



FINANCIAL STATEMENTS

MARCH 31, 2024

Our Vision: Outstanding Care - No Exceptions!

Our Mission: Provide quality person-centered health care services to our community.

We respectfully acknowledge that the Windsor Regional Hospital occupies the traditional, ancestral, and contemporary lands of the Niswi Ishkodewan Anishinaabeg: The Three Fires Confederacy (Ojibwe, Odawa, and Potawatomi). We acknowledge the land and the surrounding waters for sustaining us and we are committed to protecting and restoring these lands and waters from environmental degradation.



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Windsor Regional Hospital

Opinion

We have audited the financial statements of Windsor Regional Hospital (the Hospital), which comprise:

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

(Hereinafter referred to as the “financial statements”)

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility of Management and Those Charged with Governance for the Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal 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 purposes of expressing an opinion on the effectiveness of the Hospital's internal control.



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- 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 the events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

July 18, 2024

WINDSOR REGIONAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

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

	2024	2023
	\$ (000)	\$ (000)
ASSETS		
Current assets:		
Cash	107,486	146,463
Cash restricted for special purposes (Note 2)	5,450	7,274
Accounts receivable, net (Note 3)	45,439	49,897
Inventories	6,329	6,429
Prepaid and deferred charges	6,737	5,161
Due from related parties (Note 19)	2,598	2,250
	174,039	217,474
Investments held for capital purposes (Note 4)	7,653	5,187
Long term investments (Note 5)	31,218	27,490
Capital assets: (Note 6)		
Cost	587,930	534,455
Less: Accumulated amortization	315,845	292,931
	272,085	241,524
	484,995	491,675
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	120,880	142,754
Current portion of accrued benefit liabilities (Note 9)	1,506	1,436
Current portion of capital lease (Note 13)	6,051	-
Current portion of loans payable (Note 10)	3,382	3,653
	131,819	147,843
Long-Term liabilities:		
Loans payable (Note 10)	29,469	32,846
Debentures (Note 11)	200,000	200,000
Asset Retirement Obligation (Note 12)	1,958	1,657
Accrued sick leave entitlements	6,213	5,685
Capital lease (Note 13)	6,758	-
Accrued benefit liabilities (Note 9)	24,750	24,600
Deferred capital grants net of amortization (Note 14)	131,137	131,170
Interest rate swaps	138	313
	400,423	396,271
Net assets - unrestricted	(50,726)	(52,784)
Accumulated remeasurement gains/losses	3,479	345
Subsequent events (Note 10, Note 20)		
Commitments and contingent liabilities (Note 17 & Note 18)		
	484,995	491,675

See accompanying notes to financial statements

On behalf of the Board:

Patricia France
Chairperson

Anthony Paniccia
Treasurer


WINDSOR REGIONAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

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

	2024 \$ (000)	2023 \$ (000)
Balance, beginning of year	(52,784)	(31,433)
Excess of revenue over expense	2,058	(21,351)
Balance, end of year	(50,726)	(52,784)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF ACCUMULATED REMEASUREMENT GAINS/(LOSSES)

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

	2024 \$ (000)	2023 \$ (000)
Balance, beginning of year	345	401
Unrealized gain attributable to interest rate swap	175	308
Unrealized gain/(loss) attributable to long term investment	2,959	(364)
Balance, end of year	3,479	345

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF REVENUE AND EXPENSE

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

	2024 \$ (000)	2023 \$ (000)
Revenue:		
Provincial programs (Note 23)	574,266	553,613
Patient services	36,391	40,043
Other fees and revenue	70,075	64,336
	680,732	657,992
Expenses:		
Salaries and wages	305,989	302,571
Employee benefits	78,837	68,736
Employee future benefits (Note 9)	1,656	1,339
Medical staff remuneration	58,922	65,928
Medical and surgical supplies	47,133	42,539
Drugs and medicines	90,522	83,103
Other supplies and expense	91,191	92,051
Equipment rental	3,280	2,521
Amortization of capital assets	22,915	20,555
	700,445	679,343
Surplus of revenue over expense before other income/ (expense) items	(19,713)	(21,351)
Code Grey income (expense) items (Note 24)	(2,384)	-
Bill 124 Funding Received for prior year accruals (Note 25)	24,155	-
Surplus of revenue over expense for the year	2,058	(21,351)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CASH FLOWS

