

Renfrew Victoria Hospital

Financial Statements

For the year ended 31 March 2024

**MACKILLICAN & ASSOCIATES**

CHARTERED PROFESSIONAL ACCOUNTANTS

Renfrew Victoria Hospital  
Financial Statements Index  
For the year ended 31 March 2024

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## INDEPENDENT AUDITOR'S REPORT

The Chair and Board of Directors,  
Renfrew Victoria Hospital,  
RENFREW, Ontario.

### **Opinion**

We have audited the financial statements of the Renfrew Victoria Hospital (the Hospital), which comprise the statement of financial position as at 31 March 2024, and the statements of current operations, capital operations, changes in net assets, accumulated remeasurement gains and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Hospital to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*MacKillicon & Associates*

RENFREW, Ontario.  
19 June 2024.

**Chartered Professional Accountants,**  
Licensed Public Accountants.

Renfrew Victoria Hospital  
Statement of Financial Position  
As at 31 March 2024  
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u> (Restated)
<u>ASSETS</u>		
Current:		
Cash and investments (Note 8)	\$ 25,584,562	\$ 15,834,955
Accounts receivable (Note 5)	5,461,916	10,902,033
Inventory (Note 2 (c))	861,506	932,371
Prepaid expenses	<u>274,594</u>	<u>276,194</u>
	\$ 32,182,578	\$ 27,945,553
Capital assets (Notes 2 (e) and 6)	<u>42,319,919</u>	<u>43,475,524</u>
	<u>\$ 74,502,497</u>	<u>\$ 71,421,077</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,110,244	\$ 8,662,866
Deferred provincial grants (Note 2 (a))	172,924	153,528
Deferred revenue (Note 2 (a))	35,359	30,273
Current portion of long term liabilities	<u>63,684</u>	<u>95,068</u>
	\$ 9,382,211	\$ 8,941,735
Deferred capital grants (Notes 2 (a) and 9)	\$ 27,257,461	\$ 27,963,199
Asset Retirement Obligation (Note 17)	3,732,196	3,204,456
Employee future benefits (Notes 2 (g) and 11)	<u>1,278,100</u>	<u>1,316,100</u>
	\$ 32,267,757	\$ 32,483,755
Long term liabilities:		
Capital lease (Note 15)	\$ 63,684	\$ 134,985
Less current portion	<u>(63,684)</u>	<u>(95,068)</u>
	\$ -	\$ 39,917
Total liabilities	\$ 41,649,968	\$ 41,465,407
Net assets:		
Investment in capital assets (Note 13 (a))	\$ 27,506,270	\$ 22,997,068
Unrestricted	<u>4,044,020</u>	<u>6,214,982</u>
	\$ 31,550,290	\$ 29,212,050
Accumulated remeasurement gains	<u>1,302,239</u>	<u>743,620</u>
	\$ 32,852,529	\$ 29,955,670
	<u>\$ 74,502,497</u>	<u>\$ 71,421,077</u>

Approved on behalf of the Board:

  
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(See accompanying notes)

Renfrew Victoria Hospital  
Statement of Current Operations  
For the year ended 31 March 2024  
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u> (Restated)
Revenue:		
Patient care services (Note 2 (a))	\$ 53,372,970	\$ 49,005,398
Cash recoveries and sundry	4,781,196	4,095,466
Investment income	<u>157,430</u>	<u>110,133</u>
	<u>\$ 58,311,596</u>	<u>\$ 53,210,997</u>
Expenses:		
Salaries, wages and benefits	\$ 39,255,221	\$ 34,794,672
Medical and surgical supplies	2,701,243	2,603,651
Drugs and medical gases	4,600,235	4,063,230
Other supplies and expenses	<u>8,960,301</u>	<u>8,454,408</u>
	<u>\$ 55,517,000</u>	<u>\$ 49,915,961</u>
Excess of revenue over expenses before amortization	\$ 2,794,596	\$ 3,295,036
Amortization of deferred contributions related to equipment	1,974,120	1,781,226
Amortization of equipment	<u>(2,878,772)</u>	<u>(2,813,171)</u>
Excess of revenue over expenses before non-recurring items	<u>\$ 1,889,944</u>	<u>\$ 2,263,091</u>
Bill 124 retroactive funding (Note 18)	\$ 1,789,244	
Bill 124 retroactive wage adjustments (Note 18)	<u>(832,588)</u>	<u>\$ (1,126,458)</u>
Excess of revenue over expenses for the year	<u><u>\$ 2,846,600</u></u>	<u><u>\$ 1,136,633</u></u>

