

Trillium Health Partners

Financial Statements

March 31, 2025



Independent auditor's report

To the Board of Directors of Trillium Health Partners

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Trillium Health Partners (the Hospital) as at March 31, 2025 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Hospital's financial statements comprise:

- the statement of financial position as at March 31, 2025;
- the statement of operations for the year then ended;
- the statement of remeasurement gains and losses 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
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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.



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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 6, 2025

Trillium Health Partners

Statement of Financial Position

As at March 31, 2025

(in thousands of dollars)

	2025 \$	2024 \$
Assets		
Current assets		
Cash	72,323	229,454
Restricted cash and cash equivalents (note 4)	4,236	4,236
Short-term investments (note 4)	1,116	1,216
Accounts receivable		
Ministry of Health and other ministries (notes 13 and 16)	207,165	88,787
Other	74,531	48,735
Inventories	13,821	13,839
Prepaid expenses	15,018	15,069
	388,210	401,336
Long-term accounts receivable Ministry of Health (notes 13 and 16)	264,216	108,807
Capital assets (note 5)	2,159,336	1,684,591
Other long-term assets	11,577	11,311
Long-term investments (note 4)	41,124	37,158
	2,864,463	2,243,203
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	240,237	259,939
Deferred revenue and due to Ministry of Health and other ministries	31,308	56,888
Deferred contributions	10,286	8,186
Provincial capital grant	4,236	4,236
Current portion of long-term debt (note 8)	1,358	1,293
Current portion of obligation – building (note 13)	27,051	-
Current portion of asset retirement obligation (note 9)	-	2,424
	314,476	332,966
Long-term debt (note 8)	218,607	219,935
Asset retirement obligation (note 9)	36,417	36,406
Long-term obligation – building (note 13)	416,377	152,301
Employee future benefits (note 10)	36,190	36,839
Legal defense liability (note 12)	6,392	5,771
Deferred capital grants and contributions (note 7)	1,634,664	1,221,023
	2,663,123	2,005,241

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

Trillium Health Partners

Statement of Financial Position ...continued

As at March 31, 2025

(in thousands of dollars)

	2025 \$	2024 \$
Net Assets		
Investment in capital assets (note 7)	384,403	321,681
Internally restricted – major initiatives	17,424	17,424
Internally restricted – other	45,848	45,848
Unrestricted	(250,787)	(150,673)
	196,888	234,280
Accumulated remeasurement gains	4,452	3,682
	2,864,463	2,243,203
Contingencies, guarantees and commitments (notes 12 and 13)		

Approved by the Board of Directors



Director



Director

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

Trillium Health Partners

Statement of Operations

For the year ended March 31, 2025

(in thousands of dollars)

	2025 \$	2024 \$
Revenue		
Ministry of Health and other ministries (note 3)	1,362,615	1,309,650
Other agencies and patient revenue	125,359	119,344
Service recoveries, retail and ancillary revenues	176,243	142,780
Amortization of deferred capital grants and contributions – equipment	8,327	11,920
Investment income	4,617	10,956
Special programs – Ministries of Health and Community and Social Services	53,116	44,593
	<u>1,730,277</u>	<u>1,639,243</u>
Expenses		
Salaries, wages and employee benefits (note 3)	1,128,684	1,050,286
Medical and surgical supplies	130,453	115,732
Drug supplies	107,225	92,550
Facilities, maintenance and other operating expenses	287,974	270,256
Amortization – equipment	38,317	38,790
Special programs – Ministries of Health and Community and Social Services	53,100	44,578
	<u>1,745,753</u>	<u>1,612,192</u>
(Deficit) surplus of revenue over expenses before the undernoted	<u>(15,476)</u>	<u>27,051</u>
Amortization of deferred capital grants and contributions – building	32,203	29,574
Amortization – buildings and land improvements	(47,491)	(44,710)
Gain on settlement of asset retirement obligation	1,863	-
Interest on long-term debt	<u>(8,491)</u>	<u>(8,553)</u>
	<u>(21,916)</u>	<u>(23,689)</u>
(Deficit) surplus of revenue over expenses for the year	<u>(37,392)</u>	<u>3,362</u>

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

Trillium Health Partners

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2025

(in thousands of dollars)

