
Non-consolidated financial
statements
Hôpital Monfort

March 31, 2022

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Management Responsibilities

June 13, 2022

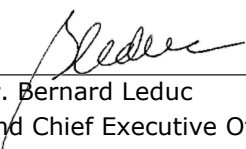
The Hospital's management is responsible for the non-consolidated financial statements, the notes and all other financial information contained in this financial report.

Management has prepared the non-consolidated financial statements in accordance with Canadian public sector accounting standards. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgements were used. Management believes the non-consolidated financial statements present fairly the Hospital's financial position as at March 31, 2022, as well as its changes in funds balances, its remeasurement gains (losses), and the results of its operations and its cash flows for the year then ended.

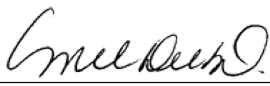
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that Hospital assets are safeguarded from loss and that the accounting records are a reliable basis for the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

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

The non-consolidated financial statements for the year ended March 31, 2022 have been audited by Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants, the independent external auditors appointed by the members of the Montfort Hospital Association. The accompanying Independent Auditor's Report outlines their professional opinion on the Hospital's non-consolidated financial statements, their responsibilities and the scope of their examination.



Dr. Bernard Leduc
President and Chief Executive Officer



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

Independent Auditor's Report

To the Members of the Association
Hôpital Montfort

Opinion

We have audited the non-consolidated financial statements of Hôpital Montfort, which comprise the non-consolidated statement of financial position as at March 31, 2022 and the non-consolidated statements of changes in fund balances, accumulated remeasurement gains (losses), operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hôpital Montfort as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Hôpital Montfort in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hôpital Montfort's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hôpital Montfort's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Hôpital Montfort to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

Deloitte LLP


Chartered Professional Accountants
Licensed Public Accountants
June 13, 2022

Hôpital Montfort
Non-consolidated statement of financial position
As at March 31, 2022

Notes	Operating fund \$	Reserve fund for capital assets \$	2022 Total \$	2021 Total \$
Assets				
Current assets				
	Cash	4,470,979	31,916,208	48,510,452
3	Accounts receivable	—	31,892,329	29,114,769
	Inventories	—	2,310,953	2,284,932
	Prepaid expenses	—	3,275,131	3,307,770
4	Current portion of investments	7,950,000	7,950,000	7,027,960
	Interfund advances, without interest	(16,265,571)	—	—
	16,265,571	(16,265,571)	—	—
	81,189,213	(3,844,592)	77,344,621	90,245,883
Investments				
4	3,433,544	32,653,622	36,087,166	28,964,813
	Long-term receivable	—	364,584	583,334
5	266,859,043	—	266,859,043	266,202,035
6	14,269,502	—	14,269,502	11,807,260
	284,926,673	32,653,622	317,580,295	307,557,442
	366,115,886	28,809,030	394,924,916	397,803,325
Liabilities				
Current liabilities				
8	51,123,655	—	51,123,655	59,175,558
	Accounts payable and accrued liabilities	—	—	—
	Deferred revenue	—	2,246,813	2,295,989
	53,370,468	—	53,370,468	61,471,547
Holdback				
	—	—	—	41,530
9	12,011,639	—	12,011,639	11,381,939
	Employee future benefits	—	—	—
10	218,838,328	—	218,838,328	215,749,216
	Deferred contributions related to capital assets	—	—	—
	230,849,967	—	230,849,967	227,172,685
	284,220,435	—	284,220,435	288,644,232
Contractual obligations and contingencies				
16 and 17				
Funds balances				
	81,879,813	—	81,879,813	75,413,143
	Operating fund	—	—	—
	Reserve fund for capital assets	28,809,030	28,809,030	31,554,963
	Life cycle of buildings - local share	—	—	2,190,875
	Transformation projects	—	—	—
	81,879,813	28,809,030	110,688,843	109,158,981
Accumulated remeasurement gains				
	15,638	—	15,638	112
	81,895,451	28,809,030	110,704,481	109,159,093
	366,115,886	28,809,030	394,924,916	397,803,325

