
Non-consolidated financial
statements
Hôpital Montfort

March 31, 2024

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Management Responsibilities

May 30, 2024

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, 2024, as well as its changes in fund balances, its remeasurement gains, 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, 2024 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.



Dominic Giroux
President and Chief Executive Officer



Guy Couture
Senior Vice President, Finance and Administration

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, 2024 and the non-consolidated statements of changes in fund balances, accumulated remeasurement gains – Operating Fund, 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, 2024, 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

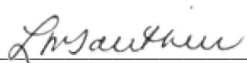
Chartered Professional Accountants
Licensed Public Accountants
May 30, 2024

Hôpital Montfort
Non-consolidated statement of financial position
As at March 31, 2024

	Notes	Operating Fund \$	Contingency Fund \$	Reserve Fund for capital assets \$	2024 Total \$	2023 Total \$
Assets						
Current assets						
Cash		18,777,918	7,701,556	201,994	26,681,468	33,026,170
Accounts receivable	3	24,782,678	—	—	24,782,678	23,271,847
Inventories		1,845,931	—	—	1,845,931	1,904,893
Prepaid expenses		4,683,902	—	—	4,683,902	4,495,869
Current portion of investments	4	1,984,500	2,810,000	10,271,194	15,065,694	8,519,000
Interfund advances, without interest		2,608,316	—	(2,608,316)	—	—
		54,683,245	10,511,556	7,864,872	73,059,673	71,217,779
Investments	4	3,790,203	4,668,304	22,186,577	30,645,084	38,963,307
Long-term receivable	3	—	—	—	—	500,000
Capital assets	5	252,425,178	—	—	252,425,178	258,560,400
Intangible assets	6	7,237,979	—	—	7,237,979	10,572,609
		263,453,360	4,668,304	22,186,577	290,308,241	308,596,316
		318,136,605	15,179,860	30,051,449	363,367,914	379,814,095
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	8	44,801,865	—	—	44,801,865	53,499,968
Deferred revenue		315,157	—	—	315,157	659,579
		45,117,022	—	—	45,117,022	54,159,547
Employee future benefits	9	13,196,332	—	—	13,196,332	12,652,131
Asset retirement obligations	10	3,535,468	—	—	3,535,468	2,990,477
Deferred contributions related to capital assets	11	201,666,838	—	—	201,666,838	209,942,785
		218,398,638	—	—	218,398,638	225,585,393
		263,515,660	—	—	263,515,660	279,744,940
Contingencies	17	—	—	—	—	—
Fund balances						
Operating Fund		54,592,548	—	—	54,592,548	70,860,229
Contingency Fund		—	15,179,860	—	15,179,860	—
Reserve Fund for capital assets		—	—	30,051,449	30,051,449	29,171,644
Life cycle of buildings - local share		—	—	30,051,449	30,051,449	29,171,644
		54,592,548	15,179,860	30,051,449	99,823,857	100,031,873
Accumulated remeasurement gains		28,397	—	—	28,397	37,282
		54,620,945	15,179,860	30,051,449	99,852,254	100,069,155
		318,136,605	15,179,860	30,051,449	363,367,914	379,814,095

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

Approved on behalf of the board

 _____, Trustee

 _____, Trustee

Hôpital Montfort
Non-consolidated statement of changes in fund
balances Year ended March 31, 2024

		Operating Fund	Contingency Fund	Reserve Fund for capital assets Life cycle of buildings – local share	2024 Total	2023 Total
	Notes	\$	\$	\$	\$	\$
Fund balances						
Balance, beginning of year		70,860,229	–	29,171,644	100,031,873	108,577,918
(Deficiency) excess of revenue over expenses		(1,267,681)	179,860	879,805	(208,016)	(8,546,045)
Interfund transfer	12	(15,000,000)	15,000,000	–	–	–
Balance, end of year		54,592,548	15,179,860	30,051,449	99,823,857	100,031,873

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

Hôpital Montfort**Non-consolidated statement of accumulated remeasurement gains****- Operating Fund**Year ended March 31, 2024

	2024	2023
	Total	Total
	\$	\$
Accumulated remeasurement gains, beginning of year	37,282	15,638
Unrealized (losses) gains on exchange rate	(8,885)	21,644
Accumulated remeasurement gains, end of year	28,397	37,282

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

Hôpital Montfort
Non-consolidated statement of operations
Year ended March 31, 2024

