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Non-consolidated financial  
statements  
**Hôpital Montfort**

March 31, 2023

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# Management Responsibilities

May 31, 2023


The Hospital's management is responsible for the non-consolidated financial statements, the notes and all other financial information contained in this financial report.

Management has prepared the non-consolidated financial statements in accordance with Canadian public sector accounting standards. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgements were used. Management believes the non-consolidated financial statements present fairly the Hospital's financial position as at March 31, 2023, as well as its changes in funds balances, its remeasurement gains, and the results of its operations and its cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that Hospital assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of non-consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the non-consolidated financial statements. The Board of Directors carries out its responsibility for review of the non-consolidated financial statements principally through the Management and Audit Committee. The Management and Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The external auditors have full access to the Management and Audit Committee with or without the presence of management.

The non-consolidated financial statements for the year ended March 31, 2023 have been audited by Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants, the independent external auditors appointed by the members of the Montfort Hospital Association. The accompanying Independent Auditor's Report outlines their professional opinion on the Hospital's non-consolidated financial statements, their responsibilities and the scope of their examination.



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Dr. Bernard Leduc  
President and Chief Executive Officer



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Mélanie Dubé

Vice-President, Performance, Corporate Services and Chief Financial Officer

## Independent Auditor's Report

To the Members of the Association  
Hôpital Montfort

### Opinion

We have audited the non-consolidated financial statements of Hôpital Montfort, which comprise the non-consolidated statement of financial position as at March 31, 2023 and the non-consolidated statements of changes in fund balances, accumulated remeasurement gains (losses), operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hôpital Montfort as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Hôpital Montfort 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 non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for Hôpital Montfort'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 Hôpital Montfort or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Hôpital Montfort's financial reporting process.

## Auditor's Responsibilities for the Audit of the non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 GAAS 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 non-consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the non-consolidated 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 Hôpital Montfort'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 Hôpital Montfort'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 non-consolidated 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 Hôpital Montfort to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## Report on Other Legal and Regulatory Requirements

As required by the Ontario Corporations Act, we report that, in our opinion, these accounting policies contained in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a bold, sans-serif font.

Chartered Professional Accountants  
Licensed Public Accountants  
May 31, 2023

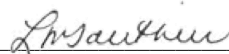
**Hôpital Montfort**  
**Non-consolidated statement of financial position**

As at March 31, 2023

	Notes	Operating fund \$	Reserve fund for capital assets \$	2023 Total \$	2022 Total \$
					(Restated) (Note 2)
<b>Assets</b>					
Current assets					
Cash		28 894 953	4 131 217	33 026 170	31 916 208
Accounts receivable	3	23 271 847	—	23 271 847	31 892 329
Inventories		1 904 893	—	1 904 893	2 310 953
Prepaid expenses		4 495 869	—	4 495 869	3 275 131
Current portion of investments	4	—	8 519 000	8 519 000	7 950 000
Interfund advances, without interest		16 917 790	(16 917 790)	—	—
		<b>75 485 352</b>	<b>(4 267 573)</b>	<b>71 217 779</b>	77 344 621
Investments	4	5 524 090	33 439 217	38 963 307	36 087 166
Long-term receivable	3	500 000	—	500 000	364 584
Capital assets	5	258 560 400	—	258 560 400	267 738 595
Intangible assets	6	10 572 609	—	10 572 609	14 269 502
		<b>275 157 099</b>	<b>33 439 217</b>	<b>308 596 316</b>	318 459 847
		<b>350 642 451</b>	<b>29 171 644</b>	<b>379 814 095</b>	395 804 468
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued liabilities	8	53 499 968	—	53 499 968	51 123 655
Deferred revenue		659 579	—	659 579	2 246 813
		<b>54 159 547</b>	<b>—</b>	<b>54 159 547</b>	53 370 468
Employee future benefits	9	12 652 131	—	12 652 131	12 011 639
Asset retirement obligations	10	2 990 477	—	2 990 477	2 990 477
Deferred contributions related to capital assets	11	209 942 785	—	209 942 785	218 838 328
		<b>225 585 393</b>	<b>—</b>	<b>225 585 393</b>	233 840 444
		<b>279 744 940</b>	<b>—</b>	<b>279 744 940</b>	287 210 912
Contractual obligations and contingencies	17 and 18				
<b>Funds balances</b>					
Operating fund		70 860 229	—	70 860 229	79 768 888
Reserve fund for capital assets		—	29 171 644	29 171 644	28 809 030
Life cycle of buildings - local share		70 860 229	29 171 644	100 031 873	108 577 918
Accumulated remeasurement gains		37 282	—	37 282	15 638
		<b>70 897 511</b>	<b>29 171 644</b>	<b>100 069 155</b>	108 593 556
		<b>350 642 451</b>	<b>29 171 644</b>	<b>379 814 095</b>	395 804 468

The accompanying notes are an integral part of the non-consolidated financial statements

Approved on behalf of the board

 \_\_\_\_\_, Trustee

 \_\_\_\_\_, Trustee

**Hôpital Montfort**  
**Non-consolidated statement of changes in funds balances**  
Year ended March 31, 2023

	Notes	Reserve fund for capital		2023 Total \$	2022 Total \$
		Operating fund \$	Life cycle of buildings - local share \$		
<b>Funds balances</b>					(Restated) (Note 2)
Balance, beginning of year as restated	2	<b>79,768,888</b>	<b>28,809,030</b>	<b>108,577,918</b>	109,158,981
(Deficiency) excess of revenue over expenses		<b>(9,560,878)</b>	<b>1,014,833</b>	<b>(8,546,045)</b>	1,494,680
Retrospective adjustment - assets retirement obligation	2	—	—	—	(2,075,743)
Interfund transfer	12	<b>652,219</b>	<b>(652,219)</b>	—	—
Balance, end of year		<b>70,860,229</b>	<b>29,171,644</b>	<b>100,031,873</b>	108,577,918