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

Approved by the board

 _____, Trustee

 _____, Trustee

Hôpital Montfort

Non-consolidated statement of changes in funds balances

Year ended March 31, 2022

	Reserve fund for capital assets				2021 Total \$
	Operating fund \$	Life cycle of buildings - local share \$	Transformation projects \$	2022 Total \$	
Funds balances					
Balance, beginning of year	75,413,143	31,554,963	2,190,875	109,158,981	108,873,761
Excess of revenue over expenses	854,339	631,666	43,857	1,529,862	285,220
Interfund transfer	5,612,331	(3,377,599)	(2,234,732)	—	—
Balance, end of year	81,879,813	28,809,030	—	110,688,843	109,158,981

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

Hôpital Montfort**Non-consolidated statement of accumulated remeasurement gains****(losses) - Operating fund**Year ended March 31, 2022

	2022	2021
	\$	\$
Accumulated remeasurement gains (losses), beginning of year	112	(131,243)
Unrealized gains on investments	15,526	131,355
Accumulated remeasurement gains, end of year	15,638	112

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

Hôpital Montfort
Non-consolidated statement of cash flows
Year ended March 31, 2022

	Notes	2022	2021
		\$	\$
Operating activities			
Excess of revenue over expenses		1,529,862	285,220
Adjustments for:			
Amortization of capital assets		14,549,517	11,652,470
Amortization of intangible assets		2,705,925	1,604,414
Amortization of contributions related to capital assets		(9,819,455)	(7,461,349)
Amortization of premiums/discounts on investments		54,354	310,788
Unrealized gains on investments		(10,490)	(168,758)
Loss on write-off of capital assets		137,693	—
Variation of employee future benefits		629,700	696,600
		9,777,106	6,919,385
Net change in non-cash working capital items	13	(1,598,729)	3,359,778
		8,178,377	10,279,163
Investing activities			
Purchase of capital assets		(24,440,290)	(71,432,385)
Purchase of intangible assets		(5,168,167)	(3,369,791)
Acquisition of investments		(17,599,524)	(1,106,863)
Disposal of investments		9,526,793	19,013,898
		(37,681,188)	(56,895,141)
Financing activity			
Increase in deferred contributions related to capital assets	10	12,908,567	67,562,456
Net (decrease) increase in cash and cash equivalents		(16,594,244)	20,946,478
Cash, beginning of year		48,510,452	27,563,974
Cash, end of year		31,916,208	48,510,452

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

1. Statute and nature of operations

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

Under the Health Insurance Act and the regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the MOH and OH. These financial statements reflect agreed funding arrangements approved by the MOH and OH with respect to the year ended March 31, 2022.

2. Accounting policies

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

Controlled entities

The Hospital has control over Santé Montfort as most of its Board members are also members of the Hospital's Board of Directors. The Hospital also has control over Institut du savoir Montfort (the "Institute") as its sole member. The Institute is accountable to the Hospital's Board of Directors. The financial results of these entities are not consolidated in the financial statements of the Hospital but are presented in Note 14.

Fund accounting

The Hospital accounts for its activities through the use of the Operating fund for its daily operations and the Reserve Fund for capital assets. The latter is comprised of the Fund for Life Cycle of Buildings – Local share, which will serve to finance future capital asset purchases, and the Transformation Projects Fund, which will serve to finance major capital projects expected in the next few years.

Financial instruments

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

Cash

Cash is measured at fair value.

Accounts receivable

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

2. Accounting policies (continued)

Financial instruments (continued)

Investments

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

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

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

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

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

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

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

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

Financial liabilities

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

Use of estimates

The preparation of non-consolidated financial statements in compliance with the Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses for the period covered. The main estimate relates to the value of the allowance for doubtful accounts, cost and net realizable value of inventories, fair value of investments, depreciation of financial assets, useful life of capital assets, the value of the accrued benefit liability and funding related to COVID-19. Actual amounts could differ from these estimates.

The revenue recognized from the MOH and OH requires some estimation. The Hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Hospital by the MOH and OH for the years ended March 31, 2022 and 2021. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas.

