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Non-consolidated financial  
statements  
**Hôpital Montfort**

March 31, 2020

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# Management Responsibilities

June 5, 2020

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, 2020, as well as its changes in funds balances, its remeasurement 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 Audit Committee. The 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 Audit Committee with or without the presence of Management.

The non-consolidated financial statements for the year ended March 31, 2020 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 his responsibilities, the scope of his examination and his professional opinion on the Hospital's non-consolidated financial statements.



5 juin 2020

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Dr. Bernard Leduc  
President and Chief Executive Officer



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

## Independent Auditor's Report

To the Members of Board of  
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, 2020 and the non-consolidated statements of changes in fund balances, remeasurement 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, 2020, 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.

### Other matter

The non-consolidated financial statements for the year ended March 31, 2019 and the non-consolidated statements of changes in fund balances, remeasurement losses, operations and cash flows were audited by another auditor who expressed an unmodified opinion on those financial statements on May 30, 2019.

### 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, with the exception as described in Note 2.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 5, 2020

**Hôpital Montfort**  
**Non-consolidated statement of financial position**  
As at March 31, 2020

	Notes	Operating fund \$	Reserve fund for capital assets \$	2020 Total \$	2019 Total \$
<b>Assets</b>					
Current assets					
Cash	3	24,104,398	3,459,576	27,563,974	25,723,281
Accounts receivable		16,971,932	—	16,971,932	26,881,125
Inventories		1,328,207	—	1,328,207	1,317,429
Prepaid expenses		2,994,876	—	2,994,876	2,561,794
Current portion of investments	4	3,267,133	29,168,967	32,436,100	11,230,145
Interfund advances, without interest	11	10,726,688	(10,726,688)	—	—
		<b>59,393,234</b>	<b>21,901,855</b>	<b>81,295,089</b>	<b>67,713,774</b>
Investments	4	1,658,899	19,815,484	21,474,383	39,237,794
Capital assets	5	196,777,487	—	196,777,487	193,515,748
Intangible assets	6	10,041,883	—	10,041,883	6,329,531
		<b>208,478,269</b>	<b>19,815,484</b>	<b>228,293,753</b>	<b>239,083,073</b>
		<b>267,871,503</b>	<b>41,717,339</b>	<b>309,588,842</b>	<b>306,796,847</b>
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued liabilities	8	33,188,601	—	33,188,601	27,498,560
Deferred revenue		730,224	—	730,224	543,762
		<b>33,918,825</b>	<b>—</b>	<b>33,918,825</b>	<b>28,210,799</b>
Holdbacks		594,051	—	594,051	168,477
Accrued benefit liability	9	10,685,339	—	10,685,339	9,905,939
Deferred contributions related to capital assets	10	155,648,109	—	155,648,109	158,130,689
		<b>166,927,499</b>	<b>—</b>	<b>166,927,499</b>	<b>168,036,628</b>
		<b>200,846,324</b>	<b>—</b>	<b>200,846,324</b>	<b>196,247,427</b>
Contractual obligations and contingencies	16 and 17				
<b>Funds balances</b>					
Operating fund		67,156,422	—	67,156,422	60,360,524
Reserve fund for capital assets					
Life cycle of buildings - local share		—	37,129,475	37,129,475	41,425,437
Transformation projects		—	4,587,864	4,587,864	8,814,941
		<b>67,156,422</b>	<b>41,717,339</b>	<b>108,873,761</b>	<b>110,600,902</b>
Accumulated remeasurement losses		(131,243)	—	(131,243)	(51,482)
		<b>67,025,179</b>	<b>41,717,339</b>	<b>108,742,518</b>	<b>110,549,420</b>
		<b>267,871,503</b>	<b>41,717,339</b>	<b>309,588,842</b>	<b>306,796,847</b>

