

Financial Statements of

**HALDIMAND WAR  
MEMORIAL HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2024



**KPMG LLP**  
Commerce Place  
21 King Street West, Suite 700  
Hamilton, ON L8P 4W7  
Canada  
Telephone 905 523 8200  
Fax 905 523 2222

## **INDEPENDENT AUDITOR'S REPORT**

To the Directors of Haldimand War Memorial Hospital

### ***Opinion***

We have audited the financial statements of Haldimand War Memorial Hospital (the "Entity"), which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, changes in net assets, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



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We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity public to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 28, 2024

# HALDIMAND WAR MEMORIAL HOSPITAL

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 61,118	\$ 525,025
Accounts receivable (note 4)	3,334,691	2,495,959
Due from related parties (note 5)	577,174	102,000
Inventories (note 6)	232,993	219,837
Investments (note 7)	481,871	380,061
Prepaid expenses	388,070	350,526
	<u>5,075,917</u>	<u>4,073,408</u>
Property and equipment (note 8)	24,166,391	24,859,993
	<u>\$ 29,242,308</u>	<u>\$ 28,933,401</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 10)	4,179,803	3,400,025
Current portion of obligation under capital lease (note 11)	28,932	28,764
	<u>4,208,735</u>	<u>3,428,789</u>
Asset retirement obligations (note 17)	344,251	344,251
Obligation under capital lease (note 11)	98,873	19,849
Deferred capital contributions (note 12)	12,738,979	12,330,509
Employee future benefits (note 13)	545,100	548,400
Net assets:		
Invested in property and equipment (note 16)	11,083,161	12,185,233
Unrestricted	183,716	72,618
	<u>11,266,877</u>	<u>12,257,851</u>
Accumulated remeasurement gain	39,493	3,752
Contingent liabilities (note 14)		
	<u>\$ 29,242,308</u>	<u>\$ 28,933,401</u>

See accompanying notes to the financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# HALDIMAND WAR MEMORIAL HOSPITAL

## Statement of Operations

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

	2024	2023
Revenues:		
Ministry of Health (the "Ministry")	\$ 18,244,526	\$ 16,785,411
Emergency and on-call funding	3,664,904	3,120,662
Patient related and preferred accommodations	2,082,403	1,821,283
Donations (note 5)	485,000	383,352
Amortization of deferred equipment contributions	329,108	281,590
Recoveries and other income	1,098,151	1,079,702
	<u>25,904,092</u>	<u>23,472,000</u>
Expenses:		
Salaries and benefits	16,206,937	14,212,185
Supplies and other expenses	4,456,014	4,155,506
Emergency and on-call expenses	3,664,904	3,120,662
Medical and surgical supplies	928,058	749,986
Amortization of equipment	466,551	447,905
Interest and bank charges	21,613	21,115
Medical staff remuneration	381,274	383,440
Drugs	341,507	405,666
	<u>26,466,858</u>	<u>23,496,465</u>
Deficiency of revenues over expenses	(562,766)	(24,465)
Other expenses (income):		
Building amortization	1,007,938	969,215
Amortization of deferred building contributions	(579,730)	(584,980)
	<u>428,208</u>	<u>384,235</u>
Deficiency of revenues over expenses	<u>\$ (990,974)</u>	<u>\$ (408,700)</u>

See accompanying notes to the financial statements.

# HALDIMAND WAR MEMORIAL HOSPITAL

## Statement of Changes in Net Assets

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

March 31, 2024	Invested in property and equipment	Unrestricted	Total
Balance, beginning of year	\$ 12,185,233	\$ 72,618	\$ 12,257,851
Deficiency of revenues over expenses (note 16)	(565,651)	(425,323)	(990,974)
Net change in investment in property and equipment (note 16)	(536,421)	536,421	–
Balance, end of year	\$ 11,083,161	\$ 183,716	\$ 11,266,877

March 31, 2023	Invested in property and equipment	Unrestricted	Total
Balance, beginning of year	\$ 12,773,269	\$ (106,718)	\$ 12,666,551
(Deficiency) excess of revenues over expenses (note 16)	(550,550)	141,850	(408,700)
Net change in investment in property and equipment (note 16)	(37,486)	37,486	–
Balance, end of year	\$ 12,185,233	\$ 72,618	\$ 12,257,851

See accompanying notes to the financial statements.