	2025 \$	2024 \$
Accumulated remeasurement gains – Beginning of year	<u>3,682</u>	<u>762</u>
Unrealized gains attributable to Long-term investments	1,424	1,826
Amounts reclassified to statement of operations Realized (losses) gains of long-term investments sold in the year	<u>(654)</u>	<u>1,094</u>
Net remeasurement gains for the year	<u>770</u>	<u>2,920</u>
Accumulated remeasurement gains – End of year	<u>4,452</u>	<u>3,682</u>

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

Trillium Health Partners
Statement of Changes in Net Assets
For the year ended March 31, 2025

(in thousands of dollars)

	2025				2024
	Investment in capital assets \$ (note 7)	Internally restricted – major initiatives \$	Internally restricted – other \$	Unrestricted \$	Total \$
Balance – Beginning of year	321,681	17,424	45,848	(150,673)	234,280
(Deficit) surplus of revenue over expenses for the year	(43,446)	-	-	6,054	(37,392)
Investment in capital assets	560,554	-	-	(560,554)	-
Repayment of long-term debt	1,293	-	-	(1,293)	-
Capital assets acquired through long-term debt	(1,508)	-	-	1,508	-
Deferred capital grants and contributions received or receivable	(454,171)	-	-	454,171	-
Funding for land acquisitions	-	-	-	-	(116)
Other interfund transfers	-	-	-	-	(6)
Balance – End of year	384,403	17,424	45,848	(250,787)	196,888

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

Trillium Health Partners

Statement of Cash Flows

For the year ended March 31, 2025

(in thousands of dollars)

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
(Deficit) surplus of revenue over expenses for the year	(37,392)	3,362
Add (deduct) items not affecting cash		
Amortization of capital assets	85,808	83,500
Amortization of deferred capital grants and contributions (note 7)	(40,530)	(41,494)
Amortization of debenture transaction fees	31	31
Employee future benefits	(649)	(746)
Legal defense liability	621	(470)
Gain on settlement of asset retirement obligation	(1,863)	-
Reinvested investment income	(2,442)	(5,194)
Realized (losses) gains of long-term investments sold in the period	(654)	1,094
	2,930	40,083
Changes in non-cash operating items		
Accounts receivable	(66,938)	43,617
Inventories	18	(3,080)
Prepaid expenses	51	(1,156)
Other long-term assets	129	2,408
Accounts payable and accrued liabilities	(71,647)	(45,827)
Asset retirement obligation	11	53
Deferred contributions	2,100	(1,053)
Deferred revenue and due to Ministry of Health and other ministries	(25,580)	(12,991)
	(158,926)	22,054
Investing activities		
Proceeds from maturity of investment	-	50,000
Increase in other long-term assets	(395)	(904)
Decrease in restricted cash and cash equivalents	-	328
	(395)	49,424
Capital activities		
Acquisition of capital assets	(217,482)	(269,932)
Settlement of asset retirement obligation	(561)	-
	(218,043)	(269,932)
Financing activities		
Deferred capital grants and contributions received	221,526	153,094
Funding for land acquisitions	-	(116)
Repayment of long-term debt	(1,293)	(1,232)
	220,233	151,746
Decrease in cash during the year	(157,131)	(46,708)
Cash – Beginning of year	229,454	276,162
Cash – End of year	72,323	229,454
Non-cash transactions		
Changes in accounts receivable related to accrued deferred capital grants and contributions	(232,645)	(135,858)
Changes in accounts payable and accrued liabilities related to additions of capital assets	51,945	5,322
Changes in long-term obligation – building related to additions of capital assets (note 13)	291,127	152,301

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

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

1 Operations

Trillium Health Partners (the Hospital) provides a broad array of healthcare services in the City of Mississauga and surrounding communities. These services are provided at the Credit Valley Hospital site, the Mississauga Hospital site, the Queensway Health Centre site as well as several other satellite sites. The Hospital 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.

The Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (the Ministry). The Hospital Service Accountability Agreement (HSAA) sets out the performance standards and obligations of the Hospital and establishes acceptable results for the Hospital's performance.

2 Summary of significant accounting policies

Financial statement presentation

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting (PSA) Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Hospital has chosen to use the standards for not-for-profit organizations that include Sections PS 4200 to 4270. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements include the assets, liabilities and activities of the Hospital.

The financial statements do not include the assets, liabilities or operations of Trillium Health Partners Foundation (the Foundation) as this organization is not controlled by the Hospital (note 11).

Internally restricted – major initiatives

The Board of Directors of the Hospital internally restricts net assets for strategic initiatives such as replacement of the Hospital's information systems, advancing the Hospital's planning and redevelopment and funding the Hospital's share of Ministry-approved capital, research and innovation projects.