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 funds balances

For the year ended March 31, 2020

	Notes	Reserve fund for capital assets			2020 Total \$	2019 Total \$
		Operating fund \$	Life cycle of buildings - local share \$	Transformation projects \$		
<b>Funds balances</b>						
Balance, beginning of year		<b>60,360,524</b>	<b>41,425,437</b>	<b>8,814,941</b>	<b>110,600,902</b>	108,123,853
Excess (deficiency) of revenue over expenses		<b>(2,749,145)</b>	<b>843,799</b>	<b>178,205</b>	<b>(1,727,141)</b>	2,477,049
Interfund transfer	11	<b>9,545,043</b>	<b>(5,139,761)</b>	<b>(4,405,282)</b>	<b>—</b>	—
Balance, end of year		<b>67,156,422</b>	<b>37,129,475</b>	<b>4,587,864</b>	<b>108,873,761</b>	110,600,902

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

**Hôpital Montfort****Non-consolidated statement of accumulated remeasurement losses****- Operating fund**For the year ended March 31, 2020

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	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>\$</b>	\$
Accumulated remeasurement losses, beginning of year	<b>(51,482)</b>	(44,253)
Unrealized losses on investments	<b>(79,761)</b>	(7,229)
Accumulated remeasurement losses, end of year	<b>(131,243)</b>	(51,482)

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

**Hôpital Montfort**  
**Non-consolidated statement of operations**  
For the year ended March 31, 2020

	Operating fund \$	Reserve fund for capital assets \$	2020 Total \$	2019 Total \$
<b>Revenue</b>				
Champlain Local Health Integration				
Network allocations	172,253,164	—	172,253,164	159,019,753
Patient services	40,832,444	—	40,832,444	38,394,493
Ancillary services and other	4,536,839	—	4,536,839	11,951,737
Specifically funded programs	3,753,495	—	3,753,495	3,575,953
Room differential and patients' co-payment	3,192,707	—	3,192,707	3,273,453
Interest and other investment income	302,676	1,053,238	1,355,914	1,521,923
Amortization of deferred contributions related to capital assets	7,333,255	—	7,333,255	7,426,011
	<b>232,204,580</b>	<b>1,053,238</b>	<b>233,257,818</b>	<b>225,163,323</b>
<b>Expenses</b>				
Salaries	107,579,024	—	107,579,024	101,582,354
Employee benefits	32,649,832	—	32,649,832	29,995,872
Supplies and other expenses	40,289,081	31,234	40,320,315	39,036,128
Medical fees	21,931,087	—	21,931,087	19,781,033
Medical and surgical supplies	11,584,123	—	11,584,123	11,257,403
Drugs	4,192,303	—	4,192,303	3,921,560
Specifically funded programs	3,797,110	—	3,797,110	3,575,953
Amortization of capital assets	11,982,751	—	11,982,751	11,691,962
Amortization of intangible assets	948,415	—	948,415	1,844,009
	<b>234,953,725</b>	<b>31,234</b>	<b>234,984,959</b>	<b>222,686,274</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(2,749,145)</b>	<b>1,022,004</b>	<b>(1,727,141)</b>	<b>2,477,049</b>

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

## Hôpital Montfort

### Non-consolidated statement of cash flows

For the year ended March 31, 2020

	Notes	2020 \$	2019 \$
<b>Operating activities</b>			
Excess (deficiency) of revenue over expenses		<b>(1,727,141)</b>	2,477,049
Adjustments for:			
Amortization of capital assets		<b>11,982,751</b>	11,691,962
Amortization of intangible assets		<b>948,415</b>	1,844,009
Amortization of contributions related to capital assets		<b>(7,333,255)</b>	(7,426,011)
Amortization of premiums/discounts on investments		<b>466,895</b>	226,511
Gain (loss) on disposal of investments		<b>48,253</b>	(249)
Loss on write-off of capital assets		<b>—</b>	7,279
Net actuarial loss		<b>779,400</b>	955,896
		<b>5,165,318</b>	9,776,446
Net change in non-cash working capital items	13	<b>11,404,888</b>	(17,567,555)
		<b>16,570,206</b>	(7,791,109)
<b>Investing activities</b>			
Purchase of capital assets		<b>(11,307,542)</b>	(5,992,748)
Purchase of intangible assets		<b>(4,660,767)</b>	(2,982,588)
		<b>(15,968,309)</b>	(8,975,336)
<b>Investing activities</b>			
Acquisition of investments		<b>(7,037,886)</b>	(1,512,696)
Disposal of investments		<b>3,000,433</b>	7,393,653
		<b>(4,037,453)</b>	5,880,957
<b>Financing activities</b>			
Increase in deferred contributions related to capital assets	10	<b>4,850,675</b>	10,956,550
Increase in cash and cash equivalents		<b>1,415,119</b>	71,062
Cash and cash equivalents, beginning of year		<b>25,723,281</b>	25,652,219
Cash and cash equivalents, end of year		<b>27,138,400</b>	25,723,281