# HALDIMAND WAR MEMORIAL HOSPITAL

## Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (990,974)	\$ (408,700)
Items not involving cash:		
Amortization of property and equipment	1,474,489	1,417,120
Amortization of property and equipment contributions	(908,838)	(866,570)
Employee future benefits	(3,300)	(10,300)
	<u>(428,623)</u>	<u>131,550</u>
Change in non-cash operating working capital:		
Accounts receivable	(838,732)	(920,890)
Inventories	(13,156)	106,040
Prepaid expenses	(37,544)	(18,177)
Accounts payable and accrued liabilities	779,778	(162,274)
Due from related parties	(475,174)	(46,664)
	<u>(1,013,451)</u>	<u>(910,415)</u>
Financing:		
Payments under capital lease obligations	79,192	(23,263)
	<u>79,192</u>	<u>(23,263)</u>
Investing:		
Change in investments	(66,069)	(65,284)
	<u>(66,069)</u>	<u>(65,284)</u>
Capital:		
Property and equipment acquisitions	(780,887)	(1,064,338)
Receipt of deferred property and equipment contributions	1,317,308	1,101,824
	<u>536,421</u>	<u>37,486</u>
Decrease in cash	(463,907)	(961,476)
Cash, beginning of year	525,025	1,486,501
Cash, end of year	<u>\$ 61,118</u>	<u>\$ 525,025</u>

See accompanying notes to the financial statements.



# HALDIMAND WAR MEMORIAL HOSPITAL

## Statement of Remeasurement Gains and Losses

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

	2024	2023
Accumulated remeasurement gain, beginning of the year	\$ 3,752	\$ 21,973
Net remeasurement gain (loss) for the year	35,741	(18,221)
Accumulated remeasurement gain, end of year	\$ 39,493	\$ 3,752

These funds are held for repairs on the Village by the Grand as further described in note 10.

See accompanying notes to the financial statements.

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2024

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## 1. Nature of operations:

Haldimand War Memorial Hospital ("the Hospital") is incorporated under the laws of the Province of Ontario and is a registered charitable organization under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

## 2. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. The Hospital's significant accounting policies are as follows:

### (a) Basis of presentation:

These financial statements present only the accounts of the Hospital as a separately managed entity. They do not include the accounts of Edgewater Gardens Long-Term Care Centre ("Edgewater") or the Haldimand War Memorial Charitable Corporation ("the Charity") (controlled but separately managed entities (note 5)).

### (b) Inventories:

Inventories are valued at the lower of cost and net realizable value defined by replacement cost.

### (c) Property and equipment:

Purchased property and equipment are recorded at cost. 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 useful life of an asset are capitalized. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Property and equipment are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Land improvements	2 to 10%
Buildings	2.5%
Furniture and equipment	5 to 20%
Redevelopment costs	10%

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# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (d) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with funding policies established by the Ministry of Health. Any excess of revenues over expenses earned during a fiscal year may be retained by the Hospital. There is currently no commitment by the Ministry to fund deficits incurred by the Hospital. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The Ministry provides operating funding, including based 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 the Hamilton Niagara Haldimand Brant Local Health Integration Network (the "LHIN"). Effective April 1, 2021 the LHIN's Health System planning and funding functions have transferred to Ontario Health. On May 24, 2023, the H-SAA was amended, extending the term to March 31, 2024. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital by Ontario Health. The H-SAA sets out the funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the organization's performance.

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 related to a future period, it is deferred and recognized in that period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2024.

Unrestricted contributions are recognized as revenue when received or receivable if 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. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the related property and equipment.

Ontario Health Insurance Plan and preferred accommodation revenue is recognized when the service is provided.

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (e) Contributed goods and services:

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

### (f) Employee future benefits:

Post-employment health, dental, and life insurance:

The Hospital provides post-employment health, dental, and life insurance for eligible employees. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimate of cost escalation, retirement ages of employees and other actuarial factors. The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2023 and the next required valuation will be as of March 31, 2026.

Actuarial gains (losses) on the liability for post-employment benefits arise from the difference between actual and expected experience and from changes in the actuarial assumptions used to determine the liability for post-employment benefits. The accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-employment health, dental, and life insurance plan is 14 years (2023 - 14 years).

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

Pension:

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

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (g) 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 not elected to record any financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. As the Hospital has no unrealized changes in fair value a statement of remeasurement gains and losses has not been included in these financial statements.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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

The Hospital is required to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

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

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

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## 2. Significant accounting policies (continued):

### (h) Asset retirement obligations:

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

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

The liability for asbestos removal has been recognized based on the estimated future expenses. The liability for the removal of aboveground fuel tanks has been recognized based on estimated future expenses and post removal care. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 2(c).

