

Financial Statements of

**ST. THOMAS ELGIN GENERAL HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2024



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of St. Thomas Elgin General Hospital

### ***Opinion***

We have audited the financial statements of St. Thomas Elgin General Hospital (the Hospital), 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 assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 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 auditor’s report.

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

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditor's 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants  
London, Canada

June 5, 2024

# ST. THOMAS ELGIN GENERAL HOSPITAL

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

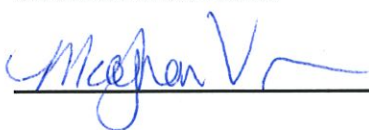
	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 9,369,016	\$ 13,906,243
Accounts receivable (note 3)	6,016,890	7,485,456
Due from Hospital Foundation (note 13 (a))	596,965	750,280
Inventories	1,449,671	1,577,548
Prepaid expenses	2,204,492	1,412,547
	19,637,034	25,132,074
Capital assets (note 5)	125,321,301	119,761,261
	\$144,958,335	\$144,893,335

## Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,706,544	\$ 20,008,108
Vacation liability	4,230,115	3,620,119
Due to Hospital Auxiliary (note 13 (b))	-	443,069
Current portion of long-term debt (note 7)	134,011	533,603
Total current liabilities	19,070,670	24,604,899
Asset retirement obligation (note 4)	603,961	589,054
Long-term debt (note 7)	-	132,235
Sick leave liability	20,688	20,063
Employee future benefits (note 8 (b))	4,371,300	4,243,800
Deferred capital contributions (note 9)	104,389,321	98,438,175
	128,455,940	103,423,327
Unrestricted net assets	16,502,395	16,865,109
Commitments (note 14)		
Contingencies (note 15)		
	\$144,958,335	\$144,893,335

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# ST. THOMAS ELGIN GENERAL HOSPITAL

## Statement of Operations

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

	2024	2023
Revenues:		
Ministry of Health Funding	\$ 120,260,009	\$104,435,616
Patient revenue from other payers	19,064,456	18,342,512
Recoveries and miscellaneous revenue	14,717,301	12,031,982
Amortization of deferred capital contributions related to equipment (note 9)	1,933,374	1,847,443
Differential and co-payment revenues	481,656	540,315
Total revenues	156,456,796	137,197,868
Expenses:		
Salaries and wages	68,872,045	61,419,219
Employee benefits	23,728,879	17,650,776
	92,600,924	79,069,995
Medical staff remuneration	22,075,111	20,949,348
Supplies and equipment	23,520,911	21,952,859
Amortization of equipment	3,098,622	3,239,611
Medical and surgical supplies	5,980,625	5,860,845
Drugs	8,328,173	7,067,810
	63,003,442	59,070,473
Total expenses	155,604,366	138,140,468
Surplus (deficit) from operations before COVID-19 (expenses) and funding	852,430	(942,601)
Pandemic expenses	-	(1,187,210)
Ministry of Health pandemic funding (note 10)	-	1,187,210
Surplus (deficit) before the undernoted	852,430	(942,601)
Other revenue (expenses):		
Amortization of deferred capital contributions related to buildings (note 9)	3,855,919	3,856,879
Interest, long-term debt	(26,998)	(106,261)
Amortization of building	(4,992,947)	(5,027,486)
Loss on disposal of capital assets	(51,118)	-
	(1,215,144)	(1,276,868)
Deficit	\$ (362,714)	\$ (2,219,469)

See accompanying notes to financial statements.

## ST. THOMAS ELGIN GENERAL HOSPITAL

### Statements of Changes in Net Assets

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

March 31, 2024	Unrestricted
Unrestricted net assets, beginning of year	\$ 16,865,109
Deficit	(362,714)
Unrestricted net assets, end of year	\$ 16,502,395

March 31, 2023	Unrestricted
Unrestricted net assets, beginning of year	\$ 19,084,578
Deficit	(2,219,469)
Unrestricted net assets, end of year	\$ 16,865,109

See accompanying notes to financial statements.