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

	2024 \$ (000)	2023 \$ (000)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Excess/(Deficiency) of revenue over expenses for the year	2,058	(21,351)
Add items not involving cash:		
Gain on disposal of assets	-	(18)
Amortization of capital assets (Note 6)	22,915	20,555
Deferred grant amortization (Note 14)	(8,241)	(8,073)
	16,732	(8,887)
Cash flows from (used in) changes in operating balances (Note 15)	(17,062)	36,372
Cash flows from operating activities	(330)	27,485
CASH FLOWS USED IN CAPITAL ACTIVITIES:		
Additions to capital assets	(30,907)	(27,818)
Capital grants and donations received (Note 14)	8,208	5,974
Cash flow used in capital activities	(22,699)	(21,844)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Long term investments	(769)	(902)
Investments held for capital purposes (Note 4)	(2,466)	2,673
Cash flow used in investing activities	(3,235)	1,771
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Accounts receivable, capital (Note 3)	403	1,623
Capital lease	(9,760)	-
Loans payable	(3,648)	(3,144)
Accounts payable, capital (Note 8)	292	(347)
Cash flows from (used in) financing activities	(12,713)	(1,868)
NET CHANGE IN CASH FOR THE YEAR	(38,977)	5,544
CASH, BEGINNING OF YEAR	146,463	140,919
CASH, END OF YEAR	107,486	146,463

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

1. **Nature of business and significant accounting policies:**

Windsor Regional Hospital (the "Hospital") is incorporated without share capital under the laws of Ontario. The Hospital is a registered charity and as such, is exempt from income tax.

The Hospital follows Canadian Public Sector Accounting Standards ("PSAS") including Section 4200 standards for government not-for-profit organizations.

A summary of the significant policies arising from these standards is presented below.

a) **Operation of the Hospital:**

The financial statements include all the operations of Windsor Regional Hospital including the Windsor Regional Cancer Centre. The Hospital operates under various regulations of the Ministry of Health and other regulatory bodies. The Windsor Regional Cancer Centre operates and is funded under the guidelines of Ontario Health.

Operating grants are received from the above Ministries and Ontario Health West. In addition, revenue is generated from the provision of various patient services and treatments, as well as from ancillary and investment activities.

b) **Revenue recognition:**

Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of the accounting period, are accrued. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period.

Capital grants received for the purpose of funding acquisitions of depreciable assets are deferred and amortized to income on a straight-line basis over the estimated useful service life of the related asset using the Hospital's amortization rates. Grants received for the purpose of funding land acquisition costs are recorded in equity and not deferred and amortized.

c) **Inventories:**

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

1. Nature of business and significant accounting policies: (Cont'd)

d) Capital assets:

Capital assets are recorded at acquisition cost. The amortization rates are determined through Ministry Guidelines. Amortization is provided on a straight-line basis over the estimated useful life of the asset using rates of 2 percent to 5 percent per annum for buildings, 4 percent to 10 percent per annum for land improvements, 33 percent for computer software and licenses and varying rates from 5 percent to 20 percent per annum for equipment commencing in the month of acquisition. Land acquisition costs are not amortized. No amortization is taken on construction in progress assets until they are placed in use.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Long-lived assets, including land and buildings subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

e) Managed Equipment Services Capital Lease:

The Hospital entered into an agreement with GE Healthcare Canada for long-term managed equipment services ("MES") that includes new equipment procurement, equipment replacement at specified intervals and maintenance on this equipment. The agreement is being treated as a capital lease as substantially all of the benefits and risks associated with ownership of the assets are transferred to the Hospital.

Assets under capital lease are recorded with an offsetting obligation in the period in which new equipment is delivered to the Hospital. The equipment is amortized in a manner consistent with capital assets owned by the Hospital and the obligation including interest thereon is expensed over the term of the lease.

The maintenance component of the lease is expensed over the term of the lease.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

1. Nature of business and significant accounting policies: (Cont'd)

f) Employee future benefits:

The Hospital accrues its obligation of future benefits as the employees render the services necessary to earn these benefits. The actuarial determination of accrued benefit obligations for future benefits uses the projected benefit method prorated on service and incorporates management's best estimate of termination rates, retirement age and expected inflation rate with respect to employee benefit costs. Actuarial gains (losses) related to the Post Employment Plan are amortized over the average remaining service lifetime of the active employees. Any actuarial gains (losses) in the Employees on Long-Term Disability Plan are recognized as income (expense) immediately. The average remaining service period of the active employees is 13.22 years (13.22 years in previous valuation – 2023).