### (i) 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 revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, accounts receivable, due from related parties, and obligations related to employee future benefits. Additionally, with respect to asset retirement obligations, management is required 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. The estimate is reconsidered annually at the financial reporting date for any significant changes in the estimated obligation. Actual results could differ from those estimates.

## 3. Change in accounting policies:

### i. PS 3400 – Revenue:

On April 1, 2023, the Hospital adopted Public Accounting Standard PS 3400 – Revenue. This standard was adopted prospectively from the date of adoption. This new standard provides requirements for the recognition, measurement, presentation, and disclosure of revenue transactions.

The implementation of this standard did not require the Hospital to reflect any adjustments in the financial statements.

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 4. Accounts receivable:

	2024	2023
Ministry of Health	\$ 2,776,078	\$ 2,110,685
HST receivable	303,930	177,208
Insurers and patients	104,051	122,979
Other	174,584	145,875
	3,358,643	2,556,747
Allowance for doubtful accounts	(23,952)	(60,788)
	\$ 3,334,691	\$ 2,495,959

Included in the Ministry of Health receivable is \$17,418 (2023 - \$59,005) for other COVID-19 funding.

## 5. Related party transactions:

### Due from Edgewater Gardens Long-Term Care Centre:

The Hospital exercises control over Edgewater by virtue, in part, by a number of common directors. Transactions and balances with Edgewater during the year are as follows:

	2024	2023
Building rental, maintenance and hydro revenue	\$ 384,295	\$ 371,450
Administration fee, salaries and other revenue	60,000	44,250
Deferred contributions received, nursing home capital funding	241,776	241,776
Due from related parties, non-interest bearing with no specified terms	541,544	56,550

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 5. Related party transactions (continued):

### Due from Edgewater Gardens Long-Term Care Centre (continued):

Below is a summary of Edgewater's financial position as at December 31:

	2024	2023
Financial position:		
Total assets	\$ 1,757,872	\$ 1,185,342
Total liabilities	\$ 1,567,974	\$ 1,021,416
Net assets	189,898	163,926
	\$ 1,757,872	\$ 1,185,342
Results of operations:		
Total revenues	\$ 7,378,524	\$ 6,640,674
Total expenses	7,352,552	6,458,896
Excess of revenues over expenses	\$ 25,972	\$ 181,778

### Haldimand War Memorial Charitable Corporation:

The Hospital exercises control over the Charity in part, by a number of common directors and management. The Charity has total assets of \$11,705,520 as at March 31, 2024 (2023 - \$11,286,339), total liabilities of \$46,680 (2023 - \$78,807) and net assets of \$10,107,434 (2023 - \$10,000,389) and accumulated remeasurement gain of \$1,551,406 (2023 - gain of \$1,207,143). During the year, the Hospital received donations from the Charity. Transactions and balances with the Charity during the year are as follows:

	2024	2023
Donations from the Charity for operations	\$ 485,000	\$ 383,352
Due from related parties	35,630	45,450

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 6. Inventories:

Inventory is comprised of:

	2024	2023
Medical supplies	\$ 154,383	\$ 133,568
Pandemic supplies	21,501	25,540
Drugs	57,109	60,729
	<u>\$ 232,993</u>	<u>\$ 219,837</u>

## 7. Investments:

	2024	2023
Fixed income	\$ 218,229	\$ 211,291
Equities	263,642	168,770
	<u>\$ 481,871</u>	<u>\$ 380,061</u>

As at March 31, 2024, the cost value of the investments are \$452,177 (2023 - \$374,481). These funds are held for repairs on the Village by the Grand as further described in note 10.

## 8. Property and equipment:

March 31, 2024	Cost	Accumulated amortization	Net book value
Land – Hospital	\$ 90,754	\$ –	\$ 90,754
Land – Rental	1,588,416	–	1,588,416
Land improvements	519,966	493,828	26,138
Buildings – Hospital	22,923,360	10,157,386	12,765,974
Buildings – Rental	12,999,857	5,706,672	7,293,185
Buildings – Village by the Grand	36,616	–	36,616
Furniture and equipment	14,805,050	12,835,197	1,969,853
Redevelopment costs	129,643	129,643	–
Construction-in-progress	395,455	–	395,455
	<u>\$ 53,489,117</u>	<u>\$ 29,322,726</u>	<u>\$ 24,166,391</u>