The accompanying notes are an integral part of the non-consolidated financial statements

**Hôpital Montfort**  
**Non-consolidated statement of accumulated**  
**remeasurement gains - Operating fund**

Year ended March 31, 2023

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	<b>2023</b>	2022
	<b>Total</b>	Total
	\$	\$
Accumulated remeasurement gains, beginning of year	<b>15,638</b>	112
Unrealized gains on exchange rate	<b>21,644</b>	15,526
Accumulated remeasurement gains, end of year	<b>37,282</b>	15,638

The accompanying notes are an integral part of the non-consolidated financial statements



**Hôpital Montfort**  
**Non-consolidated statement of operations**

Year ended March 31, 2023

	Operating fund	Reserve fund for capital assets	2023 Total	2022 Total
Notes	\$	\$	\$	\$
				(Restated) (Note 2)
<b>Revenue</b>				
Ministry of Health of Ontario and Ontario Health allocations	<b>202,116,064</b>	—	<b>202,116,064</b>	201,598,239
Patient services	<b>38,267,998</b>	—	<b>38,267,998</b>	35,160,985
Ancillary services and other	<b>4,393,447</b>	—	<b>4,393,447</b>	3,742,017
Specifically funded programs	<b>3,912,003</b>	—	<b>3,912,003</b>	3,524,975
Room differential and patients' co-payment	<b>1,903,948</b>	—	<b>1,903,948</b>	1,319,264
Interest and other investment income	<b>880,475</b>	<b>1,014,833</b>	<b>1,895,308</b>	942,465
Amortization of deferred contributions related to capital assets	<b>11,061,272</b>	—	<b>11,061,272</b>	9,819,455
11	<b>262,535,207</b>	<b>1,014,833</b>	<b>263,550,040</b>	256,107,400
<b>Expenses</b>				
Salaries	<b>123,077,289</b>	—	<b>123,077,289</b>	115,147,832
Employee benefits	<b>38,989,747</b>	—	<b>38,989,747</b>	36,967,989
Supplies and other expenses	<b>45,820,756</b>	—	<b>45,820,756</b>	43,902,145
Medical fees	<b>23,345,114</b>	—	<b>23,345,114</b>	22,741,099
Medical and surgical supplies	<b>12,502,146</b>	—	<b>12,502,146</b>	11,125,848
Drugs	<b>4,348,667</b>	—	<b>4,348,667</b>	3,912,208
Specifically funded programs	<b>3,912,003</b>	—	<b>3,912,003</b>	3,524,975
Amortization of capital assets	<b>16,112,930</b>	—	<b>16,112,930</b>	14,584,699
Amortization of intangible assets	<b>3,987,433</b>	—	<b>3,987,433</b>	2,705,925
13	<b>272,096,085</b>	—	<b>272,096,085</b>	254,612,720
<b>(Deficiency) excess of revenue over expenses</b>	<b>(9,560,878)</b>	<b>1,014,833</b>	<b>(8,546,045)</b>	1,494,680

The accompanying notes are an integral part of the non-consolidated financial statements

**Hôpital Montfort**  
**Non-consolidated statement of cash flows**

Year ended March 31, 2023

	Notes	2023 \$	2022 \$
			(Restated) (Note 2)
<b>Operating activities</b>			
(Deficiency) excess of revenue over expenses		<b>(8,546,045)</b>	1,494,680
Adjustments for			
Amortization of capital assets		<b>16,112,930</b>	14,584,699
Amortization of intangible assets		<b>3,987,433</b>	2,705,925
Amortization of contributions related to capital assets		<b>(11,061,272)</b>	(9,819,455)
Amortization of premiums/discounts on investments		<b>(102,343)</b>	54,354
Unrealized gains on of investments		—	(10,490)
Loss on write-off of capital assets		<b>680,660</b>	137,693
Variation of employee future benefits		<b>640,492</b>	629,700
		<b>1,711,855</b>	9,777,106
Net change in non-cash working capital items	14	<b>10,963,325</b>	(1,598,729)
		<b>12,675,180</b>	8,178,377
<b>Investing activities</b>			
Purchase of capital assets		<b>(9,516,711)</b>	(24,440,290)
Purchase of intangible assets		<b>(893,082)</b>	(5,168,167)
Acquisition of investments		<b>(18,072,650)</b>	(17,599,524)
Disposal of investments		<b>14,751,496</b>	9,526,793
		<b>(13,730,947)</b>	(37,681,188)
<b>Financing activity</b>			
Increase in deferred contributions related to capital ass	11	<b>2,165,729</b>	12,908,567
Net increase (decrease) in cash and cash equivalents		<b>1,109,962</b>	(16,594,244)
Cash, beginning of year		<b>31,916,208</b>	48,510,452
<b>Cash, end of year</b>		<b>33,026,170</b>	31,916,208

Cash and cash equivalents consist of cash

The accompanying notes are an integral part of the non-consolidated financial statements

**1. Statute and nature of operations**

Hôpital Montfort (the "Hospital"), a corporation without share capital, incorporated on July 15, 1969 under the *Corporations Act of Ontario*, is a not-for-profit organization dedicated to patient care, education of health professionals and medical science advancement. The Hospital is a registered charity under the *Income Tax Act* and, as such, is exempt from income tax. Continued operations are dependent upon the receipt of funding from the Ministry of Health ("MOH") through Ontario Health ("OH").

