

Financial Statements of

**HOLLAND BLOORVIEW KIDS
REHABILITATION HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2024

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Holland Bloorview Kids Rehabilitation Hospital

Report on the Financial Statements

Opinion

We have audited the financial statements of Holland Bloorview Kids Rehabilitation Hospital (the Entity), which comprise:

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

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

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

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 20, 2024

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Financial Position

March 31, 2024, with comparative information for 2023

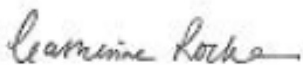
	2024	2023
Assets		
Current assets:		
Cash	\$ 17,522,252	\$ 8,870,980
Accounts receivable (note 2)	3,368,564	2,297,186
Due from the Province of Ontario (note 2)	2,161,239	6,348,763
Due from related parties (note 10)	2,493,213	1,175,231
Other assets	282,881	431,654
	<u>25,828,149</u>	<u>19,123,814</u>
Investments (note 3)	60,029,918	56,442,212
Property, plant and equipment (note 4)	84,025,853	83,599,316
	<u>\$ 169,883,920</u>	<u>\$ 159,165,342</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 19,788,987	\$ 17,768,184
Due to the Province of Ontario	2,995,473	3,101,606
Line of credit (note 6)	4,425,428	—
	<u>27,209,888</u>	<u>20,869,790</u>
Revolving term loan (note 6)	—	11,425,428
Deferred contributions (note 7)	26,136,561	16,281,848
Deferred capital grants and donations - spent and unamortized (note 8)	65,922,909	67,461,884
Deferred capital grants and donations - unspent (note 9)	14,995,265	14,077,151
	<u>134,264,623</u>	<u>130,116,101</u>
Net assets:		
Accumulated operating surplus	32,257,889	28,692,040
Accumulated remeasurement gains	3,361,408	357,201
	<u>35,619,297</u>	<u>29,049,241</u>
	<u>\$ 169,883,920</u>	<u>\$ 159,165,342</u>

See accompanying notes to financial

statements. Approved by the Board of Directors:



Director



Director

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Revenue and Expenses

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

	2024	2023
Revenue:		
Province of Ontario (note 16)	\$ 91,214,089	\$ 74,579,337
Client services and other	16,643,641	15,778,031
Foundation grants and donations (note 10)	11,297,231	11,285,833
Other operating grants	9,534,564	8,519,122
Investment income - net	1,743,644	5,838,862
Amortization of deferred capital grants and donations	1,571,988	—
	132,005,157	116,001,185
Expenses:		
Salaries and benefits (note 11 and 16)	98,607,808	89,901,601
Supplies and other (note 12)	26,438,475	23,077,811
Amortization of furniture and equipment	2,737,847	2,767,632
	127,784,130	115,747,044
Excess of revenue over expenses before undernoted items	4,221,027	254,141
Amortization of deferred capital grants and donations related to building and building equipment	3,433,639	5,031,228
Amortization of building and building equipment	(4,097,837)	(4,409,457)
Excess of revenue over expenses	\$ 3,556,829	\$ 875,912

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Changes in Net Assets

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

					2024	2023
	Investment in property, plant and equipment (note 8)	Restricted for endowments	Restricted for property and building redevelopment	Unrestricted	Total	Total
Balance, beginning of year	\$ 16,137,432	\$ 1,850,145	\$ 4,081,708	\$ 6,622,755	\$ 28,692,040	\$ 27,753,487
Excess (deficiency) of revenue over expenses before undernoted items	(1,165,860)	—	—	5,386,887	4,221,027	254,141
Amortization of building and building equipment	(4,097,837)	—	—	—	(4,097,837)	(4,409,457)
Amortization of deferred capital grants and donations related to building and building equipment	3,433,639	—	—	—	3,433,639	5,031,228
Excess (deficiency) of revenue over expenses for the year	(1,830,058)	—	—	5,386,887	3,556,829	875,912
Net purchase of property, plant and equipment	7,262,221	—	—	(7,262,221)	—	—
Amounts funded by deferred capital grants and donations	(3,466,651)	—	—	3,466,651	—	—
Net change in investment in property, plant and equipment	3,795,570	—	—	(3,795,570)	—	—
Endowment contributions, (net of expenses)	—	9,020	—	—	9,020	62,641
Balance, end of year	\$ 18,102,944	\$ 1,859,165	\$ 4,081,708	\$ 8,214,072	\$ 32,257,889	\$ 28,692,040

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Remeasurement Gains and Losses

