Humber River Hospital
Financial Statements
For the year ended March 31, 2023

Contents

Tel: 289 881 1111
Fax: 905 845 8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Members of Humber River Hospital

Opinion

We have audited the financial statements of Humber River Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, remeasurement gains (losses), operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2023, and its results of operations 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 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 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 these 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 these financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Hospital'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 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 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 19, 2023

Humber River Hospital
Statement of Financial Position
(expressed in thousands)

	March 31, 2023 $	March 31, 2022 $ (Restated) (Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	**83,605**	105,283
Restricted cash and investments *[note 3]*	**135,462**	92,637
Accounts receivable *[note 5]*	**22,353**	28,329
Inventory	**5,996**	6,728
Prepaid expenses	**4,776**	4,680
Current portion of long-term receivable *[note 6]*	**10,703**	10,028
Total current assets	**262,895**	247,685
Long-term receivable *[note 6]*	**497,378**	508,081
Other non-current assets *[note 7]*	**7,222**	6,129
Interest rate swaps *[note 17]*	**5,857**	548
Capital assets *[note 8]*	**1,370,597**	1,333,250
	2,143,949	2,095,693
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities *[note 9]*	**193,965**	151,760
Current portion of long-term debt *[note 17]*	**4,198**	4,096
Current portion of MES lease obligation *[note 11]*	**10,186**	8,859
Current portion of long-term payable *[note 10]*	**10,826**	10,149
Legal defense fund *[note 16[ii]]*	**4,547**	4,947
Total current liabilities	**223,722**	179,811
Long-term debt *[note 17]*	**124,977**	129,138
Post-employment benefits *[note 12]*	**9,330**	8,709
MES lease obligation *[note 11]*	**6,373**	9,168
Long-term payable *[note 10]*	**521,942**	532,479
Asset retirement obligation *[note 13]*	**8,576**	8,266
Deferred capital contributions *[note 14b]*	**1,209,535**	1,197,220
Total liabilities	**2,104,455**	2,064,791
Commitments and contingencies *[note 16]*		
Net assets		
Unrestricted	**28,070**	26,216
Internally restricted	**5,384**	4,138
	33,454	30,354
Accumulated remeasurement gains	**6,040**	548
	2,143,949	2,095,693

On behalf of the Board:

_____________ Trustee _____________ Trustee

The accompanying notes are an integral part of these financial statements.

Humber River Hospital
Statement of Changes in Net Assets
(expressed in thousands)

For the year ended March 31			**2023** **$**	2022 $ (Restated) (Note 1)
	Internally Restricted	**Unrestricted**	**Total**	Total
Net assets, beginning of year	**4,138**	**26,216**	**30,354**	21,329
Adoption of asset retirement obligation *[note 1]*	**-**	**-**	**-**	(7,292)
Net assets, beginning of year restated	4,**138**	**26,216**	**30,354**	14,037
Excess of revenue over expenses for the year	**-**	**3,100**	**3,100**	16,671
Adoption of asset retirement obligation *[note 1]*	-	-	-	(354)
Excess of revenue over expenses for the year as restated	**-**	**3,100**	**3,100**	16,317
Interfund transfer	**1,246**	**(1,246)**	**-**	**-**
Net assets, end of year	**5,384**	**28,070**	**33,454**	30,354

The accompanying notes are an integral part of these financial statements.

Humber River Hospital
Statement of Remeasurement Gains (Losses)
(expressed in thousands)

For the year ended March 31	**2023** **$**	2022 $
Accumulated remeasurement gains (losses), beginning of year	**548**	(7,275)
Unrealized gains attributable to change in fair value		
Derivative interest rate swaps	**5,309**	7,823
Investments	**183**	-
Net remeasurement gains for the year	**5,492**	7,823
Accumulated remeasurement gains, end of year	**6,040**	548

The accompanying notes are an integral part of these financial statements.

Humber River Hospital
Statement of Operations
(expressed in thousands)

For the year ended March 31	**2023** **$**	2022 $ (Restated) (Note 1)
REVENUE		
Ministry of Health and Ontario Health *[note 2a]*	**553,489**	539,334
Patient services	**41,582**	36,369
Ancillary and other	**28,655**	21,803
Amortization of deferred capital contributions - equipment	**7,122**	6,460
	630,848	603,966
EXPENSES		
Salaries, wages and benefits	**414,782**	386,001
Medical and surgical supplies	**42,944**	37,630
Drugs and gases	**27,877**	27,762
Supplies and other expenses	**102,908**	105,498
Specifically funded programs	**17,937**	14,396
Amortization - equipment	**20,682**	19,439
	627,130	590,726
Excess of revenue over expenses for the year before other items	**3,718**	13,240
OTHER ITEMS		
Revenue allocated to buildings and innovation	**11,252**	13,736
Building amortization and interest, net *[note 14a]*	**(7,127)**	(6,561)
Interest on long-term debt	**(4,743)**	(4,098)
Excess of revenue over expenses for the year	**3,100**	16,317

The accompanying notes are an integral part of these financial statements.