Cash and cash equivalents consist of cash

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

# Hôpital Montfort

## Notes to the financial statements

March 31, 2020

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### 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.

### 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 given the fact that most of its Board members are also members of the Hospital's Board of Directors. Also, the Hospital has control over Institut du savoir Montfort 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.

##### *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.

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

## **2. Accounting policies (continued)**

### *Financial instruments (continued)*

#### *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 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 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 account, cost and net realizable value of inventories, fair value of investments, depreciation of financial assets, useful life of capital assets and the value of the accrued benefit liability. Actual amounts could differ from these estimates.

#### *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 the Champlain Local Health Integration Network (LHIN).

Under the Local Health Integration Act, 2006, the Hospital is funded primarily by the LHIN. Allocations are negotiated through a Hospital Service Accountability Agreement in accordance with processes established by the LHIN and the Ministry of Health of Ontario and Ministry of Long-Term Care of Ontario. 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 the LHIN. The final amount of operating revenue recorded is approved definitively when the LHIN reviews the Hospital's financial and statistical returns for the year. Any potential adjustments arising from the LHIN's reviews 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.

## **2. Accounting policies (continued)**

### *Revenue recognition (continued)*

Unrealized gains and losses on investments accounted for at fair value are recognized in the non-consolidated statement of accumulated remeasurement 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 net realizable value, 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 cost of capital assets received as contributions is 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 timetable is calculated using the straight-line method over a period of 5 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.

### *Cash and cash equivalents*

The Hospital's policy is to disclose bank balances under cash and cash equivalents including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

### *Employee future benefit plans*

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

**2. Accounting policies (continued)**

*Employee future benefit plans (continued)*

The most recent actuarial valuation was performed as at March 31, 2019. The next required actuarial valuation will be performed as at March 31, 2022.

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 Hospitals of Ontario Pension Plan, which is a multi-employer defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this pension 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**

	<b>0-30 days</b>	<b>31-90 days</b>	<b>91 days +</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>
				<b>\$</b>
Allocations from the Champlain Local Health Integration Network and other Ontario Government agencies	<b>2,520,451</b>	—	<b>139,995</b>	<b>2,660,446</b>
Patient services	<b>2,606,675</b>	<b>3,514,064</b>	<b>4,930,123</b>	<b>11,050,862</b>
Santé Montfort, without interest	<b>1,276,468</b>	<b>693,109</b>	<b>1,079,212</b>	<b>3,048,789</b>
Fondation de l'Hôpital Montfort, without interest	<b>258,303</b>	—	—	<b>258,303</b>
Eastern Ontario Regional Laboratory Association, without interest	<b>37,680</b>	<b>30,823</b>	—	<b>68,503</b>
Other	<b>2,568,902</b>	<b>482,847</b>	<b>493,814</b>	<b>3,545,563</b>
	<b>9,268,479</b>	<b>4,720,843</b>	<b>6,643,144</b>	<b>20,632,466</b>
Allowance for doubtful accounts – patient services and other	—	<b>(7,213)</b>	<b>(3,653,321)</b>	<b>(3,660,534)</b>
	<b>9,268,479</b>	<b>4,713,630</b>	<b>2,989,823</b>	<b>16,971,932</b>

