



Financial statements of Royal Victoria Regional Health Centre

March 31, 2024

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Statement of Management Responsibility

The accompanying financial statements of Royal Victoria Regional Health Centre have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibilities. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance and Audit Committee of the Board. The Finance and Audit Committee meets with management and the external auditors no fewer than two times a year.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Health Centre's system of key internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly in accordance with Canadian public sector accounting standards. The external auditors have full and free access to the Finance and Audit Committee of the Board and meet with it on a regular basis.

On behalf of Royal Victoria Regional Health Centre

A handwritten signature in black ink, appearing to be 'Gail Hunt'.

Gail Hunt
President & Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Ben Petersen'.

Ben Petersen
Executive Vice President, Corporate Services &
Chief Financial Officer

May 28, 2024
Barrie, Canada

Independent Auditor's Report

To the Board of Directors of
Royal Victoria Regional Health Centre

Opinion

We have audited the financial statements of Royal Victoria Regional Health Centre (the "Health Centre"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in net assets, 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 the Health Centre as at March 31, 2024, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("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 the Health Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 Health Centre'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 Health Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Centre'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 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Centre'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 Health Centre'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 Health Centre 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.

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.

Deloitte LLP

Chartered Professional Accountants

Licensed Public Accountants

May 28, 2024

Royal Victoria Regional Health Centre
Statement of operations and changes in net assets

Year ended March 31, 2024
(In thousands of dollars)

	Notes	2024	2023
		\$	\$
Revenue			
Ontario Health and Ministry of Health funding		507,907	409,822
Patient revenue		35,498	30,008
Recoveries and other		32,606	25,311
Specifically funded programs	13	18,148	14,103
Amortization of deferred capital contributions	10	17,196	18,993
		611,355	498,237
Expenses			
Salaries, wages and benefits	11	323,830	267,612
Medical staff remuneration		46,955	43,733
Medical and surgical supplies		33,306	30,922
Drugs		53,338	38,466
Equipment, maintenance and utilities		23,600	20,749
Other supplies and services		49,950	39,453
Specifically funded programs	13	18,622	14,013
Amortization of capital assets		29,401	30,436
		579,002	485,384
Excess of revenue over expenses		32,353	12,853
Net assets, beginning of year		92,206	79,353
Net assets, end of year		124,559	92,206

The accompanying notes are an integral part of the financial statements.

Royal Victoria Regional Health Centre

Statement of financial position

As at March 31, 2024

(In thousands of dollars)

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash	3	75,694	170,765
Short-term investments	4	81,929	6
Accounts receivable	5	29,206	38,808
Inventories		4,307	2,586
Prepaid expenses		7,011	6,041
		198,147	218,206
Investment in joint venture	12 (c)	161	161
Long-term investments	4	30,138	—
Capital assets	6	345,867	354,744
		574,313	573,111
Liabilities			
Current liabilities			
Bank loan	7	18,400	19,200
Accounts payable and accrued liabilities	8	154,190	170,353
Current portion of obligation under capital lease	9	75	296
		172,665	189,849
Obligation under capital lease	9	—	75
Deferred capital contributions	10	266,050	279,804
Employee future benefits	11	11,039	11,177
		449,754	480,905
Commitments and contingencies	16		
Net assets		124,559	92,206
		574,313	573,111

The accompanying notes are an integral part of the financial statements.

On Behalf of the Board



_____, Doug Frost, Board Chair



Jason Teal (May 30, 2024 17:38 EDT)

_____, Jason Teal, First Vice Chair

Royal Victoria Regional Health Centre

Statement of cash flows

Year ended March 31, 2024

(In thousands of dollars)

	Notes	2024 \$	2023 \$
Operating activities			
Excess of revenues over expenses		32,353	12,853
Items not affecting cash			
Loss on disposal of capital assets		6,496	252
Amortization of capital assets		29,401	30,436
Interest accrued on investments	4	(2,061)	—
Amortization of deferred capital contributions	10	(17,196)	(18,993)
Deferred capital contributions recognized as revenue	10	(3,270)	(75)
Employee post-retirement benefits expense	11	288	304
Change in non-cash working capital	15	(9,315)	23,900
		36,696	48,677
Investing activities			
Purchase of short-term investments	4	(80,000)	-
Purchase of long-term investments	4	(30,000)	-
		(110,000)	-
Capital activities			
Additions to capital assets		(27,073)	(21,345)
Proceeds on disposal of capital assets		53	18
		(27,020)	(21,327)
Financing activities			
Repayment of bank loan		(800)	(800)
Repayment of obligation under capital lease		(296)	(290)
Increase in deferred capital contributions	10	6,712	4,212
Contributions to employee post-retirement benefits	11	(363)	(273)
		5,253	2,849
(Decrease)/increase in cash during the year		(95,071)	30,199
Cash, beginning of year		170,765	140,566
Cash, end of year		75,694	170,765

The accompanying notes are an integral part of the financial statements.