Under the Health Insurance Act and the regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the MOH and OH. These financial statements reflect agreed funding arrangements approved by the MOH and OH with respect to the year ended March 31, 2023.

**2. Accounting policies**

The non-consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The Hospital elected to apply the sections of the PS-4200 series for non-profit organizations of the public sector. These non-consolidated financial statements include the following significant accounting policies:

*Controlled entities*

The Hospital has control over Santé Montfort as the majority of its Board members are also members of the Hospital's Board of Directors. The Hospital also has control over Institut du savoir Montfort (the "Institute") as its sole member. The Institute is accountable to the Hospital's Board of Directors. The financial results of these entities are not consolidated in the financial statements of the Hospital but are presented in Note 15.

*Fund accounting*

The Hospital accounts for its activities within various funds. The Operating Fund covers its daily operations. The Reserve Fund for Capital Assets is comprised of two funds: the Fund for Life Cycle of Buildings – Local Share, to finance future capital asset purchases, and the Transformation Projects Fund, which is dedicated to financing future major capital projects. As at March 31<sup>st</sup> 2023, the Transformation Projects Fund value is nil.

*Financial instruments*

The Hospital evaluates its financial assets and liabilities in the following manner:

*Cash*

Cash is measured at fair value.

*Accounts receivable*

Accounts receivable are measured at amortized cost using the effective interest method. Gains and losses related to the derecognition of these financial assets are recognized in the non-consolidated statement of operations in the period in which they arise.

## **2. Accounting policies (continued)**

### *Financial instruments (continued)*

#### *Investments*

Investments in equity instruments quoted in an active market are measured at fair value. These investments can be sold following market fluctuations or to fill the Hospital's liquidity needs or other needs. The fair values of investments are presented in Note 4. They are established based on market prices and valuation techniques based on observable data.

Financial instruments recorded at fair value in the non-consolidated statement of financial position are classified according to a hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy of fair value consists of the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for assets or liability, either directly (as prices) or indirectly (derived from prices);

Level 3 – valuation based on a significant portion of data for the assets or liabilities that are not based on observable market data (unobservable inputs) techniques.

The hierarchy that applies in the determination of fair value requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in the valuation of the fair value.

Other investments are measured at amortized cost of the premium or discount, if applicable.

Preferred shares are level 1 and bonds are level 2. There was no transfer between levels during the year.

#### *Financial liabilities*

Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Gains and losses related to the derecognition of these financial liabilities are recognized in the non-consolidated statement of operations in the period in which they arise.

#### *Adoption of new accounting policy PS 3280, Asset retirement obligations*

Effective April 1, 2022, the Hospital adopted PS 3280, *Asset Retirement Obligations* using the modified retroactive application method. Under this method, the Hospital recognized:

- A liability for any existing asset retirement obligations, adjusted for accumulated accretion;
- An asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets;
- Accumulated amortization on that capitalized cost; and
- An adjustment to the opening fund balance as at April 1, 2021.

The change follows the effective implementation date for Asset Retirement Obligations in accordance with PS 3280 for fiscal years beginning on or after April 1, 2022. Amounts for the year ended March 31, 2022 have been modified and comparative figures have been restated. The impact of the restatement of comparative figures is as follows:

**Hôpital Montfort**  
**Notes to the non-consolidated financial statements**  
March 31, 2023

**2. Accounting policies (continued)**

*Adoption of new accounting policy PS 3280, Asset retirement obligations (continued)*

	Original balance March 31, 2022 2022 \$	Adoption adjustment \$	<b>Adjusted balance March 31, 2022 \$</b>
<b>Statement of financial position</b>			
Tangible capital assets	266,859,043	879,552	<b>267,738,595</b>
Asset retirement obligations	—	2,990,477	<b>2,990,477</b>
Net assets	110,688,843	(2,110,925)	<b>108,577,918</b>
<b>Statement of operations</b>			
Amortization expense	14,549,517	35,182	<b>14,584,699</b>
Excess of revenue over expenses	1,529,862	(35,182)	<b>1,494,680</b>

*Asset retirement obligations*

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of the Hospital's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- (a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

Liabilities are recognized by the Hospital in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are measured initially at management's best estimate of the present value of the estimated future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, there is a corresponding increase to the carrying value of the related tangible capital asset. In subsequent periods, the liability is accreted over time and adjusted for changes in the liability estimate, as applicable or timing of the future cash flows. The capitalized asset retirement costs are amortized on the same basis as the related asset, and accretion expense is included in the Statement of Operations.

*Use of estimates*

The preparation of non-consolidated financial statements in compliance with the Canadian public sector accounting standards 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 non-consolidated financial statements and the reported amounts of revenues and expenses for the period covered. The main estimates relate to the value of the allowance for doubtful accounts, cost and net realizable value of inventories, fair value of investments, impairment of financial assets, useful life of capital assets, certain accrued liabilities, the value of the employee future benefits, the value of the asset retirement obligation, and funding related to COVID-19. Actual amounts could differ from these estimates.

## **2. Accounting policies (continued)**

### *Use of estimates (continued)*

The revenue recognized from the MOH and 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 MOH and OH for the years ended March 31, 2023, and 2022. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in several areas.