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 8. Property and equipment (continued):

March 31, 2023	Cost	Accumulated amortization	Net book value
Land – Hospital	\$ 90,754	\$ –	\$ 90,754
Land – Rental	1,588,416	–	1,588,416
Land improvements	519,966	482,503	37,463
Buildings – Hospital	22,901,673	9,487,117	13,414,556
Buildings – Rental	12,999,857	5,380,328	7,619,529
Buildings – Village by the Grand	36,616	–	36,616
Furniture and equipment	14,223,148	12,368,646	1,854,502
Redevelopment costs	129,643	129,643	–
Construction-in-progress	218,157	–	218,157
	<b>\$ 52,708,230</b>	<b>\$ 27,848,237</b>	<b>\$ 24,859,993</b>

## 9. Credit facility:

The Hospital maintains a \$1,600,000 operating line of credit for purposes of short-term borrowing and financing its working capital. The bank indebtedness bears interest at prime minus 0.25% and is secured by a general security agreement. As of March 31, 2024 the balance drawn was \$228,423 (2023 - \$nil).

## 10. Accounts payable and accrued liabilities:

	2024	2023
Ministry of Health	\$ 315,204	\$ 405,199
Accounts payable	592,064	1,061,377
Government remittances	277,901	285,581
Wages, benefits and other accruals	2,994,634	1,647,868
	<b>\$ 4,179,803</b>	<b>\$ 3,400,025</b>

Included in accounts payable is a portion of the occupancy fees charged to life lease unit holders of Village by the Grand. The fees are set aside for future major repairs and replacement of common areas and facilities. As at March 31, 2024, the balance included in accounts payable was \$553,958 (2023 - \$380,061).

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 11. Obligation under capital leases:

The following is a schedule of minimum lease payments under fixed rate capital leases expiring August 15, 2028 together with the balance of the obligation:

Fiscal years ending:

2025	\$	28,932
2026		28,932
2027		28,932
2028		28,932
Thereafter		12,077
		<hr/> 127,805
Less: current portion		(28,932)
	\$	<hr/> 98,873

## 12. Deferred capital contributions:

	2024	2023
Balance, beginning of year	\$ 12,330,509	\$ 12,095,255
Contributions received:		
Ministry of Health	268,450	198,092
Ministry of Health, nursing home capital funding	241,776	241,776
Dunnville Hospital & Healthcare Foundation	750,000	660,936
Dunnville Health Centre Volunteer Association	47,583	—
Other	9,499	1,020
	<hr/> 13,647,817	<hr/> 13,197,079
Amortization of deferred equipment contributions	(329,108)	(281,590)
Amortization of deferred building contributions	(579,730)	(584,980)
Balance, end of year	<hr/> \$ 12,738,979	<hr/> \$ 12,330,509

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 13. Employee future benefits:

The Hospital provides extended health care, dental and life insurance benefits to eligible employees. At March 31, 2024, the Hospital's accrued benefit obligation relating to post-employment benefit plans is \$259,600 (2023 - \$236,800) of which \$545,100 (2023 - \$548,400) has been recorded as an accrued benefit liability on the statement of financial position.

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

i. Interest (discount rate):

The obligation as at March 31, 2024, of the present value of future liabilities was determined using a discount rate of 4.70% (2023 - 4.50%).

ii. Medical costs:

Medical costs were assumed to increase at the rate of 5.60% (2023 - 5.60%) per year.

iii. Dental costs:

Dental costs were assumed to increase at the rate of 5% (2023 - 5%) per year.

Included in salaries and benefits on the statement of operations is a recovery of \$12,200 (2023 - expense of (\$2,700)) regarding employee future benefits. The amount is comprised of:

	2024	2023
Accrual for service	\$ 29,500	\$ 17,500
Interest on accrued benefits	11,700	8,800
Prior service cost adjustment	2,600	–
Recognition of unamortized net actuarial gain	(2,600)	–
Amortization of actuarial gain	(29,000)	(29,000)
	\$ 12,200	\$ (2,700)

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 13. Employee future benefits (continued):

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

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 236,800	\$ 223,300
Current benefit cost	29,500	17,500
Prior service costs	2,600	—
Actuarial gain	(5,500)	(5,200)
Interest	11,700	8,800
Benefits paid	(15,500)	(7,600)
Balance, end of year	259,600	236,800
Unamortized actuarial gains	285,500	311,600
Liability for benefits, end of year	\$ 545,100	\$ 548,400

## 14. Contingent liabilities:

The Hospital has outstanding standby letters of credit in the amount of \$nil (2023 - \$62,456) payable to Haldimand County, issued in connection with projects. No amount has been drawn on these facilities.