Internally restricted – other

The Hospital internally restricts net assets to be used for specific purposes including education and innovation.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Hospital is funded primarily by the Province of Ontario in accordance with funding arrangements established by the Ministry. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period. These financial statements reflect management's best estimates of funding arrangements with the Ministry. The Hospital has entered into an accountability agreement with the Ministry, which requires the Hospital to meet certain financial and non-financial performance indicators.

All investment income that is unrestricted is recognized when earned.

Contributions received in the form of donations and grants for specific capital expenditures are initially deferred and recorded as deferred capital contributions. These deferred capital contributions are realized in revenue on the same basis as the amortization of the cost of the related capital assets.

Revenue from other agencies and patients relates to the provision of healthcare services to patients with Canadian federal and provincial health insurance plans, third party insurance health plans and patients not covered by a health insurance plan. The Hospital differentiates between revenue arising from transactions that include performance obligations and those that do not. Revenue from patient care and other ancillary services is recognized when services are performed or goods are delivered. Revenue from transactions with no performance obligations is recognized when the Hospital has the authority to claim or retain the revenue and an event has happened that gives the Hospital the right to the revenue. The amount of revenue from transactions with no performance obligations is recognized at its realizable value when received or receivable.

Contributed materials and services

A substantial number of volunteers contribute a significant amount of time each year to the Hospital.

Due to the difficulty in determining the fair value of these contributed services received directly by the Hospital, these volunteered/contributed services are not recognized or disclosed in the financial statements.

Financial instruments

Financial instruments are financial assets or liabilities of the Hospital that, in general, provide the Hospital the right to receive cash or another financial asset from another party or require the Hospital to pay another party cash or other financial assets.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

All financial instruments reported on the statement of financial position of the Hospital are classified as follows:

Cash	amortized cost
Restricted cash and cash equivalents	amortized cost
Short-term investments	fair value
Accounts receivable	amortized cost
Long-term investments	fair value
Accounts payable and accrued liabilities	amortized cost
Due to/from the Ministry and other ministries	amortized cost
Long-term debt	amortized cost
Provincial capital grant	amortized cost
Obligation – building	amortized cost

Transaction costs on assets measured at fair value are expensed as incurred. Transaction costs incurred in relation to the issuance of long-term debt are netted against the amortized cost.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. The Hospital's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

The Hospital does not hold or issue derivative financial instruments for trading or speculative purposes.

Inventories

Inventories are recorded at the lower of average cost or net replacement value.

Capital assets

Capital assets are recorded at cost. Betterments that extend the estimated life of an asset are capitalized. Contributed capital assets are recorded at fair value at the date of contribution. Maintenance, renovations, repairs and minor replacements to maintain normal operating efficiency are expensed as incurred. Amortization is recorded on a straight-line basis at the following annual rates based on the estimated useful lives of the assets:

Land improvements	2% – 20%
Buildings	2% – 10%
Equipment and information systems	5% – 33%

Construction-in-progress is comprised of direct construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

Impairment of long-lived assets

An impairment charge is recorded for long-lived assets when a capital asset no longer has any long-term service potential. The impairment loss is calculated as the difference between the net carrying value of the asset over any residual value.

Short-term investments

Short-term investments comprise short-term deposits or guaranteed investment certificates that are non-redeemable.

Long-term investments

Equity and fixed income securities are carried at fair value. The fair value of securities that are actively traded is valued at the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. Unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

Joint venture

Investments in jointly controlled entities are accounted for using the modified equity method, whereby the investment is initially recorded at cost and adjusted thereafter to recognize the Hospital's share of the jointly controlled entity's net surplus or deficit for its fiscal year ending within the Hospital's fiscal year. Any distributions received are accounted for as a reduction in the investment.

Pension plan

Employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer best five consecutive year average pay defined benefit pension plan. Defined contribution accounting is applied to HOOPP since it is a multi-employer defined benefit pension plan and, therefore, the Hospital expenses contributions to the plan in the year the contributions are due.

Employee future benefits

For other non-pension defined benefit plans, the cost of post-employment benefits earned by employees is actuarially determined using the accrued benefit method, pro-rated on service, and management's best estimate of salary escalation (where applicable), retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation is determined by reference to the rate of return on provincial government and corporate bonds for varying durations based on the cash flows expected from the post-employment benefit obligations. Actuarial gains and losses are amortized over the remaining service lives of the employees. Past service costs relating to plan amendments are expensed when incurred.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

Asset retirement obligation

The Hospital has legal obligations associated with the retirement from service of buildings and equipment. The Hospital recognizes obligations in relation to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset if a reasonable estimate of the obligation can be made.

