

Consolidated Financial Statements of

**THE RELIGIOUS HOSPITALLERS  
OF ST. JOSEPH OF CORNWALL,  
ONTARIO**

Year ended March 31, 2024

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Index

Year ended March 31, 2024

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	Page
<b>Independent Auditor's Report</b>	
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position .....	1
Consolidated Statement of Operations .....	2
Consolidated Statement of Changes in Net Assets .....	3
Consolidated Statement of Cash Flows .....	4
Notes to Consolidated Financial Statements .....	5



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## **INDEPENDENT AUDITOR'S REPORT**

To The Religious Hospitallers of St. Joseph of Cornwall, Ontario

### ***Opinion***

We have audited the consolidated financial statements of The Religious Hospitallers of St. Joseph of Cornwall, Ontario (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024, and its consolidated results of operations, and its consolidated 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 Consolidated Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.



Page 2

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 consolidated 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 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.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 14, 2024

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Consolidated Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 1,190,148	\$ 2,924,156
Accounts receivable (note 2)	1,630,274	635,056
Prepaid expenses	87,403	137,641
	<u>2,907,825</u>	<u>3,696,853</u>
Trust fund assets	24,473	19,879
Capital assets (note 3)	21,453,019	20,354,758
	<u>\$ 24,385,317</u>	<u>\$ 24,071,490</u>
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,722,098	\$ 3,759,697
Current portion of long-term debt (note 4)	763,734	737,144
Deferred revenue	359,258	-
	<u>5,845,090</u>	<u>4,496,841</u>
Trust fund liabilities	24,473	19,879
Long-term debt (note 4)	5,562,088	6,323,094
Deferred contributions (note 5)	7,961,319	8,374,196
	<u>13,547,880</u>	<u>14,717,169</u>
Net assets (deficiency):		
Invested in capital assets (note 6)	7,174,714	5,002,020
Internally restricted	1,222,179	871,486
Endowment fund	26,407	26,407
Unrestricted	(3,430,953)	(1,042,433)
	<u>4,992,347</u>	<u>4,857,480</u>
Contingencies and commitments (note 10)		
	<u>\$ 24,385,317</u>	<u>\$ 24,071,490</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board and the Membership:

\_\_\_\_\_ Chairperson of the Board

\_\_\_\_\_ President of the Membership

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

## Consolidated Statement of Operations

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

	2024	2023
Revenue:		
Ministry of Health/Ontario Health	\$ 23,019,482	\$ 21,278,932
Patient revenue	4,379,621	3,916,513
Amortization of deferred contributions	491,060	560,982
Other	597,542	679,027
	<u>28,487,705</u>	<u>26,435,454</u>
Expenses:		
Salaries and wages	17,142,342	16,035,089
Employee benefits	5,106,008	4,717,292
Other supplies and expenses	4,071,157	3,755,298
Amortization of capital assets	989,768	1,004,171
Interest on long-term debt	268,191	292,187
Medical and surgical supplies	351,697	383,690
Drugs	290,792	230,973
Medical staff remuneration	132,883	210,253
	<u>28,352,838</u>	<u>26,628,953</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ 134,867</u>	<u>\$ (193,499)</u>

See accompanying notes to consolidated financial statements.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

## Consolidated Statement of Changes in Net Assets

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

	Unrestricted	Internally restricted	Endowment fund	Invested in capital assets	2024 Total	2023 Total
Balance, beginning of year	\$ (1,042,433)	\$ 871,486	\$ 26,407	\$ 5,002,020	\$ 4,857,480	\$ 5,050,979
Excess of revenue over expenses (expenses over revenue) (note 6(b))	633,575	–	–	(498,708)	134,867	(193,499)
Net change in investment in capital assets (note 6(b))	(2,671,402)	–	–	2,671,402	–	–
Interfund transfers	(350,693)	350,693	–	–	–	–
Balance end of year	\$ (3,430,953)	\$ 1,222,179	\$ 26,407	\$ 7,174,714	\$ 4,992,347	\$ 4,857,480

See accompanying notes to consolidated financial statements.



# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

## Consolidated Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ 134,867	\$ (193,499)
Items not involving cash:		
Amortization of capital assets	989,768	1,004,171
Amortization of deferred contributions	(491,060)	(560,982)
Change in non-cash operating working capital:		
Accounts receivable	(995,218)	10,635
Prepaid expenses	50,238	19,717
Deferred revenue	359,258	(63,347)
Accounts payable and accrued liabilities	962,401	(161,429)
	1,010,254	55,266
Capital activities:		
Purchase of capital assets	(2,088,029)	(271,396)
Additions to deferred contributions	78,183	36,330
	(2,009,846)	(235,066)
Financing activities:		
Long-term debt repayments	(734,416)	(708,519)
Decrease in cash	(1,734,008)	(888,319)
Cash, beginning of year	2,924,156	3,812,475
Cash, end of year	\$ 1,190,148	\$ 2,924,156

See accompanying notes to consolidated financial statements.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements

Year ended March 31, 2024

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The Religious Hospitallers of St. Joseph of Cornwall, Ontario (the “Health Centre”) was incorporated under the Corporations Act of Ontario and its principal activity is the delivery of health services. The Health Centre is operated as St. Joseph’s Continuing Care Centre.