If the Hospital does not meet its performance standards or obligations, the MOH/OH have the right to adjust funding received by the Hospital. Neither the MOH nor 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 the MOH/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 earned during the year.

### *Contributed services*

The Hospital records significant in-kind contributions at fair value when it can be easily determined, the services are used in the normal course of its activities and if the Hospital would have had to otherwise acquire these services for its normal operations.

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 non-consolidated financial statements.

### *Revenue recognition*

The Hospital follows the deferral method of accounting for contributions, including the allocations from Ontario Health.

As provided under the *Local Health Integration Act, 2006*, the Hospital is funded primarily by Ontario Health. Allocations are negotiated through a Hospital Service Accountability Agreement in accordance with processes established by Ontario Health and the Ministry of Health of Ontario (MOH). Ontario Health, a Crown agency of the Government of Ontario, was established on June 6, 2019.

Allocations are recorded as revenue in the period to which they relate when received or receivable if the amount can be reasonably estimated and collection be reasonably assured.

Allocations approved but not received at the end of an accounting period are recorded as accounts receivable. When a portion of an allocation relates to a future period, it is deferred and recognized in that period.

The Hospital receives funds to operate certain programs from OH. The final amount of operating revenue recorded is approved definitively when OH reviews the Hospital's financial and statistical returns for the year. Any potential adjustments arising from the reviews of OH are recorded in the period in which the adjustment is made.

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

## **2. Accounting policies (continued)**

### *Revenue recognition (continued)*

Revenue from the Provincial Health Insurance Plan, other plans or services included under Patient services and Room differential and patients' co-payment is recognized when the goods are sold, or the services are provided.

Grants and funding authorized by the MOH/OH as of the end of the fiscal year, and for which a specific purpose or use has been identified, are recognized as revenue when there is reasonable assurance that the Hospital has complied with, and will continue to comply with, all conditions necessary to earn the grant. The recognition of revenue associated with such grants requires management to make estimates and assumptions based on the best information available at the time of preparation of these non-consolidated financial statements. Final funding approved is subject to the funders' reconciliation process and could differ from these estimates.

Grants for which revenues are due but have not been received at the end of the financial year are recorded as accounts receivable. When a portion of a grant relates to a future period, it is recorded as deferred revenue and recognized when it becomes due.

Unrealized gains and losses on investments accounted for at fair value are recognized in the non-consolidated statement of accumulated remeasurement gains.

Other investment income is recognized when it is realized and becomes due.

Contributions related to capital assets received by the Hospital are deferred and recorded as revenue using the same method as the one used for the amortization of the acquired capital assets.

### *Inventories*

Inventories are valued at the lower of cost and replacement cost, cost being determined using the weighted average cost with the exception of drug inventories, which are valued at the first-in first-out method.

### *Capital assets*

Capital assets are initially recorded at cost. The cost of capital assets received as contributions is considered to be the fair value at the date of the contribution. Capital assets are amortized on a straight-line basis over their estimated useful life as follows.

Buildings	40 years
Building service equipment	5 to 28 years
Equipment	3 to 20years

The costs of projects in progress are accumulated and transferred as capital assets when they are ready for use.

### *Intangible assets*

The intangible assets are recorded at cost. Amortization of the Electronic Health Record (EHR) software is calculated using the straight-line method over a period of five years.

The costs of software in development are accumulated and transferred as intangible assets when they are ready for use.

**2. Accounting policies (continued)**

*Impairment of long-lived assets*

When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

*Employee future benefit plans*

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

The most recent actuarial valuation was performed as at March 31, 2022. The next required actuarial valuation will be performed as at March 31, 2025.

For the purpose of calculating the current year's expenses, past service costs are recognized in the non-consolidated statement of operations when granted. The actuarial gains and losses are amortized over the average remaining service period of active employees (EARSL).

The Hospital is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because of insufficient information 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 future employer contributions to the Plan for past employee service.

**3. Accounts receivable**

	0-30 days	31-90 days	91 days +	2023 Total
	\$	\$	\$	\$
Allocations from the Ministry of Health of Ontario and Ontario Health	7,902,535	59,343	1,571,055	9,532,933
Patient services	3,402,179	2,413,650	1,294,684	7,110,513
Santé Montfort, without interest	802,035	1,339,396	611,269	2,752,700
Fondation de l'Hôpital Montfort, without interest	36,680	—	2,200,000	2,236,680
Eastern Ontario Regional Laboratory Association, without interest	(72,264)	1,121	187,798	116,655
Institut du savoir Montfort, without interest	(31,426)	65,364	185,930	219,868
Other	1,382,757	857,803	1,200,275	3,440,835
	<b>13,422,496</b>	<b>4,736,677</b>	<b>7,251,011</b>	<b>25,410,184</b>
Allowance for doubtful accounts – patient services and other	(96,061)	(20,675)	(1,521,601)	(1,638,337)
	<b>13,326,435</b>	<b>4,716,002</b>	<b>5,729,410</b>	<b>23,771,847</b>
Less long-term portion	—	—	(500,000)	(500,000)
	<b>13,326,435</b>	<b>4,716,002</b>	<b>5,229,410</b>	<b>23,271,847</b>



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**3. Accounts receivable (continued)**

