates. Dental cost increases are assumed to be 5.00% per annum from 2023 to 2027 and variable thereafter. Extended healthcare costs are assumed to be 5.60% from 2023 through 2027 and variable thereafter to an ultimate rate of 3.57% 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:

	2024 \$	2023 \$
Deferred capital contributions - Beginning of year	291,068,651	198,122,263
Add		
Contributions received for capital purposes – Foundation	25,437,823	13,181
Deferred contributions related to long term receivable	195,557,591	
Contributions received for capital purposes – Ministry of Health and other	210,501,648	95,152,026

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Less		
Amortization of deferred capital contributions - furnishings and major equipment	(184,855)	(250,225)
Amortization of deferred capital contributions - buildings and land improvements	(5,821,530)	(1,968,594)
	<hr/>	<hr/>
Deferred capital contributions - End of year	716,559,328	291,068,651

Deferred capital contributions include the following:

	2024	2023
	\$	\$
Campus development	696,662,734	285,937,730
Other capital purposes	19,149,621	4,383,948
Long-term care contributions	746,973	746,973
	<hr/>	<hr/>
	716,559,328	291,068,651

12 Salaries and employee benefits expenses

Salaries and employee benefits expenses consist of the following:

	2024	2023
	\$	\$
Program salaries	52,981,016	45,661,830
Long-term care facility contracted salaries and benefits	16,159,850	14,321,457
Administration and support salaries	19,845,542	17,479,420
Ancillary and business operations salaries	1,747,189	1,789,591
Post construction operating expenses salaries	2,062,016	159,514
Employee benefits	19,033,594	15,815,375
	<hr/>	<hr/>
	111,829,207	95,227,187

13 Inventories

During the year, \$4,193,628 (2023 - \$3,931,211) of inventory was recognized as an expense. These amounts are included as part of patient care supplies and services and cost of goods sold – business operations. There were no significant write downs of inventories recognized as an expense during 2024 and 2023.

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14 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 financial statements. The Foundation receives and expends funds for the benefit of the Centre including their "Get Your Life Back Campaign" with a fundraising goal of \$80 million for the new hospital. During the year, the Foundation approved \$25,663,538 (2023 - \$248,397) in capital and operating grants to the Centre. This included "Get Your Life Back Campaign" donations in the amount of \$25,183,098 upon reaching substantial completion and artwork valued at \$254,725.

During the year, the Centre transferred certain restricted funds of \$300,000 to the Foundation.

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.

All transactions between the Centre and the Foundation are settled through the campaign advance account on a monthly basis. Since June 10, 2013, the Foundation and Centre have been party to an agreement (known as the campaign advance), initially in the amount of \$1,000,000. The agreement is reviewed annually. On January 25, 2024, the campaign advance of \$4,500,000 was extended with an expiry date of July 31, 2026. The Foundation has pledged as security on this campaign advance its unrestricted investments.

At March 31, 2024 the amount outstanding on the campaign advance is \$4,572,926 (2023 - \$4,022,841) which exceeds the campaign advance limit by \$72,926.

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

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

	2024	2023
	\$	\$
Accounts receivable	(2,329,634)	244,039
Due to MOH and MLTC	4,655,133	5,066,830
Inventories	(320,772)	(21,194)
Prepaid expense and others	(214,393)	551,994
Accounts payable and accrued charges	11,329,386	7,467,320
Deferred revenue	23,214,907	1,946,231
	<u>36,334,627</u>	<u>15,255,220</u>

16 Segmented financial reporting

The Centre's reportable segments are a 299-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, various Board Committees and 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

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any allocations between these segments. The accounting policies used in these segments are consistent with those followed in the preparation of these financial statements as disclosed in note 2.

	Healthcare Centre	Long-Term Care Centre	Total
	\$	\$	\$
Revenue			
MOH and MLTC	115,974,213	16,885,661	132,859,874
Patient care and other agencies	2,141,065	5,887,163	8,028,228
Investment income	2,305,943	537,510	2,843,453
Business operations	4,750,437	-	4,750,437
Ancillary operations	8,004,614	45,637	8,050,251
Amortization of deferred capital contributions	184,855	-	184,855
	<u>133,361,127</u>	<u>23,355,971</u>	<u>156,717,098</u>
Expenses			
Salaries and employee benefits	95,669,357	16,159,850	111,829,207
Patient care supplies and services	4,124,985	905,724	5,030,709
Amalgamation (note 23)	5,089,425	-	5,089,425
Contracted out services	3,932,062	-	3,932,062
Other supplies and expenses	8,425,882	3,400,804	11,826,686
Facilities management, plant and equipment	8,241,778	526,513	8,768,291
Cost of goods sold - business operations	3,118,544	-	3,118,544
Interest expense	4,436,832	-	4,436,832
Amortization of furnishings and major equipment	548,028	232,557	780,585
	<u>133,586,893</u>	<u>21,225,448</u>	<u>154,812,341</u>
Excess (deficit) of revenue over expenses before the following	(225,766)	2,130,523	1,904,757
Amortization of deferred capital contributions - buildings and land improvements	5,716,631	104,899	5,821,530
Amortization of buildings and land improvements	<u>(6,367,370)</u>	<u>(573,532)</u>	<u>(6,940,902)</u>
Excess of revenue over expenses for the year	<u>(876,505)</u>	<u>1,661,890</u>	<u>785,385</u>

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17 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, 2024.

