

Financial Statements of

**WEST HALDIMAND
GENERAL HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2024

WEST HALDIMAND GENERAL HOSPITAL

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The West Haldimand General Hospital

Opinion

We have audited the financial statements of The West Haldimand General Hospital ("the Entity"), which 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 deficit for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement cash flows and 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 Entity as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 23, 2023.



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

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity public 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 24, 2024

WEST HALDIMAND GENERAL HOSPITAL

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ –	\$ –
Investments (note 2)	346,976	335,468
Accounts receivable (note 3)	2,999,163	1,544,462
Due from related party (note 10)	902,226	13,118
Inventories	92,066	104,068
Prepaid expenses	448,350	684,116
	<u>4,788,781</u>	<u>2,681,232</u>
Investments (note 2)	172,011	124,066
Capital assets (note 4)	12,029,288	9,663,881
	<u>\$ 16,990,080</u>	<u>\$ 12,469,179</u>

Liabilities and Net Deficit

Current liabilities:		
Bank indebtedness (note 5)	\$ 4,535,148	\$ 150,206
Accounts payable and accrued liabilities (note 6)	3,206,363	3,413,986
Lease Liability (note 4)	8,645	–
Deferred revenue	7,303	7,941
	<u>7,757,459</u>	<u>3,572,133</u>
Employee future benefits (note 8)	620,061	600,947
Lease liability (note 4)	38,865	–
Deferred contributions for capital assets (note 9)	10,150,424	9,738,405
Asset retirement obligation (note 11)	890,028	871,625
	<u>11,699,378</u>	<u>11,210,977</u>
	<u>19,456,837</u>	<u>14,783,110</u>
Net deficit	(2,480,972)	(2,319,051)
Accumulated remeasurement gains	14,215	5,120
	<u>(2,466,757)</u>	<u>(2,313,931)</u>
Commitments and contingencies (note 12)		
	<u>\$ 16,990,080</u>	<u>\$ 12,469,179</u>

See accompanying notes to the financial statements.

On Behalf of the Board:



Board Chair



Finance Committee Chair

WEST HALDIMAND GENERAL HOSPITAL

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Ministry of Health	\$ 16,882,045	\$ 14,078,462
Emergency Department physician funding	2,658,824	2,585,961
Patient revenue	990,451	940,391
Other revenue	748,091	711,109
Amortization of deferred capital contributions	451,158	354,292
	<u>21,730,569</u>	<u>18,670,215</u>
Expenses:		
Salaries and wages	10,249,382	10,234,405
Benefit contributions	2,929,860	2,558,172
Emergency department physician expense	2,658,824	3,134,860
Medical staff remuneration	700,744	679,657
Medical and surgical supplies	357,532	286,976
Drugs	218,281	235,894
Supplies and other expenses	4,062,887	3,580,003
Amortization of capital assets	646,433	567,334
	<u>21,823,943</u>	<u>21,277,301</u>
Deficiency of revenue over expenses before amortization, deferred contributions and accretion expenses	(93,374)	(2,607,086)
Facility amortization	(609,813)	(610,965)
Amortization of deferred contributions related to facility	559,669	512,631
Accretion expense	(18,403)	(18,763)
	<u>(68,547)</u>	<u>(117,097)</u>
Deficiency of revenue over expenses	<u>\$ (161,921)</u>	<u>\$ (2,724,183)</u>

See accompanying notes to the financial statements.

WEST HALDIMAND GENERAL HOSPITAL

Statement of Changes in Net Deficit

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Net assets, beginning of year	\$ (2,319,051)	\$ 405,132
Deficiency of revenue over expenses	(161,921)	(2,724,183)
Net deficit, end of year	\$ (2,480,972)	\$ (2,319,051)

See accompanying notes to the financial statements.

WEST HALDIMAND GENERAL HOSPITAL

Statement of Remeasurement Gains and Losses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gain, beginning of year	\$ 5,120	\$ 12,429
Unrealized losses attributable to investments	9,095	(7,309)
Accumulated remeasurement gain, end of year	\$ 14,215	\$ 5,120

See accompanying notes to the financial statements.