	0-30 days	31-90 days	91 days +	2022 Total
	\$	\$	\$	\$
Allocations from the Ministry of Health of Ontario and Ontario Health	4,022,991	1,627,616	10,994,164	16,644,771
Patient services	2,826,492	1,582,001	1,624,393	6,032,886
Santé Montfort, without interest	717,529	1,209,021	1,123,264	3,049,814
Fondation de l'Hôpital Montfort, without interest	7,413	22	4,200,000	4,207,435
Eastern Ontario Regional Laboratory Association, without interest	92,006	162,172	673,410	927,588
Montfort Renaissance, without interest	13,980	—	—	13,980
Other	1,220,341	873,212	586,089	2,679,642
	<u>8,900,752</u>	<u>5,454,044</u>	<u>19,201,320</u>	<u>33,556,116</u>
Allowance for doubtful accounts – patient services and other	(449,243)	—	(1,214,544)	(1,663,787)
	<u>8,451,509</u>	<u>5,454,044</u>	<u>17,986,776</u>	<u>31,892,329</u>

**4. Investments**

	2023 \$	2022 \$
Operating fund		
Bonds		
Federal, provincial and municipal – fair value: \$5,399,847 (\$3,313,291 in 2022)	<b>5,285,994</b>	3,282,720
Accrued interest – fair value: \$238,096 (\$150,824 in 2022)	<b>238,096</b>	150,824
	<b>5,524,090</b>	3,433,544
Short-term investments	—	—
	<b>5,524,090</b>	3,433,544
Reserve fund for capital assets		
Bonds		
Financial institutions – fair value: \$26,302,767 (\$23,872,156 in 2022)	<b>26,950,496</b>	24,331,278
Federal, provincial and municipal – fair value: \$13,634,297 (\$15,220,538 in 2022)	<b>14,372,707</b>	15,755,954
Companies – Fair value: \$289,240 (\$249,177 in 2022)	<b>313,016</b>	266,733
Accrued interest – fair value: \$321,998 (\$249,657 in 2022)	<b>321,998</b>	249,657
	<b>41,958,217</b>	40,603,622
Short-term investments	<b>8,519,000</b>	7,950,000
	<b>33,439,217</b>	32,653,622

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**4. Investments (continued)**

Bonds of the reserve fund for capital assets and the operating fund mature between June 2023 and November 2033, have a rate of return varying from 0.95% to 5.53% (maturing between June 2022 and January 2033, and had a rate of return varying from 0.75% to 3.80% in 2022).

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	2022 Net book value
	\$	\$	\$	\$
				(Restated) (Note 2)
Land	<b>1,636,611</b>	—	<b>1,636,611</b>	1,636,611
Buildings	<b>313,432,838</b>	<b>112,943,024</b>	<b>200,489,814</b>	207,686,506
Building service equipment	<b>66,730,278</b>	<b>34,400,152</b>	<b>32,330,126</b>	28,019,381
Equipment	<b>71,734,995</b>	<b>48,389,916</b>	<b>23,345,079</b>	24,813,700
Projects in progress	<b>758,770</b>	—	<b>758,770</b>	5,582,397
	<b>454,293,492</b>	<b>195,733,092</b>	<b>258,560,400</b>	267,738,595

During the year, the Hospital purchased capital assets for \$7,012,852 (\$15,344,218 in 2022) and disposed of capital assets for \$700,466 (\$13,835,272 in 2022).

*Non-monetary transactions*

As at March 31, 2023, there is \$1,985,655 (\$4,489,509 in 2022) in capital assets acquisitions which have not been paid and are included in accounts payable. As no cash has been used to purchase these capital assets yet, the amounts have been deducted from the respective lines in the non-consolidated statement of cash flows.

**6. Intangible assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	2022 Net book value
	\$	\$	\$	\$
Software	<b>28,365,119</b>	<b>18,413,654</b>	<b>9,951,465</b>	13,193,438
Electronic timesheet	—	—	—	793,117
Software in development	<b>491,335</b>	—	<b>491,335</b>	128,480
Website	<b>212,413</b>	<b>82,604</b>	<b>129,809</b>	154,467
	<b>29,068,867</b>	<b>18,496,258</b>	<b>10,572,609</b>	14,269,502

During the year, the Hospital acquired intangible assets valued at \$893,082 (\$5,168,166 in 2022) and disposed of intangible assets valued at \$1,024,563 (nil in 2022)

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**7. Line of credit**

The Hospital has an authorized line of credit of \$3,000,000 (\$3,000,000 in 2022). This line of credit bears interest at the prime rate plus 0.4% (0.4% in 2022). As at March 31, 2023 and 2022, this line of credit was not in use.

**8. Accounts payable and accrued liabilities**

	<b>2023</b>	2022
	\$	\$
Salaries, employee benefits and source deductions	<b>27,329,177</b>	18,698,341
Payable to vendors	<b>7,930,163</b>	11,453,804
Refundable to Ontario Health and other Ontario Government agencies	<b>18,240,628</b>	19,820,274
Institut du savoir Montfort, without interest	—	1,151,236
	<b>53,499,968</b>	51,123,655

**9. Employee future benefits**

*Pension plan*

The Hospital contributes to the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer defined benefits pension plan. It is mandatory for a full-time employee to enroll in HOOPP. This Plan is also offered to part-time and occasional employees on a voluntary basis. The Hospital's pension costs charged to operations during the year ended March 31, 2023, amounts to \$10,418,025 (\$9,039,365 in 2022). The most recent audited financial statements of the Plan as at December 31, 2022 indicate the HOOPP Plan is fully funded.