Asset retirement obligations are measured based on the best estimate of directly attributable expenditures required to settle the obligation. These costs include post-retirement operation, maintenance and monitoring costs that are required after the asset has been removed from service. The amount of the obligation is added to the carrying amount of the associated asset and amortized on a straight-line basis over the estimated remaining useful life of the asset. Asset retirement obligations are reviewed at each statement of financial position date and adjusted based on the facts and circumstances available at that time. Changes to the estimated timing or amount of future asset retirement obligation costs are recognized in the statement of financial position. Once the related tangible capital asset is no longer in productive use, all the subsequent changes in the estimate of the liability for asset retirement obligations and any new obligation that arises in respect of the asset's disposal are recognized as an expense or a gain in the period in which the changes occur.

Measurement uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

A portion of the revenue recognized from the Ministry requires estimation. The Hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Hospital by the Ministry for the year ended March 31, 2025. The accountability agreements set out certain performance standards and obligations 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 as set out in the agreements or in specific funding letters, the Ministry has the right to adjust funding received by the Hospital. The Ministry 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 the Ministry funding received during a year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts relating to funding that are reasonably assured of being received and approved.

Actual results could differ from those estimates. Accounts requiring significant estimates include collectibility of accounts receivable, accrued and contingent liabilities, deferred revenue, recoverability and useful lives of capital assets, asset retirement obligations, deferred capital grants and contributions and employee future benefits. Employee future benefits liabilities are subject to measurement uncertainty because actual results may differ significantly from the Hospital's best long-term estimate of expected results. For example, the difference between actual results and actuarial assumptions regarding health-care cost trend rates for retiree benefits may be significant.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

Future accounting standards

In December 2022, PSAB issued The Conceptual Framework for Financial Reporting in the Public Sector, which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards. The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026, with early application permitted. The Hospital is currently assessing the impact of this new standard.

In October 2023, PSAB issued PS 1202, Financial Statement Presentation, along with certain other consequential amendments that replaces Section PS 1201, Financial Statement Presentation. The new and amended standards include changes to the presentation of financial statements. The new standards are effective for fiscal years beginning on or after April 1, 2026, with early application permitted if the Conceptual Framework is adopted at the same time. The Hospital is currently assessing the impact of this new standard.

3 Financial implications associated with the repeal of Bill 124 and other labour arbitration awards

On November 29, 2022, the Ontario Superior Court declared Bill 124 as void and, therefore, struck down in its entirety in its application to both the unionized and non-unionized employees to whom it applied. A number of arbitrations subsequent to March 31, 2023 awarded additional increases in wages for the period from April 1, 2020 to March 31, 2023 to certain employees. In addition, arbitration awards for the period from April 1, 2023 to March 31, 2024 resulted in further wage increases for unionized employees and equitable wage increases for non-unionized employees.

As a result, the Hospital recorded additional salaries, wages and employee benefit expenses of \$91,598 (2024 – \$95,395) related to these retroactive and ongoing wage increases for the Hospital's unionized and non-unionized employees. In fiscal 2025, Ministry funding of \$91,163 (2024 – \$127,973) was received to partly support these additional retroactive and ongoing employee salary and benefit obligations. The Ministry funding support received in 2024 related to the additional salaries, wages and employee benefit expenses incurred in 2023 and 2024. This Ministry funding is included within Ministry of Health and other ministries revenue on the statement of operations.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

4 Investments, restricted cash and cash equivalents

	2025 \$	2024 \$
Short-term investments and cash equivalents	1,116	1,216
Restricted cash and cash equivalents	4,236	4,236
	<u>5,352</u>	<u>5,452</u>
Investment in Credit Valley Trillium ProResp Inc.	198	198
Fixed income securities	20,123	17,428
Equity securities	20,803	19,532
	<u>41,124</u>	<u>37,158</u>
Long-term investments	<u>46,476</u>	<u>42,610</u>

The Hospital has a joint venture agreement with Professional Respiratory Home Care Service Corp., contributing \$0.1 for a 50% interest in Credit Valley Trillium ProResp Inc. As at March 31, 2025, the investment was \$198 (2024 – \$198). The Hospital has a management services agreement with Credit Valley Trillium ProResp Inc. to provide supervisory and management services in return for a management fee. Management fee income of \$350 (2024 – \$350) has been included in the statement of operations as other income.

