Financial Statements of

MUSKOKA ALGONQUIN HEALTHCARE

And Independent Auditor's Report thereon

Year ended March 31, 2023

MUSKOKA ALGONQUIN HEALTHCARE

Financial Statements Index

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Muskoka Algonquin Healthcare

Opinion

We have audited the accompanying financial statements of Muskoka Algonquin Healthcare (the "Hospital"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2023, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report.

We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 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 Responsibility 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 the 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 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 represents the underlying transactions and events in a manner that achieves fair presentation.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 21, 2023

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Revenue:		
Ministry of Health and Ontario Health Central	$ 77,897,157	$ 76,361,499
Ministry of Health and Ontario Health Central - one-time	1,739,666	406,431
Ministry of Health and Ontario Health Central pandemic funding	19,984,036	12,316,550
Patient charges	7,914,260	7,505,830
Other (note 15)	5,222,873	4,266,192
Amortization of deferred equipment contributions	2,738,934	2,570,798
	115,496,926	103,427,300
Expenses:		
Salaries and wages	60,897,210	52,854,623
Employee benefits	13,202,472	12,932,604
Supplies and other	18,016,581	15,064,722
Medical staff remuneration	9,572,983	8,205,115
Drugs	3,481,939	3,001,207
Medical and surgical supplies	4,982,290	4,793,009
Amortization of equipment	2,857,676	2,621,784
	113,011,151	99,473,064
Excess of revenue over expenses before the undernoted items	2,485,775	3,954,236
Other programs:		
Revenue	71,569	13,950
Expenses	(74,800)	(17,117)
	(3,231)	(3,167)
Excess of revenues over expenditures before undernoted items	2,482,544	3,951,069
Amortization of deferred capital contributions	1,587,526	1,513,504
Amortization of buildings and building service equipment	(1,962,638)	(1,883,337)
	(375,112)	(369,833)
Excess of revenue over expenses	$ 2,107,432	$ 3,581,236

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Assets		
Current assets:		
Cash	$ 14,805,402	$ 22,741,500
Restricted cash (note 3)	2,067,292	2,000,000
Short-term investments (note 4)	20,323,220	-
Accounts receivable (note 5)	4,948,397	5,220,325
Inventories	867,931	670,839
Due from related parties (note 6)	1,722,621	1,822,729
Prepaid expenses	861,603	695,686
	45,596,466	33,151,079
Capital assets (note 7)	47,639,464	44,277,011
	$ 93,235,930	$ 77,428,090
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	$ 29,022,427	$ 18,399,455
Deferred operating contributions (note 10)	674,197	420,697
	29,696,624	18,820,152
Asset retirement obligation (note 11)	267,458	267,458
Long-term obligations (note 12)	10,120,401	12,467,218
Deferred contributions related to capital assets (note 13)	48,736,361	43,565,608
	88,820,844	75,120,436
Net assets:		
Unrestricted	2,347,794	307,654
Restricted	2,067,292	2,000,000
	4,415,086	2,307,654
Commitments (note 16)		
Contingencies (note 17)		
	$ 93,235,930	$ 77,428,090

See accompanying notes to financial statements.

On behalf of the Board:

Maureen Miller Director

Cheryl Harrison Director

MUSKOKA ALONGQUIN HEALTHCARE

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Restricted	2023 Total	2022 Total (Restated - note 2)
Balance, beginning of year as previously stated	$ 521,620	$ 2,000,000	$ 2,521,620	$ (1,066,302)
Adjustment for change in accounting policy (note 2)	(213,966)	-	(213,966)	(207,280)
As restated	307,654	2,000,000	2,307,654	(1,273,582)
Excess of revenue over expenses	2,107,432	-	2,107,432	3,581,236
Transfers	(67,292)	67,292	-	-
Balance, end of year	$ 2,347,794	$ 2,067,292	$ 4,415,086	$ 2,307,654