Royal Victoria Regional Health Centre

Notes to the financial statements

March 31, 2024

(In thousands of dollars)

1. Nature of the organization

Royal Victoria Regional Health Centre (the "Health Centre") is incorporated without share capital under the Canada Business Corporations Act as a charitable organization and is a registered charity within the meaning of the Income Tax Act (Canada). The Health Centre is principally involved in providing health care services to the residents of the Simcoe Muskoka region.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Health Centre have been prepared in accordance with Canadian public sector accounting standards including PS4200-4270 pertaining to government not-for-profit organizations, and include the following significant accounting policies.

Revenue recognition

The Health Centre follows the deferral method of accounting for contributions which includes donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Health Centre is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health ("MOH") and Ontario Health ("OH").

Grants and funding authorized by the MOH and 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 Health Centre 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 financial statements. Final funding approved is subject to the funders' reconciliation process, and could differ from these estimates.

Grants for which revenue has been earned but not received at the end of the fiscal year are accrued as receivable. Where a portion of a grant received relates to a future period, it is deferred and recognized in that subsequent fiscal year.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized or when the requirements to earn the contributions have occurred.

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

Revenue from transactions with performance obligations is recognized when the Health Centre satisfies the performance obligation.

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

Contributed services

The Health Centre is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Health Centre and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

Royal Victoria Regional Health Centre

Notes to the financial statements

March 31, 2024

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are initially recognized at fair value when the Health Centre becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured as follows:

Cash	Amortized cost
Short-term investments	Amortized cost
Accounts receivables	Amortized cost
Long-term investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Obligation under capital leases	Amortized cost
Bank loan	Amortized cost

Inventories

Inventories are valued at the lower of cost and replacement cost. For inventories of stores, cost has been determined on the weighted average basis. All other inventories are valued on the first-in, first-out basis.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. Projects in progress, including related financing costs, is recorded based on costs incurred as at March 31, 2024. Amortization of projects in progress will commence upon completion of the project. When an asset no longer contributes to the Health Centre's ability to provide services, its carrying amount is written down to its residual value.

Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	40 or 50 years
Building components	5 to 20 years
Building service equipment	5 to 20 years
Leasehold Improvements	Lease term
Equipment	5 to 20 years
Equipment under capital leases	4 to 20 years
Land improvements	5 to 20 years

In the year that the asset is put into use, amortization is taken for the full year.

Capital leases

Capital assets leased on terms that transfer substantially all of the benefits and risks of ownership to the Health Centre are treated as capital leases and are accounted for as though a capital asset had been purchased and a liability assumed. Where the lease terms do not transfer substantially all of the benefits and risks of ownership to the Health Centre, these leases are accounted for as operating leases, wherein lease payments are expensed as incurred.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period.

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Investment in joint venture

The Health Centre owns 50% of the common shares of Royal ProResp Inc. The Health Centre has appointed 50% of the members of the joint venture's Board of Directors and as a result, has joint control over the strategic operating, investing and financing policies of the corporation. The remaining 50% interest is held by an unrelated party. The activity of this joint venture is included in the accompanying statements following the equity method (Note 12 (c)).

Employee future benefits

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

Actuarial gains and losses on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation and are amortized over the average remaining service period of the active employees. Past service costs arising from plan amendments are recognized in the year that the plan amendments occur.

The Health Centre is an employer member of the Healthcare of Ontario Pension Plan, which is a multiemployer, defined benefit pension plan. The Health Centre has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles (Note 11).

Impairment of long lived assets

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

3. Cash

The Health Centre's bank accounts are held at a chartered bank. The operating bank accounts earn interest at prime less 1.60% calculated on the daily balances up to \$135,000.

4. Investments

Short-Term

Short-term investments consist of non-redeemable guaranteed investment certificates (GICs) with interest rates ranging from 6.0% - 6.5% with maturity dates ranging from June 3, 2024 to March 5, 2025. The balance includes accrued interest income.