**3. Accounts receivable (continued)**

	0-30 days	31-60 days	91 days +	2019 Total
	\$	\$	\$	\$
Allocations from the Champlain Local Health Integration Network of Ontario and other Ontario Government agencies	13,782,602	—	70,561	13,853,163
Patient services	3,278,862	2,043,485	2,609,283	7,931,630
Santé Montfort, without interest	2,484,657	—	—	2,484,657
Fondation de l'Hôpital Montfort, without interest	184,967	206,183	927,820	1,318,970
Eastern Ontario Regional Laboratory Association, without interest	33,300	—	—	33,300
Montfort Renaissance, without interest	16,459	—	—	16,459
Institut du savoir Montfort, without interest	719	—	—	719
Other	1,897,413	462,172	562,356	2,921,941
	<u>21,678,979</u>	<u>2,711,840</u>	<u>4,170,020</u>	<u>28,560,839</u>
Allowance for doubtful accounts – patient services and other	(3,291)	(7,724)	(1,668,699)	(1,679,714)
	<u>21,675,688</u>	<u>2,704,116</u>	<u>2,501,321</u>	<u>26,881,125</u>

**4. Investments**

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.

**4. Investments (continued)**

	<b>2020</b>	2019
	\$	\$
<b>Operating fund</b>		
<i>Investments measured at fair value</i>		
Financial institutions		
Publicly traded shares - cost: \$1,297,427 (\$1,235,563 in 2019)	<b>1,118,180</b>	1,184,273
<i>Investments measured at amortized cost</i>		
Bonds		
Federal, provincial and municipal - fair value: \$3,775,728 (\$3,694,542 in 2019)	<b>3,522,575</b>	3,723,845
Accrued interest - fair value: \$285,277 (\$193,742 in 2019)	<b>285,277</b>	193,742
	<b>3,807,852</b>	3,917,587
Current portion	<b>3,267,133</b>	—
	<b>1,658,899</b>	5,101,860
<b>Reserve fund for capital assets</b>		
<i>Investments measured at amortized cost</i>		
Bonds		
Financial institutions - fair value: \$34,275,128 (\$25,554,735 in 2019)	<b>34,303,128</b>	25,756,747
Federal, provincial and municipal - fair value: \$14,706,426 (\$19,331,585 in 2019)	<b>14,363,741</b>	19,262,057
Accrued interest - fair value: \$317,582 (\$347,275 in 2019)	<b>317,582</b>	347,275
	<b>48,984,451</b>	45,366,079
Current portion	<b>29,168,967</b>	11,230,145
	<b>19,815,484</b>	34,135,934

Publicly traded shares are level 1 and bonds are level 2.

Reserve Fund for Capital Assets and Operating Fund Bonds, maturing between April 2020 and September 2028, have a rate of return varying from 1.60% to 5.18% (maturing between April 2019 and June 2027, have a rate of return varying from 1.60% to 5.18% in 2019).

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	2019 Net book value
	\$	\$	\$	\$
Land	<b>1,636,611</b>	—	<b>1,636,611</b>	1,636,611
Buildings	<b>244,102,801</b>	<b>89,407,619</b>	<b>154,695,182</b>	159,245,259
Building service equipment				
Equipment	<b>39,052,235</b>	<b>28,854,953</b>	<b>10,197,282</b>	9,892,248
Projects in progress	<b>61,133,578</b>	<b>47,369,585</b>	<b>13,763,993</b>	14,473,469
	<b>16,484,419</b>	—	<b>16,484,419</b>	8,268,161
	<b>362,409,644</b>	<b>165,632,157</b>	<b>196,777,487</b>	193,515,748

During the year, the Hospital purchased capital assets for \$15,244,490 (\$7,797,477 in 2019) and disposed of capital assets for \$4,697,193 (\$6,675,813 in 2019).

