

Financial Statements of

ONGWANADA HOSPITAL

Year ended March 31, 2023

ONGWANADA HOSPITAL

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ongwanada Hospital

Opinion

We have audited the financial statements of Ongwanada Hospital (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets 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, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 accounting standards for not-for-profit organizations, 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.



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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 27, 2023

ONGWANADA HOSPITAL

Statement of Financial Position

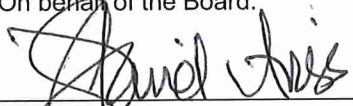
March 31, 2023, with comparative information for 2022


	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,947,379	\$ 14,223,629
Accounts receivable (note 2)	1,651,204	1,989,212
Prepaid expenses	172,025	152,813
Inventories	170,438	150,394
	<u>5,941,046</u>	<u>16,516,048</u>
Restricted assets:		
Board investments (note 12)	5,957,338	-
Supported individual safekeeping accounts		
Cash	464,316	469,012
Due to general account	<u>(26,053)</u>	<u>(15,344)</u>
	438,263	453,668
Capital assets (note 3)	9,156,882	8,999,264
Due from Ongwanada Non-Profit Housing Corporation (note 9(a))	10,036	79,963
	<u>\$ 21,503,565</u>	<u>\$ 26,048,943</u>

	2023	2022
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 5,911,760	\$ 6,899,029
Payable to Province of Ontario	-	3,795,896
Deferred revenue	103,445	209,405
Due from supported individual safekeeping account	(26,053)	(15,344)
	<u>5,989,152</u>	<u>10,888,986</u>
Employee future benefits liability (note 5)	6,595,100	7,192,000
Supported individuals' safekeeping accounts:		
Balances held in trust	438,263	453,668
Deferred capital contributions (note 6)	6,834,044	6,734,521
Net assets:		
Invested in capital assets (note 7(a))	3,817,838	3,902,259
Internally restricted	171,787	166,766
Unrestricted deficiency	(2,342,619)	(3,289,257)
	<u>1,647,006</u>	<u>779,768</u>
Contingent liabilities (note 10)		
	<u>\$ 21,503,565</u>	<u>\$ 26,048,943</u>

See accompanying notes to financial statements.

On behalf of the Board:


 _____ Member


 _____ Member

ONGWANADA HOSPITAL

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	Responsibility of Ministry of Children, Community and Social Services General programs	Responsibility of hospital	Plant and endowment fund	2023 Total	2022 Total
Revenue:					
Supported individual services:					
Approved funding	\$ 46,765,796	\$ -	\$ -	\$ 46,765,796	\$ 47,431,715
Other revenue	1,222,812	-	-	1,222,812	1,430,510
Offset revenue and recoveries:					
Group Living services	744,351	-	-	744,351	1,804,037
Community Participation services	92,960	-	-	92,960	145,153
General administration	137,370	-	-	137,370	31,363
Community health services	-	2,693,709	-	2,693,709	2,545,398
Interest	273,235	-	182,879	456,114	26,012
Donations	-	-	33,673	33,673	8,844
Amortization of deferred capital contributions (note 6)	-	-	350,467	350,467	420,558
Other income	102,109	42,199	-	144,308	106,375
	49,338,633	2,735,908	567,019	52,641,560	53,949,965
Expenses:					
Developmental care:					
Group Living services (schedule A)	38,045,167	-	-	38,045,167	36,919,055
Community Participation services (schedule B)	8,647,982	-	-	8,647,982	8,400,441
General administration (schedule C)	2,720,112	-	-	2,720,112	3,252,775
Community health services (schedule B)	-	2,265,960	-	2,265,960	2,566,857
Amortization of capital assets	-	-	673,414	673,414	509,390
Other expense	-	18,587	-	18,587	644
	49,413,261	2,284,547	673,414	52,371,222	51,649,162
MCCSS recovery	-	-	-	-	(2,319,705)
Excess (deficiency) of revenue over expenses	\$ (74,628)	\$ 451,361	\$ (106,395)	\$ 270,338	\$ (18,902)

See accompanying notes to financial statements.