THE WEST HALDIMAND HOSPITAL

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenues over expenses	\$ (161,921)	\$ (2,724,183)
Items not involving cash:		
Amortization of capital assets	646,433	567,334
Facility amortization expense	609,813	610,965
Amortization of deferred capital contributions related to facility	(559,669)	(512,631)
Amortization of deferred capital contributions related to capital assets	(451,158)	(354,292)
Loss on disposal of capital assets	63,185	-
Accretion expense	18,403	18,763
	165,086	(2,394,044)
Change in non-cash operating working capital balances:		
Accounts receivable	(1,454,701)	145,991
Inventories	12,002	(11,801)
Due from related party	(889,108)	222,922
Prepaid expenses	235,766	(82,319)
Accounts payable and accrued liabilities	(207,623)	470,149
Lease liability	47,510	-
Employee future benefits	19,114	33,778
Deferred revenue	(638)	(64,382)
Cash flow used in operating activities	(2,072,592)	(1,679,706)
Investing activities:		
Purchase of investments	(50,358)	(7,886)
Purchase of capital assets	(3,684,838)	(2,166,201)
Cash flow used in capital activities	(3,735,196)	(2,174,087)
Financing activity:		
Increase in deferred capital contributions related to capital assets	1,422,846	2,670,399
Increase in bank indebtedness	(4,384,942)	(1,183,402)
(Bank indebtedness) cash, beginning of year	(150,206)	1,033,196
Bank indebtedness, end of year	\$(4,535,148)	\$ (150,206)

See accompanying notes to the financial statements.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2024

West Haldimand General Hospital (the "Hospital") is incorporated without share capital under the Corporations Act (Ontario) and provides health care and hospital services to residents of Haldimand County and the surrounding communities. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

The Hospital was established by Letters Patent dated January 11, 1960.

1. Significant accounting policies:

These 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.

Significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and investments in a high interest savings account.

(b) Employee future benefits:

(i) Post-employment health, dental, and life insurance:

The Hospital offers extended health, dental and life insurance benefits to certain employee groups upon early retirement. The cost of these retirement benefits are actuarially determined using the projected benefit method prorated on service and incorporates management's best estimate of health care costs, disability recovery rates and discount rates. The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2023.

Actuarial gains (losses) on the liability for post-employment benefits arise from the difference between actual and expected experience and from changes in the actuarial assumptions used to determine the liability for post-employment benefits. The 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 post-employment health, dental, and life insurance plan is 12.3 years (2023 – 12.6 years).

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

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Employee future benefits (continued):

(ii) Pension:

Eligible employees of the Hospital are members of the Healthcare of Ontario Pension Plan ("HOOPP"). This plan is a multi-employer defined benefit plan. As HOOPP's assets and liabilities are not segmented by participating employer, the Hospital accounts for contributions made to the plan as a defined contribution plan. Accordingly, contributions are included in employee benefits expense in the year the contributions are made.

(c) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization and costs associated with asset retirement obligation. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are expensed as incurred. Betterments which extend the estimated life of an asset are capitalized. Capital projects not completed at year end are capitalized under Work in Progress and are amortized when they are substantially complete and ready for productive use.

When conditions indicate a tangible capital asset no longer contributes to the Hospital's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

Capital assets are amortized on a straight-line basis using the following annual rates, as provided by the Ministry guidelines:

Asset	Years
Building	10 to 40 years
Building service equipment	8 to 20 years
Land improvements	5 to 20 years
Major equipment	3 to 20 years
Software licenses	3 years

(d) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Inventory consists of food, drugs, and lab supplies held for patient care used in the Hospital's operations.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(e) Revenue recognition:

The hospital follows the deferral method of accounting for contributions which include 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 restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Amortization of buildings is not funded by the OH and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

Parking and rental revenues are recognized when the service is provided.

Restricted investment income that is not externally restricted is recognized as revenue in the statement of operations in the year in which the related expenses are incurred. Unrestricted investment is recognized as revenue when earned.

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 ("Ministry") and Ontario Health ("OH"). The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SM") for fiscal 2024 with the Ministry and OH that sets out the rights and obligations of the parties to the H-SM in respect of funding provided to the Hospital by the Ministry/OH. The H-SM also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas. 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 that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry/OH with respect to the year ended March 31, 2024.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any 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 other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates include the carrying amount of capital asset, impairment of accounts receivable, estimation of accrued liabilities and valuation of employee future benefits. Actual results could differ from those estimates.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(g) Use of estimates (continued):

The revenue recognized from the Ministry and the OH requires some estimation. The hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Hospital by the Ministry and the OH for the year ended March 31, 2024. 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 Hospital does not meet its performance standards or obligations, the Ministry and the OH have the right to adjust funding received by the Hospital. Neither the Ministry nor the OH are required to communicate certain funding adjustments until after submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of Ministry and OH funding received during a year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

(h) Asset retirement obligations:

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

(i) Contributed services:

Volunteers contribute numerous hours to assist the Hospital in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Investments:

	2024		2023	
Short-term	\$	346,976	\$	335,468
Long-term		172,011		124,066
	\$	518,987	\$	459,534

Short-term and long-term investments consist of mutual funds. The short-term and long-term investments have a cost of \$377,541 (2023 - \$368,123) and \$127,230 (2023 - \$86,291) respectively.