## 15. Pension plan:

Eligible employees of the Hospital are members of the HOOPP. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$831,758 (2023 - \$679,356) and are included in salaries and benefits in the statement of operations.

The most recent HOOPP actuarial valuation of the Plan as of December 31, 2023 indicated the Plan has a 15% surplus in disclosed actuarial assets.

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

## 16. Net assets invested in capital assets:

(a) Net assets invested in capital assets is calculated as follows:

	2024	2023
Property and equipment	\$ 24,166,391	\$ 24,859,993
Asset retirement obligation (note 17)	(344,251)	(344,251)
Amounts financed by:		
Deferred capital contributions	(12,738,979)	(12,330,509)
	\$ 11,083,161	\$ 12,185,233

(b) Change in net assets invested in property and equipment is calculated as follows:

	2024	2023
Deficiency of revenues over expenses:		
Amortization of deferred capital contributions related to property and equipment	\$ 908,838	\$ 866,570
Amortization of property and equipment	(1,474,489)	(1,417,120)
	\$ (565,651)	\$ (550,550)
Net change in investment in property and equipment:		
Purchase of property and equipment	\$ 780,887	\$ 1,064,338
Amounts funded by deferred capital contributions	(1,317,308)	(1,101,824)
	\$ (536,421)	\$ (37,486)

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

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## 17. Asset retirement obligations:

The Entity's asset retirement obligation consists of several obligations as follows:

### (a) Asbestos abatement:

The Entity owns and operates a facility that is known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Under Public Accounting Standard *PS 3280 – Asset Retirement Obligations*, the Entity has an obligation of \$333,690 relating to the removal and post-removal care of the asbestos in these buildings. Estimates include the removal, transportation and disposal of asbestos-containing building materials.

### (b) Fuel storage tanks:

The Entity has two above ground fuel storage tanks in use. Estimated cost for the removal and decommissioning of the fuel tanks is based on industry standard. Under Public Accounting Standard *PS 3280 – Asset Retirement Obligations*, the Entity has an obligation of \$10,561 relating to the removal and decommissioning of the fuel tanks.

## 18. Financial risks:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Hospital's income or the value of its holdings of financial instruments.

### (a) 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 market interest rates.

Financial liabilities with variable interest rates expose the Hospital to cash flow interest rate risk. The Hospital is exposed to this risk through its bank indebtedness and demand loans that bear interest at rates that fluctuate with the prime rate.

There have been no significant changes to the interest rate risk exposure from 2023.

### (b) Credit risk:

Credit risk is the risk of financial loss to the Hospital if a patient fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Hospital consisting of accounts receivable.

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 allowance for doubtful accounts as at March 31, 2024 is \$23,952 (2023 - \$60,788). 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.

There have been no significant changes to the credit risk exposure from 2023.

# HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (Continued)

Year ended March 31, 2024

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## 18. Financial risks (continued):

### (c) Liquidity risk:

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

There have been no significant changes to the liquidity risk exposure from 2023.

## 19. Bill 124:

On November 29, 2022, the Ontario Superior Court rendered a decision to declare the Protecting a Sustainable Public Sector for Future Generations Act, 2019, known as Bill 124, to be void and of no effect. On December 29, 2022, The Province of Ontario appealed the Superior Court's decision, but the Government has not sought a stay of decision. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for the years that were previously capped by the legislation.

In fiscal 2023, retroactive salary costs totaling \$114,622 were included as an accrual in accounts payable and accrued liabilities in the Statement of Financial Position, and as an expense in salaries and wages in the Statement of Operations based on subsequent settlement amounts and management's estimate of potential settlement amounts.

During fiscal 2024, the Ministry provided funding to reimburse the Hospital for the retroactive salary costs incurred. The Hospital recognized \$1,469,200 in funding revenue, of which \$648,400 pertains to expenses incurred from the previous fiscal years.

The cumulative retroactive salary costs for fiscal years 2024 and prior amounted to \$1,669,600. Of this total, \$486,200 was received in fiscal year 2024 as part of the aforementioned \$1,469,200 funding.

## 20. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year. There is no impact to profit or loss or equity as a result of reclassification.