Long-Term

Long-term investments consist of GICs with interest rates ranging from 5.4% to 5.8% with maturity dates ranging from August 30, 2025 to March 1, 2027. The balance includes accrued interest income.

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024

(In thousands of dollars)

5. Accounts receivable

	2024	2023
	\$	\$
OH/MOH	18,440	25,261
The Royal Victoria Regional Health Centre Foundation	508	733
Other	13,668	13,408
	32,616	39,402
Less allowance for doubtful accounts	(3,410)	(594)
Balance, end of year	29,206	38,808

6. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Land	35,260	—	35,260	33,746
Buildings and building components	304,725	111,450	193,275	200,569
Building service equipment	154,380	103,194	51,186	55,246
Leasehold improvements	1,781	863	918	1,092
Equipment	206,449	158,065	48,384	49,861
Land improvements	13,293	11,447	1,846	2,142
Projects in progress	14,998	—	14,998	12,088
	730,886	385,019	345,867	354,744

7. Bank Loan

The Health Centre has the following credit facilities available with the Bank of Montreal:

- (a) Overdraft facility to a maximum authorized amount of \$20,000.
- (b) Multi-draw term loan to a maximum authorized amount of \$20,000.
- (c) Multi-draw term loan to a maximum authorized amount of \$35,000.
- (d) Multi-draw term loan to a maximum authorized amount of \$15,000.
- (e) Non-revolving term loan to a maximum authorized amount of \$28,600.

The overdraft facility bears interest at prime less 0.50%. All other facilities bear interest at prime less 0.3% (no change from 2023). All facilities are unsecured and are due on demand.

As at March 31, 2024 the balance on the non-revolving term loan is \$18,400 (\$19,200 in 2023) and all other credit facilities are unused (none used in 2023). As at March 31, 2024, the Health Centre is in compliance with all covenants.

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024
(In thousands of dollars)

7. Bank Loan (continued)

The principal repayment schedule is as follows:

	\$
2025	800
2026	800
2027	800
2028	800
2029	800
2030 and thereafter	14,400
	<u>18,400</u>

8. Accounts payable and accrued liabilities

	2024 \$	2023 \$
OH/MOH	22,867	22,199
Payroll related liabilities	66,456	47,865
Other accounts payable and accrued liabilities	36,241	33,848
Deferred revenue	28,626	66,441
Balance, end of year	154,190	170,353

9. Obligation under capital lease

The Health Centre has entered into a capital lease obligation for equipment with interest rates ranging from 2.5% to 4.5% and ending in fiscal year 2025.

The following is a schedule of minimum lease payments required until the end of the lease.

	2024 \$	2023 \$
2024	—	302
2025	76	76
	76	378
Less: imputed interest	1	7
	75	371
Less: current portion	75	296
	—	75

The obligation under capital lease is secured by the specific leased equipment. During the year interest of \$6 (\$13 in 2023) related to this lease was included in other supplies and services expense in the statement of operations.

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024
(In thousands of dollars)

10. Deferred capital contributions

	2024	2023
	\$	\$
Balance, beginning of year	279,804	294,660
Additional contributions	6,712	4,212
Amounts amortized to revenue	(17,196)	(18,993)
Amounts recognized as revenue	(3,270)	(75)
Balance, end of year	266,050	279,804

11. Employee future benefits

(a) Pension plan

Substantially all of the employees of the Health Centre are members of the Healthcare of Ontario Pension Plan ("HOOPP" or the "Plan") which is a multiemployer defined benefit, final average earnings, and contributory pension plan. The Health Centre's contributions to HOOPP during the year amounted to \$20,758 (\$17,242 in 2023), of which \$19,674 (\$16,351 in 2023) is included in salaries, wages and benefits expenses, \$824 (\$708 in 2023) is included in specifically funded programs expenses, \$151 is included in medical staff remuneration (\$73 in 2023) in the statement of operations, and \$109 (\$110 in 2023) is included in capital assets.

The most recent actuarial valuation of the plan as at December 31, 2023 indicates the Plan is 115% (117% in December 2022) funded. Because the plan is a multiemployer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospital Association members and their employees. As a result, the Health Centre does not recognize any share of the Plan surplus or deficit. The Health Centre records estimated liabilities for accrued employee benefits in the year they are earned.