Humber River Hospital
Statement of Cash Flows
(expressed in thousands)

For the year ended March 31	2023 $	2022 $ (Restated) (Note 1)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	**3,100**	16,317
Add (deduct) items not requiring cash		
Amortization	**65,421**	63,241
Amortization of deferred capital contributions	**(45,156)**	(44,144)
Amortization of deferred financing fee	**37**	37
	23,402	35,451
Net change in non-cash working capital balances related to operations *[note 18]*	**48,417**	31,498
Accrual for post-employment benefits	**621**	736
Accretion on asset retirement obligation	**310**	299
Cash provided by operating activities	**72,750**	67,984
FINANCING AND CAPITAL ACTIVITIES		
Deferred capital contributions received	**57,471**	116,611
Repayment of long-term debt	**(4,096)**	(4,002)
Purchase of capital assets	**(102,768)**	(113,018)
Decrease in long-term receivable	**10,028**	9,393
Increase in other non-current assets	**(1,093)**	(851)
Decrease in long-term payable	**(9,860)**	(13,154)
Payments on MES lease obligation, net	**(1,468)**	(638)
Cash used in financing and capital activities	**(51,786)**	(5,659)
INVESTING ACTIVITY		
(Decrease) increase in restricted cash and investments	**(42,642)**	23,629
Cash (used in) provided by investing activity	**(42,642)**	23,629
Net (decrease) increase in cash during the year	**(21,678)**	85,954
Cash and cash equivalents, beginning of year	**105,283**	19,329
Cash and cash equivalents, end of year	**83,605**	105,283

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Nature and purpose of organization

Humber River Hospital [the "Hospital"] is incorporated without share capital under the Corporations Act (Ontario). The Hospital provides a full range of secondary level care and selected regional services principally to the residents of northwest Toronto.

The Hospital is a charitable organization registered under the Income Tax Act (Canada) [the "Act"] and, as such, is exempt from income taxes. In order to maintain its status as an organization registered under the Act, the Hospital must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Basis of accounting and presentation

The financial statements of the Hospital have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

These financial statements do not include the activities of the following affiliated entities *[note 15]*:

- Humber River Hospital Foundation (The Foundation)
- Humber River Hospital Volunteer Association (The Volunteer Association)

These financial statements also do not include the assets, liabilities and results of operations of Humber Meadows Long-Term Care Home (Humber Meadows) as it maintains its own accounts and report separately from the Hospital to its own governing body. In accordance with PSAS, the Hospital has chosen not to consolidate but disclose summarized information into a note *[note 15]*.

Cash and cash equivalents

Cash and cash equivalents consist of bank accounts and term deposits held at a chartered bank. The Hospital considers all highly liquid investments that are cashable within 90 days to be cash equivalents. As at March 31, 2023, cash equivalents includes a term deposit of $30,408 [2022 - $67,774] with maturity date April 3, 2023 [2022 – between April 13, 2022 and May 16, 2022] and earns interest at 4.20% [2022 – between 0.40% and 0.70%].

These cash equivalents consist of term deposits that are recorded at fair value, which is considered to be cost plus accrued interest.

Inventory

Inventory is valued at the lower of cost, which is recorded on the first in first out basis, and net realizable value. Inventory consists of drugs, medical and general supplies that are used in the Hospital's operations and not for resale purposes.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition. Amortization of buildings, service equipment and equipment is provided on a straight-line basis over the assets' estimated useful lives at the rates indicated as follows:

Buildings and building service equipment	2% to 20%
Equipment	5% to 33%

MES capital lease

The Hospital entered into an agreement with General Electric Canada for long-term managed equipment services that includes new equipment, equipment replacement at specified periods in time 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 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.

Internally restricted net assets

Net assets internally restricted by the Board of Directors are for innovation projects. During the year, the Board approved the transfer of $1,246 [2022 - $4,138] to internally restricted.

Contributed services

The Humber River Hospital Volunteer Association volunteer numerous valuable 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (MOH) and the Ontario Health – Central Region (OH). The Hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) and Multi-Sector Service Accountability Agreement (M-SAA) for fiscal 2023 with OH that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by OH. The H-SAA and M-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, OH has the right to adjust funding received by the Hospital. OH is not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of OH funding received by the Hospital during the year may be increased or decreased subsequent to year end.

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants. Unrestricted contributions are recognized as revenue when received or if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in a subsequent period. These financial statements reflect agreed arrangements approved by the MOH and OH with respect to the year ended March 31, 2023.