2. Accounting policies (continued)

Use of estimates (continued)

If the Hospital does not meet its performance standards or obligations, the MOH/OH have the right to adjust funding received by the Hospital. Neither the MOH nor OH are required to communicate certain funding adjustments until after submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of the MOH/OH funding received during a year may be increased or decreased subsequent to year end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

Contributed services

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

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

Revenue recognition

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

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

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

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

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

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

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

Grants and funding authorized by the MOH/OH as of the end of the fiscal year, and for which a specific purpose or use has been identified, are recognized as revenue when there is reasonable assurance that the Hospital has complied with, and will continue to comply with, all conditions necessary to earn the grant. The recognition of revenue associated with such grants requires management to make estimates and assumptions based on the best information available at the time of preparation of these non-consolidated financial statements. Final funding approved is subject to the funders' reconciliation process and could differ from these estimates. Refer to Note 18 for further discussion on funding relating to COVID-19 pandemic response.

2. Accounting policies (continued)

Revenue recognition (continued)

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.

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

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

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

Inventories

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

Capital assets

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

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

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

Intangible assets

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

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

Impairment of long-lived assets

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

Employee future benefit plans

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

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

Hôpital Montfort

Notes to the non-consolidated financial statements

March 31, 2022

2. Accounting policies (continued)

Employee future benefit plans (continued)

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

The Hospital is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because of insufficient information to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to future employer contributions to the Plan for past employee service.

3. Accounts receivable

	0-30 days	31-90 days	91 days +	2022 Total
	\$	\$	\$	\$
Allocations from the Ministry of Health of Ontario and Ontario Health	4,022,991	1,627,616	10,994,164	16,644,771
Patient services	2,826,492	1,582,001	1,624,393	6,032,886
Santé Montfort, without interest	717,529	1,209,021	1,123,264	3,049,814
Hopital Monfort Fondation, without interest	7,413	22	4,200,000	4,207,435
Eastern Ontario Regional Laboratory Association, without interest	92,006	162,172	673,410	927,588
Montfort Renaissance, without interest	13,980	—	—	13,980
Other	1,220,341	873,212	586,089	2,679,642
	8,900,752	5,454,044	19,201,320	33,556,116
Allowance for doubtful accounts – patient services and other	(449,243)	—	(1,214,544)	(1,663,787)
	8,451,509	5,454,044	17,986,776	31,892,329
				2021
	0-30 days	31-90 days	91 days +	Total
	\$	\$	\$	\$
Allocations from the Ministry of Health of Ontario and Ontario Health	9,748,496	2,306,848	821,087	12,876,431
Patient services	3,300,916	3,118,743	2,587,424	9,007,083
Santé Montfort, without interest	673,095	1,293,515	(3,572)	1,963,038
Eastern Ontario Regional Laboratory Association, without interest	30,389	—	—	30,389
Other	7,780,944	239,855	661,334	8,682,133
	21,533,840	6,958,961	4,066,273	32,559,074
Allowance for doubtful accounts – patient services and other	(1,120,091)	—	(2,324,214)	(3,444,305)
	20,413,749	6,958,961	1,742,059	29,114,769

4. Investments

	2022	2021
	\$	\$
Operating fund		
<i>Investments measured at fair value</i>		
Financial institutions		
Preferred shares – cost: \$nil (\$1,363,394 in 2021)	—	1,352,905
<i>Investments measured at amortized cost</i>		
Bonds		
Federal, provincial and municipal – fair value: \$3,313,291 (\$3,984,318 in 2021)	3,282,720	3,772,230
Accrued interest – fair value: \$150,824 (\$155,530 in 2021)	150,824	155,530
	3,433,544	3,927,760
Short-term investments	—	—
	3,433,544	3,927,760
	3,433,544	5,280,665
Reserve fund for capital assets		
<i>Investments measured at amortized cost</i>		
Bonds		
Financial institutions – fair value: \$23,872,156 (\$16,684,402 in 2021)	24,331,278	16,590,204
Federal, provincial and municipal – fair value: \$15,220,538 (\$14,214,946 in 2021)	15,755,954	13,932,584
Companies – Fair value: \$249,177 (\$nil in 2021)	266,733	
Accrued interest – fair value: \$249,657 (\$189,320 in 2021)	249,657	189,320
	40,603,622	30,712,108
Short-term investments	7,950,000	7,027,960
	32,653,622	23,684,148

Bonds of the reserve fund for capital assets and the operating fund mature between June 2022 and January 2023, have a rate of return varying from 0.75% to 3.80% (maturing between April 2021 and September 2030, have a rate of return varying from 0.90% to 3.80% in 2021).