(See accompanying notes)

Renfrew Victoria Hospital  
Statement of Capital Operations  
For the year ended 31 March 2024  
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Revenue:		
Investment income	\$ 476,922	\$ 401,808
Rental income	<u>12,260</u>	<u>19,405</u>
	<u>\$ 489,182</u>	<u>\$ 421,213</u>
Expenses:		
Other supplies and expenses	<u>\$ 648,571</u>	<u>\$ 53,606</u>
Excess (deficiency) of revenue over expenses before amortization	\$ (159,389)	\$ 367,607
Amortization of deferred contributions related to buildings	677,548	658,956
Amortization of buildings	<u>(1,026,519)</u>	<u>(1,022,841)</u>
Excess (deficiency) of revenue over expenses for the year	<u><u>\$ (508,360)</u></u>	<u><u>\$ 3,722</u></u>

(See accompanying notes)

Renfrew Victoria Hospital

Statement of Changes in Net Assets

For the year ended 31 March 2024  
(with 2023 figures for comparison)

	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>2024</u>	<u>2023</u> (Restated)
Net assets at the beginning of the year	\$ 22,997,068	\$ 6,214,982	\$ 29,212,050	\$ 28,071,695
Excess (deficiency) of revenue over expenses for the year	(508,360)	2,846,600	2,338,240	1,140,355
Transfer between funds (Note 13 (b))	<u>5,017,562</u>	<u>(5,017,562)</u>	<u>                    </u>	<u>                    </u>
Net assets at the end of the year	<u>\$ 27,506,270</u>	<u>\$ 4,044,020</u>	<u>\$ 31,550,290</u>	<u>\$ 29,212,050</u>

(See accompanying notes)



Renfrew Victoria Hospital  
Statement of Accumulated Remeasurement Gains  
For the year ended 31 March 2024  
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Accumulated remeasurement gains at beginning of year	\$ 743,620	\$ 1,086,657
Net unrealized (realized) gains attributable to investments	<u>558,619</u>	<u>(343,037)</u>
Accumulated remeasurement gains at end of year	<u>\$ 1,302,239</u>	<u>\$ 743,620</u>

(See accompanying notes)

Renfrew Victoria HospitalStatement of Cash FlowsFor the year ended 31 March 2024

(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u> (Restated)
Cash flows from operating activities:		
Excess of revenue over expenses for the year	\$ 2,338,240	\$ 1,140,355
Add (deduct) items which do not involve cash:		
- amortization of buildings and equipment	3,905,292	3,836,012
- amortization of deferred capital grants	(2,651,668)	(2,440,182)
- increase (decrease) in employee future benefits	(38,000)	(43,700)
- unrealized (realized) gains	558,619	(343,037)
- gain on disposal of capital assets		(38,826)
- increase (decrease) in asset retirement obligation	<u>527,740</u>	<u>                    </u>
	<u>\$ 4,640,223</u>	<u>\$ 2,110,622</u>
Net change in non cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	\$ 5,440,117	\$ (1,095,002)
Decrease (increase) in inventory	70,865	(557,187)
Decrease (increase) in prepaid expenses	1,600	100,054
Increase (decrease) in accounts payable and accrued liabilities	447,378	(1,272,575)
Increase (decrease) in deferred provincial grants	19,396	92,000
Increase (decrease) in deferred revenue	<u>5,086</u>	<u>(3,830)</u>
	<u>\$ 5,984,442</u>	<u>\$ (2,736,540)</u>
Cash flows from (used for) operating activities	<u>\$ 10,624,665</u>	<u>\$ (625,918)</u>
Cash flows from financing activities:		
Deferred grants for capital assets received	\$ 1,945,930	\$ 2,643,170
Repayment of capital lease	<u>(71,301)</u>	<u>(95,068)</u>
Cash flows from financing activities	<u>\$ 1,874,629</u>	<u>\$ 2,548,102</u>
Cash flows used for investing activities:		
Additions to construction in progress	\$ (1,001,124)	\$ (258,673)
Additions to - land improvements	(357,648)	
- buildings	(170,792)	(147,153)
- equipment	(1,220,123)	(2,611,188)
Proceeds on disposal of capital assets		62,000
Decrease (increase) in loans receivable	<u>                    </u>	<u>75,000</u>
Cash flows used for investing activities	<u>\$ (2,749,687)</u>	<u>\$ (2,880,014)</u>
Net increase (decrease) in cash and investments during the year	\$ 9,749,607	\$ (957,830)
Cash and investments at the beginning of the year	<u>15,834,955</u>	<u>16,792,785</u>
Cash and investments at the end of the year	<u>\$ 25,584,562</u>	<u>\$ 15,834,955</u>