Ancillary revenue and other revenue from patient services and ancillary revenue is recognized when services are performed or goods are delivered.

Except for amounts restricted for capital, which are recorded as deferred contributions, interest and income distributions from pooled funds and realized gains or losses attributed to investments are recorded in the statement of operations and unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

Employee benefit plans

[i] Multi-employer plan

Substantially all of the employees of the Hospital are eligible to be members of the Hospital of Ontario Pension Plan ["HOOPP" or the "Plan"], which is a multi-employer, defined benefit, final average earnings, contributory pension plan. This plan is accounted for as a defined contribution plan. The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

[ii] Accrued post-employment benefits

The Hospital provides defined retirement and post-employment benefits to certain employee groups. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment. The discount rate used in the determination of the above-mentioned liabilities is equal to the provincial cost of borrowing rate recommended by MOH.

Financial instruments

The Hospital is party to an interest rate swap agreement that manages the exposure to market risks from changing interest rates. At March 31, 2023, $117,218 [2022 - $120,784] is the outstanding amount advanced under this interest rate swap. HRH's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

Fair value

This category is comprised of cash and cash equivalents, restricted cash and investments and derivative instruments. These financial instruments are initially measured at cost and subsequently carried at fair value with changes in fair value recognized in the statement of changes in net assets. Changes in fair value of derivative instruments are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of changes in net assets. Transaction costs related to financial instruments in the fair value category are expensed as incurred. Changes in fair value on restricted assets are recognized as a liability until the restriction criterion has been met.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized cost

This category includes accounts receivable, long-term receivable, other non-current assets, accounts payable and accrued liabilities, legal defense fund, long-term debt and long-term payable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

(expressed in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Use of estimates

The preparation of the financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management believes that the estimates utilized in preparing the financial statements are reasonable and prudent; however, actual results could differ from those estimates. Areas of key estimation include determination of fair value for investments, allowance for doubtful accounts, useful lives of capital assets, asset retirement obligations and actuarial estimation of post-employment benefits.

Change in accounting policy

Effective April 1, 2022, the Hospital adopted new Public Sector Accounting Handbook Standard PSAS 3280 Asset Retirement Obligation. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires an adjustment to opening accumulated net assets and the liability is measured as of the date the legal obligation was incurred. However, the discount rate and assumptions used are those as of the first date of adoption. The change in accounting policy has been applied retroactively with restatement of prior year. The impact of the adoption of this standard was as follows:

	March 31, 2022 $	April 1, 2021 $
Increase in capital assets	620	674
Increase in asset retirement obligation *[note 13]*	8,266	7,967
Increase in building amortization and interest, net	354	343
Decrease in net assets	7,292	6,950

Asset retirement obligation

A liability for an asset retirement obligation is recognized when 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. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. COVID-19

(a) COVID-19 MINISTRY OF HEALTH FUNDING

In response to the ongoing COVID 19 pandemic, the MOH has announced funding programs to assist hospitals with incremental operating and capital costs, revenue decreases as a result of COVID 19, and working fund support. Additionally, as part of the broad based funding reconciliation, the MOH is allowing hospitals to reallocate surplus funding that otherwise would have been repayable from certain programs to offset budget constraints created by COVID-19.

Management's estimate of the Hospital's MOH revenue is based on guidance which continues to evolve and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. This guidance includes the maximum amount of funding potentially available to the Hospital, as well as the criteria for eligibility. As a result, there is measurement uncertainty associated with the MOH revenue related to COVID-19. In addition, as the funding is subject to review and reconciliation in subsequent periods, funding recognized as revenue during a period may be increased or decreased in subsequent periods.

(b) FINANCIAL IMPACTS OF COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Since March 2020, the Hospital has been making changes to certain volume-based programs, which had implications on its patient revenues and certain ancillary revenues. These services continue to be impacted under government-imposed restrictions. In addition, the Hospital has been incurring incremental expenses relating to the pandemic. The Ministry of Health has been providing funding for net incremental COVID-19 capital and operating expenses.

Based on funding and commitments received from the MOH to cover all incremental COVID-19 operational and capital costs, the Hospital recognized additional one-time revenues and capital grants for fiscal years 2022 and 2023. If the Hospital does not meet its performance standards or obligations, the Ministry has the right to adjust the COVID-19 funding received by the Hospital. The Ministry is not required to communicate the funding adjustments until after the submission of the year-end data. Therefore, the funding received for COVID-19 may be increased or decreased subsequent to year-end. The amount of revenue recognized in the financial statements represents management's best estimates of the amount earned during the year.

As the impacts of COVID-19 continue, there could be further impact on the Hospital, including its funding sources. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Hospital is not able to fully estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity at this time.