# ST. THOMAS ELGIN GENERAL HOSPITAL

## Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficit	\$ (362,714)	\$ (2,219,469)
Items not involving cash:		
Amortization of capital assets	8,091,569	8,267,097
Amortization of deferred contributions	(5,789,292)	(5,704,322)
Asset retirement obligation	14,907	-
Loss on disposal of capital assets	51,118	-
Vacation liability	609,996	267,543
Sick leave liability	625	(9,974)
Employee future benefits	127,500	218,900
Changes in non-cash operating working capital (note 11)	(4,786,821)	4,760,814
	(2,043,112)	5,580,589
Financing activities:		
Repayment of long-term debt	(531,827)	(3,455,206)
Contributions received related to capital assets	11,740,438	3,366,623
	11,208,611	(88,583)
Investing activities:		
Purchase of capital assets	(13,702,726)	(4,435,463)
(Decrease) increase in cash	(4,537,227)	1,056,543
Cash, beginning of year	13,906,243	12,849,700
Cash, end of year	\$ 9,369,016	\$ 13,906,243

See accompanying notes to financial statements.



# ST. THOMAS ELGIN GENERAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2024

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The St. Thomas Elgin General Hospital (the "Hospital") is incorporated without share capital under the Companies Act of Ontario. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Hospital is a 179-bed facility providing 24-hour coverage in medicine, surgery, obstetrics, pediatrics, anaesthesia, mental health, emergency and family medicine. The Hospital serves the residents of St. Thomas and Elgin County.

The Hospital is primarily funded by the Province of Ontario in accordance with funding policies established by the Ministry of Health ("MOH"). Any excess of revenues over expenses earned during a fiscal year may be retained by the Hospital. There is currently no commitment by the MOH to fund operating deficits. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The MOH provides operating funding including base funding which is expected to be received on an annual basis, and special funding, which is non-recurring in nature, and consequently is unconfirmed for future years.

The Hospital operates under a Hospital Service Accountability Agreement ("H-SAA") with Ontario Health under the direction of the MOH. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance.

If the Hospital does not meet certain performance standards or obligations, the MOH/Ontario Health has the right to adjust certain funding streams received by the Hospital. Given that the MOH/Ontario Health is not required to communicate funding adjustments until after the submission of year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the Section 4200 standards for government not-for-profit organizations. Significant accounting policies of the Hospital are summarized as follows:

### (a) Revenue recognition:

The deferral method of accounting for contributions which includes donations and government grants is as follows:

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.

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 other than endowment contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions restricted for the purchase of capital assets are recorded as deferred capital contributions and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenues from sources other than the MOH are recognized as services are rendered and collection is reasonably assured.

### (b) Inventories:

Inventories, consisting of hospital supplies, are valued at the lower of cost on a weighted average basis and replacement cost.

### (c) Restricted investments:

Restricted investments are recorded at fair value.

# ST. THOMAS ELGIN GENERAL HOSPITAL

## Notes to Financial Statements (continued)

Year ended March 31, 2024

### 1. Significant accounting policies (continued):

#### (d) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's operating activities, its carrying amount is written down to its residual value.

Amortization of original cost and any corresponding deferred contributions are calculated on a straight-line basis using the following annual rates over the estimated useful lives of the assets:

Asset	Rate
Building and building equipment	2.0% - 10.0%
Equipment (not including software)	5.0% - 20.0%
Equipment (software)	33.3%

Construction in progress comprises construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

#### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

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 (or effective interest rate method). Long-term debt is recorded at cost.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (e) Financial instruments (continued):

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.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. There are no items to be reported on the statement of remeasurement gains and losses, and as a result, the statement has not been prepared.

The Hospital classifies 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.

### (f) Employee future benefits:

The Hospital provides non-pension post-retirement benefit including health, dental and life insurance benefits. The Hospital accrues its obligations under the non-pension post-retirement benefit as the employees render the services necessary to earn the post-employment benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees, and expected health care and dental costs. The most recent actuarial valuation of the benefit plan for funding purposes was as of March 31, 2023.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (f) Employee future benefits (continued):

The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-employment benefits plan is 15.7 years (2023 - 13.4 years).

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

Substantially all full time employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the "Plan"). This Plan is a multi-employer, defined benefit pension plan. As this is a multi-employer plan, no liability has been recorded in the Hospital's financial statements.

### (g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. However, because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. During the year, volunteers contributed 14,577 hours of services (2023 - 14,504).

### (h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, contingent liabilities, and obligations related to employee future benefits. Actual results could differ from those estimates.

In addition, the Hospital's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (i) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

A liability for the removal of asbestos in the building owned by the Hospital has also been recognized based on estimated future expenses to remediate these areas. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the financial statements are recognized in the Statement of Operations at the time of remediation occurs.