Hôpital Montfort
Notes to the non-consolidated financial statements
March 31, 2022

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Land	1,636,611	—	1,636,611	1,636,611
Buildings	309,688,170	102,881,216	206,806,954	149,171,158
Building service equipment	59,460,025	31,440,644	28,019,381	13,293,971
Equipment	68,623,423	43,809,723	24,813,700	18,008,618
Projects in progress	5,582,397	—	5,582,397	84,091,677
	444,990,626	178,131,583	266,859,043	266,202,035

During the year, the Hospital purchased capital assets for \$15,344,218 (\$81,077,018 in 2021) and disposed of capital assets for \$13,835,272 (\$4,984 in 2021).

Non-monetary transactions

As at March 31, 2022, there is \$4,489,509 (\$13,585,581 in 2021) in capital assets acquisitions which have not been paid and are included in accounts payable. As no cash has been used to purchase these capital assets yet, the amounts have been deducted from the respective lines in the non-consolidated statement of cash flows.

6. Intangible assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Software	27,855,657	14,662,219	13,193,438	5,148,652
Electronic timesheet	1,030,321	237,204	793,117	256,289
Software in development	128,480	—	128,480	6,338,178
Website	185,890	31,423	154,467	64,141
	29,200,348	14,930,846	14,269,502	11,807,260

During the year, the Hospital acquired intangible assets valued at \$5,168,167 (\$3,369,791 in 2021) and disposed of intangible assets valued of nil (nil in 2021)

7. Line of credit

The Hospital has an authorized line of credit of \$3,000,000. This line of credit bears interest at the prime rate plus 0.4%. As at March 31, 2022 and 2021, this line of credit is unused.

8. Accounts payable and accrued liabilities

	2022	2021
	\$	\$
Salaries, employee benefits and source deductions	18,698,341	21,266,724
Payable to vendors	11,453,804	24,852,011
Refundable to Ontario Health and other Ontario Government agencies	19,820,274	12,526,950
Eastern Ontario Regional Laboratory Association, without interest	—	35,450
Institut du savoir Montfort, without interest	1,151,236	487,519
Fondation de l'Hôpital Montfort, without interest	—	6,904
	51,123,655	59,175,558

9. Employee future benefits

Pension plan

The Hospital contributes to the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer defined benefits pension plan. It is mandatory for a full-time employee to enroll in HOOPP. This Plan is also offered to part-time and occasional employees on a voluntary basis. The Hospital's pension costs charged to operations during the year ended March 31, 2022, amounts to \$9,039,365 (\$9,214,841 in 2021). The most recent audited financial statements of the Plan as at December 31, 2021 indicate the HOOPP Plan is fully funded.

Post-retirement benefits

The Hospital also provides health and dental benefits as well as life insurance to its employees and extends coverage to the post-retirement period. The valuation of these other benefits is based on the actuarial valuation of March 31, 2022 (the 2021 accrued benefit obligation is based on the actuarial valuation of March 31, 2019 and extrapolated for the year ended March 31st, 2021). The information regarding these benefits is as follows:

	2022	2021
	\$	\$
Plan status		
Accrued benefit obligation at the beginning	10,028,900	9,550,600
Current service cost	768,100	789,200
Actuarial gain amortized	(1,720,900)	(292,500)
Interest on accrued benefit obligation	328,300	321,600
Hospital's contribution	(372,700)	(340,000)
Accrued benefit obligation at year-end	9,031,700	10,028,900
Unamortized actuarial gain	2,979,939	1,353,039
Accrued benefit liability	12,011,639	11,381,939

9. Employee future benefits (continued)

Post-retirement benefits (continued)