3. Accounts receivable:

Accounts Receivable is comprised of:

	2024		2023	
Ministry of Health	\$	1,853,258	\$	732,050
Patients		576,878		607,508
Harmonized Sales Tax (HST)		371,194		155,505
Other receivables		274,964		128,679
Government remittances		–		4,087
Allowance for doubtful accounts		(77,131)		(83,367)
	\$	2,999,163	\$	1,544,462

4. Capital assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 11,439	\$ –	\$ 11,439	\$ 11,439
Land improvements	291,258	75,228	216,030	243,993
Building	8,555,266	6,203,283	2,351,983	2,538,893
Building service equipment	10,211,197	4,026,135	6,185,062	4,447,809
Major equipment	13,117,413	10,579,668	2,537,745	2,242,140
Construction in progress	727,029	–	727,029	179,607
	\$ 32,913,602	\$ 20,884,314	\$ 12,029,288	\$ 9,663,881

Included in the major equipment is the cost of wireless network equipment, amounting to \$49,571, purchased during the year on a capital lease. The monthly payments as per the lease agreement are \$975. As at March 31, 2024, the relating lease liability is \$47,510, out of which \$8,645 is recorded as current liability and \$38,865 is recorded as non-current liability in the statement of financial position.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Bank indebtedness:

The Hospital has an operating line available for its use at a rate of prime less 0.5% of \$1,000,000. During the year, the Hospital had a temporary increase of the credit limit to \$5,100,000.

As at year-end, the Hospital had drawn \$4,908,003 (2023 - \$574,859) under this facility of \$1,000,000.

6. Accounts payable and accrued liabilities:

	2024	2023
Ministry of Health	\$ 143,900	\$ 213,181
Trade	1,024,894	1,081,802
Other payables	1,268,891	821,014
Wages, benefits and vacation accrual	768,678	1,297,989
	<u>\$ 3,206,363</u>	<u>\$ 3,413,986</u>

7. Pension benefits:

Substantially all of the employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan ("HOOPP") which is a multi-employer average pay contributory pension plan. Employer contributions made to the plan during the year amounted to \$718,261 (2023 - \$608,323). These amounts are included in staff benefits expense on the statement of operations.

There are no material past service costs. The most recent HOOPP actuarial valuation of the Plan as of December 31, 2023 indicated the Plan has a 15% surplus in disclosed actuarial assets.

8. Employee future benefits:

Certain employees of the Hospital are entitled to certain post-employment benefits. The Hospital recognized the present value of its obligation from these benefits as they are earned. At March 31, 2024 the Hospital's accrued benefit obligation relating to post-retirement benefits plans is \$620,061 (2023 - \$600,947). The most recent actuarial valuation of the employee future benefits for funding purposes was performed as at March 31, 2023 and the next required valuation will be as of March 31, 2026.

The main actuarial assumptions employed for the valuations are as follows:

- (i) Interest (discount rate):

The obligation as at March 31, 2024, of the present value of future liabilities was determined using a discount rate of 4.04% (2023 - 4.04%).

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Post-retirement and employment benefits (continued):

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.00% (2023 - 6%) and reducing by 0.2% per year to an ultimate rate of 4.00% (2023 - 4%) per annum.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.00% (2023 – 4%) per year.

Included in employee benefits on the statement of operations is an amount of \$36,477 (2023 - \$49,611) regarding employee future benefits. The amount is comprised of:

	2024	2023
Current period benefit cost	\$ 38,577	\$ 44,511
Interest on accrued benefits	16,200	15,600
Amortization of actuarial gains	(18,300)	(10,500)
	\$ 36,477	\$ 49,611

Information about the accrued non-pension obligation and liability as at March 31, 2024, is as follows:

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 371,473	\$ 437,804
Current period benefit cost	38,577	44,511
Actuarial gain	–	(110,423)
Interest on accrued benefits	16,200	15,600
Benefits paid	(17,177)	(16,019)
Balance, end of year	409,073	371,473
Unamortized actuarial gains	210,988	229,288
Liability for benefits, end of year	\$ 620,061	\$ 600,761

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Deferred contributions:

Deferred contributions related to unamortized portion of capital assets. The balance represents contributions received for capital assets that have been deferred and are being amortized and recognized as revenue at the same rate as the related capital assets are amortized. Changes in deferred contributions balance for the year as follows:

	2024	2023
Opening	\$ 9,738,405	\$ 7,934,937
Add: Donation contributions	1,004,421	238,269
Add: Grant contributions	418,425	2,432,122
Less: Amounts amortized to revenue	(1,010,827)	(866,923)
Ending balance	\$ 10,150,424	\$ 9,738,405

10. Due from related party:

The West Haldimand Hospital and Healthcare Foundation ("Foundation") and the West Haldimand General Hospital Auxiliary ("Auxiliary") primarily raise funds to support the Hospital's program and capital needs. The Foundation and Auxiliary are incorporated without share capital under the laws of the Province of Ontario and are charitable organizations registered under the Income Tax Act (Canada). The Hospital is considered to have an economic interest in the Foundation and Auxiliary. Both of these organizations raise their funds through various activities to support projects of the Hospital. During the year, the Foundation contributed \$899,230 (2023 - \$168,778) and Auxiliary contributed \$125,832 (2023 - \$37,727) towards the Hospital's equipment needs. An amount of \$899,230 (2023 - \$13,118) was receivable for capital at year end.