*Post-retirement benefits*

The Hospital also provides health and dental benefits as well as life insurance to its employees and extends coverage to the post-retirement period. The valuation of these other benefits is based on the actuarial valuation of March 31, 2022 (the 2023 accrued benefit obligation is based on the actuarial valuation of March 31, 2022 and extrapolated for the year ended March 31<sup>st</sup>, 2023). The information regarding these benefits is as follows:

	<b>2023</b>	2022
	\$	\$
Plan status		
Accrued benefit obligation at the beginning	<b>9,031,700</b>	10,028,900
Current service cost	<b>739,700</b>	768,100
Actuarial gain amortized	<b>(1,034,236)</b>	(1,720,900)
Interest on accrued benefit obligation	<b>360,400</b>	328,300
Hospital's contribution	<b>(271,008)</b>	(372,700)
Accrued benefit obligation at year-end	<b>8,826,556</b>	9,031,700
Unamortized actuarial gain	<b>3,825,575</b>	2,979,939
Accrued benefit liability	<b>12,652,131</b>	12,011,639

**9. Employee future benefits (continued)**

	<b>2023</b>	2022
Actuarial assumptions		
Discount rate on liabilities	<b>4.04%</b>	3,89%
Dental cost increases	<b>4.00%</b>	4,00%
Extended health care increase	<b>5.00%</b>	5.00%
Amortization period of actuarial losses or gains (EARSL)	<b>15.80 years</b>	14.40 years

The expense for the year is detailed as follows:

	<b>2023</b>	2022
	\$	\$
Current service costs	<b>739,700</b>	768,100
Interest on accrued benefit obligation	<b>360,400</b>	328,300
Amortization of actuarial gain	<b>(188,600)</b>	(94,000)
	<b>911,500</b>	1,002,400

**10. Asset retirement obligation**

The Hospital has one building containing asbestos requiring remediation upon decommissioning. The *Canadian Environmental Protection Act* (CEPA) governs the protection of the environment and human health with respect to hazardous waste such as asbestos. There are regulations specifically regarding the handling of asbestos, such as the "Prohibition of Asbestos and Products Containing Asbestos Regulations" which are published under the authority of CEPA. In addition, the Canada Occupational Health and Safety Regulations (10.26.1 Schedule, Division II – Hazardous Substances Other than Hazardous Products) outlines requirements for asbestos exposure control plans, as well as requirements on disposal of asbestos and decontamination.

The estimated liability is the estimated total undiscounted future cash flows required to settle the asset retirement obligations. In the next 25 years, the estimated expenditures will be incurred and the estimated liabilities settled.

**11. Deferred contributions related to capital assets**

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets.

	<b>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>218,838,328</b>	215,749,216
Contributions granted during the year*	<b>2,165,729</b>	12,908,567
Amortization of contributions related to capital assets		
Amortization of contributions related to buildings	<b>(9,219,732)</b>	(8,608,100)
Amortization of contributions related to equipment	<b>(1,841,540)</b>	(1,211,355)
Balance, end of year	<b>209,942,785</b>	218,838,328

\*The following tables present the main sources of contributions granted during the current and previous exercises:

**11. Deferred contributions related to capital assets (continued)**

	<b>Contributions granted</b>	<b>Accounts receivable</b>	<b>2023 Revenue recognized</b>
	\$	\$	\$
Fondation de l'Hôpital Montfort Aline-Chrétien Health Hub	<b>112,915</b>	<b>9,966</b>	<b>139</b>
Ontario Health Medical Equipment	<b>337,214</b>	<b>337,214</b>	<b>34,675</b>
Ontario Ministry of Health Carrefour santé Aline-Chrétien - COVID	<b>206,677</b>	—	—
Carrefour santé Aline-Chrétien	<b>558,121</b>	<b>1,266,214</b>	<b>55,397</b>
	<b>1,214,927</b>	<b>1,613,394</b>	<b>90,211</b>

	Contributions granted	Accounts receivable	2022 Revenue recognized
	\$	\$	\$
Fondation de l'Hôpital Montfort Aline-Chrétien Health Hub	9,100,000	3,800,000	393,750
Ontario Health Medical Equipment	1,631,667	1,331,437	6,680
Ontario Ministry of Health Aline-Chrétien Health Hub - COVID	1,116,660	1,116,660	20,937
Aline-Chrétien Health Hub	803,631	806,631	36,925
	12,651,958	7,054,728	458,292

**12. Interfund transfers**

No transaction was recorded in the Reserve Fund for Capital Assets - Transformation Projects Fund during the financial year (in 2022, \$2,234,732 was transferred from the Reserve Fund for Capital Assets - Transformation Projects to the Operating Fund). An amount of \$652,219 (\$3,377,599 in 2022) was transferred from the Life Cycle of Buildings - Local Share Fund to replace major infrastructure equipment.

**13. Supplies and other expenses**

	<b>2023</b>	2022
	\$	\$
Supplies	<b>8,430,394</b>	7,867,031
Professional fees	<b>2,269,817</b>	2,341,551
Purchased services	<b>17,637,867</b>	17,479,054
Expenses related to buildings and lots	<b>1,840,343</b>	1,303,543
Expenses related to equipment	<b>9,019,778</b>	9,755,495
Various expenses	<b>6,622,558</b>	5,155,471
	<b>45,820,756</b>	43,902,145

**14. Net change in non-cash working capital items**

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Accounts receivable	<b>8,620,482</b>	(2,777,560)
Inventories	<b>406,060</b>	(26,021)
Prepaid expenses	<b>(1,220,738)</b>	32,639
Long-term receivable	<b>(135,416)</b>	218,750
Accounts payable and accrued liabilities	<b>4,880,171</b>	1,044,169
Deferred revenue	<b>(1,587,234)</b>	(49,176)
Holdback	<b>—</b>	(41,530)
	<b>10,963,325</b>	<b>(1,598,729)</b>

**15. Presentation of controlled entities and related party transactions**

The Hospital deals with several related parties, which are presented below.