(b) Other employee future benefits

The Health Centre shares the cost of post-retirement extended healthcare and dental benefits with full time employees upon retirement, at any age for SEIU Local 1 members and for Non-Union, OPSEU and ONA members if they retire between ages 55-64. These benefits end at the earlier of the member's death or at age 65.

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

Discount rate	4.7% (4.4% in 2023) per annum
Dental benefits cost escalation	5.5% (5.3% in 2023) per annum
Extended healthcare cost escalation	4.8% (4.4% in 2023) per annum

The following amounts have been calculated using the most recent actuarial valuation as at September 30, 2021, extrapolated to March 31, 2024. The next full valuation of the plan will be as at September 30, 2024.

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024
(In thousands of dollars)

11. Employee future benefits (continued)

The accrued non-pension liability as at March 31, 2024 is calculated as follows:

	2024	2023
	\$	\$
Accrued benefit liability, beginning of year	11,673	11,642
Expense	288	304
Funding contributions	(363)	(273)
Accrued benefit liability, end of year	11,598	11,673
Less: current portion included in accounts payable and accrued liabilities	(559)	(496)
Long-term portion	11,039	11,177

The non-pension benefit expense for the year is calculated as follows:

	2024	2023
	\$	\$
Accrual for services	381	393
Interest on accrued benefits	321	279
Amortization of Actuarial gains during the period	(414)	(368)
Expense for the year	288	304

The accrued benefit liability as at March 31, 2024 is calculated as follows:

	2024	2023
	\$	\$
Accrued benefit obligation	7,426	7,019
Unamortized actuarial gains	4,172	4,654
	11,598	11,673

12. Related entities

(a) Royal Victoria Regional Health Centre Auxiliary Inc.

The Health Centre has an economic interest in the Royal Victoria Regional Health Centre Auxiliary Inc. ("the Auxiliary"). The Auxiliary supports and assists the Health Centre, its staff and the Foundation in providing the best level of patient care through support services; in part as overseen by the volunteer services department of the Health Centre. The Health Centre does not exercise control or significant influence over the Auxiliary and consequently these financial statements do not include assets, liabilities and activities of the Auxiliary.

(b) The Royal Victoria Regional Health Centre Foundation

The Royal Victoria Regional Health Centre Foundation ("the Foundation") was established to raise and manage funds for the benefit of the Health Centre. The Foundation is incorporated as a public foundation under the - Ontario Corporations Act and is a registered Charity under the Income Tax Act. The net assets and results of operations of the Foundation are not included in the statements of the Health Centre. As at December 31, 2023, an amount of \$56,360 (\$50,053 as at December 31, 2022) of the Foundation's net assets is subject to restricted use or conditions imposed by donors.

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024

(In thousands of dollars)

12. Related entities (continued)

(b) The Royal Victoria Regional Health Centre Foundation (continued)

During the year the Foundation contributed \$513 (\$327 in 2023) to the Health Centre for the purchase of capital assets, which was recorded as deferred capital contributions. The Health Centre also received from the Foundation \$697 (\$202 in 2023) for small equipment and educational purposes.

(c) Investment in joint venture

The Health Centre has a 50% interest in a profit oriented joint venture, Royal ProResp Inc., which is primarily engaged in providing home respiratory care services and products.

The amount of \$161 (\$161 in 2023) reported on the statement of financial position as investment in joint venture, represents the Health Centre's share of the retained earnings of the joint venture.

Management fees in the amount of \$300 (\$300 in 2023) are included in Recoveries and other on the statement of operations. Amounts due from ProResp Inc. in the amount of \$300 (\$300 in 2023) are included in accounts receivable on the statement of financial position.

13. Specifically funded programs

The Health Centre administers a number of programs which are specifically funded by OH, the MOH and other agencies. The revenues and expenses related to these programs are recorded separately from the base funding operations of the Health Centre and any excess or deficiency of revenues over expenses is settled with the MOH and other agencies on an annual basis. As at March 31, 2024, the Health Centre has included in accounts payable an amount of \$2,705 (\$1,902 in 2023) as due to the MOH and other agencies and has included in accounts receivable an amount of \$171 (\$84 in 2023) as due from the MOH and other agencies related to these programs.

