

Financial Statements of

**PARTNERS COMMUNITY
HEALTH**

Year ended March 31, 2024

PARTNERS COMMUNITY HEALTH

Statement of Financial Position

March 31, 2024

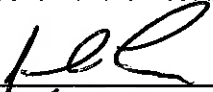
	2024	2023
Assets		
Current assets:		
Cash	12,574,497	4,138,263
Accounts receivable	1,963,742	518,707
Harmonized sales tax recoverable	1,396,658	490,667
Prepaid expenses	399,016	172,568
	<u>\$16,333,913</u>	<u>\$ 5,320,205</u>
Property and equipment (note 2)	8,791,645	85,535
Intangible assets (note 2)	-	177,280
Cash in trust (note 3)	37,878	17,154
	<u>\$ 25,163,436</u>	<u>\$ 5,600,174</u>

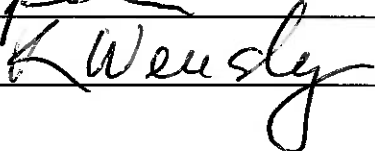
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	17,691,079	\$ 6,866,814
Note payable to related party (note 4)	2,500,000	2,500,000
	<u>20,191,079</u>	<u>9,366,814</u>
Funds held in trust	37,878	17,154
Deferred capital contributions (note 6)	9,189,179	564,959
Net assets:		
Unrestricted	<u>(4,254,700)</u>	<u>(4,348,753)</u>
	<u>\$25,163,436</u>	<u>\$5,600,174</u>

See accompanying notes to the financial statements.

On behalf of the Board of Directors:





Chair, Board of Directors

Chair, Finance & Audit Committee

PARTNERS COMMUNITY HEALTH

Statement of Operations

Year ended March 31, 2024

	2024	2023
Revenues:		
Ministry of Health and Ministry of Long-Term Care:	\$37,720,548	\$19,890,524
Resident co-payment	\$5,724,276	160,324
Other revenue	1,573,965	191,409
Amortization of deferred capital contributions	465,403	446
Total revenues	45,484,192	20,242,703
Expenses:		
Salaries, wages and benefits	32,526,471	17,069,350
Operating expenses	12,019,930	5,394,380
Financial:		
Interest expense	87,145	84,662
Amortization of property and equipment and intangible assets	756,593	286,360
Total expenses	45,390,139	22,834,752
Surplus (deficit) of revenues over expenses for the year	\$94,053	\$(2,592,049)

See accompanying notes to the financial statements.

PARTNERS COMMUNITY HEALTH

Statement of Changes in Net Assets

Year ended March 31, 2024

March 31, 2024	Total Unrestricted
Balance, beginning of year	\$(4,348,753)
Surplus of revenues over expenses for the year	94,053
Net change in investment in property and equipment	-
Balance, end of year	\$(4,254,700)

March 31, 2023	Total Unrestricted
Balance, beginning of year	\$(1,756,704)
Deficit of revenues over expenses for the year	(2,592,049)
Balance, end of year	\$(4,348,753)

See accompanying notes to the financial statements.

PARTNERS COMMUNITY HEALTH

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
Cash provided by (used in):		
Operations:		
Surplus (deficit) of revenues over expenses for the year	\$ 94,053	\$ (2,592,049)
Items not involving cash:		
Amortization of property and equipment	579,313	20,440
Amortization of intangible assets	177,280	265,920
Amortization of deferred capital contributions	(465,403)	(446)
Change in non-cash operating working capital balances:		
Accounts receivable	(1,445,035)	(195,404)
Prepaid expenses	(226,448)	(39,948)
Accounts payable and accrued liabilities	10,824,265	4,143,468
Harmonized sales tax recoverable	(905,991)	(429,556)
Cash flow from operating activities	8,632,034	1,172,425
Capital activities:		
Purchases	(215,823)	(105,974)
Contributions received for property and equipment	20,023	565,405
Cash flow used in capital activities	(195,800)	459,431
Financing activity:		
Proceeds from note payable to related party	-	1,500,000
Cash flow used in financing activities	-	1,500,000
Change in cash	8,436,234	3,131,856
Cash, beginning of year	4,138,263	1,006,407
Cash, end of year	\$ 12,574,497	\$ 4,138,263

See accompanying notes to the financial statements.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements

Year ended March 31, 2024

Partners Community Health (PCH) is incorporated without share capital under the laws of Ontario. PCH provides healthcare and accommodation to residents of Mississauga and the surrounding communities. PCH is exempt from income taxes under the Income Tax Act.