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

	2024					2023	
	Investment in property, plant and equipment	Restricted for endowments	Restricted for property and building redevelopment	Unrestricted	Total	Total	
Accumulated remeasurement gains, beginning of year	\$ —	\$ 17,765	\$ 97,219	\$ 242,217	\$ 357,201	\$ 3,400,028	
Unrealized gains	—	53,868	—	2,890,040	2,943,908	755,410	
Realized gains (losses) reclassified to the statement of revenue and expenses	—	4,824	—	55,475	60,299	(3,798,237)	
Accumulated remeasurement gains, end of year	\$ —	\$ 76,457	\$ 97,219	\$ 3,187,732	\$ 3,361,408	\$ 357,201	
Summary by fund:							
Accumulated operating surplus	\$ 18,102,944	\$ 1,859,165	\$ 4,081,708	\$ 8,214,072	\$ 32,257,889	\$ 28,692,040	
Accumulated remeasurement gains	—	76,457	97,219	3,187,732	3,361,408	357,201	
	\$ 18,102,944	\$ 1,935,622	\$ 4,178,927	\$ 11,401,804	\$ 35,619,297	\$ 29,049,241	

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,556,829	\$ 875,912
Items not affecting cash:		
Amortization of property, plant and equipment	6,835,684	7,177,089
Amortization of deferred capital grants and donations	(5,005,626)	(4,862,299)
Net realized gain on portfolio investments	60,299	(3,798,237)
Change in non-cash operating working capital (note 15)	3,861,608	(244,360)
	9,308,794	(851,895)
Investing activities:		
Purchase (redemption) of investments, net	246,846	(4,763,446)
Purchase of property, plant and equipment	(7,262,221)	(9,927,818)
		(14,691,264)
Financing activities:		
Capital grants and donations received	3,494,120	5,607,552
Proceeds from (repayment of) revolving term loan	(7,000,000)	5,156,206
Deferred contributions	9,854,713	5,346,459
Endowment contributions received, net of expenses	9,020	62,641
	6,357,853	16,172,858
Increase in cash	8,651,272	629,699
Cash, beginning of year	8,870,980	8,241,281
Cash, end of year	\$ 17,522,252	\$ 8,870,980

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements

Year ended March 31, 2024

Holland Bloorview Kids Rehabilitation Hospital ("Holland Bloorview", "Hospital") is Canada's largest children's rehabilitation teaching hospital, fully affiliated with the University of Toronto.

Holland Bloorview was incorporated without share capital under the laws of Ontario and is registered as a charitable organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

Under the Health Insurance Act (Ontario) and the Local Health System Integration Act 2006, holland Bloorview is funded primarily by the Province of Ontario through the Ministry of Health (the "MOH") and Ontario Health.

1. Significant accounting policies:

(a) Basis of accounting and presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS"), including standards that apply to government not-for-profit organizations. The financial statements reflect the total services of Holland Bloorview, which include clinical, educational and research activities for children and youth with disabilities. The financial statements do not include the assets, liabilities, operations and cash flows of Holland Bloorview Kids Rehabilitation Hospital Foundation (the "Foundation"), which is a separate entity.

(b) Revenue recognition:

Holland Bloorview follows the deferral method of accounting for contributions.

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued to offset incurred expenses.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions other than endowment contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in endowment net assets when received.

Revenue from all other sources is recognized when the services are provided.

Investments comprise funds invested in externally managed balanced pooled funds. Income distributions from these pooled funds and realized gains and losses, net of fees are recognized in investment income in the statement of revenue and expenses.

Investment income, both realized and unrealized, is attributed to unspent deferred capital grants where there is either an implicit or explicit restriction on income.

(c) Property, plant and equipment:

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Costs incurred that substantially increase the useful lives of existing property, plant and equipment are capitalized. Costs to maintain normal operating efficiency are expensed as incurred.

Property, plant and equipment are amortized on a straight-line basis over their useful lives as follows:

Building and building improvements	40 years
Building equipment	5 - 40 years
Furniture and equipment	5 - 20 years
Software	5 years

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

In accordance with PSAS, Holland Bloorview reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value. The impairment loss is measured as the extent to which the carrying amount exceeds the fair value.

Building renovations and alterations that restore original operating conditions are expensed in the year incurred. Building improvements that reduce original operating costs or increase original capacity are capitalized as building improvements.

Construction in progress represents expenditures incurred for projects currently underway. Upon completion, the related construction in progress will be transferred to the appropriate capital asset category and amortization will commence.

(d) Deferred capital grants and donations:

Capital grants and donations received as funding for property, plant and equipment additions are initially deferred and realized in revenue on the same basis as the amortization of the cost of the related property, plant and equipment.

(e) Restricted net assets for endowment:

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions, stipulating that the principal be maintained intact. Investment income earned on resources restricted for endowments is reported in the restricted for endowments fund or the unrestricted fund, depending on the nature of any restrictions imposed by contributors of funds for endowment.