	2024	2023
	\$	\$
Revenue		
Community Mental Health and Substance Abuse Programs	7,977	7,330
Primary Care Asthma Program	62	62
Children's Speech and Language Program – MCCSS	2,960	2,802
Children's Speech and Language Program – County of Simcoe	810	810
Other Programs	6,339	3,099
	18,148	14,103
Expenses		
Community Mental Health and Substance Abuse Programs	8,358	7,351
Primary Care Asthma Program	62	62
Children's Speech and Language Program – MCCSS	2,960	2,802
Children's Speech and Language Program – County of Simcoe	810	810
Other Programs	6,432	2,988
	18,622	14,013

Royal Victoria Regional Health Centre
Notes to the financial statements

March 31, 2024
(In thousands of dollars)

14. Ontario Health Team transfer payment

The Health Centre is the Transfer Payment Recipient for the Barrie and Area Ontario Health Team ("OHT"). The statement of operations includes the following revenues and expenses associated with OHT initiatives:

	2024	2023
	\$	\$
OH and MOH funding	1,189	761
Salaries, wages and employee benefits	728	350
Supplies and other expenses	445	411
Total expenses	1,173	761
Excess of revenue over expenses	16	—

The statement of financial position includes \$404 (\$323 in 2023) in accounts payable, \$40 (nil in 2023) in accounts receivable and \$114 (nil in 2023) in deferred revenue associated with OHT initiatives.

15. Net change in non-cash working capital balances

	2024	2023
	\$	\$
Accounts receivable	9,602	5,233
Inventories	(1,721)	526
Prepaid expenses	(970)	933
Accounts payable and accrued liabilities (excluding current portion of employee future benefits liability)	(16,226)	17,208
	(9,315)	23,900

Decreases in assets and increases in liabilities are sources of funds. Increases in assets and decreases in liabilities are uses of funds (indicated by brackets).

16. Commitments and contingencies

(a) The Health Centre has various operating lease and service agreements with future minimum payments. For one of the operating leases included below, the Health Centre has committed sub-leases from third parties amounting to \$649 plus operating costs.

	<u>\$</u>
2025	4,565
2026	1,124
2027	1,090
2028	889
2029	918
2030 and thereafter	<u>2,552</u>
	<u>11,138</u>

Royal Victoria Regional Health Centre

Notes to the financial statements

March 31, 2024

(In thousands of dollars)

16. Commitments and contingencies (continued)

- (b) The nature of the Health Centre's activities is such that there is usually litigation pending or in progress at any one time. With respect to claims as at March 31, 2024, it is management's position that the Health Centre has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes such claims are not expected to have a material effect on the Health Centre's financial position.
- (c) A group of healthcare institutions, including the Health Centre, are members of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they were members. The most recent Annual Report available for HIROC is as at December 31, 2023 and is not in a deficit position.

17. MOH/physician agreements

(a) *Emergency Physician alternative funding agreement*

The Health Centre has an agreement with the emergency physicians and the MOH for alternative funding for emergency services. The revenues and expenses included in the statement of operations are as follows:

	2024 \$	2023 \$
Funding from MOH	10,361	10,930
Other revenue	346	244
	10,707	11,174
Medical staff remuneration		
Payments to physicians	10,654	11,121
Administration	53	53
	10,707	11,174
	—	—

(b) *Physician on call coverage*

The Health Centre has an agreement with the MOH for Physician on call coverage. The revenue and expenses included in the statement of operations are as follows:

	2024 \$	2023 \$
Funding from MOH	3,216	3,154
Medical staff remuneration		
Payments to physicians	3,216	3,154
	—	—

Included in accounts payable is \$1 (\$1 in 2023) in unspent funding.

Royal Victoria Regional Health Centre

Notes to the financial statements

March 31, 2024

(In thousands of dollars)

18. Financial instruments and risk management

Establishing fair value

The carrying value of cash, short term investments, accounts receivable, grants receivable, long-term investments, accounts payable and accrued liabilities, approximates their fair value because of the relatively short period to maturity of the instruments.

Credit risk

Credit risk relates to the potential for financial loss due to one party to a financial instrument will fail to discharge an obligation. The Health Centre is exposed to credit risk on its accounts receivable.

Interest rate risk

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

19. Adoption of new accounting standards

During the year the Health Centre adopted PS 3400 – Revenue. The adoption of this standard had no impact on the financial statements as the Health Centre’s policies were compliant with the requirements of the new standard.

20. Comparative figures

Certain prior year figures have been reclassified to conform to the financial statement presentation adopted in the current year.