(See accompanying notes)

Renfrew Victoria Hospital  
Notes to the Financial Statements  
For the year ended 31 March 2024

1. GENERAL INFORMATION

The Renfrew Victoria Hospital is incorporated without share capital under the laws of the Province of Ontario. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

These financial statements reflect the assets, liabilities and operations of the Renfrew Victoria Hospital. They do not include the assets, liabilities or operations of its related entities which, although associated with the Hospital, are separately managed and report to a separate Board of Directors.

The Hospital is principally involved in providing health care services as a community hospital to the residents of the Town of Renfrew and surrounding area.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations, including the 4200 series of the standards, as issued by the Public Sector Accounting Board.

a) Revenue recognition:

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

Under the Health Insurance Act and regulations thereto, the Hospital is funded primarily by Ontario Health in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended 31 March 2024.

Capital grants for acquisition of capital assets are recorded as deferred credits and amortized to income in future years at the same rate as the related capital assets are amortized.

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.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

b) Contributed services:

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

c) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined on an average cost basis.

Renfrew Victoria Hospital

Notes to the Financial Statements

For the year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Areas of key estimation include determination of fair value for long term investments, allowance for doubtful accounts and actuarial estimation of employee future benefits.

e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When capital assets are disposed of, the cost of the asset and the resulting gain or loss on disposal, if significant, is included in net assets. Costs of construction in progress are capitalized. Amortization is not recognized until construction is complete and the assets are ready for productive use.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2.5%
Equipment	12.5%
Land improvements	2.5%
Information system	6.7%

Assets acquired during the year are not amortized until the following year.

f) Vacation pay:

Vacation pay for all employees is accrued as entitlement is earned.

g) Employee future benefits:

The Hospital accrues its obligations under employee future benefits and the related costs. These costs include extended health and dental insurance to certain employee groups. The costs of retirement benefits earned by employees is actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected health care costs. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.

The costs of multi-employer defined contribution pension plan benefits, such as the Healthcare of Ontario Pension Plan (HOOPP), are the employer's contributions due to the plan in the period.

h) Financial instruments:

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

Fair value:

This category includes equity instruments quoted in an active market.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of accumulated remeasurement gains until they are realized, when they are transferred to the statements of operations.

Renfrew Victoria Hospital  
Notes to the Financial Statements  
For the year ended 31 March 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments (Continued)

Transaction costs related to the financial instruments in the fair value category are expensed as incurred.

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

Amortized cost:

This category includes accounts receivable and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using effective interest rate method, less any impairment losses on financial assets.