(expressed in thousands)

3. RESTRICTED CASH AND INVESTMENTS

In May 2000, the Hospital received from the Ontario Ministry of Health (MOH), an unconditional capital grant from the Superbuild Growth Fund for capital projects directed by the Health Services Restructuring Commission. The balance for the Superbuild fund at March 31, 2023 is $6,994 [2022 - $6,994].

Included in planning and capital grants is $10,000 received from MOH which is payable to the MOH for their share of Humber River's new hospital construction costs [*note 9*].

The Hospital received from MOH other planning and capital grants to assist with developing the Humber River Hospital's new hospital project, Finch Site Reactivation Centre and Church Site Reactivation Centre. In 2021, the Hospital received planning and capital grants from the Ministry of Long Term Care for the construction of a Long Term Care Home Facility [*note 8*]. The planning and capital grants balance at year end was $35,964 [2022 - $63,488].

The unspent portion of these grants are invested in term deposits, bankers' acceptances or current accounts bearing average interest rates ranging from 0.40% to 4.85% [2022 – 0.45% to 0.80%]. The interest income earned was $510 [2022 - $108].

The restricted cash and investments are summarized in the following continuity table:

	2023 **$**	2022 $
Legal defense fund	**6,333**	5,941
Planning and capital grants	**35,964**	63,488
Humber River Hospital sinking fund	**2,621**	2,545
Restricted investment fund	**22,828**	16,525
Innovation fund	**5,276**	4,138
	73,022	92,637
Unrestricted investment fund	**62,440**	-
	135,462	92,637

Legal defense fund:
Effective January 1, 2014, the Hospital entered into an arrangement with Health Care Insurance Reciprocal of Canada (HIROC) whereby the costs of investigating and defending any litigation claims are borne by the Hospital.

The Hospital has transferred funds to an account held by HIROC Management Limited (HML), as the Hospital's appointed agent, to fund expected payments. The cash balance of $6,333 [2022 - $5,941] is restricted to these payments.

Sinking fund:
Under the Development Accountability Agreement, the Hospital was required to establish a sinking fund, three months in advance of substantial completion, to pay for its share of the new hospital. The sinking fund trust account should contain at all times an amount equal to at least six months of long term debt interest costs and the Hospital's share of the annual service payments excluding facility management services. The Hospital's sinking fund, as at March 31, 2023, was $2,621 [2022 - $2,545] and is held in trust by Computershare.

(expressed in thousands)

3. RESTRICTED CASH AND INVESTMENTS (continued)

Unrestricted and restricted investment fund:
Unrestricted and restricted investment fund includes guaranteed investment certificates (GICs) and funds held by a custodian and managed under the direction of an investment manager. The investments are recorded at fair value and the components are as follows:

	2023 Fair Value $	2023 Cost $
Cash and cash equivalents	98	98
Fixed income securities	75,505	74,805
Money market fund	5,141	5,141
Guaranteed investment certificates	4,524	4,524
	85,268	84,568

Innovation fund:
Innovation fund consists of cash restricted for innovation projects.

4. FINANCIAL INSTRUMENT CLASSIFICATIONS

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2023		
	Fair Value	**Amortized Cost**	**Total**
	$	**$**	**$**
Cash and cash equivalents	-	83,605	83,605
Accounts receivable	-	22,253	22,253
Long-term receivable	-	508,081	508,081
Other non-current assets	-	7,222	7,222
Restricted cash and investments	135,462	-	135,462
Accounts payable and accrued liabilities	-	(193,965)	(193,965)
Legal defense fund	-	(4,547)	(4,547)
Long-term debt	-	(129,175)	(129,175)
Long-term payable	-	(532,768)	(532,768)
Interest rate swaps	5,857	-	5,857

(expressed in thousands)

4. FINANCIAL INSTRUMENT CLASSIFICATIONS (continued)

	2022		
	Fair Value	**Amortized Cost**	**Total**
	$	**$**	**$**
Cash and cash equivalents	-	105,283	105,283
Accounts receivable	-	28,329	28,329
Long-term receivable	-	518,109	518,109
Other non-current assets	-	6,129	6,129
Restricted cash and investments	92,637	-	92,637
Accounts payable and accrued liabilities	-	(151,760)	(151,760)
Legal defense fund	-	(4,947)	(4,947)
Long-term debt	-	(133,234)	(133,234)
Long-term payable	-	(542,628)	(542,628)
Interest rate swaps	548	-	548

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Restricted cash and investments	135,462	-	-	135,462
Interest rate swaps	-	-	5,857	5,857

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2023. There were also no transfers in or out of Level 3.