*Non-monetary Transactions*

During the year, capital assets were acquired for a total cost of \$3,936,948 (\$1,804,729 in 2019), currently presented in the 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**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	2019 Net book value
	\$	\$	\$	\$
Software	<b>17,101,766</b>	<b>10,569,334</b>	<b>6,532,432</b>	1,556,869
Electronic timesheet	<b>384,328</b>	<b>51,174</b>	<b>333,154</b>	—
Software in development	<b>3,176,297</b>	—	<b>3,176,297</b>	4,772,662
	<b>20,662,391</b>	<b>10,620,508</b>	<b>10,041,883</b>	6,329,531

During the year, the Hospital acquired intangible assets valued at \$6,256,310 (\$4,126,014 in 2019) and disposed of intangible assets valued at \$1,595,543 (\$nil in 2019)

**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, 2020 and 2019, this line of credit is unused.

**8. Accounts payable and accrued liabilities**

	<b>2020</b>	2019
	\$	\$
Salaries, employee benefits and source deductions	<b>18,556,946</b>	17,428,188
Payable to vendors	<b>12,524,225</b>	7,219,106
Refundable to the Champlain Local Health Integration Network and other Ontario Government agencies	<b>1,970,288</b>	2,532,830
Eastern Ontario Regional Laboratory Association, without interest	—	318,436
Institut du savoir Montfort, without interest	<b>127,142</b>	—
	<b>33,178,601</b>	27,498,560

**9. Accrued benefit liability**

*Pension plan*

The Hospital contributes to the Hospitals of Ontario Pension Plan (HOOPP), a multi-employer pension plan for a defined benefits plan. All full-time employees have the obligation to enrol 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, 2020, amounts to \$9,046,592 (\$8,747,081 in 2019).

*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 evaluation of these other benefits is based on the actuarial evaluation of March 31, 2019 and extrapolated for the year ended March 31, 2020 (the 2019 accrued benefit obligation is based on the actuarial evaluation of March 31, 2019). The information regarding these benefits is as follows:

	<b>2020</b>	2019
	\$	\$
<b>Plan status</b>		
Accrued benefit obligation at the beginning	<b>9,235,500</b>	10,640,800
Current service cost	<b>826,600</b>	829,000
Actuarial gain	<b>(505,700)</b>	(2,257,500)
Interest on accrued benefit obligation	<b>301,900</b>	366,800
Hospital's contribution	<b>(307,700)</b>	(343,600)
Accrued benefit obligation at year-end	<b>9,550,600</b>	9,235,500
Accrued benefit liability	<b>10,685,339</b>	9,905,939
Obligation recognized	<b>(1,134,739)</b>	(670,439)

**9. Accrued benefit liability (continued)**

*Post-retirement benefits (continued)*

	<b>2020</b>	2019
<b>Actuarial assumptions</b>		
Discount rate on liabilities	<b>3.29%</b>	3.18%
Dental cost increases	<b>4.00%</b>	4.00%
Extended health care increase (reduction of 0.5% per year up to 5.0%)	<b>5.50%</b>	6.00%
Amortization period of actuarial losses (gains) (EARSL)	<b>16.2 years</b>	16.3 years

The expense for the year is detailed as follows:

	<b>2020</b>	2019
	\$	\$
Current service costs	<b>826,600</b>	829,000
Interest on accrued benefit obligation	<b>301,900</b>	366,800
Amortization of actuarial (gain) loss	<b>(41,400)</b>	103,700
	<b>1,087,100</b>	1,299,500

**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.

	<b>2020</b>	2019
	\$	\$
Balance, beginning of year	<b>158,130,689</b>	154,600,150
Contributions granted during the year*	<b>4,850,675</b>	10,956,550
Amortization of contributions related to capital assets		
Amortization of contributions related to buildings	<b>(7,096,173)</b>	(6,989,743)
Amortization of contributions related to equipment	<b>(237,082)</b>	(436,268)
Balance, end of year	<b>155,648,109</b>	158,130,689

\*Amounts granted during the year mainly come from two grants from the Ministry of Health of Ontario and Ministry of Long-Term Care of Ontario totaling \$4,711,848 (three grants totaling \$10,884,539 in 2019) and include \$4,072,671 for the project Carrefour santé Orléans and \$639,177 to finance the Health Infrastructure Renewal Fund (a final payment in the amount of \$10,556,152 for the Montfort Hospital development project, which was completed in June 2010, a donation in the amount of \$50,000 from the Association des Bénévoles de l'Hôpital Montfort and \$350,398 for various projects in 2019).