ONGWANADA HOSPITAL

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Invested in capital assets	Internally restricted	Unrestricted	2023 Total	2022 Total
Balance (deficiency), beginning of year	\$ 3,902,259	\$ 166,766	\$ (3,289,257)	\$ 779,768	\$ (257,930)
Excess (deficiency) of revenue over expenses (note 7(b))	(322,947)	5,021	588,264	270,338	(18,902)
Net change in investment in capital assets (note 7(b))	238,526	–	(238,526)	–	–
Change in employee future benefits liability (note 5)	–	–	596,900	596,900	1,056,600
Balance (deficiency), end of year	\$ 3,817,838	\$ 171,787	\$ (2,342,619)	\$ 1,647,006	\$ 779,768

See accompanying notes to financial statements.

ONGWANADA HOSPITAL

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 270,338	\$ (18,902)
Items not involving cash:		
Amortization of deferred capital contributions	(350,467)	(420,558)
Amortization of capital assets	673,414	509,390
Change in non-cash operating working capital:		
Accounts receivable	338,008	(311,499)
Due from Ongwanada Non-Profit Housing Corporation	69,927	(65,868)
Prepaid expenses	(19,212)	15,559
Payable to Province of Ontario	(3,795,896)	2,319,452
Inventories	(20,044)	7,358
Accounts payable and accrued liabilities	(987,269)	842,954
Deferred revenue	(105,960)	(74,400)
Due from supported individual safekeeping account	(10,709)	(5,004)
	<u>(3,937,870)</u>	<u>2,798,482</u>
Financing activities:		
Increase in deferred capital contributions	449,990	195,164
Investing activities:		
Additions to capital assets	(831,032)	(93,195)
Purchase of investments	(5,957,338)	-
	<u>(6,788,370)</u>	<u>(93,195)</u>
Increase (decrease) in cash and cash equivalents	(10,276,250)	2,900,451
Cash and cash equivalents, beginning of year	14,223,629	11,323,178
Cash and cash equivalents, end of year	<u>\$ 3,947,379</u>	<u>\$ 14,223,629</u>

See accompanying notes to financial statements.

ONGWANADA HOSPITAL

Notes to Financial Statements

Year ended March 31, 2023

Ongwanada Hospital (the "Organization") was incorporated without share capital under the Ontario Corporations Act on November 23, 1945. The Organization is principally involved in providing support services to citizens with development disabilities in the rural and urban communities of South Eastern Ontario. The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

Under various Province of Ontario Acts and Regulations thereto, the Organization is funded primarily in accordance with budget arrangements established by the Ministry of Children, Community and Social Services (the "Ministry"). 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 relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2023.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Other supported individual revenue is recognized when the goods are sold or the service is provided.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Inventories:

Inventories are valued at the lower of cost and replacement cost.

(e) Capital assets:

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense as incurred. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Buildings and its components	2.5%
Furniture and equipment	20%
Vehicles	10%

The costs incurred for major capital projects are classified separately as construction-in-progress until the project is complete. When complete, the costs are transferred to the appropriate capital asset category.

(f) Compensated absences:

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Organization's benefit plans for vacation and sick leave.

(g) Employee future benefits:

The Organization uses the immediate recognition approach to account for its defined benefit plans. The Organization accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the non-pension post-retirement benefits. The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service, which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. The measurement date of the accrued benefit obligation coincides with the Organization's fiscal year. Actuarial gains (losses) that arise from changes in actuarial assumptions used to determine the accrued benefit obligation are recognized in the statement of changes in net assets.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(g) Employee future benefits (continued):

The Organization is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Organization has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2022 disclosed actuarial assets of \$103.4 billion with accrued pension liabilities of \$92 billion, resulting in a surplus of \$11 million. This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2022 based on the assumptions and methods adopted for the valuation.

(h) Use of estimates:

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

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to subsequently carry its investments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Accounts receivable:

	2023	2022
Trade receivables	\$ 1,355,232	\$ 1,715,743
Harmonized sales tax	329,648	338,818
Others	89,439	57,766
	1,774,319	2,112,327
Less: allowance for doubtful accounts	123,115	123,115
	\$ 1,651,204	\$ 1,989,212

3. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 911,723	\$ –	\$ 911,723	\$ 911,723
Buildings and its components	19,253,478	11,240,017	8,013,461	7,871,438
Furniture and equipment	3,570,302	3,563,093	7,209	50,603
Vehicles	1,487,818	1,263,329	224,489	165,500
	\$ 25,223,321	\$ 16,066,439	\$ 9,156,882	\$ 8,999,264

Cost and accumulated amortization of capital assets at March 31, 2022 amounted to \$24,397,566 and \$15,398,302, respectively.