	2022	2021
Actuarial assumptions		
Discount rate on liabilities	3,89%	3.21%
Dental cost increases	4,00%	4.00%
Extended health care increase (reduction of 0.5% per year up to 5.0%)	5.00%	5.00%
Amortization period of actuarial losses or gains (EARSL)	14.40 years	15.30 years

The expense for the year is detailed as follows:

	2022	2021
	\$	\$
Current service costs	768,100	789,200
Interest on accrued benefit obligation	328,300	321,600
Amortization of actuarial gain	(94,000)	(74,200)
	1,002,400	1,036,600

10. Deferred contributions related to capital assets

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

	2022	2021
	\$	\$
Balance, beginning of year	215,749,216	155,648,108
Contributions granted during the year*	12,908,567	67,562,456
Amortization of contributions related to capital assets		
Amortization of contributions related to buildings	(8,608,100)	(7,044,817)
Amortization of contributions related to equipment	(1,211,355)	(416,532)
Balance, end of year	218,838,328	215,749,216

* Contributions granted during the year ended March 31, 2022 mainly come from four distinct grants, as presented in the following table.

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

Hôpital Montfort

Notes to the non-consolidated financial statements

March 31, 2022

10. Deferred contributions related to capital assets (continued)

Contributions granted during the year ended March 31, 2021 mainly came from two grants from the Ministry of Health of Ontario totaling \$64,404,095, which include \$61,549,271 for the project Carrefour santé d'Orléans and \$2,854,824 to finance capital purchases related to COVID-19.

11. Interfund transfers

During the year, an amount of \$2,234,732 (\$3,078,372 in 2021) was transferred from the Reserve fund for capital assets - transformation project to the Operating fund to finance the Electronic Health Records project. An amount of \$3,377,599 (\$5,852,027 in 2021) was also transferred from the Life cycle of buildings – local share fund to replace major infrastructure equipment.

12. Supplies and other expenses

	2022 \$	2021 \$
Supplies	7,867,031	8,582,537
Professional fees	2,341,551	1,723,621
Purchased services	17,479,054	17,318,272
Expenses related to buildings and lots	1,303,543	2,537,958
Expenses related to equipment	9,755,495	8,673,740
Various expenses	5,155,471	5,470,412
	43,902,145	44,306,540

13. Net change in non-cash working capital items

	2022 \$	2021 \$
Accounts receivable	(2,777,560)	(12,142,837)
Inventories	(26,021)	(956,725)
Prepaid expenses	32,639	(312,894)
Long-term receivable	218,750	(583,334)
Accounts payable and accrued liabilities	1,044,169	16,338,324
Deferred revenue	(49,176)	1,565,765
Holdback	(41,530)	(552,521)
	(1,598,729)	3,355,778

14. Presentation of controlled entities and related party transactions

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

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

Santé Montfort

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

During the year, the Hospital provided patient services as well as administrative and operational services to Santé Montfort for an exchange value of \$7,293,464 (\$6,995,197 in 2021), which was established by the related parties. This amount is included under Patient services in the non-consolidated statement of operations.

In addition, the Hospital is committed to lease a portion of its land to Santé Montfort under a long-term lease agreement. This land was used to build a long-term care centre owned by Santé Montfort. The lease is for a period of 20 years ending in March 2023, for an amount of \$1 annually. During the year, the Hospital received an amount of \$18,544 (\$203,660 in 2021) from Santé Montfort as rent for the rehabilitation clinic, whose activities ended on May 31, 2021. This amount is included under "Ancillary services and other" in the non-consolidated statement of operations.

Finally, the Hospital is committed to lease land to Santé Montfort under a long-term lease agreement, for an amount of \$1 annually, over a period of 50 years ending in June 2068. The land is where Carrefour santé d'Orléans is currently located.

Institut du savoir Montfort

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

The Institute is committed under a service agreement with the Hospital for the reciprocal provision of consulting and outsourced services. Under this agreement, the Institute is committed to provide to the Hospital scientific services and services related to education, continuing professional development and library. The Hospital is committed to provide to the Institute services related to human resources, finances, deployment and management of IT solutions, communications, ethics, maintenance, designation and other, without cost. The exchange value of the services provided to the Hospital by the Institute during the year, which was established by the related parties, amounts to \$4,724,294 (\$3,528,314 in 2021). This amount is included under "Supplies and other expenses" in the non-consolidated statement of operations except for \$61,812 which is included under "Capital assets" in the non-consolidated statement of financial position.