Plan amendments are immediately recognized in the year of the effective change. Under PSAS, if there exists an actuarial gain at the time of introduction of a plan amendment that results in a past service loss, the gain is to be offset against the past service loss before any recognition of the amendment takes place. Similar requirements apply if the amendment decreases liabilities and an actuarial loss exists under the plan at the time of the amendment. Curtailment gains or losses are immediately recognized as either a reduction or an increase to employee future benefits expense.

g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Hospital has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the Statement of Accumulated Remeasurement Losses until they are realized, when they are transferred to the Statement of Revenue and Expense.

Any transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. The cost base of all other financial instruments are adjusted by any transaction costs incurred on acquisition; any financing costs are amortized using a straight-line method.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

1. Nature of business and significant accounting policies: (Cont'd)

g) Financial instruments: (Cont'd)

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Revenue and Expense and any unrealized gain or loss is adjusted through the Statement of Accumulated Remeasurement Losses.

When the asset is sold, the unrealized gains and losses previously recognized in the Statement of Accumulated Remeasurement Losses are reversed and recognized in the Statement of Revenue and Expense.

Long-Term debt is recorded at cost. The related interest rate swaps are recorded at fair value.

The Standards require the Hospital to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value.

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

h) Vacation pay and sick leave:

The Hospital accrues vacation pay and sick leave entitlements for amounts vested and owing to its employees at the year end. Non-vested sick leave benefits available to its employees under Long-Term disability plans are recorded when paid.

i) Contributed services:

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

1. Nature of business and significant accounting policies: (Cont'd)

j) Use of estimates:

The preparation of the financial statements, in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates include the allowance for doubtful accounts receivable, the net realizable value of inventory, the carrying value of capital assets and related deferred capital grants, the estimated impact of unsettled labour contracts, pay equity agreements and certain accrued liabilities, including amounts recoverable by the Ministry, as well as accrued benefit liabilities.

k) Asset Retirement Obligations:

Asset retirement obligations are recorded in the period during which a legal obligation associated with the retirement of a capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the amount required to retire a capital asset at the financial statement date. A corresponding amount is added to the carrying amount of the related capital asset and is then amortized over its remaining useful life. Changes in the liability due to the passage of time are recognized as an accretion expense in the statement of operations with a corresponding increase in the liability.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the current best estimate of the liability. Adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement as well as changes in the legal requirements of the obligation and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset. If the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

A liability continues to be recognized until it is settled or otherwise extinguished.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

1. Nature of business and significant accounting policies: (Cont'd)

k) Asset Retirement Obligations: (Cont'd)

i) Accounting Policy

The Hospital recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

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

A liability for the removal of asbestos-containing materials in certain Hospital facilities and underground fuel tanks owned by the Hospital has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the financial statements are recognized in the Statement of Operations at the time of remediation occurs.

l) Revenue Recognition:

i) Change in Accounting Policy

On April 1, 2023, the Hospital adopted Public Accounting Standard PS 3400 – *Revenue*. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024 the Hospital determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

2. Cash restricted for special purposes:

Cash restricted for special purposes consists of:

	2024 \$ (000)	2023 \$ (000)
Cash	5,450	7,274

These funds are restricted to fund the interest payments on the debenture. The account will be funded throughout the year with cash generated from operations. These investments are classified as Level 1.

3. Accounts receivable:

Accounts receivable consist of:

	2024 \$ (000)	2023 \$ (000)
Ministry of Health – operating	13,812	22,115
Ministry of Health – capital	299	702
Insurers and patients	12,133	10,662
Sales tax recoveries	5,244	3,349
Ontario Health – drug funding	3,463	2,807
Other	11,670	11,130
	46,621	50,765
Allowance for doubtful accounts	(1,182)	(868)
	45,439	49,897

4. Investments held for capital purposes:

The Hospital is holding funds for capital projects. These funds have a carrying value that approximates market value.

The changes in the investments are summarized below:

	2024 \$ (000)	2023 \$ (000)
Balance, beginning of year	5,187	7,860
New Windsor Essex Acute Care Hospital grant	4,570	-
Windsor Cancer Centre Foundation grant	545	547
Interest earned in the year	225	133
Used for capital purposes	(2,874)	(3,353)
	7,653	5,187

These investments are classified as Level 1 in the fair value hierarchy.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

5. Long term investments:

The Hospital established a sinking fund in March 2021 with an initial investment of \$25 million and has engaged two investment managers to invest these funds. The purpose of the sinking fund is to be used to retire the debenture on its maturity on November 18, 2060. The Hospital may from time to time make additional capital contributions as approved by the Hospital's Board of Directors. These externally managed funds are comprised of the following:

Amounts in 000's

Fund 1	<u>March 31, 2024</u>		Allocation at Market Value	Permissible Range	<u>March 31, 2023</u>		Allocation at Market Value
	Market Value	Cost			Market Value	Cost	
Cash equivalents	\$ 1,704	\$ 1,704	10.9%	2-20%	\$1,645	\$1,645	11.9%
Domestic equities	6,925	5,809	44.3%	35-60%	5,784	5,640	42.0%
Global equities	6,987	5,694	44.8%	35-60%	6,349	5,656	46.1%
Total Fund 1	15,616	13,207	100.0%		13,778	12,941	100.0%
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Fund 2							
Cash equivalents	\$ 1,889	\$ 1,881	12.1%	2-20%	\$1,304	\$1,326	9.5%
Domestic equities	6,679	5,602	42.8%	35-60%	5,979	5,534	43.6%
Global equities	7,034	6,911	45.1%	35-60%	6,429	7,031	46.9%
Total Fund 2	15,602	14,394	100.0%		13,712	13,891	100.0%
<hr/>							
Total							
Cash equivalents	\$ 3,593	\$ 3,585	11.5%	2-20%	\$ 2,949	\$ 2,971	10.7%
Domestic equities	13,604	11,411	43.6%	35-60%	11,763	11,174	42.8%
Global equities	14,021	12,605	44.9%	35-60%	12,778	12,687	46.5%
Total	31,218	27,601	100.0%		27,490	26,832	100.0%

These funds are classified as Level 1 in the fair value hierarchy.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

6. Capital assets:

Capital assets consist of:

March 31, 2024

	\$ (000)		
	Cost	Accumulated Amortization	Net Book Value
Land	12,354	-	12,354
Land improvements	3,266	3,218	48
Buildings	227,242	119,851	107,391
Equipment	215,864	170,125	45,739
Equipment under capital lease	22,469	1,226	21,243
Computer software and licenses	60,474	21,425	39,049
Construction in progress	46,261	-	46,261
	587,930	315,845	272,085

March 31, 2023

	\$ (000)		
	Cost	Accumulated Amortization	Net Book Value
Land	12,354	-	12,354
Land improvements	3,266	3,210	56
Buildings	226,098	114,494	111,604
Equipment	205,365	157,074	48,291
Computer software and licenses	59,689	18,153	41,536
Construction in progress	27,683	-	27,683
	534,455	292,931	241,524

The amount of amortization included in the statement of revenue and expense is \$22,915,000 (\$20,555,000 in 2023).

7. Bank indebtedness:

The Hospital has available for its use a demand operating credit facility in the amount of \$30 million (\$30 million – March 31, 2023) at an interest rate of Prime Rate minus 0.40% per annum. As at March 31, 2024, the Hospital did not utilize this facility (\$nil – March 31, 2023).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2024 \$ (000)	2023 \$ (000)
Accounts payable - trade	35,056	28,462
Accounts payable - capital	2,153	1,861
Vacation pay entitlement	25,662	22,405
Accrued salaries and benefits	31,128	56,358
Payroll withholdings	10,653	12,776
Ministry of Health/Ontario Health	14,011	18,723
Deferred revenue – Ministry of Health/Ontario Health	267	196
Deferred revenue – Ontario Health/Cancer Care Ontario	659	867
Deferred revenue – Other	204	133
Other	1,087	973
	120,880	142,754

Included in accounts payable and accrued liabilities are government remittances payable of \$4,889,000 (\$7,870,000 - March 31, 2023), which include amounts for HST and payroll related matters.

9. Accrued benefit liabilities/obligations:

The Hospital provides certain post employment benefits to qualifying employees. The Hospital's obligation is currently unfunded and requires contributions from both the Hospital and its former employees depending on the nature of the benefits. The Hospital has two types of obligations as follows:

- ◆ Unfunded benefit program relating to employees receiving certain benefits from the long-term disability benefit program sponsored by the Hospital.
- ◆ Unfunded post employment life, health and dental benefits offered to qualifying active employees and retirees.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

9. Accrued benefit liabilities/obligations: (cont'd)

For post employment benefits, the most recent actuarial valuation is as of March 31, 2023. The next required valuation will be as of March 31, 2026. The year end disclosure of the benefits related to Long-Term disability is based on the March 31, 2024 valuation.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligations are as follows:

	Employees on Long-Term Disability	Post Employment
◆ Medical trend rate		
- Initial	5.03%	4.71%
- Ultimate	4.05%	3.79%
- Year of Ultimate level	2040	2040
◆ Dental care cost trend rate – first 10 years	5.27%	5.27%
◆ Dental care cost trend rate – next 10 years	4.51%	4.51%
◆ Discount rate – beginning of year	4.04%	4.04%
◆ Discount rate – end of year	3.95%	3.95%

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

9. Accrued benefit liabilities/obligations: (cont'd)

Information about the Hospital's obligations and plan assets is as follows:

	2024 \$ (000)			2023 \$ (000)		
	Employees on Long-Term Disability	Post Employment	Total	Employees on Long-Term Disability	Post Employment	Total
Accrued benefit obligations:						
Balance at beginning of year	2,931	18,328	21,259	2,987	18,366	21,353
Current service cost	-	670	670	-	660	660
Interest costs	113	744	857	111	719	830
Expected termination from Long-Term disability payments	(344)	-	(344)	(234)	-	(234)
Actuarial (gain) loss	241	204	445	(178)	(340)	(518)
Benefits paid	(258)	(1,177)	(1,435)	(253)	(1,077)	(1,330)
Plan amendments	-	595	595			
Expected reserve for new claims	496	-	496	498	-	498
Balance at end of year	3,179	19,364	22,543	2,931	18,328	21,259
Plan assets:						
Balance at beginning of year	-	-	-	-	-	-
Employer contributions	258	1,177	1,435	253	1,077	1,330
Benefits paid	(258)	(1,177)	(1,435)	(253)	(1,077)	(1,330)
Balance at end of year	-	-	-	-	-	-
Funded status – (deficit)	(3,179)	(19,364)	(22,543)	(2,931)	(18,328)	(21,259)
Unamortized net actuarial losses	-	(3,713)	(3,713)	-	(4,777)	(4,777)
	(3,179)	(23,077)	(26,256)	(2,931)	(23,105)	(26,036)
Current portion	268	1,238	1,506	258	1,178	1,436
Long-Term portion	2,911	21,839	24,750	2,673	21,927	24,600

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

9. Accrued benefit liabilities/obligations: (cont'd)

The Hospital's net employee future benefit expense is as follows:

	2024 \$ (000)			2023 \$ (000)		
	Employees on Long-Term Disability	Post Employment	Total	Employees on Long-Term Disability	Post Employment	Total
Current service cost	-	670	670	-	660	660
Interest cost	113	744	857	111	719	830
Expected terminations from Long-Term disability benefits	(344)	-	(344)	(234)	-	(234)
Amortization of actuarial (gain)/ loss	241	(264)	(23)	(178)	(237)	(415)
Expected reserve for new claims	496	-	496	498	-	498
Total expense	506	1,150	1,656	197	1,142	1,339

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

10. Loans payable

The Hospital has the following loans payable as at March 31:

	2024 \$ (000s)	2023 \$ (000)
Committed non-revolving instalment loan funded through unsecured bankers' acceptances with a minimum stamping fee of 0.35% per annum, and subject to an interest rate-swap agreement which effectively fixes the underlying bankers' acceptance rate applicable to this loan at 5.035% until November 30, 2030. The principal and interest payments are made each month.	5,896	6,626
Committed non-revolving instalment loan funded through unsecured bankers' acceptances with a minimum stamping fee of 0.80% per annum. The principal and interest payments are made each month until maturity At October 15, 2040. The interest rate is the bankers' acceptance rate plus the stamping fee.	4,975	5,275
The Hospital has a \$6.8 million equipment facility with \$2.8 million utilized as at March 31, 2022 (\$3.8 million as at March 31, 2021) at the following interest rates and repayment terms:		
Committed non-revolving instalment loan funded through unsecured bankers' acceptances with a minimum stamping fee of 0.80% per annum. The principal and interest payments are made each month until maturity At July 18, 2027. The interest rate is the bankers' acceptance rate plus the stamping fee.	246	320
3.26% interest rate renewable on April 9, 2024 with blended monthly payments of principal and interest of \$29,261	29	373
2.46% interest rate renewable on March 18, 2025 with blended monthly payments of principal and interest of \$32,154	380	752
2.46% interest rate renewable on March 18, 2025 with blended monthly payments of principal and interest of \$27,748	329	649
Bank loan due February 2030, comprised of four tranches with each tranche bearing its own interest rate. The loan is unsecured and is being amortized over a 25 year period. The terms are as follows:		
5.27% interest rate renewable on February 12, 2026 with blended monthly payments of principal and interest of \$26,296	2,615	2,814
5.27% interest rate renewable on February 12, 2026 with blended monthly payments of principal and interest of \$48,184	4,792	5,157
2.84% interest rate renewable on February 15, 2030 with blended monthly payments of principal and interest of \$50,514	5,685	6,122
5.60% interest rate maturing on February 15, 2030 with blended monthly payments of principal and interest of \$80,580	7,904	8,411
Total loans payable	32,851	36,499
Less: current portion	3,382	3,653
	29,469	32,846