The Hospital invested \$40,926 (2024 – \$36,960) in equity and fixed income security investments. These funds are internally restricted for the repayment of the unsecured series A debentures and have been classified as long-term investments accordingly.

The historical cost of equity securities amounted to \$17,733 (2024 – \$16,394) and the historical cost of fixed income securities was \$19,518 (2024 – \$17,515).

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

5 Capital assets

	2025		
	Cost \$	Accumulated amortization \$	Net \$
Land	42,154	-	42,154
Buildings and land improvements i)	1,614,562	626,740	987,822
Equipment and information systems	755,855	569,846	186,009
Construction-in-progress			
Peter Gilgan Mississauga Hospital site	378,203	-	378,203
Gilgan Family Queensway Health Centre site	542,927	-	542,927
Other construction-in-progress	19,328	-	19,328
	940,458		940,458
Other	2,893	-	2,893
	<u>3,355,922</u>	<u>1,196,586</u>	<u>2,159,336</u>
	2024		
	Cost \$	Accumulated amortization \$	Net \$
Land	42,154	-	42,154
Buildings and land improvements i)	1,517,083	579,851	937,232
Equipment and information systems	723,996	535,763	188,233
Construction-in-progress			
Peter Gilgan Mississauga Hospital site	291,685	-	291,685
Gilgan Family Queensway Health Centre site	210,558	-	210,558
Other construction-in-progress	11,836	-	11,836
	514,079		514,079
Other	2,893	-	2,893
	<u>2,800,205</u>	<u>1,115,614</u>	<u>1,684,591</u>

The Hospital is undergoing a broader redevelopment project, which includes both the Mississauga and Queensway sites, which will be the future Peter Gilgan Mississauga Hospital and the Gilgan Family Queensway Health Centre sites, respectively. These are projects approved and largely funded by the Ministry under the Hospital's infrastructure renewal plan known as Trillium HealthWorks.

Included in net buildings and land improvements are completed construction projects of the Hospital in the current and previous fiscal periods. These include an eight-storey parking facility at the Peter Gilgan Mississauga Hospital site, which became operational in November 2024, an eight-storey parking facility at the Queensway Health Centre, which became operational in February 2024, and a long-term care home located on Speakman Drive in Mississauga, which was completed in July 2023.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

Construction-in-progress includes Trillium HealthWorks capital redevelopment project costs, which include:

i) The Peter Gilgan Mississauga Hospital site

Costs under a development phase agreement with a development partner to develop the project requirements and the design of the Peter Gilgan Mississauga Hospital, other early works, site readiness and ancillary project costs are included in construction-in-progress for this site. Upon completion of the design phase, it is expected that in the summer of 2025, the Hospital will enter into a fixed-price project agreement with a partner for the construction of the new Peter Gilgan Mississauga Hospital.

ii) Gilgan Family Queensway Health Centre site

Costs under a fixed-price project agreement with a project partner to build the new Gilgan Family Queensway Health Centre in Etobicoke along with other ancillary project costs are included in construction-in-progress for this site.

6 Credit facilities

The Hospital has an available line of credit of \$100,000 (2024 – \$40,000) at the Royal Bank of Canada at prime rate minus 0.75%. As at March 31, 2025, \$5,401 (2024 – \$5,689) was utilized for letters of credit. As well, the Hospital has an available undrawn line of credit for leases of \$30,000 (2024 – \$13,000).

7 Deferred capital grants and contributions

Deferred capital grants and contributions include the unamortized balance of funding received from the Ministry for approved capital construction projects and the unamortized and unspent amounts of restricted donations from the Foundation and other sources, which were specified for and will be used for future capital asset acquisitions and development.