(expressed in thousands)

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2023 $	2022 $
Patient Receivables		
OHIP	**2,748**	2,700
WSIB	**209**	109
Third Party-Self Pay	**1,804**	1,028
Other Third Party	**4,534**	2,352
	9,295	6,189
Impairment allowance	**(466)**	(362)
Sub-total	**8,829**	5,827
Non-Patient Receivables	**11,107**	11,017
Receivable from MOH/OH	**2,164**	11,398
Receivable from HRH Foundation	**60**	27
Receivable from Humber Meadows	**193**	60
Balance, end of year	**22,353**	28,329

Included in accounts receivable is $5,617 [2022 - $6,285] relating to HST.

6. LONG-TERM RECEIVABLE

The Hospital has recorded a long-term receivable of $508,081 [2022 - $518,109] from MOH for the New Acute Care Hospital.

The long-term receivables are summarized in the following continuity tables.

	2023 $	2022 $
Long-term building receivable balance, beginning of year	**518,109**	527,503
Funds received	**(10,028)**	(9,394)
	508,081	518,109
Less: current portion	**(10,703)**	(10,028)
	497,378	508,081

Payments to the Hospital from MOH for the next five years and thereafter are as follows:

	$
2024	10,703
2025	11,422
2026	12,190
2027	13,008
2028	13,880
2029 and thereafter	446,878
	508,081

(expressed in thousands)

7. OTHER NON-CURRENT ASSETS

Included in Other non-current assets is a prepayment related to the lease of the land from Infrastructure Ontario for the New Acute Care Hospital. As at March 31, 2023, the amount of prepaid land lease is $7,014 [2022 - $6,129].

8. CAPITAL ASSETS

Capital assets consist of the following:

	2023 **$**		2022 $	
	Cost **$**	**Accumulated Amortization** **$**	Cost $	Accumulated Amortization $
			(Restated)	(Restated)
Land	**761**	**-**	761	-
Buildings & building service equipment	**1,515,968**	**376,845**	1,507,415	332,164
Equipment	**216,678**	**153,996**	203,408	137,172
Construction in progress	**168,031**	**-**	91,002	-
	1,901,438	**530,841**	1,802,586	469,336
Net book value		**1,370,597**		1,333,250

Substantial completion of the New Acute Hospital was May 11, 2015; however, the final completion certification of the project has not been issued. Any potential adjustment to the costs will be recorded on a prospective basis. Costs for the New Acute Hospital are included in buildings and building service equipment.

The Hospital was awarded an opportunity by the Ministry of Long-Term Care to develop a 320-bed long-term care home facility on its land at Finch Site location. The construction of the facility commenced December 2020. As of March 31, 2023, the Hospital has incurred total project costs of $162,496 [2022 - $87,832] which is included in construction in progress. The long-term care facility will be operated by Humber Meadows *[note 15]*.

A total of $3,916 [2022 - $3,680] of assets that are fully amortized and no longer in use were written off within the fiscal year.

Assets under capital lease *[note 11]* are included in equipment above as follows:

	2023 **$**		2022 $	
	Cost **$**	**Accumulated Amortization** **$**	Cost $	Accumulated Amortization $
Equipment under capital lease	**77,856**	**51,242**	70,148	44,196
Net book value		**26,614**		25,952

(expressed in thousands)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is $10,000 [2022 - $10,000] due to MOH related to construction costs and $75,680 [2022 - $67,995] of deferred revenue from the MOH, OH, Research and others.

10. LONG-TERM PAYABLE

Balance includes the following:

	2023	2022
	$	$
Due to PHCP [i]	**508,081**	518,109
Other PHCP payable [ii]	**12,651**	12,610
MOH deferred revenue [iii]	**10,073**	10,263
Other long-term payable [iv]	**1,963**	1,646
	532,768	542,628
Less: current portion	**10,826**	10,149
	521,942	532,479

[i] Based on the payment terms in the Plenary Health Care Partners ("PHCP") project agreement, the Hospital has recorded a long-term payable to PHCP in the amount of $508,081 [2022 - $518,109] and a long-term receivable of $508,081 [2022 - $518,109] from the MOH. These amounts are included in deferred capital contributions [*note 14*].

Payments to PHCP for the next five years and thereafter are as follows:

	$
2024	10,703
2025	11,422
2026	12,190
2027	13,008
2028	13,880
2029 and thereafter	446,878
	508,081

[ii] Other PHCP payable related to payments withheld based on the PHCP project agreement. These amounts are currently in discussion with Plenary and are not expected to be settled within a year.

[iii] MOH deferred revenue relates to funding received to cover transaction costs related to the amount due to PHCP. Amounts will be amortized over the term of the payable.

[iv] Other long-term payable related to the renovation and management of properties on the Church site location.

(expressed in thousands)

11. MES LEASE OBLIGATION

In fiscal 2016, the Hospital entered into a lease agreement for certain equipment under managed equipment services with General Electric Canada, which requires monthly payments of principal plus interest and maintenance costs. The lease has an interest rate of 8.05%, expiring at the equipment replacement dates, at which time the Hospital has the option to purchase the equipment.