		Operating Fund	Contingency Fund	Reserve Fund for capital assets	2024 Total	2023 Total
	Notes	\$		\$	\$	\$
Revenue						
Ministry of Health of Ontario and Ontario Health allocations		227,646,066	—	—	227,646,066	202,116,064
Patient services		43,693,024	—	—	43,693,024	38,267,998
Ancillary services and other		4,270,233	—	—	4,270,233	4,393,447
Specifically funded programs		4,203,138	—	—	4,203,138	3,912,003
Room differential and patients' co-payment		2,107,199	—	—	2,107,199	1,903,948
Interest and other investment income		1,381,792	179,860	879,805	2,441,457	1,895,308
Amortization of deferred contributions related to capital assets	11	10,594,132	—	—	10,594,132	11,061,272
		293,895,584	179,860	879,805	294,955,249	263,550,040
Expenses						
Salaries		139,557,573	—	—	139,557,573	121,529,786
Employee benefits		40,723,342	—	—	40,723,342	38,754,794
Supplies and other expenses	13	53,307,310	—	—	53,307,310	45,820,756
Medical fees		23,645,465	—	—	23,645,465	23,345,114
Medical and surgical supplies		14,177,385	—	—	14,177,385	12,502,146
Drugs		4,538,826	—	—	4,538,826	4,348,667
Specifically funded programs		4,203,138	—	—	4,203,138	3,912,003
Amortization of capital assets		16,291,410	—	—	16,291,410	16,112,930
Amortization of intangible assets		3,640,255	—	—	3,640,255	3,987,433
		300,084,704	—	—	300,084,704	270,313,629
(Deficiency) excess of revenue over expenses before prior years adjustment		(6,189,120)	179,860	879,805	(5,129,455)	(6,763,589)
Prior years adjustment	18	4,921,439	—	—	4,921,439	(1,782,456)
(Deficiency) excess of revenue over expenses		(1,267,681)	179,860	879,805	(208,016)	(8,546,045)

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, 2024

	Notes	2024 \$	2023 \$
Operating activities			
Deficiency of revenue over expenses		(208,016)	(8,546,045)
Adjustments for			
Amortization of capital assets		16,291,410	16,112,930
Amortization of intangible assets		3,640,255	3,987,433
Amortization of contributions related to capital assets		(10,594,132)	(11,061,270)
Amortization of premiums/discounts on investments		(166,152)	(102,343)
Loss on write-off of capital assets		1,735	680,660
Change in asset retirement obligation		544,991	—
Change in employee future benefits		544,201	640,492
		10,054,292	1,711,857
Net change in non-cash working capital items	14	(9,787,267)	10,963,325
		267,025	12,675,182
Investing activities			
Purchase of capital assets		(10,571,082)	(9,516,711)
Disposal of capital assets		18,000	—
Purchase of intangible assets		(305,625)	(893,082)
Acquisition of investments		(7,683,990)	(18,072,650)
Disposal of investments		9,612,785	14,751,496
		(8,929,912)	(13,730,947)
Financing activity			
Increase in deferred contributions related to capital assets	11	2,318,185	2,165,727
Net change in cash and cash equivalents		(6,344,702)	1,109,962
Cash, beginning of year		33,026,170	31,916,208
Cash, end of year		26,681,468	33,026,170

Cash and cash equivalents consist of cash

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, 2024.

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:

Adoption of Section PS 3400 Revenue

Effective April 1, 2023, the Hospital adopted new Public Sector Accounting Handbook Standard PS 3400 Revenue prospectively. This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". The adoption of this standard had no impact on the Hospital's financial statements.

Controlled entities

The Hospital has control over Santé Montfort as the majority 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 15.

Fund accounting

The Hospital accounts for its activities within various funds. The Operating Fund covers its daily operations. The Contingency Fund covers non-recurrent expenses. The Reserve Fund for Capital Assets is comprised of two funds: the Fund for Life Cycle of Buildings – Local Share, to finance future capital asset purchases, and the Transformation Projects Fund, which is dedicated to financing future major capital projects. As at March 31, 2024, the Transformation Projects Fund value is nil. (nil as at March 31, 2023).

Financial instruments

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

Cash

Cash is measured at fair value.

2. Accounting policies (continued)

Financial instruments (continued)

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.

Investments

Investments are measured at amortized cost of the premium or discount, if applicable. Investments fair value is presented in note 4. Fair value is based on active market and valuation technique based on observable data.

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.