The changes for the year in the deferred balance reported in these funds are as follows:

	2025 \$	2024 \$
Balance – Beginning of year	1,221,023	973,565
Amortized to revenue during the year	(40,530)	(41,494)
Amount received or receivable	454,171	288,952
	<hr/>	<hr/>
Balance – End of year	1,634,664	1,221,023

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

The investment in capital assets comprises the following:

	2025 \$	2024 \$
Capital assets (note 5)	2,159,336	1,684,591
Amounts financed by deferred capital grants and contributions	(1,634,664)	(1,221,023)
Amounts financed by long-term debt	(140,269)	(141,887)
	<u>384,403</u>	<u>321,681</u>

8 Long-term debt

	2025 \$	2024 \$
Loan due on December 1, 2036, interest at 4.87%, requiring monthly principal and interest payments of approximately \$195, unsecured	20,995	22,288
Senior unsecured series A debentures at par value of \$200,000, net of unamortized transaction costs of \$1,029, due on December 20, 2058, interest at 3.702%, requiring principal repayment at maturity date	<u>198,970</u>	<u>198,940</u>
	219,965	221,228
Less: Current portion	<u>1,358</u>	<u>1,293</u>
	<u>218,607</u>	<u>219,935</u>

On December 1, 2006, the Hospital entered into a fixed rate unsecured loan agreement, in the amount of \$30,000, for a term of 30 years.

On December 20, 2018, the Hospital issued unsecured debentures through a private placement, primarily to fund the development and implementation of the new hospital information system. Interest is payable semi-annually on June 20 and December 20.

Total interest paid on long-term debt in the current year was \$8,491 (2024 – \$8,553).

Required principal repayments on the long-term debt are as follows:

	\$
2026	1,358
2027	1,425
2028	1,496
2029	1,571
2030	1,649
Thereafter	<u>212,466</u>
	<u>219,965</u>

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

9 Asset retirement obligation

The Hospital's asset retirement obligations include estimates of costs associated with post asset retirement activities, post asset retirement operation, maintenance and monitoring costs that are required after the asset has been removed from service.

The Hospital recognized a liability estimated as the present value of the future cash flows required to settle these asset retirement obligations.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation is as follows:

	2025 \$	2024 \$
Balance – Beginning of year	38,830	38,777
Accretion expense	11	53
Settlement of asset retirement obligation	(561)	-
Gain on settlement of asset retirement obligation	(1,863)	-
	<hr/>	<hr/>
Balance – End of year	36,417	38,830
Less: Current portion	-	2,424
	<hr/>	<hr/>
	36,417	36,406

10 Employee future benefits

Pension plan

HOOPP is a multi-employer best five consecutive year average pay defined benefit pension plan. Enrolment in HOOPP is mandatory for full-time staff on the hire date. Part-time employees may qualify for optional membership. Contributions made to the Plan during the year by the Hospital amounted to \$70,402 (2024 – \$67,827) and are included in salaries, wages and employee benefits in the statement of operations.

The most recent actuarial valuation as at December 31, 2024 indicated the plan is funded at 111%.

Employee future benefits

Certain employees of the Hospital are entitled to post-employment benefits. These include dental, extended health-care and life insurance post-retirement. The Hospital recognizes the present value of its obligation from these benefits as they are earned. The date of the last actuarial valuation was March 31, 2023.

On September 29, 2022, the Hospital announced the harmonization of post-employment benefits for its employees across the organization effective January 1, 2023. This resulted in a one-time reduction in the Hospital's accrued benefit obligation in 2024.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

The annual cost of employee future benefits is included in salaries, wages and employee benefits in the statement of operations.

	2025 \$	2024 \$
Accrued benefit obligation – Beginning of year	23,779	23,832
Interest on accrued benefits	1,127	1,093
Current period benefit cost	1,229	1,214
Benefit payments	(2,074)	(2,154)
Prior service costs	-	316
Actuarial losses (gains)	495	(522)
Accrued benefit obligation – End of year	24,556	23,779
Unamortized actuarial gains	11,634	13,060
Liability for post-retirement benefits – End of year	36,190	36,839
Expense recorded in the statement of operations		
Current period benefit cost	1,229	1,214
Amortization of actuarial gains – net	(931)	(899)
Recognition of unamortized actuarial gains – net	-	(316)
Prior service costs	-	316
Interest expense	1,127	1,093
	1,425	1,408

	2025	2024
Significant assumptions		
Discount rate – accrued benefit obligation (%)	4.5	4.7
Expected average remaining service years to retirement	16	16
	5% per annum in 2023 – 2027, decreasing to an ultimate rate of 3.57% per annum	5% per annum in 2023 – 2027, decreasing to an ultimate rate of 3.57% per annum
Dental cost trend rates		
	5.6% per annum in 2023 – 2027, decreasing to an ultimate rate of 3.57% per annum	5.6% per annum in 2023 – 2027, decreasing to an ultimate rate of 3.57% per annum
Extended health-care trend rates		

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

11 Related party transactions and balances

The Hospital has an economic interest in the Foundation. The Foundation raises funds to support operating initiatives and capital projects of the Hospital. The Hospital does not exercise control or significant influence over the Foundation; consequently, the financial statements do not include the assets, liabilities and activities of the Foundation.