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

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

i) Asset retirement obligation:

The Hospital recognizes the fair value of an Asset Retirement Obligation ("ARO") when all of the following criteria have been met:

- There is legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos-containing materials in certain Hospital facilities has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the financial statements is recognized in the Statement of Operations at the time the remediation occurs.

j) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand and in bank and short term investments or investments quoted on an active market.

k) Related party transactions:

Monetary related party transactions and non-monetary related party transactions are measured at the exchange amount when they are in the normal course of business. When the transaction is not in the normal course of operations, it is measured at the exchange amount when there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

Renfrew Victoria Hospital  
Notes to the Financial Statements  
For the year ended 31 March 2024

### 3. FINANCIAL INSTRUMENT RISK MANAGEMENT

**Credit risk:**

Credit risk is the risk that financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its accounts receivable.

Accounts receivable is mainly composed of amounts from the Provincial Ministry of Health and patient services. Allowance for doubtful accounts is set up based on the Hospital's historical experience regarding collecting.

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

**Market risk:**

The Hospital's investment policy operates within the constraints of the investment guidelines set out by the Board of Directors. Investment portfolios are reviewed for performance on a monthly basis and monitored by management on a monthly basis.

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

**Currency risk:**

Currency risk relates to the Hospital operating in different currencies and converting non-Canadian earnings at different points in time. The Hospital does not have any material transactions or financial instruments denominated in foreign currencies.

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

**Interest rate risk:**

Interest rate risk is the potential for financial loss caused by fluctuation in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to this risk through its interest bearing investments.

The Hospital's bond portfolio has interest rates ranging from 1.700% to 5.500% with maturities ranging from April 2024 to July 2042.

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

**Equity risk:**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Hospital is exposed to this risk through its equity holdings within its investment portfolio.

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

Renfrew Victoria Hospital  
Notes to the Financial Statements  
For the year ended 31 March 2024

3. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

Liquidity risk:

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise.

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

4. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments reported on the Statement of Financial Position of the Hospital. The maximum exposure to credit risk would be the carrying value as shown below:

	<u>Fair Value</u>	2024 <u>Amortized Cost</u>	<u>Total</u>
Cash and investments	\$ 25,584,562		\$ 25,584,562
Accounts receivable		\$ 5,461,916	5,461,916
Accounts payable and accrued liabilities		9,110,244	9,110,244

Investments consist of equity instruments in Canadian and International public companies and various government bonds. The fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price.

5. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Accounts receivable is comprised as follows:		
Services to patients	\$ 1,592,934	\$ 1,311,649
Other	<u>3,884,982</u>	<u>9,612,384</u>
	\$ 5,477,916	\$ 10,924,033
Less allowance for doubtful accounts	<u>16,000</u>	<u>22,000</u>
	<u>\$ 5,461,916</u>	<u>\$ 10,902,033</u>

	<u>2024</u>		<u>2023</u>	
6. CAPITAL ASSETS	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 441,416		\$ 441,416	\$ 441,416
Land improvements	2,249,705	\$ 563,259	1,686,446	1,369,844
Buildings	39,589,711	17,685,328	21,904,383	22,719,064
Equipment	54,256,085	37,580,150	16,675,935	18,334,586
Construction in progress	<u>1,611,739</u>		<u>1,611,739</u>	<u>610,614</u>
	<u>\$ 98,148,656</u>	<u>\$ 55,828,737</u>	<u>\$ 42,319,919</u>	<u>\$ 43,475,524</u>

Renfrew Victoria Hospital  
Notes to the Financial Statements  
For the year ended 31 March 2024

7. COMMITMENTS AND CONTINGENCIES

- a) The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at anytime. With respect to claims at 31 March 2024, management believes the Hospital has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.
- b) On 1 July 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the Provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to 31 March 2024.

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

8. INVESTMENTS	<u>2024</u>	<u>2023</u>
Investments consist of:		
Cash	\$ 260,195	\$ 200,674
Fixed income	12,747,205	8,723,763
Common shares	4,186,062	2,443,136
Mutual funds and other	<u>348,469</u>	<u>200,230</u>
	<u>\$ 17,541,931</u>	<u>\$ 11,567,803</u>

The investments are managed by investment managers who are under the direction of the Board of Directors. Market value is determined by reference to public markets as reported by the investment manager. The cost value of the investments is \$ 16,239,692 (2023 - \$ 10,241,183).