These consolidated financial statements present the consolidated financial position and results of operations of the Health Centre and its subsidiaries. The Health Centre is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

The Religious Hospitallers of St. Joseph of Cornwall, Ontario operates under the canonical sponsorship of Catholic Health International. These consolidated financial statements present the financial position and results of operations of The Religious Hospitallers of St. Joseph of Cornwall, Ontario.

Capital assets disclosed in the consolidated statements of financial position include land, buildings and building service equipment, some of which were contributed by The Religious Hospitallers of St. Joseph.

## 1. Significant accounting policies:

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. Significant accounting policies of the Health Centre are as follows:

### (a) Basis of consolidation:

The consolidated financial statements include the accounts of Hotel Dieu Hospital and St. Joseph’s Villa which are operated by the same administration and owned by the Health Centre. All intercompany accounts and transactions are eliminated in consolidation.

### (b) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto the Health Centre is funded primarily by the Province of Ontario. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These consolidated financial statements reflect agreed arrangements approved by the Ministry of Health/Ontario Health with respect to the year ended March 31, 2024.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition (continued):

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenues from the in-patient services, preferred accommodation, marketed services, recoveries and other revenue are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

Endowment contributions are recognized as direct increases in endowment net assets.

### (c) Inventory:

Inventory is valued at the lower of average cost and net realizable value.

### (d) Capital assets:

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

Capital assets are amortized on a straight-line basis at the following annual rates:

Asset	Rate
Land improvements	5 to 20 years
Buildings	25 to 40 years
Building service equipment	5 to 20 years
Furniture and equipment	5 to 20 years

The costs incurred for major capital projects are classified separately as construction in progress until the project is complete. When complete the costs are transferred to the appropriate capital asset category and amortized.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (d) Capital assets (continued):

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.

The Health Centre has not recognized any asset retirement obligations as of March 31, 2024 or 2023.

### (e) Contributed services:

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

### (f) Use of estimates:

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### (g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to subsequently carry financial instruments at fair value.

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.

Long-term debt is recorded at amortized cost.

### (h) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at March 31, 2024 or 2023.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 1. Significant accounting policies (continued):

### (i) Multi-employer pension plan:

The Health Centre participates in a defined benefit multi-employer pension plan. The plan is accounted for on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due. The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2023 disclosed actuarial assets of \$112 billion (2022 - \$104 billion) with accrued pension liabilities of \$102 billion (2022 - \$93 billion), resulting in a surplus of \$10 million (2022 - \$11 million). This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2023 based on the assumptions and methods adopted for the valuation.

## 2. Accounts receivable:

	2024	2023
Residents and in-patients	\$ 14,118	\$ 30,338
Ministry of Health/Ontario Health	890,836	–
Other	725,320	604,718
	1,630,274	635,056
Less: allowance for doubtful accounts	–	–
	\$ 1,630,274	\$ 635,056

## 3. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land and land improvements	\$ 1,523,833	\$ 470,725	\$ 1,053,108	\$ 1,062,706
Buildings	29,980,442	10,770,714	19,209,728	17,797,432
Building service equipment	2,703,144	2,252,499	450,645	535,167
Furniture and equipment	6,286,859	5,547,321	739,538	743,731
Construction in process	–	–	–	215,722
	\$ 40,494,278	\$ 19,041,259	\$ 21,453,019	\$ 20,354,758

Cost and accumulated amortization of capital assets at March 31, 2024 amounted to \$38,400,183 and \$18,045,425, respectively.

During the year, \$215,722 (2023 - \$Nil) of construction in process was transferred to buildings.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 4. Long-term debt:

Long-term debt consists of:

	2024	2023
Debenture payable, Ontario Infrastructure Projects Corporation, unsecured, annual interest rate 4.06%, repayable in blended semi-annual payments of \$496,103, maturity date October 16, 2030	\$ 5,993,282	\$ 6,719,959
Mortgage payable, annual interest rate of 5.89%, repayable in blended monthly payments of \$1,150, maturity date September 30, 2046	168,833	172,333
Mortgage payable, annual interest rate of 6.54%, repayable in blended monthly payments of \$1,158, due September 2046	163,707	167,946
	6,325,822	7,060,238
Less: Current portion of long-term debt	763,734	737,144
	\$ 5,562,088	\$ 6,323,094

Principal repayments for the next five years and thereafter are as follows:

	Mortgage	Debenture	Total
2025	\$ 7,255	\$ 756,479	\$ 763,734
2026	7,717	787,504	795,221
2027	8,208	819,801	828,009
2028	8,731	853,423	862,154
2029	9,287	888,424	897,711
Thereafter	291,342	1,887,651	2,178,993
	\$ 332,540	\$ 5,993,282	\$ 6,325,822

During the year, the mortgages were renewed at the above noted terms.