Hôpital Montfort

Notes to the non-consolidated financial statements

March 31, 2022

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

The financial statements of the Hospital's related parties are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial summaries for Institut du savoir Montfort for March 31, 2021 are disclosed along with the financial summaries of Santé Montfort for March 31, 2022 and 2021 as follows :

	Santé Montfort		Institut du savoir Montfort *
	2022	2021	2021
	\$	\$	\$
Statement of financial position			
Assets	46,040,646	44,950,230	7,102,511
Liabilities	38,476,004	37,679,596	6,313,259
Net assets	7,564,642	7,270,634	789,252
Statement of operations			
Revenue	2,225,448	2,158,824	6,375,352
Expenses	1,895,819	1,666,289	6,295,899
Excess (deficit) before abandon activities	248,624	(46,512)	79,453
Abandon activities	45,384	69,480	—
Excess (deficit)	294,008	22,968	79,453
Statement of cash flows			
Operating activities	727,062	91,824	(2,898,782)
Investing activities	(122,099)	2,565,805	(245,713)
Financing activities	72,127	(2,563,787)	3,035,796

* The March 31, 2022 financial statements of the Institut du savoir Montfort are not currently available.

Fondation de l'Hôpital Montfort and Association des bénévoles de l'Hôpital Montfort

Fondation de l'Hôpital Montfort and Association des bénévoles de l'Hôpital Montfort are incorporated under the *Canada Corporations Act*. Their respective object is to raise, receive, maintain and manage funds and to apply all or part of them and the income derived from them for the development and promotion of the Hospital and the well-being of patients. The Hospital has an economic interest in Fondation de l'Hôpital Montfort and Association des bénévoles de l'Hôpital Montfort. Each year, both entities provide donations to the Hospital. For the year ended March 31, 2022, contributions of \$9,696,269 and \$6,412 were respectively made to the Hospital by Fondation de l'Hôpital Montfort and Association des bénévoles de l'Hôpital Montfort (\$2,702,466 and \$32,295 respectively in 2021).

As at March 31, 2022, the fund balances of the Fondation de l'Hôpital Montfort and Association des bénévoles de l'Hôpital Montfort were \$9,764,039 and \$566,441 (\$17,278,365 and \$677,292 respectively in 2021).

Fondation de l'Hôpital Montfort operates the parking of the Hospital and holds a license for its use with a net book value of \$2,052,197 as at March 31, 2022 (\$2,599,449 as at March 31, 2021).

14. Presentation of controlled entities and related party transactions (continued)*Montfort Renaissance Inc.*

Montfort Renaissance Inc. is a not-for-profit organization incorporated under the *Ontario Corporations Act*. Its mission is to claim, develop and offer a range of mental health services for the community. The Hospital has an economic interest in Montfort Renaissance Inc. The Hospital has entrusted the operations of the Ottawa Withdrawal Management Centre to Montfort Renaissance Inc. Accordingly, the Hospital paid \$1,792,250 (\$1,833,706 in 2021) to Montfort Renaissance Inc., which is the amount the Hospital received from MOH. This amount is included under Supplies and other expenses in the non-consolidated statement of operations.

The Hospital also granted an occupancy and equipment license related to the Withdrawal Management Centre to Montfort Renaissance Inc. In exchange, Montfort Renaissance Inc. pays a minimum monthly licensing fee of \$1 and an additional licensing fee equal to the operating costs of the building. This agreement is renewable annually.

*Other economic interests**Ottawa Regional Hospital Linen Services Incorporated*

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

As at March 31, 2022, the Hospital has an economic interest of \$1,651,287 (\$1,244,638 in 2021) in ORHLS' net assets of \$18,010,425 (\$14,513,689 in 2021). This amount is not included in the Hospital's non-consolidated financial statements.