Interest rate swap is considered a Level 2 financial instrument on the fair value hierarchy.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

10. Loans payable: (cont'd)

The annual scheduled principal payments for these loans are as follows:

2025	2,313,000
2026	2,248,000
2027	2,210,000
2028	2,623,000
2029	3,302,000
Thereafter	<u>20,155,000</u>
Total	<u>\$32,851,000</u>

Subsequent to year end all loan agreements were amended to reference CORRA (Canadian Overnight Repo Rate Average) instead of CDOR (Canadian Dollar Offered Rate). Along with the cessation of the publication of CDOR, the Banker's Acceptance (BA) base lending model ceased to exist. There is no change to the effective interest rates on loans as a result of this change.

11. Debentures:

On November 18, 2020, the Hospital issued \$200 million of Series A Senior Unsecured Debentures to fund capital projects and provide working capital. The debentures bear interest at 2.711% which is payable semi-annually on May 18 and November 18, with the principal to be repaid on November 18, 2060. Interest paid during the year amounted to \$5,437,000 (\$5,422,000 in 2023) and is included in other supplies and expenses.

12. Asset Retirement Obligations:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities as well as underground fuel tanks on properties owned by the Hospital. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material and any soil contaminants in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2024	2023
	\$ (000)	\$ (000)
Balance, beginning of year	1,657	1,657
Accretion expense	79	-
Other adjustments	222	-
Asset retirement obligation, end of year	<u>1,958</u>	<u>1,657</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

13. MES Lease Obligation:

In fiscal 2023, the Hospital entered into a lease agreement for certain equipment under managed equipment services with GE Healthcare Canada. This is a 15 year agreement effective April 1, 2023 until March 31, 2038. This agreement requires monthly payment of principal plus interest and maintenance costs. The lease has an interest rate of 6.18%, expiring on March 31, 2038, at which time the Hospital has the option to purchase the equipment.

The capital lease is recorded as follows:

	2024 \$ (000)	2023 \$ (000)
MES lease obligation	12,809	-
Less: current portion	6,051	-
	6,758	-

Included in the payments above is a total of \$3,668,000 (\$nil in 2023) in interest and maintenance costs.

14. Deferred capital grants:

Deferred capital grants consist of:

March 31, 2024

	\$ (000)		
	Grant	Accumulated Amortization	Net
Land improvements	434	434	-
Buildings	156,837	68,763	88,074
Equipment	87,785	74,472	13,313
Construction in progress	29,750	-	29,750
	274,806	143,669	131,137

March 31, 2023

	\$ (000)		
	Grant	Accumulated Amortization	Net
Land improvements	434	434	-
Buildings	156,075	64,568	91,507
Equipment	85,884	70,426	15,458
Construction in progress	24,205	-	24,205
	266,598	135,428	131,170

The amount of amortization included in the statement of revenue and expense is \$8,241,000 (\$8,073,000 in 2023).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

14. Deferred capital grants: (cont'd)

During the year, capital grants and donations were received from:

	2024 \$ (000)	2023 \$ (000)
Windsor Cancer Centre Foundation	907	547
Windsor Regional Hospital Foundation	407	661
Ministry of Health – HIRF	2,108	1,347
Ministry of Health – COVID-19	-	755
Ministry of Health – Capital Planning Grant Stage 2	4,786	128
Ontario Health	-	2,536
	8,208	5,974

15. Cash flow information:

Cash flows from (used in) changes in the following operating balances are as follows:

	2024 \$ (000)	2023 \$ (000)
Cash restricted for special purposes	1,824	(1,722)
Accounts receivable, non-capital	4,055	20,524
Inventories	100	(194)
Prepaid and deferred charges	(1,576)	(1,336)
Due from related parties	(348)	1,240
Accounts payable and accrued liabilities, non-capital	(22,166)	18,079
Accrued sick leave entitlements	529	(230)
Accrued benefit liabilities	219	11
Accretion on asset retirement obligation	301	-
	(17,062)	36,372

Interest paid during the year amounted to \$7,188,000 (\$6,671,000 in 2023).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

16. Pension expense:

Substantially, all of the employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Hospital amounted to \$24,840,000 (\$21,410,000 in 2023). These amounts are included in employee benefits expense in the statement of revenue and expense. The most recent actuarial valuation for the Post-Employment Benefits Plan is March 31, 2022 and March 31, 2024 for the employees on the LTD Plan. These valuations indicate that both plans are fully funded.