All transactions between related parties are carried out in the normal course of operations and are recorded at the exchange value which is the amount of consideration established and agreed to by the related parties.

*Santé Montfort*

Santé Montfort is a not-for-profit organization incorporated without share capital under the *Ontario Corporations Act*. Its purpose is to set up and manage a long-term care centre in Eastern Ontario, to manage a food service and to manage a contract with the Department of National Defense to provide health services. The Hospital exercises control over Santé Montfort as the majority of Santé Montfort's Board of Directors are also members of the Hospital's Board of Directors.

During the year, the Hospital provided patient services as well as administrative and operational services to Santé Montfort for an exchange value of \$9,030,275 (\$7,293,464 in 2022), which was established by the related parties. This amount is included under Patient services in the non-consolidated statement of operations.

In addition, the Hospital is committed to lease a portion of its land to Santé Montfort under a long-term lease agreement. This land was used to build a long-term care centre owned by Santé Montfort. The lease was renewed in 2023 for an amount of \$1 annually, for an undetermined period. During the 2022-2023 period, the Hospital has received no amount (\$18,544 in 2022) from Santé Montfort as rent payments for the readaptation clinic, which closed in May 2021.

Finally, the Hospital is committed to lease land to Santé Montfort, where the Aline-Chrétien Health Hub is currently located, under a long-term lease agreement for an amount of \$1 annually, over a period of 50 years ending in June 2068.

*Institut du savoir Montfort*

Institut du savoir Montfort (the "Institute") is a registered charity incorporated under the *Canada Not-for-profit Corporations Act* as an institution dedicated to the creation and transmission of knowledge, while promoting the objectives of the Hospital. The Hospital is the only member of the Institute and thus exercises control over the activities of the Institute.

**15. Presentation of controlled entities and related party transactions (continued)**

*Institut du savoir Montfort (continued)*

The Institute is committed under a service agreement with the Hospital for the reciprocal provision of consulting and outsourced services. Under this agreement, the Institute is committed to provide scientific services, services related to education, continuing professional development and a library to the Hospital. The Hospital is committed to provide to the Institute services related to human resources, a portion of accounting services, deployment and management of IT solutions, communications, ethics, maintenance, designation and other services, without cost. The exchange value of the services provided to the Hospital by the Institute during the year, which was established by the related parties, amounts to \$3,311,352 (\$4,724,294 in 2022). This amount is included under "Supplies and other expenses" in the non-consolidated statement of operations.

The financial statements of the Hospital's related parties are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial summaries for Institut du savoir Montfort and Santé Montfort for March 31, 2023 and 2022 are disclosed as follows:

	<b>Santé Montfort</b>		<b>Institut du savoir Montfort</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	\$	\$	\$	\$
<b>Statement of financial position</b>				
Assets	<b>38,989,432</b>	46,040,646	<b>9,637,647</b>	8,655,051
Liabilities	<b>26,082,307</b>	38,476,004	<b>8,047,957</b>	7,632,256
Net assets	<b>12,907,125</b>	7,564,642	<b>1,589,690</b>	1,022,795
<b>Statement of operations</b>				
Revenue	<b>7,690,211</b>	2,225,448	<b>8,017,687</b>	7,307,194
Expenses	<b>2,347,728</b>	1,976,824	<b>7,463,492</b>	7,093,851
Excess before abandon activities	<b>5,342,483</b>	248,624	<b>555,195</b>	213,343
Abandon activities	—	45,384	—	—
Excess	<b>5,342,483</b>	294,008	<b>555,195</b>	213,343
<b>Statement of cash flows</b>				
Operating activities	<b>121,792</b>	727,062	<b>(822,334)</b>	(2,519,009)
Investing activities	<b>4,873,282</b>	(122,099)	<b>911,717</b>	(69,828)
Financing activities	<b>(6,779,185)</b>	72,127	<b>3,057,011</b>	3,196,618

*Fondation de l'Hôpital Montfort*

Fondation de l'Hôpital Montfort is incorporated under the *Canada Corporations Act*. Its purpose is to raise, receive, maintain and manage funds and to apply all or part of them and the income derived from them for the development and promotion of the Hospital and the well-being of patients. The Hospital has an economic interest in Fondation de l'Hôpital Montfort through Fondation de l'Hôpital Montfort's donations to the Hospital. For the year ended March 31, 2023, donations of \$486,380 were made to the Hospital by Fondation de l'Hôpital Montfort (\$9,746,803 in 2022 while the major funding campaign was underway).

**15. Presentation of controlled entities and related party transactions (continued)**

*Fondation de l'Hôpital Montfort (continued)*

As at March 31, 2023, the fund balances of the Fondation de l'Hôpital Montfort was \$10,254,911 (9,764,039\$ in 2022).

Fondation de l'Hôpital Montfort operates the parking of the Hospital and holds a license for its use with a net book value of \$1,504,944 as at March 31, 2023 (\$2,052,197 as at March 31, 2022).