Related party transactions during the year with the Foundation not separately disclosed in the financial statements include the following:

	2025 \$	2024 \$
Capital grants and contributions received during the year	2,001	2,113
Operating contributions	11,013	6,654
	<hr/> 13,014	<hr/> 8,767

The Hospital provides the Foundation with information technology support and payroll administration services at no cost. Salaries, benefits and certain miscellaneous expenses are paid by the Hospital and are reimbursed by the Foundation. During the year, reimbursements made by the Foundation for these expenses were \$7,760 (2024 – \$7,100).

Any accounts receivable with the Foundation are settled monthly through the collection of monies from the Foundation. As at March 31, 2025, there was \$2,137 (2024 – \$527) outstanding and recorded in other accounts receivable in the statement of financial position.

In April 2025, the Foundation provided the Hospital with a \$50,000 contribution towards the broader redevelopment project, Trillium HealthWorks.

The Hospital leases the long-term care home on Speakman Drive in Mississauga to Partners Community Health (PCH). PCH is a not-for-profit charitable corporation, whose mandate is to bring seniors' health-care services to the people living in Mississauga and West Toronto. The Hospital is the sole voting member of PCH.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

The summary of financial statement balances for this non-consolidated entity as at March 31 is as follows:

	2025 \$	2024 \$
Financial position		
Total assets	25,352	25,163
Total liabilities	(27,916)	(29,418)
Net assets	(2,564)	(4,255)
Results of operations		
Total revenue	79,525	45,484
Total expenses	(77,835)	(45,390)
Surplus for the year	1,690	94

There were cash inflows of \$654 (2024 – \$8,632) from operating activities, outflows of \$147 (2024 – \$196) from capital activities and outflows of \$250 (2024 – \$nil) from financing activities.

As at March 31, 2025, PCH owed the Hospital \$3,918 (2024 – \$3,740).

12 Contingencies and guarantees

The Hospital is a member of the Healthcare Insurance Reciprocal of Canada (HIROC) and, therefore, has an economic interest in HIROC. HIROC is a not-for-profit insurance reciprocal. All members of the reciprocal pay annual premiums, which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the reciprocal for the years in which they are members, and these losses could be material. No reassessments have been made to March 31, 2025.

Since its inception in 1987, HIROC has accumulated an unappropriated 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 who 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 unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC.

Effective January 1, 2015, the Hospital entered into an agreement with HIROC Management Limited whereby HIROC will continue to provide indemnity insurance to the Hospital; however, the cost of investigating and defending any litigation claim will be paid by the Hospital. The Hospital has appointed HIROC Management Limited to act as agent for the Hospital for such claims, in accordance with an agency agreement. Costs associated with claims arising prior to January 1, 2015 will be borne by HIROC. Projected costs of defending claims that arise subsequent to January 1, 2015 are based on claims defence costs incurred by HIROC in the past. In fiscal 2025, \$1,658 (2024 – \$189) was recorded for claims defence costs and included in the financial statements as supplies and other expenses in the statement of operations.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

In partnership with two other hospitals, the Hospital was a founding member of Shared Services West (SSW) through an equity members service agreement signed in March 2009 and extended until March 31, 2024. The primary mandate of this not-for-profit organization was to provide supply chain solutions in strategic sourcing, purchasing, logistics, contract management, legislative compliance and data management services to its members.

Effective April 1, 2024, SSW and Mohawk Medbuy Corporation (MMC) executed an asset purchase agreement whereby SSW transferred all of its assets and liabilities to MMC. With the execution of this asset purchase agreement, the existing SSW equity members services agreement with its three member hospitals terminated and SSW members entered into a new services agreement with MMC. MMC provides the SSW member hospitals with the same services that they were receiving from SSW under the SSW equity members services agreement.

Indemnity has been provided to all directors and officers of the Hospital for various items including, but not limited to, all costs to settle suits or actions due to association with the Hospital, subject to certain restrictions. The Hospital has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of indemnification is not explicitly defined but is limited to the period over which the indemnified party served as a director or officer of the Hospital. The maximum amount of any potential future payment cannot be reasonably estimated.