Asset retirement obligations

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of the Hospital's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- (a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

Liabilities are recognized by the Hospital in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are measured initially at management's best estimate of the present value of the estimated future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, there is a corresponding increase to the carrying value of the related tangible capital asset. In subsequent periods, the liability is accreted over time and adjusted for changes in the liability estimate, as applicable or timing of the future cash flows. The capitalized asset retirement costs are amortized on the same basis as the related asset, and accretion expense is included in the Statement of Operations.

2. Accounting policies (continued)

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 estimates relate to the value of the allowance for doubtful accounts, cost and net realizable value of inventories, impairment of financial assets, useful life of capital assets, certain accrued liabilities, the value of the employee future benefits and the value of the asset retirement obligation. 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, 2024, and 2023. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in several areas.

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 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.

2. Accounting policies (continued)

Revenue recognition (continued)

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.

Grants for which revenues are due but have not been received at the end of the financial year are recorded as account receivable. When a portion of a grant relates to a future period, it is recorded as deferred revenue and recognized when it becomes due.

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.

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 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.

Hôpital Montfort
Notes to the non-consolidated financial statements
March 31, 2024

2. Accounting policies (continued)

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.

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 receivables

	0-30 days \$	31-90 days \$	91 days + \$	2024 Total \$
Allocations from the Ministry of Health of Ontario and Ontario health	3,280,706	6,573	7,834,249	11,121,528
Patient services	3,340,989	3,779,501	2,029,686	9,150,176
Santé Montfort, without interest	1,195,578	1,452,660	(14,969)	2,633,269
Fondation de l'Hôpital Montfort, without interest	81,142	—	—	81,142
Intitut du savoir Montfort, without interest	486,725	—	—	486,725
Other	1,512,221	1,095,069	2,816,130	5,423,420
	9,897,361	6,333,803	12,665,096	28,896,260
Allowance for doubtful accounts – patient services and other	(584,221)	(305,056)	(3,224,305)	(4,113,582)
	9,313,140	6,028,747	9,440,791	24,782,678
	0-30 days \$	31-60 days \$	91 days + \$	2023 Total \$
Allocations from the Ministry of Health of Ontario and Ontario health	7,902,535	59,343	1,571,055	9,532,933
Patient services	3,402,179	2,413,650	1,294,684	7,110,513
Santé Montfort, without interest	802,035	1,339,396	611,269	2,752,700
Fondation de l'Hôpital Montfort, without interest	36,680	—	2,200,000	2,236,680
Eastern Ontario Regional Laboratory Association, without interest	(72,264)	1,121	187,798	116,655
Intitut du savoir Montfort, without interest	(31,426)	65,364	185,930	219,868
Other	1,382,757	857,803	1,200,275	3,440,835
	13,422,496	4,736,677	7,251,011	25,410,184
Allowance for doubtful accounts – patient services and other	(96,061)	(20,675)	(1,521,601)	(1,638,337)
Less long term portion	—	—	(500,000)	(500,000)
	13,326,435	4,716,002	5,229,410	23,271,847

Hôpital Montfort
Notes to the non-consolidated financial statements
March 31, 2024

4. Investments

	2024	2023
	\$	\$
<i>Investments measured at amortized cost</i>		
Operating fund		
Guaranteed investment certificates		
Financial institutions – fair value: \$2,034,928 (nil in 2023)	1 984 500	—
Bonds		
Federal, provincial and municipal – fair value: \$3,618,189 (\$5,399,847 in 2023)	3 354 178	5 285 994
Accrued interest – fair value: \$436,025 (\$238,096 in 2023)	436 025	238 096
	5 774 703	5 524 090
Short term investments	1 984 500	—
	3 790 203	5 524 090
Contingency fund		
Guaranteed investment certificates		
Financial institutions – fair value: \$2,810,000 (nil in 2023)	2 810 000	—
Bonds		
Financial institutions – fair value: \$3,580,283 (nil in 2023)	3 569 726	—
Federal, provincial and municipal – fair value: \$1,014,532 (nil in 2023)	1 028 777	—
Accrued interest – fair value: \$69,801 (nil in 2023)	69 801	—
	7 478 304	—
Short term investments	2 810 000	—
	4 668 304	—
Reserve fund for capital assets		
Guaranteed investment certificates		
Financial institutions – fair value: \$10,795,000 (nil in 2023)	10 795 000	—
Bonds		
Financial institutions – fair value: \$8,025,958 (\$26,302,767 in 2023)	8 360 783	26 950 496
Federal, provincial and municipal – fair value: \$11,991,370 (\$3,634,297 in 2023)	12 721 319	14 372 707
Companies – fair value: \$292,933 (\$289,240 in 2023)	309 721	313 016
Accrued interest – fair value: \$270,948 (\$321,998 in 2023)	270 948	321 998
	32 457 772	41 958 217
Short term investments	10 271 194	8 519 000
	22 186 577	33 439 217

Bonds and guaranteed investment certificates of the reserve fund for capital assets, contingency fund and the operating fund mature between April 2024 and November 2036, have a rate of return varying from 1.05% to 5.53% (maturing between June 2023 and November 2033, and had a rate of return varying from 0.95% to 5.53% in 2023).