The capital lease is recorded as follows:

	2023	2022
	$	$
MES lease obligation	**16,559**	18,027
Less: current portion	**10,186**	8,859
	6,373	9,168

The current portion represents payments to be made over the next 12 months. For a full repayment schedule related to the MES equipment contract. See Note 16 [iv].

Included in operations is $1,368 [2022 - $1,367] related to interest on this lease obligation.

12. EMPLOYEE BENEFIT PLANS

[a] Multi-employer plan

Substantially all of the employees of the Hospital are eligible to be members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due. Contributions made to the plan during the year by the Hospital amounted to $22,920 [2022 - $22,484]. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2022 disclosed net assets available for benefits of $103,674 with pension obligations of $92,721, resulting in a surplus of $10,953.

[b] Post-employment benefits

The Hospital's non-pension post-employment benefit plans comprise medical, dental and life insurance coverage for certain groups of employees who have retired from the Hospital and are between the ages of 55 and 65. The most recent actuarial valuation of the plan was March 31, 2023.

	2023	2022
	$	$
Accrued benefit obligation	**12,274**	12,088
Unamortized experience loss	**(2,944)**	(3,379)
Accrued benefit liability	**9,330**	8,709

(expressed in thousands)

12. EMPLOYEE BENEFIT PLANS (continued)

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligations for the non-pension, post-employment benefit plans are as follows:

	2023	2022
	%	%
Discount rate	**4.04**	3.89
Dental cost trend rates	**3.00**	3.00
Extended Health care trend rates	**5.57**	5.57

13. ASSET RETIREMENT OBLIGATION

The Hospital's financial statements include an asset retirement obligation for legal liabilities associated with the removal or disposal of asbestos in buildings that will undergo major renovations or demolition and for removal of above and underground fuel tanks at the Hospital's Church and Finch campuses. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 3.75%. The estimated total undiscounted future expenditures are $13,176, which are to be incurred over 12 years.

The carrying amount of the liability is as follows:

	2023	2022
	$	$
Asset retirement obligation, beginning of year	**8,266**	7,967
Increase due to accretion expense	**310**	299
Asset retirement obligation, end of year	**8,576**	8,266

The land lease [*note 7*] agreement on the New Acute Care Hospital specifies that the Hospital may be required by the Landlord to demolish the premises and restore the land back to a level grade site at the time of the land lease expiration in 2114. Based on the lease agreement, the legal obligation to restore the land will only occur if the Landlord agrees that it will give notice to perform the land restoration if certain conditions are met. Given the high degree of uncertainty and considering the extent and nature of the land modification and how far in the future the decision will be made, the legal obligation is undeterminable and not accrued in the Hospital's financial statements.

(expressed in thousands)

14. DEFERRED CAPITAL CONTRIBUTIONS

a) In the Statement of Operations, building amortization and interest represents the amortization net of amortization of building deferred grants and the interest cost net of MOH funding as follows:

	2023 **$**	2022 $
		(Restated) (Note 1)
Building grant amortization	**38,034**	37,331
Amortization	**(45,161)**	(43,892)
	(7,127)	**(6,561)**
MOH Interest on long-term debt obligation related to building		
MOH funding of interest on building	**33,081**	33,697
MOH interest cost on building	**(33,081)**	(33,697)
Building amortization and interest, net	**(7,127)**	**(6,561)**

b) In the Statement of Financial Position, deferred capital contributions represent the unamortized amount, unspent amount of donations and grants received for the purchase of capital assets and any other adjustments. A total of $3,569 [2022 - $771] of grants related to fully amortized capital assets that were no longer in use were written off within the fiscal year. The change in deferred capital contributions is as follows:

	2023 **$**	2022 $
Deferred capital contributions, beginning of year	**1,197,220**	1,124,753
Add contributions/interest received/receivable for capital purposes		
MOH/OH	**11,774**	11,834
MLTC	**40,787**	98,984
Humber River Hospital Foundation and other	**4,910**	5,793
Less amortization of deferred capital contributions	**(45,156)**	(44,144)
Deferred capital contributions, end of year	**1,209,535**	1,197,220

As at March 31, 2023, there was $186,146 [2022 - $145,923] of deferred capital contributions received which were unamortized.

(expressed in thousands)

15. AFFILIATED ENTITIES

The Foundation is an independent corporation incorporated without share capital, which has its own Board of Directors and is a registered charity under the Income Tax Act. The Foundation receives and maintains funds for charitable purposes for the use of operations, renovations, maintenance and equipment of the Hospital.