Capital assets have been reviewed for full or partial impairment and management has determined there are no impairment losses to be recognized during the year (2022 - \$Nil).

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$538,860 (2022 - \$510,828), which includes amounts payable for harmonized sales tax and payroll-related taxes.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Employee future benefits:

The Organization provides extended health care, dental and life insurance benefits to its employees. An independent actuarial study of the employee future benefits has been undertaken. The most recent valuation of the employee future benefits was completed as at March 31, 2023.

At March 31, 2023, the Organization's accrued benefit obligation relating to post-retirement benefit plans is \$6,595,100 (2022 - \$7,192,000).

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

	2023	2022
Discount rate for calculation of accrued benefit obligation	4.90% per annum	3.10% per annum
Discount rate for calculation of net benefit costs	4.20% per annum	4.20% per annum
Salary escalation	2.50% per annum	2.50% per annum
Dental benefits escalation	3.00% per annum	3.00% per annum
Health benefits escalation	5.37% for 2022-2024, decreasing by 0.12% per year to an ultimate rate of 3.57%	5.37% for 2022-2024, decreasing by 0.12% per year to an ultimate rate of 3.57%

Information with respect to the Organization's post-retirement obligations is as follows:

	2023	2022
Accrued benefit obligation, beginning of year	\$ 7,192,000	\$ 8,248,600
Expense recognized for the year	500,100	488,800
Actuarial experience gain recognized	(449,800)	(915,400)
Benefits paid for the year	(647,200)	(630,000)
Accrued benefit obligation, end of year	\$ 6,595,100	\$ 7,192,000

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Deferred capital contributions:

Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2023	2022
Balance, beginning of year	\$ 6,734,521	\$ 6,959,915
Additional contributions received	449,990	195,164
Less amortization of deferred capital contributions	(350,467)	(420,558)
Balance, end of year	\$ 6,834,044	\$ 6,734,521

The balance of deferred contributions for capital assets consists of the following:

	2023	2022
Unamortized capital contributions used to purchase	\$ 5,339,044	\$ 5,097,005
Unspent contributions	1,495,000	1,637,516
Balance, end of year	\$ 6,834,044	\$ 6,734,521

7. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 9,156,882	\$ 8,999,264
Amounts financed by:		
Deferred contributions	(5,339,044)	(5,097,005)
	\$ 3,817,838	\$ 3,902,259

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Investment in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2023	2022
Excess of expenses over revenue:		
Amortization of deferred capital contributions	\$ 350,467	\$ 420,558
Amortization of capital assets	(673,414)	(509,390)
	<u>\$ (322,947)</u>	<u>\$ (88,832)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 831,032	\$ 93,195
Amounts funded by deferred contributions	(592,506)	(52,648)
	<u>\$ 238,526</u>	<u>\$ 40,547</u>

8. Pension plan:

Substantially all of the employees of the Organization are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. The Plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay

Contributions to the Plan made during the year by the Organization on behalf of its employees amounted to \$1,946,802 (2022 - \$1,775,391) and are included in the statement of operations.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2022 Annual Report indicates the plan is fully funded at 117%.

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Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Related entities:

(a) Ongwanada Non-Profit Housing Corporation:

The Organization currently controls Ongwanada Non-Profit Housing Corporation (the "Housing Corporation") by virtue of having common board members. The Board members of the Housing Corporation are also the Executive Committee members of the Organization's Board. In addition, general members of the Housing Corporation are board members of the Organization. The Housing Corporation is incorporated without share capital under the laws of Ontario to provide non-profit housing services and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

The Housing Corporation has not been consolidated in the Organization's financial statements. Financial statements of the Housing Corporation are available upon request. Financial summaries of this unconsolidated entity as at March 31, 2023 and March 31, 2022, and for the years ended March 31, 2023 and March 31, 2022, are as follows:

	2023	2022
Assets:		
Current	\$ 13,359	\$ 69,546
Replacement reserve fund	179,654	178,595
Capital assets	1,568,093	1,714,475
	<u>\$ 1,761,106</u>	<u>\$ 1,962,616</u>
Liabilities and fund balances:		
Current	\$ 177,738	\$ 254,792
Long-term	1,382,886	1,529,230
Replacement reserve fund	200,482	178,594
	<u>\$ 1,761,106</u>	<u>\$ 1,962,616</u>

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Related entities (continued):

(a) Ongwanada Non-Profit Housing Corporation (continued):

The amount owing to the Organization is composed of \$Nil (2022 - \$21,064) owing from the replacement reserve fund and \$10,036 (2022 - \$65,397) included in current liabilities.

	2023	2022
Revenue	\$ 476,830	\$ 480,778
Expense	476,830	480,778
Excess of revenue over expense	\$ -	\$ -

	2023	2022
Cash flows provided by (used in):		
Operating activities	\$ 146,343	\$ 176,629
Financing and investing activities	(146,343)	(176,629)
Increase in cash	\$ -	\$ -

The Housing Corporation follows an appropriate disclosed basis of accounting, under which the following accounting policies differ from those followed by the Organization:

- (i) Amortization of building and equipment is provided at an amount equivalent to the principal repayment of debt rather than being amortized over their useful lives.
- (ii) Capital assets purchased after initial project construction are reported as direct expenses of the replacement reserve fund rather than being capitalized on the statement of financial position and amortized over their useful life.
- (iii) Transfers to the replacement reserve fund are accounted for on the statement of operations, rather than as an interfund transfer on the statement of changes in net assets.

The Organization enters into transactions with the Housing Corporation in the normal course of operations.

The Organization leases certain residential properties from the Housing Corporation on a month-to-month basis. These properties are sublet to clients receiving support services from the Organization on the same terms and conditions.

The Organization provides project management and maintenance services to the Housing Corporation. In return for these services the Housing Corporation paid fees of \$67,260 (2022 - \$67,260) to the Organization.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Related entities (continued):

(a) Ongwanada Non-Profit Housing Corporation (continued):

During the year, the Organization provided temporary financing to the Housing Corporation to offset cash flow delays related to the timing of receipt of operating grants from the Ministry of Children, Community and Social Services. At March 31, 2023, a balance of \$10,036 was receivable from the Housing Corporation (2022 - \$79,963) and is reported on the statement of financial position. The balance has no fixed terms of repayment, is unsecured and is non-interest bearing.

(b) Kingston Regional Hospital Laundry Incorporated:

Kingston Regional Hospital Laundry Incorporated, a corporation incorporated under the laws of the Province of Ontario, provides laundry services, linen replacement, uniforms and other related laundry services to five hospitals in the Kingston region. The Organization exercises significant influence, but not control, over Kingston Regional Hospital Laundry Incorporated.

Kingston Regional Hospital Laundry Incorporated provides laundry services to the Organization based on rates reflecting the costs, expenses and disbursements incurred by them in the normal course of business relating to the provision of laundry services. The Organization contributes toward approved capital improvements and replacement costs incurred by Kingston Regional Hospital Laundry Incorporated. During the year, the Organization paid \$2,523 (2022 - \$3,476) to Kingston Regional Hospital Laundry Incorporated for laundry services.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

10. Contingent liabilities:

(a) Reciprocal:

On July 1, 1987, a group of health care organizations, (“subscribers”), formed Healthcare Insurance Reciprocal of Canada (“HIROC”). HIROC is registered as a Reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage of health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2023.

Since its inception in 1987, HIROC has accumulated an un-appropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the un-appropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivables from HIROC as of March 31, 2023.

(b) General:

The nature of the Organization's activities is such that there may be litigation pending at any time. With respect to claims at March 31, 2023 against the Organization, management believes there are valid defenses and appropriate insurance coverages in place. In the event any claims specifically are successful, management believes that such claims are not expected to have a material effect on the financial position of the Organization.

(c) Employment matters:

During the normal course of operation, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

11. Financial risk and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2022.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Financial risk and concentration of risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to accounts receivable and investments. The Organization assesses, on a continuous basis, accounts receivable and investments for impairment. The Organization provides for any amounts that are not considered collectible in an allowance for doubtful accounts as outlined in note 2.