## 2. Change in accounting policy:

On April 1, 2023, the Hospital adopted Canadian Public Sector Accounting Standard PS 3400 – Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024, the Hospital determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 3. Accounts receivable:

	2024	2023
Ministry of Health	\$ 1,997,065	\$ 2,299,501
Provincial other	174,873	203,257
Patient and other	3,922,288	5,079,038
	6,094,226	7,581,796
Provision for doubtful accounts (note 16 (a))	(77,336)	(96,340)
	\$ 6,016,890	\$ 7,485,456

## 4. Asset retirement obligation:

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

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

	2024	2023
Balance, beginning of year	\$ 589,054	\$ 589,054
Net changes during the year	14,906	-
Balance, end of year	\$ 603,960	\$ 589,054

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 23,583	\$ -	\$ 23,583	\$ 23,583
Building and building equipment	167,399,383	62,819,611	104,579,772	106,624,456
Equipment	45,466,161	33,441,553	12,024,608	12,322,265
Construction in progress	8,693,338	-	8,693,338	790,957
	\$221,582,465	\$ 96,261,164	\$125,321,301	\$119,761,261

## 6. Credit facilities:

An unsecured credit facility has been established for the Hospital by a Canadian chartered bank with an operating line of credit of \$6,000,000 at Canadian Bank prime rate minus 0.80%. At March 31, 2024 \$nil (2023 - \$nil) was drawn against this facility.

## 7. Long-term debt:

	2024	2023
Capital loan, unsecured, payable in blended monthly payments of \$46,569, interest at prime (7.20 % at March 31, 2024), minus 0.75%; (6.70% at March 31, 2023), balance due May 31, 2024, committed facility expires on April 30, 2024	\$ 134,011	\$ 665,838
Less current portion	134,011	533,603
	\$ -	\$ 132,235



# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 8. Employee future benefits:

### (a) Pension plan:

Substantially all full time employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the "Plan"). This Plan is a multi-employer, defined benefit pension plan.

Employer contributions to the Plan on behalf of employees amounted to \$6,023,551 (2023 - \$4,939,102).

The audited financial statements of the Healthcare of Ontario Pension Plan at December 31, 2023, disclosed a net assets value of \$113 billion with accrued going concern liabilities relating to pension obligations of \$102 billion, resulting in a going concern surplus of \$10 billion (2023 - \$11 billion).

### (b) Other employee future benefits:

The non-pension post-retirement benefit plan is a defined benefit plan funded on a cash basis by contributions from the Hospital.

The current benefit costs for the Hospital's benefit plan, which is included in salaries and wages in the statement of operations, is as follows:

	2024	2023
Current benefit cost	\$ 268,000	\$ 287,700
Interest costs	152,000	152,400
Amortization of past service costs	-	-
Amortization of net actuarial loss (gain)	500	10,100
Current benefit cost	\$ 420,500	\$ 450,200

The unamortized actuarial loss (gain) is amortized over the expected average remaining service life.

Information about the Hospital's accrued non-pension benefits liability as at March 31, 2024 is as follows:

	2024	2023
Accrued benefit obligation	\$ 4,101,175	\$ 3,949,700
Unamortized net actuarial gain (loss)	270,125	294,100
Net benefit liability	\$ 4,371,300	\$ 4,243,800

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 8. Employee future benefits (continued):

### (b) Other employee future benefits (continued):

The significant actuarial assumptions adopted in measuring the Hospital's accrued non-pension benefit obligations as at March 31, 2024 are as follows:

	2024	2023
Discount rate for accrued benefit obligations	3.95 %	4.00 %
Discount rate for net benefit expense	4.00 %	3.75 %
Health cost trends:		
Initial rate	5.70 %	5.70 %
Ultimate rate (rate reached in 2038)	4.00 %	4.00 %

Other information about the Hospital's non-pension defined benefit plans as at March 31, 2024 is as follows:

	2024	2023
Employer contributions	\$ 293,000	\$ 231,300
Benefits paid	293,000	231,300

## 9. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2024	2023
Balance, beginning of year	\$ 98,438,175	\$100,775,874
Additional contributions	11,740,438	3,366,623
Amounts amortized to the statement of operations	(5,789,292)	(5,704,322)
Balance, end of year	\$104,389,321	\$ 98,438,175

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 10. Ministry of Health pandemic funding:

During fiscal 2023, the MOH announced a number of funding programs intended to assist hospitals with incremental operating and capital costs and revenue decreases resulting from the ongoing coronavirus pandemic ("COVID-19").