At March 31, 2023, the Hospital has a receivable from the Foundation of $60 [2022 - $27]. As at March 31, 2023, the Foundation had total fund balances of $12,702 [2022 - $12,417]. Total funds received from the Foundation for fiscal 2023 amounts to $6,027 [2022 – $6,576].

The Volunteer Association, an independent organization, engages in fundraising activities to generate funds for the benefit of the Hospital. All amounts received from the Association are externally restricted for capital or operating purposes. As at March 31, 2023, the Association had net assets of approximately $548 [2022 - $619].

Humber Meadows is an independent corporation incorporated without share capital, which has its own Board of Directors and is a registered charity under the Income Tax Act. In partnership with the Ministry of Long-Term Care, Humber Meadows will operate a 320-bed long-term care home facility located at the Hospital's Finch Site campus *[note 8]*. The Hospital entered into a 30-year lease agreement with Humber Meadows for the use of the long-term care home facility and the land upon which it is located. As at March 31, 2023, the Hospital has a receivable from Humber Meadows of $193 [2022 - $60].

Humber Meadows has not been consolidated with HRH financial statements. A financial summary of Humber Meadows for the current and previous year is as follows:

	2023 **$**	2022 $
Financial Position:		
Total assets	**501**	8
Total liabilities	**539**	87
Net deficiency	**(38)**	**(79)**
Results of operations:		
Total revenue	**1,853**	-
Total expenses	**1,812**	79
Excess of expenses over revenue	**(41)**	**(79)**

16. COMMITMENTS AND CONTINGENCIES

[i] The Hospital is subject to various claims and potential claims. Where the potential liability is determinable, management believes that the ultimate disposition of the matters will not materially exceed insurance coverage in place. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any losses in excess of insurance coverage related to claims will be recorded in the year during which the liability is determinable.

[ii] The Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC), a pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined. Members are subject to assessment for losses, if

(expressed in thousands)

16. COMMITMENTS AND CONTINGENCIES (continued)

any, experienced by the pool for the year in which they were members. No assessments have been made to March 31, 2023, with respect to claims.

Effective January 1, 2014, the Hospital entered into an agreement with HIROC where the costs of investigating and defending litigation claims would be assumed by the Hospital. The Hospital has appointed HIROC Management Limited (HML) as the Hospital's appointed agent for such claims defense costs in accordance with an Agency Agreement. At March 31, 2023, a provision of $4,547 [2022 – $4,947] has been established.

[iii] The following is a schedule of service contract commitments for the next five years and thereafter:

	$
2024	27,503
2025	23,636
2026	21,184
2027	19,906
2028	15,847
2029 and thereafter	19,572
Total minimum commitments	**127,648**

In addition, there is a 30 year maintenance agreement for the new hospital that commenced upon substantial completion May 11, 2015. The commitment is $1,411,733 excluding HST. This includes financing costs during the operational term, including interest costs (net of interest earned) and fees of $685,820, lifecycle costs of $238,694, facilities management costs and other transaction costs during the operational term of $487,219.

The following schedule indicates the commitments by the MOH and the Hospital as at March 31, 2023:

	MOH $	Hospital $
Lifecycle costs	203,406	24,809
Interest	423,802	-
Maintenance	-	336,921
Other transactional costs	37,416	-
Balance, end of year	**664,624**	**361,730**

[iv] The Hospital has entered into a long-term managed equipment services contract with General Electric Canada over 15 years [*note 11*].

(expressed in thousands)

16. COMMITMENTS AND CONTINGENCIES (continued)

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

	$
2024	17,349
2025	18,182
2026	18,418
2027	18,657
2028	18,900
2029 and thereafter	48,309
	139,815

Included in the payments above is a total of $64,299 [2022 - $64,144] in interest and maintenance.

[v] Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal.

In September 2021, an arbitrator issued an interest arbitration award under the Hospital Labour Disputes Arbitration Act (HLDAA) for ONA, representing nurses employed by participating hospitals, related to the collective agreement ending March 31, 2023. This award contained a clause that stated the Board of Arbitration would "remain seized with respect to reopener on monetary proposals in the event that ONA is granted an exemption, or Bill 124 is declared unconstitutional by a court of competent jurisdiction, or the Bill is otherwise amended or repealed."

As a result of the November 29, 2022 Court decision, ONA returned to the arbitrator. On April 1, 2023, the arbitrator issued a Supplemental Award under the HLDAA, ordering an additional 0.75% wage increase effective April 1, 2020, an additional 1.0% increase effective April 1, 2021 and an additional 2.0% increase effective April 1, 2022.

The impact to the organization as a result of the Ontario Superior Court decision has been considered.

17. CREDIT FACILITIES

The Hospital has a $15,000 demand revolving credit facility, which bears interest based on the bank's prime rate minus 0.50%. $5,000 of this facility is available as a swing-line loan. As at March 31, 2023, the Hospital had not utilized this facility.