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Cash flows from operating activities:		
Excess of revenue over expenses	$ 2,107,432	$ 3,581,236
Adjustments for:		
Amortization of capital assets	4,820,314	4,505,121
Amortization of deferred contributions related to capital assets	(4,326,460)	(4,084,302)
Increase in employee post-retirement benefits	55,500	94,300
	2,656,786	4,096,355
Change in non-cash working capital:		
Accounts receivable	271,928	12,787,754
Inventories	(197,092)	(109,796)
Due from related parties	100,108	(1,079,102)
Prepaid expenses	(165,917)	(207,505)
Accounts payable and accrued liabilities	10,622,972	2,606,454
Other long-term liabilities	(2,402,317)	6,741,755
Deferred operating contributions	253,500	119,860
	11,139,968	24,955,775
Cash flows from financing activities:		
Principal repayment on long-term debt	-	(1,405,379)
Cash flows from capital activities:		
Purchase of capital assets	(8,182,767)	(5,163,938)
Deferred contributions related to capital assets	9,497,213	5,922,524
	1,314,446	758,586
Cash flows from investing activities:		
Purchase of investments	(20,323,220)	-
Net increase (decrease) in cash	(7,868,806)	24,308,982
Cash, beginning of year	24,741,500	432,518
Cash, end of year	$ 16,872,694	$ 24,741,500
Made up of:		
Cash	14,805,402	22,741,500
Restricted cash (note 3)	2,067,292	2,000,000
	$ 16,872,694	$ 24,741,500

See accompanying notes to financial statements.

Muskoka Algonquin Healthcare (the "Hospital") is incorporated without share capital under the laws of the Province of Ontario. Its principal activity is the provision of health care services to the residents of Burk's Falls, Huntsville, Bracebridge, Gravenhurst, Township of Muskoka Lakes, Township of Georgian Bay, Township of Lake of Bays and the surrounding areas. The Hospital is a registered charity and, as such, is exempt from income taxes provided certain requirements under the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(a) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (the "Ministry") and Ontario Health Central ("OHC"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized when the service is provided.

(b) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

(c) Donated assets:

Donated capital assets are recorded at fair value when received.

1. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. The original cost does not reflect replacement cost or market value upon liquidation. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

	Rate
Land improvements	5%
Buildings	2.5% and 5%
Major equipment	10% - 33%
Computer software	20% - 33%

Amortization is taken at 50% of the above rates in the year of acquisition.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

1. Significant accounting policies (continued):

(e) Asset retirement obligations:

The Hospital recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

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

A liability for the removal of asbestos-containing materials in certain facilities owned by the Hospital 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 consolidated financial statements are recognized in the Statement of Operations at the time of remediation occurs.

(f) Employee future benefits:

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management’s best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from the change in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 14 years.

Past service costs arising from the plan amendments are recognized immediately in the period the plan amendments occur.

The Hospital is an employer member of the Health Care of Ontario Pension Plan (the “Plan”) which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(h) Funding adjustments:

The Hospital receives grants from the OHC and the Ministry for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the Ministry or OHC may be entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(i) Contributed services:

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

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Hospital has not elected to carry any such financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

2. Change in accounting policies:

On April 1, 2022, the Hospital adopted Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in certain Hospital facilities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard.

On April 1, 2021, the Hospital recognized an asset retirement obligation relating to facilities owned by the Hospital that contain asbestos.

- The Huntsville site, which was initially acquired in 1978;
- The Fairvern long-term facility, which was initially acquired in 1982; and
- The Bracebridge site, which was initially acquired in 1963.

Subsequent to the dates of initial acquisition, the Hospital had undertaken a number of additions and expansions to the facilities.

The ARO liability is measured as of the date of acquisition of the buildings, when the liability was created and is calculated based on current costs without discounting to the date of the initial buildling acquisition. The buildings have estimated useful lives of 40 years and the estimate has not been changed since acquisiton.