13 Operating and capital financial commitments

The Hospital entered into various operating lease commitments as follows:

	\$
2026	5,336
2027	5,211
2028	3,486
2029	2,593
2030	2,633
Thereafter	7,929
	<hr/>
	27,188
	<hr/>

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

Effective February 8, 2024, the Hospital entered into a fixed-price project agreement with a project partner to build the new Gilgan Family Queensway Health Centre. Due to the timing of payments under the project agreement, the Hospital has recorded a corresponding building obligation in the statement of financial position with required payments as follows:

	2025 \$	2024 \$
2026	27,051	27,051
2027	416,377	125,250
	<hr/>	<hr/>
	443,428	152,301
Less: Current portion	27,051	-
	<hr/>	<hr/>
	416,377	152,301
	<hr/>	<hr/>

Future financial commitments not included in the obligation – building are as follows:

	\$
2027	9,227
2028	435,961
2029	505,015
	<hr/>
	950,203
	<hr/>

The Ministry has committed, over a four-year period, to fund a significant portion of the building capital cost and related interest costs of this project. Included in accounts receivable – Ministry of Health and other ministries is an amount of \$104,287 (2024 – \$27,051) related to this project, with the non-current portion of \$264,216 (2024 – \$108,807) recorded in long-term accounts receivable Ministry of Health.

Effective October 31, 2024, the Hospital entered into a Managed Equipment Services Agreement (MESA) with a third-party service provider that will procure, finance, maintain and replace an array of medical, clinical and diagnostic equipment for the Hospital at all three of its main sites. The services and annual service payments under the MESA will commence in 2029 at the Gilgan Family Queensway Health Centre site, then the Credit Valley Hospital site and the new Peter Gilgan Mississauga Hospital site for a term no longer than 15 years at each site.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

14 Financial instruments

Fair value hierarchy

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 fair value is observable:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Hospital's financial assets, which include cash, restricted cash, short-term investments and investments in equity securities and in fixed income securities are grouped into Level 1.

Risks arising from financial instruments and risk management

The Hospital is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Hospital's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Hospital's financial performance.

- Credit risk

The Hospital's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Hospital's maximum credit exposure as at the statement of financial position date.

The Hospital's credit risk is primarily attributable to its receivables. The amounts disclosed in the statement of financial position are net of an allowance for doubtful accounts, estimated by management of the Hospital based on previous experience and its assessment of the current economic environment. The Hospital does not have any significant past due accounts receivable that are not provided for. The Hospital is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as they are required to provide care to patients regardless of their ability to pay for the services provided.

Trillium Health Partners

Notes to Financial Statements

March 31, 2025

(in thousands of dollars)

As at March 31, 2025, the following patient accounts receivable were past due but not impaired, partly due to timing of insurance claims for services to patients provided under the Ontario Health Insurance Plan:

	30 days \$	60 days \$	90 days \$	120 days \$
Accounts receivable	12,951	5,278	1,718	7,714

The credit risk on cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies. The Hospital's investments in fixed income securities are exposed to credit risk. Risk arising from investment activities is managed by the Hospital through its Statement of Investment Policies and Procedures that establishes criteria for the selection of investments, including benchmarks for the creditworthiness of entities.

- Liquidity risk

Liquidity risk results from the Hospital's potential inability to meet its obligations associated with the financial liabilities as they come due. The Hospital monitors its operations and cash flows to ensure current and future obligations will be met. The Hospital believes its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

The maturity analysis of the Hospital's long-term debt is described in note 8. The maturity of the building obligation is described in note 13. The majority of the accounts payable and accrued liabilities are expected to be settled in the next fiscal year.

- Market risk

The Hospital is exposed to interest rate risk and price risk with regard to its short and long-term investments and interest rate risk on its long-term debt, all of which are regularly monitored. The Hospital Statement of Investment Policies and Procedures is designed to mitigate the impact of interest rate risk and price risk on investments. The interest rate risk on long-term debt is managed by entering into long maturity fixed rate borrowings (note 8).

15 Ministry of Health and other ministries

Included in Ministry of Health and other ministries revenue on the statement of operations is \$1,394 (2024 – \$1,394) related to the funding of the Centre for Complex Diabetes Care Program.

16 Comparative figures

During the year, the Hospital corrected the classification of certain accounts receivable, which resulted in the reclassification of \$108,807 from accounts receivable – Ministry of Health and other ministries to long-term accounts receivable Ministry of Health.