The mortgages are secured by a general security agreement over the related buildings.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 5. Deferred contributions:

- (a) Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the consolidated statement of operations.

	2024	2023
Balance, beginning of year	\$ 8,374,196	\$ 8,898,848
Deferred contributions received during the year	78,183	36,330
Amortization of deferred contributions	(491,060)	(560,982)
<b>Balance, end of year</b>	<b>\$ 7,961,319</b>	<b>\$ 8,374,196</b>

- (b) The deferred contributions related to capital assets consist of the following:

	2024	2023
Unamortized deferred contributions used to purchase assets	\$ 7,952,483	\$ 8,292,500
Unspent contributions	8,836	81,696
<b>Balance, end of year</b>	<b>\$ 7,961,319</b>	<b>\$ 8,374,196</b>

## 6. Investment in capital assets:

- (a) Investment in capital assets is calculated as follows:

	2024	2023
Capital assets	\$ 21,453,019	\$ 20,354,758
Amounts financed by:		
Long-term debt	(6,325,822)	(7,060,238)
Deferred contributions	(7,952,483)	(8,292,500)
<b></b>	<b>\$ 7,174,714</b>	<b>\$ 5,002,020</b>

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

## 6. Investment in capital assets (continued):

(b) Changes in net assets invested in capital assets is calculated as follows:

	2024	2023
Deficiency of revenue over expenses		
Amortization of deferred contributions	\$ 491,060	\$ 560,982
Amortization of capital assets	(989,768)	(1,004,171)
	<u>\$ (498,708)</u>	<u>\$ (443,189)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 2,088,029	\$ 271,396
Amounts funded by deferred contributions	(151,043)	(37,637)
Repayments of long-term debt	734,416	708,519
	<u>\$ 2,671,402</u>	<u>\$ 942,278</u>

## 7. Related party transactions:

The Health Centre provided management services in the amount of \$54,000 (2023 - \$49,000) to the Religious Hospitallers of St. Joseph Housing Corporation. These amounts are fully reimbursed on an annual basis. The Religious Hospitallers of St. Joseph Housing Corporation is managed and directed by specific employees of the Health Centre and a volunteer board of directors comprised of community representatives.

## 8. Related entities:

The Health Centre has economic interest in the Religious Hospitallers of St. Joseph Health Centre of Cornwall Fund (the "Fund").

During the year, the Health Centre received \$Nil (2023 - \$32,000) from the Fund to support the purchase of minor equipment.

## 9. Pension plan:

Substantially all of the full-time employees of the Health Centre are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Health Centre on behalf of its employees amounted to \$1,172,177 (2023 - \$917,373) and are included in the employee benefits in the consolidated statement of operations.



# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 9. Pension plan (continued):

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2023 Annual Report indicates the plan is fully funded at 115%.

## 10. Contingencies and commitments:

- (a) The nature of Health Centre's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2024, management believes that the Health Centre 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 Health Centre's financial position.
- (b) During the normal course of operation, 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.
- (c) On July 1, 1987, a group of health care organizations, ("subscribers"), formed 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 of health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. 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 years in which they were a subscriber. No such assessments have been made to March 31, 2024.

Since its inception in 1987, HIROC has accumulated an un-appropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the un-appropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivables from HIROC as of March 31, 2024.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 11. Financial risks and concentration of credit risk:

### (a) Credit risk:

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

The Health Centre 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 Health Centre 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 consolidated statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the consolidated statement of operations.

### (b) Liquidity risk:

Liquidity risk is the risk that the Health Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Centre manages its liquidity risk by monitoring its operating requirements. The Health Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. As at March 31, 2024, the Health Centre's current liabilities exceed its current assets by \$2,937,265 (2023 - \$799,988).

### (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 Health Centre to cash flow interest rate risk.

The Health Centre is exposed to interest rate risk through its interest bearing debenture payable and mortgage payable that are repayable at a fixed rate of interest.

There has been no significant changes to the risk exposures from 2023.

## 12. Credit facilities:

The Health Centre has an available operating line of credit facility of \$1,000,000 (2023 - \$1,000,000). The unsecured operating line is due on demand and bears interest at the bank's prime rate. As at March 31, 2024, the Health Centre has drawn \$Nil (2023 - \$Nil) on this facility.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2024

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## 13. Impact of 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. During the year, the Health Centre paid a total of \$1,257,000 in retroactive wage adjustments to active employees as a result of the reopener provisions. Of this amount, \$681,000 was accrued in fiscal 2023, with the remaining balance recorded in fiscal 2024. Ongoing impacts of the reopener provisions are reflected in the Health Centre's current wage rates and are included in the reported amount of salaries and wages.

In fiscal 2024, the Ministry provided the Health Centre with funding of \$1,192,000 to offset the cost of the retroactive wage adjustments, as well as ongoing impacts up to March 31, 2024.

## 14. Change in accounting policy:

The Health Centre adopted the following accounting standards applicable for fiscal years beginning April 1, 2023:

- PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on the financial statements of the Health Centre as a result of the adoption of these standards.