Hôpital Montfort
Notes to the non-consolidated financial statements
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5. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Land	1,636,611	—	1,636,611	1,636,611
Buildings	317,877,112	120,984,948	196,892,164	200,489,814
Building service equipment	67,487,999	36,797,110	30,690,889	32,330,126
Equipments	75,428,245	53,235,932	22,192,313	23,345,079
Projects in progress	1,013,201	—	1,013,201	758,770
	463,443,168	211,017,990	252,425,178	258,560,400

During the year, the Hospital purchased capital assets for \$10,175,925 (\$7,012,852 in 2023) and disposed of capital assets for a cost of \$1,026,181 and a net book value of \$21,024 (cost of \$700,466 and net book value of \$79,470 in 2023).

Non-monetary transactions

As at March 31, 2024, there is \$1,590,495 (\$1,985,655 in 2023) in capital asset 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	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Software	28,748,311	21,923,085	6,825,226	9,951,465
Software in development	411,287	82,257	329,030	491,335
Website	214,894	131,171	83,723	129,809
	29,374,492	22,136,513	7,237,979	10,572,609

During the year, the Hospital acquired intangible assets valued at \$305,625 (\$893,082 in 2023) and did not dispose of any intangible assets (cost of \$1,024,563 and net book value of \$608,280 in 2023).

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Notes to the non-consolidated financial statements
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7. Line of credit

The Hospital has an authorized line of credit of \$3,000,000 (\$3,000,000 in 2023). This line of credit bears interest at the prime rate plus 0.00% (0.% in 2023). As at March 31, 2024 and 2023, this line of credit was not in use.

8. Accounts payable and accrued liabilities

	2024 \$	2023 \$
Salaries, employee benefits and source deductions	22 521 130	27 329 177
Payable to vendors	10 076 099	7 930 163
Refundable to Ontario Health and the other Ontario Government agencies	11 179 093	18 240 628
Eastern Ontario Regional Laboratory Association, without interest	953 461	—
Fondation de l'Hôpital Montfort, without interest	72 082	—
	44 801 865	53 499 968

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, 2024, amounts to \$10,215,852 (\$10,418,025 in 2023). The most recent audited financial statements of the Plan as at December 31, 2023 indicate HOOPP 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, 2024 (the 2023 accrued benefit obligation is based on the actuarial valuation of March 31, 2022) and extrapolated for the year ended March 31, 2024. The information regarding these benefits is as follows:

	2024 \$	2023 \$
Plan status		
Accrued benefit obligation at the beginning	8,826,556	9,031,700
Current service cost	673,793	739,700
Experience loss (gain) amortized	1,729,326	(1,034,236)
Interest on accrued benefit obligation	365,400	360,400
Hospital's contribution	(238,192)	(271,008)
Accrued benefit obligation at year-end	11,356,883	8,826,556
Unamortized actuarial gain	1,839,449	3,825,575
Accrued benefit liability	13,196,332	12,652,131

9. Employee future benefits (continued)

	2024	2023
	\$	\$
Plan status		
Accrued benefit obligation at the beginning	8,826,556	9,031,700
Current service cost	673,794	739,700
Actuarial gain amortized	1,729,326	(1,034,236)
Interest on accrued benefit obligation	365,400	360,400
Hospital's contribution	(238,192)	(271,008)
Accrued benefit obligation at year-end	11,356,884	8,826,556
Unamortized actuarial gain	1,839,449	3,825,575
Accrued benefit liability	13,196,333	12,652,131
	2024	2023
Actuarial assumptions		
Discount rate on liabilities	3.95%	4.04%
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 (gains) (EARSL)	15.80 years	15.80 years

The expense for the year is detailed as follows:

	2024	2023
	\$	\$
Reconciliation of the unamortized actuarial gain		
Opening unamortized experience gain	3,825,575	2,979,939
Amortization of experience gain	(256,800)	(188,600)
Experience loss (gains) during the period	(1,729,326)	1,034,236
	1,839,449	3,825,575

10. Asset retirement obligation

The Hospital has one building containing asbestos requiring remediation upon decommissioning. The *Canadian Environmental Protection Act* (CEPA) governs the protection of the environment and human health with respect to the hazardous waste such as asbestos. There are regulations specifically regarding the handling of asbestos, such as the "Prohibition of Asbestos and Products Containing Asbestos Regulations" which are published under the authority of CEPA. In addition, the Canada Occupational Health and Safety Regulations (10.26.1 Schedule, Division II – Hazardous Substances Other than Hazardous Products) outlines requirements for asbestos exposure control plans, as well as requirements on disposal of asbestos and decontamination.

