

Financial Statements of

**PARTNERS COMMUNITY
HEALTH**

Year ended March 31, 2025



Independent auditor's report

To the Board of Directors of Partners Community Health

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Partners Community Health (the Organization) 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 Organization'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 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 Organization 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.

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.

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



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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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
May 28, 2025

PARTNERS COMMUNITY HEALTH

Statement of Financial Position

March 31, 2025

	2025	2024
Assets		
Current assets:		
Cash	11,839,732	12,574,497
Accounts receivable	2,316,933	1,963,742
Harmonized sales tax recoverable	2,661,916	1,396,658
Prepaid expenses	511,701	399,016
	<u>17,330,282</u>	<u>16,333,914</u>
Property and equipment (note 2)	7,974,420	8,791,645
Cash in trust (note 3)	47,128	37,878
	<u>25,351,830</u>	<u>25,163,436</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	17,421,879	17,691,079
Note payable to related party (note 4)	2,250,000	2,500,000
	<u>19,671,879</u>	<u>20,191,079</u>
Funds held in trust	47,128	37,878
Deferred capital contributions (note 6)	8,197,129	9,189,179
Net assets:		
Unrestricted	<u>(2,564,306)</u>	<u>(4,254,700)</u>
	<u>25,351,830</u>	<u>25,163,436</u>

See accompanying notes to the financial statements.

On behalf of the Board of Directors:



Chair, Board of Directors



Chair, Finance and Audit Committee

PARTNERS COMMUNITY HEALTH

Statement of Operations

Year ended March 31, 2025

	2025	2024
Revenues:		
Ministry of Health and Ministry of Long-Term Care:	58,725,741	37,720,548
Resident co-payment	18,005,695	5,724,276
Other revenue	1,802,413	1,573,965
Amortization of deferred capital contributions	992,050	465,403
Total revenues	79,525,899	45,484,192
Expenses:		
Salaries, wages and benefits	61,901,755	32,526,471
Operating expenses	14,879,895	12,019,930
Financial:		
Interest expense	89,407	87,145
Depreciation of property and equipment and intangible assets	964,448	756,593
Total expenses	77,835,505	45,390,139
Excess of revenues over expenses	1,690,394	94,053

See accompanying notes to the financial statements.

PARTNERS COMMUNITY HEALTH

Statement of Changes in Net Assets

Year ended March 31, 2025

March 31, 2025	Total Unrestricted
Balance, beginning of year	(4,254,700)
Excess of revenues over expenses	1,690,394
Balance, end of year	(2,564,306)

March 31, 2024	Total Unrestricted
Balance, beginning of year	(4,348,753)
Excess of revenues over expenses	94,053
Balance, end of year	(4,254,700)

See accompanying notes to the financial statements.

PARTNERS COMMUNITY HEALTH

Statement of Cash Flows

Year ended March 31, 2025

	2025	2024
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	1,690,394	94,053
Items not involving cash:		
Amortization of property and equipment	964,448	579,313
Amortization of intangible assets	-	177,280
Amortization of deferred capital contributions	(992,050)	(465,403)
Change in non-cash operating working capital balances:		
Accounts receivable	(353,191)	(1,445,035)
Prepaid expenses	(112,685)	(226,448)
Accounts payable	(269,200)	10,824,265
Harmonized sales tax recoverable	(1,265,258)	(905,991)
Cash flows from operating activities	(337,542)	8,632,034
Capital activities:		
Purchases of property and equipment	(147,223)	(215,823)
Contributions received for property and equipment	-	20,023
Cash flow used in capital activities	(147,223)	(195,800)
Financing activity:		
Repayment of note payable to related party	(250,000)	-
Cash flows used in financing activities	(250,000)	-
Change in cash	(734,765)	8,436,234
Cash, beginning of year	12,574,497	4,138,263
Cash, end of year	11,839,732	12,574,497

See accompanying notes to the financial statements.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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.

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 Section 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.

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.

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.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

Exchange transactions are transactions where goods or services are provided to PCH for consideration and include performance obligations arising directly from a payment or 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.

(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:

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

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.

(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.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(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) 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. PCH 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. PCH is currently assessing the impact of this new standard.

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Property and equipment and intangible assets:

Property and equipment		2025	2024	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	82,241	(82,241)	-	-
Equipment and software	9,417,401	(1,442,981)	7,974,420	8,791,645
	9,499,642	(1,525,222)	7,974,420	8,791,645

Intangible assets		2025	2024	
	Cost	Accumulated amortization	Net book value	Net book value
Brand and license	443,201	(443,201)	-	-

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, 2025

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.

On March 31, 2025, PCH has a note payable to THP in the amount of \$2,250,000 (2024 - \$2,500,000). This note payable bears interest at the Canada revenue agency prescribed interest rate and is due on demand.

On March 31, 2025, included in accounts payable and accrued liabilities was \$1,668,244 (2024 - \$1,240,724) 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:

	2025
Operating expenses	450,000
	2024
Operating expenses	386,667

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

5. Lease commitment:

PCH has a lease agreement with THP for the lease of the Wellbrook Place long-term care home which commenced on November 6, 2023, for a term of 30 years. In addition, there is also a lease for the North Sheridan building. The North Sheridan Building is owned by Crown Property Management Inc and a 5-year lease agreement commenced in March 2024.

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

2026	662,494
2027	662,720
2028	665,203
2029	647,269
2030	450,000
	<hr/>
	3,087,686

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:

	2025	2024
Balance, beginning of year	9,189,179	564,959
Capital contributions received in the year	-	9,089,623
Less amounts amortized to revenue	(992,050)	(465,403)
Balance, end of year	<hr/> 8,197,129	<hr/> 9,189,179

PARTNERS COMMUNITY HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Pension benefits:

Substantially all of the eligible executive 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 \$885,705 (2024 - \$447,800). These amounts are included in salaries, wages and benefits expense on the statement of operations.

There is also a pension plan for PCH employees with Canada Life. Employer contributions made to the plan during the year amounted to \$247,451 (2024 - \$191,852). These amounts are included in salaries, wages and benefits expense on the statement of operations.

As of March 31, 2025, the fair value of the pension assets is \$723,280 (2024- \$386,365), the present value of the funded obligation is \$706,867 (2024 - \$383,794), and a difference of \$16,413 (2023- \$2,571), which is included in accounts payable and accrued liabilities.

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 on March 31, 2025, 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 on March 31, 2025, is \$164,530 (2024 - \$164,530).

(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.