During the year, the Hospital paid an amount of \$2,509,619 (\$2,297,533 in 2021) to ORHLS for laundry services in the normal course of its operations. This amount is included under Supplies and other expenses in the non-consolidated statements of operations. Further, an amount of \$2,825,564 was claimed to Ontario Health by the Hospital for additional COVID expenses that ORHLS took on behalf of the Champlain Region. Transactions between related parties were recorded at their exchange value.

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

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

During the year, the Hospital paid an amount of \$145,839 (\$141,288 in 2021) to CHSS to be a member of its purchasing group and an amount of \$8,923,294 (\$9,989,472 in 2021) to EORLA for laboratory services. These amounts are included under "Supplies and other expenses" in the non-consolidated statements of operations. Transactions between related parties were recorded at their exchange value.

As at March 31, 2022, the amounts to be paid to CHSS total \$31,665 (\$28,863 in 2021) and are included under Payable to vendors in Accounts payable and accrued liabilities.

15. Financial risk management

Credit risk

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

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

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

Market risk

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

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

Liquidity risk

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

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

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

16. Contractual obligations

Carrefour santé d'Orléans

Carrefour santé d'Orléans is a health centre project that aims to be a unique and innovative model that will bring together a range of specialized and community care.

The majority of this construction project will be funded by the Ontario Ministry of Health and Ontario Ministry of Long-Term Care. It is also expected that Hôpital Montfort and its community will have to assume approximately 13% of the costs of this project. The Carrefour santé d'Orléans project is estimated to have a total value of \$83,500,000 at completion.

As part of this project, the Hospital has entered into agreements with certain providers for various contracts with a total value of \$3,978,103, scheduled for completion in January 2023. As at March 31, 2022, the remaining value of these commitments totals \$28,596 (\$1,106,234 in 2021).

Project for the replacement of major infrastructure equipment

As part of this project, the Hospital has entered into an agreement with a provider for a contract with a total value of \$14,623,850, scheduled for completion in fiscal year 2022-2023. As at March 31, 2022, the remaining value of this commitment totals \$532,781 (\$3,211,234 in 2021).

17. Contingencies

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

The Hospital has entered into negotiations that will potentially create a financial obligation with regards to the pay equity plan with RNAO. At the date of publication of the non-consolidated financial statements, Management did not have the necessary information to make a reasonable estimate of the amount involved. For this reason, no liability has been recorded in the non-consolidated financial statements as at March 31, 2022. Amounts will be recognized as expenses in the period during which the amount can be reasonably estimated.

Guarantee

The Hospital is the guarantor of the repayment of a long-term loan taken by Santé Montfort for an amount of \$13,968,000 (\$17,204,000 in 2021), and of hedge-based risk management by way of an interest rate agreement for an amount of \$45,153 (\$1,007,937 in 2021).

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

Litigation

The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2022, management believes the Hospital has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

The Hospital is in litigation with a supplier for which management has recorded its best estimate of the of the outcome in the financial statements. Should the final outcome of this contingency be different from the estimates recorded, thereby resulting in additional expenses, the difference will be recorded in the year of the settlement. Management believes that this claim is not expected to have a material effect on the Hospital's financial position.

A group of hospitals, including the Hospital, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces and territories where it is licensed. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the year in which they were a subscriber. No such assessments have been made to March 31, 2022.

18. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus.

As a result of the COVID-19 pandemic response, the Hospital experienced a change in the demand for its services and incurred unbudgeted expenditures during the year ended March 31, 2022. The MOH/OH have issued a series of funding announcements during the year to support the continued COVID-19 response across the hospital sector. The various funding envelopes are intended to support the continued provision of patient care during the pandemic, to reduce operating pressures resulting from surgical backlogs, delayed or cancelled procedures, and to offset the incremental operating and capital expenditures incurred to provide direct COVID-19 care, including assessments, vaccine administration, and critical care.

The duration and long-term impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results and condition of the Hospital in future periods.

19. Subsequent event

As of April 14, 2022, the Hospital is the guarantor of the Fondation de l'Hôpital Montfort's \$2,500,000 line of credit.

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