9. DEFERRED CAPITAL GRANTS	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 27,963,199	\$ 27,760,211
Contributions during the year (net)	1,945,930	2,643,170
Less amortization to revenue during the year	<u>(2,651,668)</u>	<u>(2,440,182)</u>
Balance at the end of the year	<u>\$ 27,257,461</u>	<u>\$ 27,963,199</u>



Renfrew Victoria Hospital  
Notes to the Financial Statements  
For the year ended 31 March 2024

#### 10. PENSION PLAN

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Pension expense is based on management's best estimate, in consultation with its actuaries, of the amount, together with employee contributions, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee contributions.

Variances between actuarial funding estimates and actual experiences may be material and any differences are generally to be funded by the participating members. Contributions made during the year by the Hospital, amounted to \$ 2,189,372 (2023 - \$ 1,756,207) and are included in salaries, wages and benefits in the statements of operations.

#### 11. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health and dental to certain employees. An independent actuarial study of the post-retirement and post-employment benefits has been undertaken. The most recent valuation of employee future benefits was completed as at 31 March 2024.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate used to determine fiscal year expense 4.04%.

Discount rate to determine accrued benefit obligation for disclosure at end of period 3.95%.

Dental and extended health costs in 2024 were based on the following assumed rates. Dental costs were assumed to be 5.00% in 2024 to 2028 decreasing by 0.13% per annum to an ultimate rate of 3.57%. Extended health care costs were assumed to be 5.97% in 2024 to 2028 decreasing by 0.33% in 2029 to 2032 per annum and decreasing 0.13% per annum to an ultimate rate of 3.57% per annum.

Information with respect to the Hospital's employee future benefit obligations is as follows:

Employee future benefit liabilities:	<u>2024</u>	<u>2023</u>
Accrued benefit obligation	\$ 979,300	\$ 930,100
Unamortized actuarial gain	<u>298,800</u>	<u>386,000</u>
Accrued employee benefit obligation	<u>\$ 1,278,100</u>	<u>\$ 1,316,100</u>

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11. EMPLOYEE FUTURE BENEFITS (Continued)

Employee future benefit expense:	<u>2024</u>	<u>2023</u>
Current year benefit cost	\$ 82,400	\$ 85,500
Interest on accrued benefit obligation	39,200	32,600
Prior service costs incurred	7,000	
Recognition of unamortized (gains) losses	(7,000)	
Amortized actuarial (gain) loss	<u>(63,100)</u>	<u>(53,100)</u>
Employee future benefit expense	<u>\$ 58,500</u>	<u>\$ 65,000</u>

12. RELATED ENTITIES

**Renfrew Victoria Hospital Foundation:**

The Renfrew Victoria Hospital Foundation is a separate legal entity and reports to its own Board. Incorporated without share capital under the laws of Ontario, it is a registered charity under the Income Tax Act and was established in 1988 to raise funds for the use of the Hospital. Included in accounts receivable is an amount of \$ 1,797,301 (2023 - \$ 1,582,076) due from the Foundation. This represents the net of salaries, employee benefits and supplies paid by the Hospital on behalf of the Foundation during the fiscal year and amounts pledged by the Foundation for capital purchases.

**Eastern Ontario Regional Laboratory Association Inc.:**

The Hospital is an owner/member of Eastern Ontario Regional Laboratory Association Inc. ("EORLA"). EORLA was established to provide an integration of laboratory and pathology services to the 16 member Hospitals on a cost of service basis. Effective 1 April 2012, a number of non-medical laboratory employees became employees of EORLA. The initial contract was for 10 years, but has been extended by all members to 31 March 2024. A new 10 year contract signed by all members will come into effect 1 April 2024. EORLA has assumed all liabilities related to lab and pathology services and charge all member Hospitals on a semi-monthly basis for their share of lab costs based on usage. Included in other supplies and expenses is an amount of \$ 1,946,431 (2023 - \$ 1,805,686) for the provision of laboratory and pathology services paid to EORLA. As an owner, the Hospital would be responsible for a portion of any operating losses, liabilities or significant capital requirements agreed to by the EORLA Board of Directors.