In accordance with the provisions of this new standard, the Hospital reflected the following adjustments at April 1, 2021:

- An increase of $267,458 to the buildings capital asset account, representing the original estimate of the obligation and an accompanying increase of $207,280 to accumulated amortization, representing increased amortization up to April 1, 2021 had the liability originally been recognized.
- An asset retirement obligation in the amount of $267,458, representing an estimate of the current obligations.
- A decrease to opening net assets of $207,280, as a result of the recognition of the liability and accompanying increase in depreciation expense.

In addition to the above, the Hospital reflected the following adjustments to the comparative financial information for the year ended March 31, 2022:

- An increase of $6,686 to amortization expense.
- An decrease of $6,686 to excess of revenues over expenses for the year.
- An increase of $6,686 to accumulated amortization for buildings.
- A decrease of $6,686 to net assets.

3. Restricted cash:

The Hospital maintains restricted cash as approved by the Board of Directors. These internally restricted amounts are set aside to support future capital redevelopment and are not available for other purposes without approval by the Board of Directors.

4. Short-term investments:

The Hospital holds short-term investments in the form of guaranteed investment certificates ("GICs"). The GICs have maturities ranging from six months to one year and earn interest at rates ranging from 3.52% to 4.70%.

5. Accounts receivable:

	2023	2022
Insurers and patients	$ 1,665,487	$ 1,416,817
Ministry of Health	2,041,326	3,015,087
Other	1,370,607	1,014,797
	5,077,420	5,446,701
Allowance for doubtful accounts	(129,023)	(226,376)
	$ 4,948,397	$ 5,220,325

6. Related party transactions:

(a) Huntsville Hospital Foundation:

The Hospital has an economic interest in the Huntsville Hospital Foundation ("HHF") in that HHF solicits funds on behalf of the Hospital to be used for approved capital projects. During the year, the HHF contributed donations of $3,536,369 (2022 - $2,843,217) to fund capital costs.

(b) South Muskoka Hospital Foundation:

The Hospital has an economic interest in the South Muskoka Hospital Foundation ("SMHF") in that SMHF solicits funds on behalf of the Hospital and other organizations in the community with similar objectives. During the year, SMHF contributed donations of $2,716,152 (2022 - $1,718,340) to fund capital costs.

(c) Due from related parties:

	2023	2022
Huntsville Hospital Foundation	$ 1,719,012	$ 946,321
South Muskoka Hospital Foundation	3,609	876,408
	$ 1,722,621	$ 1,822,729

7. Capital assets:

2023		Cost		Accumulated amortization		Net book value
Land	$	669,783	$	–	$	669,783
Land improvements		538,228		517,066		21,162
Buildings		67,607,051		36,046,677		31,560,374
Equipment		71,413,411		56,025,266		15,388,145
	$	140,228,473	$	92,589,009	$	47,639,464

2022 (restated note 2)		Cost		Accumulated amortization		Net book value
Land	$	669,783	$	–	$	669,783
Land improvements		538,228		514,043		24,185
Buildings		65,362,074		34,106,355		31,255,719
Equipment		65,475,621		53,148,297		12,327,324
	$	132,045,706	$	87,768,695	$	44,277,011

8. Short-term demand loans:

The Hospital has a demand operating line of credit authorized to a maximum of $7,500,000, which bears interest at a rate of prime plus 0.50%. The line of credit is secured by a general security agreement. As of March 31, 2023 there was $Nil drawn on this line of credit (2022 - $Nil).

9. Accounts payable and accrued liabilities:

		2023		2022
Ministry of Health	$	2,796,916	$	1,930,724
Trade payables		10,840,653		7,646,708
Accrued wages and benefits		15,384,858		8,822,023
	$	29,022,427	$	18,399,455

10. Deferred operating contributions:

Deferred operating contributions represent unspent funding externally restricted for specific programs received in the current and/or prior periods that are related to a subsequent period.

		2023		2022
Balance, beginning of year	$	420,697	$	300,837
Add contributions received		253,500		119,860
Balance, end of year	$	674,197	$	420,697

11. Asset retirement obligation:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities 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 material in accordance with current legislation.