17. Commitments:

a) Non-Capital Leases:

Under the terms of various non-capital equipment leases expiring through 2029, the Hospital is committed to lease payments aggregating approximately as follows:

▪ 2025	\$2,980,000
▪ 2026	\$2,526,000
▪ 2027	\$2,314,000
▪ 2028	\$2,324,000
▪ 2029	\$2,334,000

b) MES Agreement:

The Hospital has entered into a long-term managed equipment services contract with GE Healthcare Canada over 15 years [Note 13].

The following is a schedule of commitments at a nominal dollar value:

	\$
2025	13,520,000
2026	13,790,000
2027	14,066,000
2028	14,347,000
2029	14,634,000
2030 and thereafter	<u>145,604,000</u>
Total minimum commitments	<u>\$215,961,000</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

18. Contingent liabilities:

- a) The Hospital is subject to various lawsuits, disputes, labour grievances and other items for which the Hospital may be liable. In the opinion of management, the ultimate resolution of any current lawsuits, disputes, and/or grievances which are not covered by insurance, would not have a material effect on the financial position or results of operations. Any difference between the provision recorded in the Hospital's accounts and the actual settlement would be recognized in the financial statements in the year of settlement.

The Hospital makes provisions for liabilities where the amount can be reasonably estimated and the event giving rise to the liability is likely to occur.

- b) The Hospital is a member of the Healthcare Insurance Reciprocal of Canada (HIROC) which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid after actuarial determination are not sufficient to cover claims, the Hospital will be required to provide additional premium payments on a proportional basis. Similarly, if HIROC has accumulated an unappropriated surplus, which are the total premiums paid by all subscribers plus investment income, less the obligation for claim reserves, expenses and operating expenses, these surpluses may be paid out to the members on a proportional basis. As at March 31, 2024, no assessments or refund of premiums has been made.
- c) The Hospital along with Bluewater Health (BH), Chatham-Kent Health Alliance (CKHA), Hôtel-Dieu Grace Healthcare (HDGH) and Erie Shores Healthcare (ESH) operates a not-for-profit without share capital under the laws of the Province of Ontario shared service organization called TransForm Shared Service Organization (TransForm). TransForm is responsible for the purchasing and payment functions and Information Technology/Information System services for the five hospitals. TransForm has \$1,300,000 in banking credit facilities of which none were used as at March 31, 2024 (\$1,300,000 as at March 31, 2023). For every dollar used, the Hospital has provided a guarantee of 28.73% for the amount used.

The five member hospitals of TransForm have also provided a guarantee with respect to equipment that has been leased for TransForm's regional data centre. The Hospital's exposure will not exceed the outstanding lease payments and is capped at the amount outstanding at the time of default. The guarantee limit is pro-rationally dispersed amongst the TransForm member hospitals based upon the funding formula outlined in their Regular Member Service Agreement. For the Hospital, this represents \$ nil (\$nil in 2023) as there are no guaranteed lease obligation outstanding as at March 31, 2024.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

19. Related party transactions:

The Hospital administers the receipt and disbursement of funds on behalf of Windsor Regional Hospital Foundation.

The Hospital relies heavily on the Foundation to raise funds for its benefit. The Foundation is a registered charity and is classified as a public foundation under Section 149.1 (1)(g) of the Income Tax Act (Canada) and as such, is exempt from tax. At March 31, 2024, net resources of the Foundation amounted to \$23,701,000 (\$21,881,000 in 2023) of which \$23,141,000 (\$20,974,000 in 2023) is externally restricted for specific purposes. The balance is available, at the discretion of the Foundation's Board of Directors, to the Hospital for other purposes. For the year ended March 31, 2024, the Foundation had excess revenue over expense of \$1,820,000 (\$1,242,000 excess of revenue over expense in 2023).

The amount owing from the Foundation as at March 31, 2024 is \$2,597,000 (\$2,250,000 as at March 31, 2023). These amounts are settled as mutually agreed upon in the next fiscal year.

20. TransForm:

TransForm provides Information Technology/Information Systems services and purchasing and payment services at rates designed to reflect the costs and expenses incurred by TransForm in the normal course of business. Annual operating expenses are allocated between the five participating organizations based on the provincial government funding provided to each hospital as of the most recent fiscal year. In addition, the Hospital contributes toward approved capital improvements and other costs incurred by TransForm for those projects identified as being solely for its benefit. Effective April 1, 2024 purchasing and payment services were transitioned to Mohawk Medbuy Corporation.