The Hospital received no COVID-19 funding during fiscal 2024.

Details of the MOH funding for COVID-19 recognized as revenue in the prior year is summarized below:

	2024	2023
Funding for incremental COVID-19 operating expenses	\$ -	\$ 900,087
COVID-19 assessment centre funding	-	287,123
	\$ -	\$ 1,187,210

## 11. Changes in non-cash operating working capital:

	2024	2023
Accounts receivable	\$ 1,468,566	\$ (495,788)
Due from the Hospital Foundation	153,314	(506,538)
Inventories	127,877	(189,456)
Prepaid expenses	(791,946)	553,294
Accounts payable and accrued liabilities	(5,301,563)	5,308,839
Due to the Hospital Auxiliary	(443,069)	90,463
	\$ (4,786,821)	\$ 4,760,814

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 12. Capital management and available credit:

In managing capital, the Hospital focuses on liquid resources available for operations. The need for sufficient liquidity is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. The Hospital will, where appropriate, finance capital assets through long-term loans which have an amortization period matching that of the assets being financed.

As at March 31, 2024, the Hospital has authorized funds of \$6,000,000 available through its operating line of credit, of which \$nil (2023 - \$nil) has been drawn against this facility. As at March 31, 2024, the Hospital has met its objective of having sufficient liquidity to meet its current obligations.

## 13. Related entities:

### (a) St. Thomas Elgin General Hospital Foundation:

St. Thomas Elgin General Hospital Foundation (the "Foundation") is a related entity incorporated without share capital under the laws of Ontario. The Foundation is independent, but exists to support designated programs and services within the Hospital. During the year, the Foundation provided funds to the Hospital totaling \$2,148,618 (2023 - \$1,988,730) which have been recorded as deferred capital contributions.

The Hospital provides the Foundation with accounting and payroll services as well as rental space at no cost to the Foundation.

As the Hospital does not control the Foundation, its results are not included in these financial statements.

### (b) St. Thomas Elgin General Hospital Auxiliary:

The St. Thomas Elgin General Hospital Auxiliary (the "Auxiliary") operates the gift shop within the Hospital and undertakes other fundraising and volunteer activities for the benefit of the Hospital.

The Hospital provides the Auxiliary rental space at no cost to the Auxiliary.

As the Hospital does not control the Auxiliary, its results are not included in these financial statements.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 14. Commitments:

The Hospital leases certain equipment, and has several service contract agreements. These leases and contracts expire at various dates and require aggregate future minimum payments of \$7,887,570. Minimum payments required over the next five years and thereafter are as follows:

2025	\$ 2,549,428
2026	1,676,141
2027	1,041,308
2028	684,435
2029	552,550
Thereafter	1,383,708
	<hr/>
	\$ 7,887,570

## 15. Contingencies:

(a) The Hospital is subject to certain actual and potential legal claims, which arise in the normal course of operations. As at March 31, 2024, the Hospital has a number of outstanding claims or possible claims arising out of alleged damages caused by hospital and medical professional staff. A provision has been recorded in the financial statements after giving consideration to the Hospital's insurance coverage.

(b) Employment matters:

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

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 16. Financial risks:

### (a) Credit risk:

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

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2024 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations. The balance of the allowance for doubtful accounts at March 31, 2024 is \$77,336 (2023 - \$96,340).

As at March 31, 2024, \$165,914 (2023 - \$254,422) of trade accounts receivable were past due, but not impaired.

### (b) Liquidity risk:

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

Accounts payable and accrued liabilities are generally due within 45 days of receipt of an invoice. The contractual maturities of the long-term debt is disclosed in note 7.

The Hospital's liquidity risk has increased in the year due to the effect of operating losses on its overall liquidity. The Hospital will require sufficient and timely funding from the Ministry of Health to fulfil its obligations on a timely basis and at a reasonable cost.

# ST. THOMAS ELGIN GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 16. Financial risks (continued):

### (c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Hospital to cash flow interest rate risk. The Hospital is exposed to this risk through its long-term debt as disclosed in note 7.

There has been no significant change to the interest rate risk exposure from 2023.

## 17. 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. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for years that were previously capped by the legislation. Ongoing impacts of the reopener provisions are reflected in the Hospital's current wage rates, and are included in the reported amount of salaries and wages.

The MOH has provided the Organization with funding to offset a portion of the cost of the retroactive wage adjustments, as well as ongoing impacts up to March 31, 2024.

## 18. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year deficit.