**Renfrew Health:**

Renfrew Health is a separate legal entity and reports to its own Board. Incorporated without share capital under the laws of Canada, it is a Not-for-Profit Organization and is not subject to income taxes. Renfrew Health was created to support the operations of the Hospital and advance the goals and objectives of such Hospital. Renfrew Victoria Hospital has influence on Renfrew Health through common members of the Boards and Directors that are current or past key management personnel of the Hospital. Renfrew Health manages through leases; rental buildings owned by Renfrew Victoria Hospital and provides management services to retail operations owned by Renfrew Victoria Hospital. Included in other supplies and expenses is \$ 140,690 (2023 - NIL) net of retail operations paid to Renfrew Health. Renfrew Victoria Hospital provides back-office services for Renfrew Health with transactions flowing through due to/from accounts. Transactions are in the normal course of business and are measured at the exchange amount, which is considered to be the approximate market value. Included in accounts receivable/accounts payable is an amount of \$ 1,022,052 (2023 - \$ 6,440,380) due from/to Renfrew Health.

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13. INVESTMENT IN CAPITAL ASSETS	<u>2024</u>	<u>2023</u>
a) Investment in capital assets is comprised as follows:		
Capital assets	\$ 42,319,920	\$ 43,475,524
Cash and investments	16,239,691	10,824,184
Less amounts financed by: Deferred contributions	(27,257,461)	(27,963,199)
Asset Retirement Obligation	(3,732,196)	(3,204,456)
Capital lease	(63,684)	(134,985)
	<u>\$ 27,506,270</u>	<u>\$ 22,997,068</u>
b) Net transfer between investment in capital assets and unrestricted is calculated as follows:		
	<u>2024</u>	<u>2023</u>
Amortization of deferred capital grants related to capital assets	\$ 1,974,120	\$ 1,781,226
Purchase of capital assets	2,749,688	3,017,014
Amortization of capital assets	(2,878,772)	(2,813,171)
Capital lease payment	71,301	95,068
Rental income	(12,260)	(19,405)
Other supplies and expenses	5,214	6,087
Amounts funded by deferred capital grants	(1,945,930)	(2,643,170)
Transfer to investments	4,974,177	
Interest income	23,776	
Asset Retirement Obligation costs	56,248	
NBV of assets sold		(23,174)
	<u>\$ 5,017,562</u>	<u>\$ (599,525)</u>

14. COMPARATIVE FIGURES

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

15. HOSPITAL INFORMATION SYSTEM

On 1 June 2019, Renfrew Victoria Hospital along with the Ottawa Hospital, The University of Ottawa Heart Institute, Hawkesbury General Hospital and St. Francis Memorial Hospital went live with a shared Hospital Information System (HIS), EPIC. Each partner hospital is responsible for their respective on-site support costs as well as a percentage of the shared HIS costs. The Ottawa Hospital is the lead hospital for the partnership providing support and maintenance for the group and acting as paymaster for shared HIS operating costs.

The HIS partnership approves an annual budget for provision of services to support and maintain the single instance of EPIC. Each partner is responsible for shared HIS costs as determined using an agreed upon cost allocation methodology.

As a partner of the shared HIS, Renfrew Victoria Hospital is responsible for shared HIS operating costs of \$ 647,625 (2023 - \$ 633,433) for the period 1 April 2023 to 31 March 2024. The actual shared HIS cost amount is determined based on actual HIS shared operating costs incurred by the partnership. A reconciliation at year end of actual HIS operating costs incurred will determine if a partner is required to contribute additional funds or be provided a refund.

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15. HOSPITAL INFORMATION SYSTEM (Continued)

Included in long term liabilities are capital payments payable to the Ottawa Hospital for EPIC software. The terms of payment for the software was spread over a seven year period with no interest accruing. As the Ottawa Hospital is the lead agency, Renfrew Victoria Hospital is committed to pay to the Ottawa Hospital their proportionate share of the outstanding balance.