	2024	2023
West Haldimand Hospital and Healthcare Foundation, unsecured, non-interest bearing, with no fixed terms of payment	\$ 902,226	\$ 13,118

The finance function of the Foundation is provided by staff of the Hospital at a cost of \$nil (2023 - \$nil) and professional fees incurred by the Foundation and Auxiliary are paid for by the Hospital.

The Hospital and Norfolk General Hospital ("NGH") share management services and support. Shared expenses charged to the Hospital for the year was \$736,349 (2023 - \$653,650). Included in accounts payable at year end was \$80,304 (2023 - \$25,382) due to NGH. The Hospital is committed to this shared service agreement until March 31, 2025.

These transactions are recorded at the carrying amount.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

11. Asset retirement obligation:

The Hospital's financial statements include an asset retirement obligation for asbestos that had been used in the construction of their building. The related asset retirement costs have been capitalized and are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 4.53% (2023 - 2.2%). The estimated total undiscounted future expenditures are approximately \$2,359,000, which are to be incurred over the remaining useful life of the building. The liability is expected to be settled over a 25 year time period, as the building is renovated.

The carrying amount of the liability is as follows:

	2024	2023
Asset retirement obligation, beginning of year	\$ 871,625	\$ 852,862
Increase due to accretion expense	18,403	18,763
Asset retirement obligation, end of year	\$ 890,028	\$ 871,625

The Hospital may be entitled to funding in assisting with the asbestos remediation costs. The amount of funding, if any, is unknown at this time.

12. Commitments and contingencies:

Due to the nature of its operations, the Hospital is periodically subject to lawsuits in which the Hospital is defendant. The Hospital is a subscriber to the Hospital Insurance Reciprocal of Canada. In the opinion of management, the Hospital has appropriate insurance coverage in place. Management believes that the ultimate resolution of any current lawsuits would not have a material effect on the Hospital's financial position.

The Hospital has committed to a Master Planning Services agreement.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Financial instruments classification:

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

	Fair value	Amortized cost
Bank indebtedness	\$ (4,535,148)	–
Investments	518,987	–
Accounts receivable	–	2,999,163
Due from related party	–	902,226
Accounts payable and accrued liabilities	–	(3,253,873)

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

Level 1 - derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2 - derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and liability.

Level 3 - derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash (bank indebtedness) and investments are measured as Level 1 financial instruments.

There were no transfers between levels for the year ended March 31, 2024.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

14. Financial instrument risk management:

(a) Credit risk:

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash and cash equivalents, due from Foundation and accounts receivable. The Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

The Hospital's credit risk is primarily attributable to its receivables. The amounts disclosed in the statement of financial position are net of an allowance for doubtful accounts, estimated by the management of the Hospital based on previous experience and its assessment of the current economic environment. The Hospital is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as they are required to provide care for patients regardless of their ability to pay for services provided. Credit risk is mitigated by the financial solvency of the provincial government and highly diversified nature of the patient population.

As at March 31, 2024, \$309,028 (2023 - \$441,781) of accounts receivable were past due.

(b) Market risk:

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

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Hospital is exposed to this through its interest-bearing investments. The Hospital mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

(d) 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. There is an increased liquidity risk compared to prior year due to working capital deficiency.

WEST HALDIMAND GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

15. Bill 124:

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.

In fiscal 2023, retroactive salary costs totaling \$657 thousand were included as an accrual in accounts payable and accrued liabilities in the Statement of Financial Position, and as an expense in salaries and wages in the Statement of Operations based on subsequent settlement amounts and management's estimate of potential settlement amounts.

During fiscal 2024, the Hospital submitted estimates of costs expected to incur based on the settlements. The Ministry provided funding to reimburse the Hospital for the retroactive salary costs incurred. The Hospital recognized \$1.37 million in funding revenue, of which \$244,000 pertains to expenses incurred from the previous fiscal year.

The cumulative retroactive salary costs for fiscal years 2024 and prior amounted to \$1.56 million. Of this total, \$1.37 million was received in fiscal year 2024 (2023 - \$nil) as part of the aforementioned \$1.37 million funding.