The estimated liability is the estimated total undiscounted future cash flows required to settle the asset retirement obligations. The expenditures are estimated to be incurred in the next 24 years and the liability is estimated to be settled in 2047.

	2024	2023
	\$	\$
Opening balance	2,990,477	2,990,477
Inflationary increase	544,991	—
Closing balance	3,535,468	2,990,477

Hôpital Montfort
Notes to the non-consolidated financial statements
March 31, 2024

11. Deferred contributions related to capital assets

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

	2024	2023
	\$	\$
Balance, beginning of year	209,942,785	218,838,328
Contributions granted during the year*	2,318,185	2,165,729
Amortization of contributions related to capital assets		
Amortization of contributions related to buildings	(8,597,877)	(9,219,732)
Amortization of contributions related to equipment	(1,996,255)	(1,841,540)
Balance, end of year	201,666,838	209,942,785

*The following tables present the main sources of contributions granted during the current and previous exercises. In addition, the table shows accounts receivable as at March 31, 2024 as well as revenue recognized during fiscal year 2024 related to these accounts receivable:

	Contributions granted	Accounts receivable	2024 Revenue recognized
	\$	\$	\$
Fondation de l'Hôpital Montfort			
Aline-Chrétien Health Hub	159,175	—	—
Ontario Health			
Medical Equipment	495,046	—	—
Ontario Ministry of Health			
Aline-Chrétien Health Hub	2,088,695	1,414,086	97,218
HIRF	800,000	—	—
	3,542,916	1,414,086	97,218
	Contributions granted	Accounts receivable	2023 Revenue recognized
	\$	\$	\$
Fondation de l'Hôpital Montfort			
Aline-Chrétien Health Hub	112,915	9,966	139
Ontario Health			
Medical Equipment	337,214	337,214	34,675
Ontario Ministry of Health			
Aline-Chrétien Health Hub – COVID	206,677	—	—
Aline-Chrétien Health Hub	558,121	1,266,214	55,397
	1,214,927	1,613,394	90,211

12. Interfund transfers

An amount of nil (\$652,219 in 2023) was transferred from the Life Cycle of Buildings – Local Share Fund to replace major infrastructure equipment. The Board of Directors approved an internal allocation from the Operating Fund to the Contingency Fund for the amount of \$15,000,000 (nil in 2023).

Hôpital Montfort
Notes to the non-consolidated financial statements
March 31, 2024

13. Supplies and other expenses

	2024	2023
	\$	\$
Supplies	9,944,684	8,430,394
Professional fees	1,897,529	2,269,817
Purchased services	20,846,696	17,637,867
Expenses related to buildings and lots	1,579,759	1,840,343
Expenses related to equipment	9,211,098	9,019,778
Various expenses	9,827,544	6,622,557
	53,307,310	45,820,756

14. Net change in non-cash working capital items

	2024	2023
	\$	\$
Accounts receivable	(1,510,831)	8,620,482
Inventories	58,962	406,060
Prepaid expenses	(188,033)	(1,220,738)
Long-term receivable	500,000	(135,416)
Accounts payable and accrued liabilities	(8,302,943)	4,880,171
Deferred revenue	(344,422)	(1,587,234)
	(9,787,267)	10,963,325

15. 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 purpose is to manage a long-term care centre in Eastern Ontario, to manage food services and to manage a contract with the Department of National Defence to provide health services. The Hospital exercises control over Santé Montfort as the majority 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 \$8,742,843 (\$9,030,275 in 2023), 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 was renewed in 2024 for an amount of \$1 annually, over a period of 10 years.

Finally, the Hospital is committed to lease land to Santé Montfort, where the Aline-Chrétien Health Hub is currently located, under a long-term lease agreement, for an amount of \$1 annually, over a period of 50 years ending in June 2068.