*L'Association des bénévoles de l'Hôpital Montfort*

L'Association des bénévoles de l'Hôpital Montfort is established under the Canadian Corporations Act. Its purpose is to collect, receive and administer funds, and to apply these same funds and their proceeds to promote the development and advancement of the Hospital as well as the well-being of its patients. L'Hôpital Montfort has an intangible economic interest in the Association as it provides services to patients through its human capital, which is in line with the Hospital's mission.

As of March 31, 2023, the balance of funds of L'Association des bénévoles de l'Hôpital Montfort was \$502,642 (\$565,545 in 2022)

*Other economic interests*

*Ottawa Regional Hospital Linen Services Incorporated*

The Hospital is a founding member of Ottawa Regional Hospital Linen Services Incorporated ("ORHLS"). ORHLS was created to provide laundry services to member hospitals on a cost-for-service basis. The Corporation is a not-for-profit organization incorporated without share capital under the *Ontario Corporations Act*.

As at March 31, 2023, the Hospital has an economic interest of \$1,954,447 (\$1,651,287 in 2022) in ORHLS' net assets of \$20,600,097 (\$18,010,425 in 2022). This amount is not included in the Hospital's non-consolidated financial statements.

During the year, the Hospital paid an amount of \$2,625,303 (\$2,509,619 in 2022) to ORHLS for laundry services in the normal course of its operations. This amount is included under Supplies and other expenses in the non-consolidated statements of operations.

*Champlain Health Supply Services (CHSS) and Eastern Ontario Regional Laboratory Association (EORLA)*

The Hospital is a founding member of Champlain Health Supply Services (CHSS) and Eastern Ontario Regional Laboratory Association (EORLA). These corporations were created to respectively act as a purchasing group and to provide laboratory services. These corporations are not-for-profit organizations incorporated without share capital under the *Ontario Corporations Act*.

During the year, the Hospital paid an amount of \$152,407 (\$145,839 in 2022) to CHSS to be a member of its purchasing group and an amount of \$8,867,226 (\$8,923,294 in 2022) to EORLA for laboratory services. These amounts are included under "Supplies and other expenses" in the non-consolidated statements of operations. Transactions between related parties were recorded at their exchange value.

As at March 31, 2023, the amounts to be paid to CHSS total \$33,750 (\$31,665 in 2022) and are included in Accounts payable and accrued liabilities.



## **16. Financial risk management**

### *Credit risk*

Credit risk arises from the potential that a counter party or lender fails to meet its contractual obligations, whether these obligations are disclosed in the non-consolidated statement of financial position or not.

The Hospital takes measures to manage the credit risk associated with patient services and establishes allowances for doubtful accounts while keeping in mind the historic tendencies of clients and the economic situation.

A large portion of the accounts receivable from patient services are receivable from the Ontario Health Insurance Plan, from private insurance companies and from Workplace Safety and Insurance Board. The aforementioned entities are in compliance with the usual payment terms. The Hospital considers that there is no significant credit risk arising from this situation.

### *Market risk*

Market risk arises from the fluctuation in the fair value of the financial instruments affecting this value, such as interest rates and their volatility.

Conservative management is exercised to minimize the impact of any eventual fluctuation of interest rates.

### *Liquidity risk*

Liquidity risk is related to the Hospital's capacity to accumulate the necessary funds to meet a financial obligation, whether it figures on the statement of non-consolidated financial position or not.

The objective of liquidity management is to guarantee access to necessary funds in a financially viable and timely manner, in order to meet financial obligations when they become due. For the managed assets as a whole, this risk can result in the incapacity of liquidating or releasing a market position at a fair price.

Management regularly reviews its liquidity position in order to ensure to hold an acceptable level of liquidity while minimizing all eventual risk. Presently, the Hospital holds sufficient liquidities to minimize its liquidity risk.

## **17. Contractual obligations**

### *Aline-Chrétien Health Hub*

Aline-Chrétien Health Hub has met all of its contractual commitments in 2023. As of March 31 2022, the remaining value of those commitments was \$28,596.

### *Project for the replacement of major infrastructure equipment*

The project has been substantially completed during the 2022-2023 fiscal year, the remaining value of the commitment in 2022 was \$532,781.

## **18. Contingencies**

### *Contingent Liability - Pay Equity Negotiations with the Registered Nurses Association of Ontario (RNAO)*

The Hospital has entered into negotiations that will potentially create a financial obligation with regards to the pay equity plan with RNAO. At the date of publication of the non-consolidated financial statements, management did not have the necessary information to make a reasonable estimate of the amount. For this reason, no liability has been recorded in the non-consolidated financial statements as at March 31, 2023. Amounts will be recognized as expenses in the period during which the amount can be reasonably estimated.

### *Contingent Liability – 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. The Hospital has recorded liabilities based on subsequent settlement amounts and management's estimate of potential settlement amounts.

### *Guarantee*

The Hospital is the guarantor of the repayment of a long-term loan taken by Santé Montfort for an amount of \$10,633,000 (\$13,968,000 in 2022), and of hedge-based risk management by way of an interest rate agreement for an amount of \$306,652 (\$45,153 in 2022). As well, Hôpital Montfort is the guarantor for the Fondation de l'Hôpital Montfort's \$2,500,000 credit margin that the Fondation de l'Hôpital Montfort contracted with BMO in April 2022.

The Hospital believes that the risk of having to incur significant costs as a result of this guarantee is low.

### *Litigation*

The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims as 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.

A group of hospitals, including the Hospital, have formed the 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 and territories where it is licensed. 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 year in which they were a subscriber. No such assessments have been made as at March 31, 2023.