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

		2023		2022
Balance, beginning of year	$	267,458	$	–
Adjustment on adoption of PS 3280 asset retirement obligation standard		–		267,458
Opening balance, as restated		267,458		267,458
Less: obligations settled during the year		–		-
Total obligation at March 31		267,458		267,458
Less: current portion reported in accounts payable and accrued liabilities		–		–
Balance, end of year	$	267,458	$	267,458

12. Long-term obligations:

	2023	2022
Post-retirement benefit obligation (a)	$ 2,702,500	$ 2,647,000
Other	10,762,373	9,820,218
	13,464,873	12,467,218
Less: current portion of long-term obligations	(3,344,472)	–
	$ 10,120,401	$ 12,467,218

(a) Post-retirement benefit obligation:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for employees with various cost-sharing arrangements as determined by their collective agreements and conditions of employment. The most recent valuation of the employee future benefits was completed as at March 31, 2021. The next full valuation of the plan will be as of March 31, 2024.

The accrued benefit obligation is recorded in the financial statements as follows:

	2023	2022
Balance, beginning of year	$ 2,647,000	$ 2,552,700
Add: benefit costs	390,900	401,100
	3,037,900	2,953,800
Less: benefit contributions	(335,400)	(306,800)
Balance, end of year	$ 2,702,500	$ 2,647,000

Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in the plan deficit equal to the accrued benefit obligation.

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

	2023	2022
Discount rate	4.04%	3.89%
Initial health care cost trend rate	5.57%	5.57%
Initial dental care cost trend rate	3.00%	3.00%
Health care cost trend rate decreasing to	3.57%	3.57%
Dental care cost trend rate increasing to	3.57%	3.57%

13. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized or unspent balances of donations and grants received for capital asset acquisitions. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2023	2022
Balance, beginning of year	$ 43,565,608	$ 41,727,386
Less amount amortized to revenue	(4,326,460)	(4,084,302)
Add contributions received:		
Foundations	6,252,521	4,561,557
Ministry of Health	3,244,692	1,341,786
Hospital Auxiliary and other	–	19,181
	9,497,213	5,922,524
Balance, end of year	$ 48,736,361	$ 43,565,608

	2023	2022
Unamortized	$ 44,850,212	$ 41,543,910
Unspent:		
Capital projects	3,886,149	2,021,698
	$ 48,736,361	$ 43,565,608

14. Pension plan:

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit plan. Employer contributions made to the Plan during the year by the Hospital amounted to $3,736,209 (2022 - $3,770,622).

15. Other revenue:

	2023	2022
Differential and co-payment fees	$ 548,892	$ 350,443
Parking fees	457,804	482,246
Wages and material recoveries	1,792,161	1,710,564
Laundry recoveries	615,053	626,346
Rental income	14,778	67,969
Interest income	755,595	16,870
Other	1,038,590	1,011,754
	$ 5,222,873	$ 4,266,192

16. Commitments:

The Hospital has committed to capital expenditures of $11 million over the next four years in relation to a clinical information system project.

17. Contingencies:

(a) Legal matters and litigation:

The nature of the Hospital's activities is such that there is usually litigation pending or in process at any given time. With respect to claims at March 31, 2023, management believes the Hospital has valid defenses and appropriate insurance coverage 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) HealthCare Insurance Reciprocal of Canada:

The Hospital is a member of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2023, no assessments have been received by the Hospital.

(c) Employment matters:

During the normal course of business, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

On November 29, 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. On December 29, 2022, The Province of Ontario appealed the Superior Court's decision, but the Government has not sought a stay of decision. 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. The Hospital has recorded liabilities based on subsequent settlement amounts and management's estimate of potential settlement amounts.

18. Financial risks and concentration of credit risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to accounts receivable.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2023 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2022.

18. Financial risks and concentration of credit risks (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2022.