During the year, the Hospital paid \$15,924,000 (2023 - \$16,479,000) to TransForm for Information Technology/Information Systems services and for purchasing and payment services. The balance payable to TransForm at March 31, 2024 is \$2,063,000 (\$1,959,000 in 2023) and has been included in accounts payable.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

21. Hospital Accountability Agreement – Year End Total Margin:

Under the terms of the annual Hospital Accountability Agreement between the Hospital and the Ministry of Health / Ontario Health, the Hospital is expected to achieve a year end total margin that must not be less than \$ Nil or 0%. Year end total margin is defined as “The amount by which total revenues exceed total expenses, excluding the impact of facility amortization and interest on long-term liabilities, in a given year”.

Calculation of year end total margin:

	Target %	2024 \$ (000)	2024 %	2023 \$ (000)	2023 %
Deficiency of revenue over expense for the year		2,058		(21,351)	
Add: net building amortization		1,171		1,152	
interest on long-term liabilities		6,985		6,971	
Year end total margin	0%	10,214	1.45%	(13,228)	-2.02%

The Hospital met this performance indicator in 2024 (2023 – indicator not met). In fiscal 2023 the indicator was not met as a result of the impacts of operating and inflationary pressures.

22. Financial risks:

a) Liquidity risk

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

b) Interest rate risk

The Hospital is exposed to interest rate risk on its investments and on its bank loan and loans payable. There has been no change to the risk exposures from 2023.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

23. Ministry of Health pandemic funding:

In connection with the coronavirus pandemic (“COVID-19”), the Ministry of Health announced a number of funding programs intended to assist hospitals with incremental operating and capital costs and revenue decreases resulting from COVID-19. In addition to these funding programs, the Ministry of Health temporarily permitted hospitals to redirect unused funding from certain programs towards COVID-19 costs, revenue losses and other budgetary pressures through a broad-based funding reconciliation.

Management’s estimate of Ministry of Health revenue for COVID-19 is based on the most recent guidance provided by Ministry of Health and the impacts of COVID-19 on the Hospital’s operations, revenues and expenses. As a result of Management’s estimation process, the Hospital has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the Ministry of Health. However, given the potential for future changes to funding programs that could be announced by the Ministry of Health, the Hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to Management’s estimate of Ministry of Health revenues are reflected in the Hospital’s financial statements in the year of settlement.

Details of the Ministry of Health funding for COVID-19 recognized as revenue in the current and prior year are summarized below:

	2024 \$ (000)	2023 \$ (000)
Funding for incremental COVID-19 operating expenses	\$ -	\$11,382
Funding for COVID-19 assessment & testing centre	-	1,913
Uninsured patient revenue funding	1,384	3,492
Broad-based funding reconciliation for other eligible costs and revenue losses	-	7,853
Temporary physician funding	-	6,281
	<u>\$1,384</u>	<u>\$30,921</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2024

24. Code Grey:

During the fiscal year, TransForm and its member hospitals, including Windsor Regional Hospital, were subjects of a ransomware attack. None of the impacted parties paid ransom as a result of the attack.

The Hospital has undertaken a number of measures in response to the attack, including notifying affected patients and employees, reporting the results of its internal analysis to the Ontario Information and Privacy Commissioner, purchasing credit monitoring for all employees and professional staff and restoring its affected systems. The Hospital continues to investigate and address issues arising from the attack.

\$1,500,000 of the \$3,884,000 costs associated with the attack are recoverable through the hospital's insurance provider.

25. Bill 124 Retroactive Payments and Funding:

On November 29, 2022, the Ontario Superior Court rendered a decision to declare the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, known as Bill 124, to be void and of no effect. On December 29, 2022, the Province of Ontario appealed the Superior Court's decision, but has not sought a stay of decision. This ruling has triggered reopener provision that require renewed negotiations with labour groups on compensation for the years that were previously capped by the legislation. As of March 31, 2024, eight of the nine bargaining groups have settled outstanding agreements related to Bill 124. Only PIPSC Physicist payments remain outstanding.

Revenue attributable to prior year settlement of Bill 124 is as follows:

March 31, 2024

	\$ (000)
Fiscal 2020-2021	1,077
Fiscal 2021-2022	7,432
Fiscal 2022-2023	15,646
	<u>\$24,155</u>