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.

18 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.

19 Commitments

As of March 31, 2024, the Centre has entered into various contracts including those related to the Campus Development Construction. The commitments outstanding as at March 31, 2024 are \$7,089,399 (2023 - \$19,733,791). In addition, the Centre has commitments to Ellis Don reflected in note 5.

20 Financial risk management

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

Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Centre. The Centre's short-term investments and investments are exposed to credit risk. Risk arising from investment activities is managed by the Centre through its investment policies that establishes criteria for the selection of investments, including benchmarks for the creditworthiness of entities. Cash is held in highly rated Canadian chartered banks. The Centre considers the risk of non-performance of these instruments to be remote.

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.

The Centre is exposed to minimal credit risk on its long-term receivable as it is receivable from the Ministry of Health which is the Centre's primary source of funding.

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An allowance in the amount of \$1,533,327 (2023- \$861,100) has been provided for amounts over 90 days past due. As at March 31, 2024, the following accounts receivable were past due but not impaired.

	30 days	60 days	90 days	Over 120 days
Accounts receivable	\$955,638	\$310,811	\$-	\$384,680

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 short-term investments and investments, long-term debt and long-term payable. The Centre mitigates its interest rate risk on its investment portfolio through diversification within the investment portfolio and through regular monitoring. At March 31, 2024, all short-term investments and investments were invested in GICs with fixed interest rates. The Centre has mitigated its risk of fluctuating interest rates on its long-term debt through the use of interest rate swaps.

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, 2024:

	Up to 6 Months \$	More than 6 months up to 1 year \$	More than 1 year up to 5 years \$	Over 5 years \$	Total \$
Accounts payable and accrued charges	45,649,249	1,535,813	51,724	-	47,236,786
Long-term debt	827,000	842,000	9,331,000	42,500,000	53,500,000
Long term payable	2,137,932	2,137,932	23,959,832	187,986,721	216,222,417
	48,614,181	4,515,745	33,342,556	230,486,721	316,959,203

21 Bill 124

In November 2022, the Ontario Superior Court of Justice ruled that Bill 124 was unconstitutional, enabling unions to trigger reopener provisions in collective agreements. With the triggering of the reopener clause by the Ontario Nurses Association (ONA), the Ontario Hospital Association (OHA) was required to resume negotiations with unions on compensation for the years that were previously capped by Bill 124. In April 2023, the arbitrators released decisions regarding the monetary award for ONA. At March 31, 2024, the Centre has estimated a remaining liability of \$nil (2023 - \$2,958,284) that was included in accounts payable and accrued charges for salaries and employee benefits on the statement of financial position. In February 2024, the Ontario government repealed Bill 124 in its entirety. During the year, the Centre recognized revenue of \$12,882,495 (2023 - \$nil) to support the additional costs incurred for arbitration and other awards from the MOH and recorded associated

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expenses of \$11,949,996 (2023 - \$2,958,284) within the salaries and employee benefits in the statement of operations.

22 Adoption of Section PS 3160, Public, Private Partnerships (“PPP”)

During the year, the Centre adopted PPP using retroactively without restating comparatives. As a result of applying the new accounting policies (as described in note 2), additional costs of the new building based on the percentage of completion and a corresponding liability, net of payments made was recognized in the statement of financial position as at April 1, 2023. The below is a summary of the changes at April 1, 2023.

	As previously reported \$	Adjustments \$	April 1, 2023 \$ As restated
Property, plant and equipment	273,120,910	313,386,684	586,507,594
Long-term payable	-	313,386,684	313,386,684

23 Amalgamation

The Board of Directors of the Centre approved a voluntary amalgamation effective April 1, 2024 on November 13, 2023 and received Ministry of Health and Ministry of Long-Term Care approval on February 27, 2024. Expenditures incurred related to the amalgamation are recorded in the statement of operations as follows:

	2024 \$
Restructuring salaries and benefits	4,120,397
Transaction expenses	969,028
	<u>5,089,425</u>

24 Comparative figures

Certain prior year comparative figures have been reclassified from statements previously presented to conform to the presentation of these financial statements.