**11. Interfund transfers**

During the year, an amount of \$4,405,282 (\$6,185,059 in 2019) was transferred to the Operating fund from the Reserve fund for capital assets Transformation projects to finance the Electronic Health Record's transformation project. An amount of \$5,139,761 (\$nil in 2019) was also transferred from the Life cycle of buildings – local shares fund to replace major infrastructure equipment.

**12. Supplies and other expenses**

	<b>2020</b>	2019
	<b>\$</b>	\$
Supplies	<b>7,430,469</b>	7,149,952
Professional fees	<b>1,296,468</b>	1,920,127
Purchased services	<b>17,055,569</b>	16,648,040
Expenses related to buildings and lots	<b>1,823,962</b>	1,715,063
Expenses related to equipment	<b>7,561,286</b>	7,370,625
Various expenses	<b>5,152,561</b>	4,232,321
	<b>40,320,315</b>	39,036,128

**13. Net change in non-cash working capital items**

	<b>2020</b>	2019
	<b>\$</b>	\$
Accounts receivable	<b>9,909,193</b>	(14,208,717)
Inventories	<b>(10,778)</b>	(52,701)
Prepaid expenses	<b>(433,082)</b>	511,046
Accounts payable and accrued liabilities	<b>2,178,667</b>	(3,882,909)
Deferred revenue	<b>186,462</b>	65,726
	<b>11,830,462</b>	(17,567,555)

**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 mandate is to set up and manage a long-term care centre in Eastern Ontario, to operate a rehabilitation clinic, to manage food services for the Hospital and to manage a contract with the Department of National Defence to provide health services. The Hospital exercises control over Santé Montfort based on the fact that most members of Santé Montfort's Board of Directors are also members of the Hospital's Board of Directors.

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

*Santé Montfort (continued)*

During the year, the Hospital provided patient services as well as administrative and operational services to Santé Montfort for an exchange value of \$7,520,340 (\$7,626,167 in 2019), 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 \$195,518 (\$199,928 in 2019) from Santé Montfort as rent for the rehabilitation clinic. 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 Carrefour santé d'Orléans building is currently being constructed on this land.

*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 Institut du savoir Montfort 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 \$3,966,926 (\$3,935,918 in 2019). 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 of Santé Montfort and Institut du savoir Montfort as at March 31, 2020 and 2019 are as follows:

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

	<b>Santé Montfort</b>		<b>Institut du savoir Montfort</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>\$</b>	\$	<b>\$</b>	\$
		(restated)		
<b>Statement of financial position</b>				
Assets	<b>49,725,234</b>	52,242,492	<b>6,222,422</b>	5,382,560
Liabilities	<b>42,477,568</b>	45,137,278	<b>5,517,423</b>	4,275,627
Net assets	<b>7,247,666</b>	7,105,214	<b>704,999</b>	1,106,933
<b>Statement of operations</b>				
Revenue	<b>4,647,740</b>	5,797,343	<b>7,772,208</b>	7,222,154
Expenses	<b>3,886,615</b>	4,379,444	<b>8,180,542</b>	7,252,962
Excess (deficit) before donations and other	<b>761,125</b>	1,417,899	<b>(408,334)</b>	(30,808)
<b>Statement of cash flows</b>				
Operating activities	<b>(1,087,172)</b>	(2,327,123)	<b>(2,240,939)</b>	(968,186)
Investing activities	<b>2,600,905</b>	1,178,748	<b>939,617</b>	(2,018,838)
Financing activities	<b>(2,390,824)</b>	(1,495,216)	<b>3,011,143</b>	974,917