Hôpital Montfort
Notes to the non-consolidated financial statements
March 31, 2024

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

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 scientific services, services related to education, continuing professional development and a library to the Hospital. The Hospital is committed to provide to the Institute services related to human resources, accounting services, deployment and management of IT solutions, communications, ethics, maintenance, designation, procurement, juridical services and other services, 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 \$4,066,004 (\$3,311,352 in 2023). This amount is included under "Supplies and other expenses" in the non-consolidated statement of operations.

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 and Santé Montfort for March 31, 2024, and 2023 are disclosed as follows:

	Santé Montfort		Institut du savoir Montfort	
	2024	2023	2024	2023
	\$	\$	\$	\$
	(unaudited)			
Statement of financial position				
Assets	41,901,283	38,989,432	10,871,023	9,637,647
Liabilities	27,518,636	26,082,307	8,770,155	8,047,957
Net assets	14,382,647	12,907,125	2,100,868	1,589,690
Statement of operations				
Revenue	8,678,767	7,690,211	8,888,399	8,018,687
Expenses	7,203,245	2,347,728	8,362,320	7,463,492
Excess of revenue over expenses	1,475,522	5,342,483	526,079	555,195
Statement of cash flows				
Operating activities	4,713,696	121,792	(1,495,987)	(822,332)
Investing activities	2,198,351	4,873,282	(127,309)	911,716
Financing activities	(2,547,436)	(6,779,185)	3,039,265	3,057,011

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

Fondation de l'Hôpital Montfort

Fondation de l'Hôpital Montfort is incorporated as a charitable organization under the Canada Not-for-Profit Corporations Act. Its purpose 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, Institut du savoir Montfort and the well-being of patients. The Hospital has an economic interest in Fondation de l'Hôpital Montfort through Fondation de l'Hôpital Montfort's donations to the Hospital. For the year ended March 31, 2024, donations of \$372,622 were made to the Hospital by Fondation de l'Hôpital Montfort (\$486,380 in 2023).

As at March 31, 2024, the fund balances of the Fondation de l'Hôpital Montfort was \$12,326,693 (\$10,254,911 in 2023).

Fondation de l'Hôpital Montfort operates the parking of the Hospital and holds a license for its use with a net book value of \$957,691 as at March 31, 2024 (\$1,504,944 as at March 31, 2023).

L'Association des bénévoles de l'Hôpital Montfort

L'Association des bénévoles de l'Hôpital Montfort is an registered charity incorporated under the *Canada Not-for-profit Corporations Act*. Its purpose is to collect, receive and administer funds, and to apply these same funds and their proceeds to promote the development and advancement of the Hospital as well as the well-being of its patients. L'Hôpital Montfort has an intangible economic interest in the Association as it provides services to patients through its human capital, which is in line with the Hospital's mission.

As of March 31, 2024, the balance of fund of L'Association des bénévoles de l'Hôpital Montfort was \$430,215 (\$502,642 in 2023)

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, 2024, the Hospital has an economic interest of \$2,266,259 (\$1,954,447 in 2023) in ORHLS' net assets of \$23,320,365 (\$20,600,097 in 2023). This amount is not included in the Hospital's non-consolidated financial statements.

During the year, the Hospital paid an amount of \$2,071,332 (\$2,625,303 in 2023) 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.

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*.

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

Other economic interests (continued)

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

During the year, the Hospital paid an amount of \$155,167 (\$152,407 in 2023) to CHSS to be a member of its purchasing group and an amount of \$10,486,150 (\$8,867,226 in 2023) 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, 2024, the amounts to be paid to CHSS total \$36,000 (\$33,750 in 2023) and are included under Payable to vendors in Accounts payable and accrued liabilities.

16. Financial risk management

Credit risk

Credit risk arises from the potential that a counter party or lender fails 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.

A large portion 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.

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. For this reason, no liability has been recorded in the non-consolidated financial statements as at March 31, 2024. 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 \$7,197,000 (\$10,633,000 in 2023), and of hedge-based risk management by way of an interest rate agreement for an amount of \$185,927 (\$306,652 in 2023).

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, 2024, 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.

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, 2024.

18. Prior years adjustment

Bill 124, which limited public sector wage increases, was ruled unconstitutional. During the fiscal year ended March 31, 2024, the Ministry of Ontario Health provided one-time funding of \$8,436,745 (nil in 2023) to cover additional expenses related to Bill 124 stemming from previous years. As a result, a salary adjustment was paid to employees. Salary expenses for previous years totaling \$3,515,306 were incurred during the fiscal year ending on March 31, 2024 (\$1,782,456 in 2023).

19. Comparative information

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.