Partners Community Health manages Wellbrook Place long-term care home, two long-term care facilities (Wellbrook Place East and Wellbrook Place West). The long-term care facilities have a combined 632-beds and are a part of PCH's larger strategy that introduces innovative and inclusive programs and services and new models of care delivery.

PCH also managed Camilla Care long-term care home until the lease agreement expired on December 15, 2023.

1. Significant accounting policies:

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. PCH 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. No statement of remeasurement gains and losses has been included as there is nothing to report therein.

Significant accounting policies are as follows:

(a) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto, PCH is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Ministry of Long-Term Care (the "Ministries"). 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.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 incurred. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

Exchange transactions are transactions where goods or services are provided to PCH for consideration and include performance obligations arising directly from a payment of promise of consideration. Revenue from an exchange transaction is recognized as PCH satisfies the performance obligation by providing the promised goods or services based on the portion of the transaction price allocated to the performance obligation that has been satisfied. Non-exchange transactions are transactions where there is no direct transfer of goods and services and therefore there is no performance obligation. Revenue from non-exchange transactions is recognized when PCH has the authority to retain an inflow of economic resources and there is a past transaction that gives rise to an asset. Revenue from exchange and non-exchange transactions is included within resident co-payment and other revenue in the statement of operations and is recognized when services are performed, or goods are delivered.

(b) Financial Instruments:

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

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

Cash	amortized cost
Accounts receivable	amortized cost
Accounts payable and accrued liabilities	amortized cost
Note payable to related party	amortized cost

Transaction costs incurred in relation to the issuance of financial liabilities are netted against the amortized cost.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(c) Property and equipment:

Property and equipment are stated at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When an item of property and equipment no longer contributes to PCH's ability to provide services, its carrying amount is written down to its residual value. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Asset	Method	Years
Equipment	Straight-line method	5 - 20

(d) Impairment of long-lived assets:

Long-lived assets are reviewed annually for impairment or decommissioning. An impairment charge is recorded for long-lived assets when a long-lived 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.

(e) Defined Contribution Benefit Plans:

(i) Pension:

Eligible employees of PCH are members of the Nursing Homes and Related Employer Pension Plan (NHRIPP). This plan is a multi-employer defined contribution plan. As NHRIPP's assets and liabilities are not segmented by participating employer, PCH accounts for contributions made to the plan as a defined contribution plan. Accordingly, contributions are included in salaries, wages and benefits expense in the year the contributions are made.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(f) Defined Benefit Plans:

(i) Pension:

Eligible executive employees of PCH are members of a pension plan established with Canada Life in 2022. PCH accounts for contributions made to the plan as a defined contribution plan. Accordingly, contributions are included in salaries, wages and benefits expense in the year the contributions are made.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Items requiring significant estimates include accounts receivable and the collectability thereof and the useful lives, recoverable amounts and impairment of property and equipment and associated deferred capital contributions. Actual results could differ from those estimates.

(h) Contributed services and materials:

Volunteers contribute numerous hours to assist PCH in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

(i) Adoption of new accounting standard

On April 1, 2023, PCH adopted PSA Handbook Section PS 3400, revenue using the prospective approach. The section establishes standards on how to account for and report on revenue, specifically resident co-payment and other revenue. It differentiates between revenue arising from transactions that include performance obligations and those that do not. As a result of applying the new accounting standard, no adjustments were required in either of current or prior year.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Property and equipment and intangible assets:

Property and equipment		2024	2023	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 82,241	\$ (82,241)	\$ -	\$ 54,932
Equipment and software	9,270,175	(478,530)	8,791,645	30,603
	\$ 9,352,416	\$ (560,771)	\$ 8,791,645	\$ 85,535

Intangible assets		2024	2023	
	Cost	Accumulated amortization	Net book value	Net book value
Brand and license	\$ 443,201	\$ (443,201)	\$ -	\$ 177,280

Equipment additions during the year include non-cash amounts transferred by Trillium Health Partners in the amount of \$9,069,600.