As part of the new acute site hospital project, the Hospital has entered into an agreement with the Bank of Montreal and the Toronto-Dominion bank to establish a committed non-revolving term loan in the maximum principal amount not to exceed $175,000. The term loan bears interest at the banks' prime rate minus 0.50%.

(expressed in thousands)

17. CREDIT FACILITIES (continued)

As at March 31, 2023, the Hospital has utilized $165,800 of this loan [2022 - $165,800] of which the total amount outstanding was $129,175 [2022 - $133,533]. $261 [2022 - $299] of transaction costs have been netted against this balance. Repayment commenced May 13, 2016. These funds were transferred to the Hospital's Sinking Fund [*note 3*] to pay for its share of the new acute care hospital.

Principal repayments for the next five years and thereafter are as follows:

	$
2024	4,198
2025	4,302
2026	19,228
2027	3,924
2028	4,024
2029 and thereafter	93,499
	129,175

On May 4, 2015, the Hospital entered into a series of interest rate swaps to finance its share of the new acute care hospital.

An interest rate swap in the amount of $20,000 with a maturity date of May 13, 2025 and a fixed interest rate of 2.65% was established. An interest rate swap in the amount of $10,000 with a maturity date of May 13, 2030 and a fixed interest rate of 2.99% was established. An interest rate swap in the amount of $10,000 with a maturity date of May 14, 2035 and a fixed interest rate of 3.16% was established. An interest rate swap in the amount of $100,000 with a maturity date of May 14, 2046 and a fixed interest rate of 3.26% was established. As of March 31, 2023, total unrealized gains of $5,857 [2022 - $548] have been recognized on the above interest rate swaps.

18. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

Net change in non-cash working capital balances related to operations consists of the following:

	2023 **$**	2022 $
Accounts receivable	**5,976**	11,952
Inventory	**732**	1,300
Prepaid expenses	**(96)**	(314)
Accounts payable and accrued liabilities	**42,205**	18,287
Legal defense fund	**(400)**	273
	48,417	31,498

19. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash, restricted cash and investments, accounts receivable and long-term receivable. The Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to $500 [2022 - $500].

(expressed in thousands)

19. FINANCIAL RISK MANAGEMENT (continued)

The Hospital's investment policy operates within the constraints of the investment guidelines issued by the MOH in relation to the funding agreements described in Note 1.

Accounts receivable are primarily due from Ontario Health Insurance Plan (OHIP), the MOH, OH, Canada Revenue Agency and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The long-term receivable is due from MOH relating to the new acute site hospital project [*note 6*] and the related credit risk is mitigated by the financial solvency of the provincial government.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital's historical experience regarding collections.

The amounts outstanding at **March 31, 2023** were as follows:

			Past Due			
	Total $	**Current $**	**31 - 60 days $**	**61 - 90 days $**	**91- 120 days $**	**121+ days $**
Gross receivables	22,819	15,336	4,402	1,278	849	954
Less: impairment allowance	(466)	-	-	-	-	(466)
Net receivables	22,353	15,336	4,402	1,278	849	488
Long-term receivables	508,081	508,081	-	-	-	-

The amounts outstanding at March 31, 2022 were as follows:

			Past Due			
	Total $	**Current $**	**31 - 60 days $**	**61 - 90 days $**	**91- 120 days $**	**121+ days $**
Gross receivables	28,691	19,539	3,969	1,890	2,777	516
Less: impairment allowance	(362)	-	-	-	-	(362)
Net receivables	28,329	19,539	3,969	1,890	2,777	154
Long-term receivables	518,109	518,109	-	-	-	-

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Hospital's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

19. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its interest bearing investments and the Hospital's credit facilities. The risk over interest bearing investments is mitigated by the fact that the Hospital only holds short-term deposits. The risk over interest bearing debt is mitigated by the use of interest rate swaps to fix the interest rate on the debt over a period of the obligation. As at March 31, 2023, a 1% fluctuation in interest rates, with all other variables being held constant, would have an estimated impact on the market value of the interest rate swaps of approximately $9,641 [2022 – $10,625].

Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. $99,183 [2022 - $63,713] of accounts payable and accrued liabilities is due within the next 6 months, and the remaining amount of $94,782 [2022 - $88,047] is due within a year. The long-term payable is based on the project agreement with PHCP and the amount is payable over 30 years as described in Note 10. Also see notes 11 and 17 for additional obligations.

20. COMPARATIVE FIGURES

The comparative information presented in the financial statements has been reclassified to conform to the current year's presentation.

21. SUBSEQUENT EVENT

With effect from May 23, 2023, the name of the Hospital was changed from Humber River Hospital to Humber River Health to reflect its growth into a truly integrated health system in the community it serves.