(f) Contributed services and materials:

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 financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments, such as cash and investments are reported at fair value. All other financial instruments, including accounts receivable, due from the MOH, due from related parties, accounts payable and accrued liabilities and due to the MOH, are recorded at amortized cost.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of revenue and expenses.

All financial assets are assessed for impairment on an annual basis. When a decline in value is determined to be other than temporary, the amount of loss is reported in the statement of revenue and expenses.

The standards require Holland Bloorview to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

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

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year.

Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable and property, plant and equipment. Actual results could differ from those estimates.

2. Accounts receivable:

	2024	2023
Accounts receivable	\$ 3,775,977	\$ 2,800,111
Less allowance for doubtful accounts	407,413	502,925
	<u>\$ 3,368,564</u>	<u>\$ 2,297,186</u>
	2024	2023
Due from MOH	\$ 2,162,985	\$ 6,357,023
Less allowance for doubtful accounts	1,746	8,260
	<u>\$ 2,161,239</u>	<u>\$ 6,348,763</u>

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Investments:

Investments are carried at fair value and consist of the following:

2024	Level 1	Level 2	Level 3	Total
Balanced Pooled Funds	\$ 59,939,918	\$ –	\$ 90,000	\$ 60,029,918

2023	Level 1	Level 2	Level 3	Total
Balanced Pooled Funds	\$ 56,352,212	\$ –	\$ 90,000	\$ 56,442,212

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Property, plant and equipment:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 138,478	\$ –	\$ 138,478	\$ 138,478
Building	108,796,091	39,885,443	68,910,648	50,341,749
Building equipment	28,965,148	23,136,962	5,828,186	6,842,215
Furniture and equipment	35,657,144	29,227,368	6,429,776	6,053,873
Software	8,113,278	6,922,864	1,190,414	1,616,630
Construction in progress	1,528,351	–	1,528,351	18,606,371
	\$ 183,198,490	\$ 99,172,637	\$ 84,025,853	\$ 83,599,316

During 2024, Holland Bloorview disposed \$166,776 (2023 - nil) of fully amortized assets.

In connection with the redevelopment project completed in 2007, there remains \$713,376 (2023 - \$713,376) in outstanding letters of credit as at March 31, 2024.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,176,013 (2023 - \$1,242,459), which includes amounts payable for harmonized sales tax and payroll-related taxes.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Revolving term loan:

During 2022, Holland Bloorview signed a Commitment Letter with a Canadian chartered bank. Under the terms of the Commitment Letter, Holland Bloorview has the following credit facilities available:

- (a) Operating line of credit of \$2,000,000 which bears interest at the bank's prime rate and is payable on demand.
- (b) Revolving term loan of \$16,000,000 which bears interest at the bank's prime rate less 0.75% and is repayable on July 31, 2023.
- (c) Non-revolving take out loan of \$16,000,000 which will refinance the revolving term loan in (b). The loan will bear interest at the bank's prime rate less 0.75% and will be repayable in equal monthly principal installments of \$133,333 plus interest and the term of the loan is up to December 31, 2027.

The facilities are secured by a general security agreement over all the assets of the borrower. As at March 31, 2024, \$4,425,428 (2023 - \$11,425,428) was drawn on the revolving term loan. As per the terms of the Commitment Letter, the revolving term loan was refinanced to a non-revolving operating credit line of credit subsequent to fiscal 2024 on April 12, 2024. This line of credit provides up to \$6,000,000 and bears interest at prime – 0.5%. The line of credit is unsecured.

7. Deferred contributions:

Deferred contributions represent unspent externally restricted grants and donations for research and other purposes.

	2024	2023
Balance, beginning of year	\$ 16,281,848	\$ 10,935,389
Amounts received or receivable	66,341,718	29,938,268
Amounts recognized as revenue	(56,487,005)	(24,591,809)
Balance, end of year	\$ 26,136,561	\$ 16,281,848

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Deferred capital grants and donations - spent and unamortized:

Deferred capital grants and donations represent the spent and unamortized amount for the purchase of property, plant and equipment. The amortization of capital grants and donations is recorded as revenue in the statement of revenue and expenses.

	2024	2023
Balance, beginning of year	\$ 67,461,884	\$ 68,827,721
Capital grants and donations received	3,466,651	3,496,462
Amortization of deferred capital grants and donations	(5,005,626)	(4,862,299)
Balance, end of year	\$ 65,922,909	\$ 67,461,884

9. Deferred capital grants and donations - unspent:

	2024	2023
Balance, beginning of year	\$ 14,077,151	\$ 15,429,807
Capital grants and donations received	27,468	2,111,090
Unrealized remeasurement gain (loss)	890,646	(3,463,746)
Balance, end of year	\$ 14,995,265	\$ 14,077,151

Cumulative remeasurement gains as at March 31, 2024 totalled \$3,593,675 (2023 - \$129,929).