3. Cash in trust:

Cash in trust is comprised of residents' personal money to provide convenience for those residents who need to have funds maintained in a safe place and readily available for use at PCH. The funds may be used to pay for facility-related transactions approved by the resident or an authorized representative.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Related Party:

Trillium Health Partners (THP) is the sole voting member of PCH.

In fiscal 2022, THP acquired the land and building where the Camilla Care (Camilla) long-term care home is situated. PCH was the operator of Camilla Care long-term care home and leased the Camilla building from THP until the lease agreement expired on December 15, 2023.

In fiscal 2023, THP completed the construction of the Wellbrook Place long-term care home. PCH is the operator of Wellbrook Place and leases the Wellbrook Place building from THP.

At March 31, 2024, PCH has a note payable to THP in the amount of \$2,500,000 (2023 - \$2,500,000). This note payable bears interest at the Canada revenue agency prescribed interest rate and is due on demand.

At March 31, 2024, included in accounts payable and accrued liabilities was \$1,240,724 (2023 - \$640,447) payable to THP related to start-up costs, interest and lease payments.

The lease payments made by PCH to THP are included in operating expenses in the statement of operations as follows:

	2024
Operating expenses	\$386,667
	2023
Operating expenses	\$440,000

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Lease commitment:

PCH has lease agreements with THP for the lease of the Camilla long-term care home and the Wellbrook Place long-term care home. In addition, there is also a lease for the North Sheridan building. THP owns the Camilla long-term care home building and the lease terminated on December 15, 2023. The Wellbrook Place long-term care home is also owned by THP and a 30-year lease agreement commenced on November 6, 2023. The North Sheridan Building is owned by Crown Property Management Inc. and a 5-year lease agreement commenced in October 2023.

Future payments required for all lease commitments for the next 3 years are as follows:

2025	\$547,750
2026	\$550,233
2027	\$550,459
	\$ 1,648,442

6. Deferred capital contributions:

Deferred capital contributions represent the unamortized or unspent amount of funds received. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at a rate matching the amortization of the related property and equipment or expenses incurred. The changes in the deferred capital contributions balance for the year are as follows:

as follows:

	2024	2023
Balance, beginning of year	\$ 564,959	\$ -
Capital contributions received in the year (note 2)	9,089,623	565,405
Less amounts amortized to revenue	(465,403)	(446)
Balance, end of year	\$ 9,189,179	\$ 564,959

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Pension benefits:

Substantially all of the employees of PCH are eligible to be members of the NHRIPP which is a multi-employer average pay contributory pension plan. Employer contributions made to the plan during the year amounted to \$447,800 (2023 - \$296,585). These amounts are included in salaries, wages and benefits expense on the statement of operations.

There is also pension plans for PCH employees with Canada Life. Employer contributions made to the plan during the year amounted to \$191,852 (2023 - \$75,091). These amounts are included in salaries, wages and benefits expense on the statement of operations.

As at March 31, 2023, the fair value of the pension assets is \$386,365 (2023- \$95,927), the present value of the funded obligation is \$383,794 (2023 - \$158,439), and a difference of \$2,571 (2023- \$62,512), which is included in accounts payable. The plans were established in 2022 and officially recognizes by Financial Services Regulatory Authority of Ontario (FSRA) on June 3, 2022.

8. Financial risks:

(a) Credit risk:

Credit risk is the risk of financial loss to PCH if a resident or counterparty to a financial instrument fails to meet its contractual obligations. PCH is exposed to credit risk primarily with respect to accounts receivable.

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

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at March 31, 2024 is \$164,530 (2023 - \$nil).

(b) Liquidity risk:

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

There have been no significant changes to the liquidity risk exposure during the year.