(c) Investment risk:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk. The Organization mitigates these risks with an investment policy designated to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

(d) Market and interest rate risk:

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific entities which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

12. Board investment:

	2023	2022
Money market funds	2,410,913	–
Equities	1,646,934	–
Fixed income	1,196,801	–
Mutual funds	702,690	–
	5,957,338	–

In May 2022, the Board of Directors made the decision to invest funds into Scotia Wealth Management portfolio. Based on the investment strategy developed and approved by the Board of Directors, the funds will be invested and remain in such an investment until a decision is made to use the funds in accordance with Board policy.

ONGWANADA HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

13. Comparative information:

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

ONGWANADA HOSPITAL

Expenses of Developmental Care (Group Living Services)

SCHEDULE A

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
High support - 24-hour nursing:		
Barclay	\$ 1,130,355	\$ 1,180,179
Elizabeth	908,841	830,765
High support:		
Baxter	1,074,226	896,756
Sydenham	1,305,792	1,383,380
James	827,465	806,324
Wilson	423,894	645,895
Respite:		
Henrietta	862,897	973,447
Out of home	23,085	15,343
Low support:		
Dundas	9,159	10,665
Seaforth	873,176	911,981
Inverness	706,231	817,288
Douglas	805,878	759,434
Portsmouth	696,165	834,590
Montreal South	763,864	670,479
Montreal North	825,391	587,252
Mulcaster	754,008	606,401
Prince Charles	820,043	713,998
Richard	589,888	779,114
Church	790,141	778,584
Robinson	758,560	645,000
Cunningham	694,115	698,609
Henry	694,376	614,599
McKeown	732,622	698,828
Grosvenor	809,874	735,845
Muirfield	36,193	725,591
Mowat	815,049	868,630
Clinical:		
Sunnyside complex care home	2,085,781	1,800,095
Gore Road complex care home	1,586,275	1,468,148
Haig Road complex care home	1,558,035	1,454,038
Cassidy Street complex care home	40,753	201,423
Home share	1,619,916	1,745,198
Joint Service Agreements	8,878,322	8,064,832
Residential administration and support:		
Administration	2,094,680	1,732,183
Clinical lab	14,565	11,621
Clinical records	488,226	427,500
Dietary	197,599	225,864
Scheduling	366,577	310,087
Transportation	383,150	289,089
	\$ 38,045,167	\$ 36,919,055

ONGWANADA HOSPITAL

Expenses of Developmental Care (Community Participation Services)

SCHEDULE B

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Housekeeping	\$ 304,711	\$ 316,875
Laundry and linen	6,736	3,476
Maintenance - Resource Centre	1,235,373	1,519,172
Maintenance - Crescent Centre	97,576	35,057
Maintenance - Balsam Grove	47,926	66,705
Maintenance - Napanee	29,770	-
Continuing education	631,634	590,591
Chaplaincy	48,450	79,906
Medical associates	264,423	221,600
Radiology *	20,249	78,094
Cytogenetics	120,324	120,324
Pharmacy *	2,245,711	2,488,763
Clinical services	1,169,774	1,034,019
Hydrotherapy	327,536	260,297
Crescent community services	1,685,091	1,715,434
Psychology	458,476	419,126
Behavior management	448,813	422,188
Social services	406,176	370,881
Volunteer services	40,873	19,081
Client facilitation	487,506	396,567
Planning and vocational services	218,820	227,773
Community network of specialized care	617,994	581,369
	<u>\$ 10,913,942</u>	<u>\$ 10,967,298</u>

*Effective April 1, 2016, Pharmacy & Radiology were excluded from Ministry responsibility

Responsibility of Ministry of Children, Community and Social Services	\$ 8,647,982	\$ 8,400,441
Responsibility of Board	2,265,960	2,566,857
	<u>\$ 10,913,942</u>	<u>\$ 10,967,298</u>

ONGWANADA HOSPITAL

Expenses of Developmental Care (General Administration)

SCHEDULE C

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Administration	\$ 909,280	\$ 1,126,932
Financial services	778,364	886,876
Human resources	502,050	616,918
Occupational health and safety	170,833	193,607
Management information system	359,585	428,442
	<u>\$ 2,720,112</u>	<u>\$ 3,252,775</u>