10. Related party transactions:

The Foundation is an independent corporation without share capital which has its own board of directors. The Foundation was established to raise funds to support Holland Bloorview and its programs and capital needs. The Foundation is responsible for fundraising activities carried out on behalf of Holland Bloorview and donations or bequests made to Holland Bloorview are recorded as revenue by the Foundation.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Related party transactions (continued):

During the year, the Foundation granted \$13,938,586 (2023 - \$12,658,976) to Holland Bloorview to fund programs and capital expenditures. The balance due from the Foundation of \$2,493,213 (2023 - \$1,175,231) comprises grants payable from the Foundation and operating expenses paid by Holland Bloorview on behalf of the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

During fiscal 2022, the Foundation committed to \$11,000,000 in donations over the next 10 years to fund the Bloorview Research Institute growth strategy which includes the building expansion. As at March 31, 2024, the Foundation commitment is \$8,291,798 of unfunded Bloorview Research Institute growth strategy costs.

11. Pension plan:

Substantially all of the employees at Holland Bloorview are members of the Healthcare of Ontario Pension Plan, which is a defined benefit multi-employer contributory pension plan. The plan is accounted for as a defined contribution plan. Employer contributions made to the plan during the year by Holland Bloorview amounted to \$6,827,595 (2023 - \$5,606,533). These amounts are included in salaries and benefits expenses in the statement of revenue and expenses. The most recent actuarial valuation of HOOPP plan as at December 31, 2018 indicates the plan was fully funded on a going concern basis.

12. Centralized equipment pool:

Holland Bloorview is responsible for administering the provincial program that provides equipment on loan or lease as communication aids for people with disabilities. This equipment is accounted for in a manner similar to the treatment of prescription drugs and is expensed when prescribed. The amount charged to supplies and other expenses in the statement of revenue and expenses for the purchase of equipment for lease is \$2,592,101 (2023 - \$2,799,500). These costs are funded by the MOH.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Contingent liability:

Holland Bloorview is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC") and, therefore, has an economic interest in HIROC. HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the pool for the years in which they were a member. No such assessments have been made for the year ended March 31, 2024.

14. Financial risks and concentration of risk:

The Hospital is exposed to a variety of financial risks, including credit risk, market risk, interest rate risk and liquidity risk. The Hospital's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Hospital's financial performance. The Hospital is exposed to market risk with regards to its sinking fund investments, floating rate debt, which are regularly monitored.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. Holland Bloorview is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as they are required to provide care for patients regardless of their ability to pay for services provided.

Holland Bloorview assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure of credit risk to Holland Bloorview at March 31, 2024 is the carrying value of these assets.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

14. Financial risks and concentration of risk (continued):

(b) Market risk:

Market risk is the risk that the fair value of financial instruments or future cash flows associated with financial instruments fluctuate because of changes in market prices other than those arising from interest rate risk. Holland Bloorview is exposed to market risk through its investments.

As at March 31, 2024, Holland Bloorview's total exposure to other market risk is related to the fair value of their investments in the amount of \$60,029,918. Holland Bloorview's estimate of the effect on net assets as at March 31, 2024 due to a 5% increase or decrease in the fair value of investments, with all other variables held constant, would approximately amount to an increase or decrease of \$3,001,496. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) Interest rate risk:

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Holland Bloorview is exposed to interest rate risk as a result of cash balances. As at March 31, 2024, Holland Bloorview's estimate of the exposure to interest rate risk and the effect on net assets is not material.

(d) Liquidity risk:

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

The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

15. Statement of cash flows:

Change in non-cash operating working capital related to operations is as follows:

	2024	2023
Due from the Province of Ontario	\$ 4,187,524	\$ (4,967,103)
Accounts receivable	(1,071,378)	185,141
Other assets	148,773	(175,453)
Due from related parties	(1,317,982)	112,757
Accounts payable and accrued liabilities	2,020,804	3,689,229
Due to the Province of Ontario	(106,133)	911,069
	\$ 3,861,608	\$ (244,360)

16. Impact of Bill 124:

On November 29, 2022, the Ontario Superior Court rendered a decision to declare the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, known as Bill 124, to be void and of no effect. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for the years that were previously capped by the legislation. Ongoing impacts of the reopener provisions are reflected in the Hospital's current wage rates and are included in the reported amount of salaries and wages.

The MOH has provided the Hospital with funding to offset a portion of the cost of the retroactive wage adjustments, as well as ongoing impacts up to March 31, 2024.