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

Fondation Hôpital Montfort and l'Association des bénévoles de l'Hôpital Montfort are incorporated under the Canada Corporations Act. Their respective mandates are 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 Hôpital Montfort and l'Association des bénévoles de l'Hôpital Montfort. Each year, both entities provide donations to the Hospital. For the year ended March 31, 2020, contributions of \$59,905 and \$42,519 were respectively made to the Hospital by the Fondation Hôpital Montfort and the Association des bénévoles de l'Hôpital Montfort (\$60,514 and \$50,000 respectively in 2019).

As at March 31, 2020, the fund balances of the Fondation Hôpital Montfort and l'Association des bénévoles de l'Hôpital Montfort were respectively \$15,641,694 and \$738,492 (\$14,295,780 and \$689,594 respectively in 2019).

Fondation Hôpital Montfort operates the parking lot of the Hospital and holds a licence for its use with a net book value as at March 31, 2020 of \$3,146,702 (\$3,693,955 in 2019).

*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 \$1,792,251 (\$1,790,966 in 2019) to Montfort Renaissance Inc., which is the amount the Hospital received from the Champlain Local Health Integration Network. This amount is included under "Supplies and other expenses" in the non-consolidated statement of operations.

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

##### *Montfort Renaissance Inc. (continued)*

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, 2020, the Hospital has an economic interest of \$759,849 (\$1,176,201 in 2019) in ORHLS' net assets of \$10,372,709 (\$13,016,413 in 2019). This amount is not included in the Hospital's non-consolidated financial statements.

During the year, the Hospital paid an amount of \$2,126,917 (\$1,975,300 in 2019) to ORHLS for laundry services. This amount is included under "Supplies and other expenses" in the non-consolidated statements of operations. 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 \$133,266 (\$124,801 in 2019) to CHSS to be a member of its purchasing group and an amount of \$9,849,317 (\$9,244,085 in 2019) 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, 2020, the amounts to be paid to CHSS total \$36,756 (\$31,500 in 2019) 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.

## **15. Financial risk management (continued)**

### *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 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 liquidity to minimize this risk.

## **16. Contractual obligations**

### *Carrefour santé d'Orléans*

The 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 the Hospital and its community will have to assume approximately 13% of the costs of this project. The Carrefour santé 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 \$5,773,262, scheduled for completion in January 2022. As at March 31, 2020, the remaining value of these commitments totals \$1,385,921 (\$1,403,970 in 2019).

### *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 March 2022. As at March 31, 2020, the remaining value of this commitment totals \$9,063,318 (\$14,262,516 in 2019).

### *Community Infrastructure Renewal Fund*

During the year ended March 31, 2020, the Hospital received funding of \$246,150 for the Community Infrastructure Renewal Fund. Due to COVID-19 (Note 18), the Hospital was unable to complete the project for which the funds were intended. Following authorization obtained from the Ministry of Health of Ontario an amount of \$133,610 has been deferred to the following fiscal year.

## **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 the 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, 2020. Amounts will be recognized as expenses in the period during which the amount can be reasonably estimated.

### *Guarantees*

The Hospital is the guarantor of the repayment of long-term loans taken by Santé Montfort and Fondation Hôpital Montfort for an amount of \$21,218,796 (\$25,021,031 in 2019), and of hedge-based risk management by way of an interest rate agreement for an amount of \$1,588,063 (\$841,177 in 2019).

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

### *Litigation*

The nature of the Hospital's activities is such that there is usually litigation in process or at any time. With respect to claims as at March 31, 2020, 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 permits 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, 2020.

## **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. In addition, on April 3, 2020, with the exception of certain essential services, the Ontario government ordered the closure of all enterprises and businesses in Ontario until further notice. In accordance with the prescribed measures, the Hospital was forced to review its operations in order to adapt to the requirements prescribed by the government. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of the pandemic will have on the financial results and condition of the Hospital in future periods.