At year end, Renfrew Victoria Hospital had commitments under capital lease requiring payments of:

2025	63,684
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16. MINISTRY OF HEALTH PANDEMIC FUNDING

In connection with the ongoing Coronavirus pandemic (COVID-19), MOH announced a number of funding programs intended to assist hospitals with incremental operating and capital costs resulting from COVID-19. In addition to these funding programs, the MOH is also permitting hospitals to redirect unused funding from certain programs towards COVID-19 costs, revenue losses and other budgetary pressures through a broad-based funding reconciliation.

While the MOH has provided guidance with respect to the maximum amount of funding potentially available to the Hospital, as well as criteria for eligibility and revenue recognition, this guidance continues to evolve and is subject to revision. The MOH has also indicated that all funding related to COVID-19 is subject to review and reconciliation, with the potential for adjustments during the subsequent fiscal year.

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH, and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. Management has analyzed the requirements and has provided an estimate for the supportable amounts based on the current available information. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

17. ASSET RETIREMENT OBLIGATION

The Hospital has accrued for asset retirement obligation related to the legal requirement for the removal of remediation of asbestos-containing materials in the building owned by the Hospital. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos-containing materials in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 3,204,456	\$ 3,204,456
Cost escalation	<u>583,987</u>	<u>-</u>
Opening balance, as restated	\$ 3,788,443	\$ 3,204,456
Less: costs incurred	<u>56,247</u>	<u>-</u>
Balance, end of year	<u>\$ 3,732,196</u>	<u>\$ 3,204,456</u>

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#### 18. ACCRUAL FOR RETROACTIVE WAGES

On 29 November 2022, the Ontario Superior Court rendered a decision to declare the Protecting a Sustainable Public Sector for Future Generations Act, 2019, known as Bill 124, to be void and of no effect. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for the years that were previously capped by the legislation. During the year, the Hospital paid a total of \$ 1,959,046 in retroactive wage adjustments to eligible employees as a result of the reopener provisions and recorded liabilities based on management's estimate of potential settlement amounts. Ongoing impacts of the reopener provisions are reflected in the Hospital's current wage rates and are included in the reported amount of salaries and benefits.

In the year, the Ontario Ministry of Health provided funding to the Hospital to partially offset the cost of both retroactive adjustments and the current year impact on salaries and wages. The expenses incurred for retroactive wage adjustments of \$ 832,588 (2023 - \$ 1,126,458) and the associated Ontario Ministry of Health funding of \$ 1,789,244 (2023 - Nil) has been presented separately in the Statement of Current Operations.

#### 19. PRIOR YEAR ADJUSTMENT

During the year, Renfrew Health transferred funds from prior years back to Renfrew Victoria Hospital. The amounts were previously treated as an expense in the financial statements but were subsequently determined to be in excess of allowable non-HSAA funds available for transfer and were returned to the Hospital. The transfers could affect current or future funding but is not determinable at this time. The amounts have been applied to the comparative period as follows:

	<u>As Previously Stated</u>	<u>Adjustments</u>	<u>Restated</u>
<u>Statement of Financial Position</u>			
Accounts receivable	\$ 4,902,033	\$ 6,000,000	\$ 10,902,033
Accounts payable and accrued liabilities	9,562,866	(900,000)	8,662,866
Accumulated surplus	22,312,050	6,900,000	29,212,050
<u>Statement of Changes in Net Assets</u>			
Net assets at the beginning of the year	\$ 22,071,695	\$ 6,000,000	\$ 28,071,695
Excess of revenue over expenses	240,355	900,000	1,140,355
Net assets at the end of the year	22,312,050	6,900,000	29,212,050
<u>Statement of Current Operations</u>			
Other supplies and expenses	\$ 9,354,408	\$ (900,000)	\$ 8,454,408
Excess of revenue over expenses	236,633	900,000	1,136,633
<u>Statement of Cash Flows</u>			
Excess of revenue over expenses	\$ 240,355	\$ 900,000	\$ 1,140,355
Increase (decrease) in accounts payable and accrued liabilities	(372,575)	(900,000)	(1,272,575)