London Health Sciences Centre

Financial statements

London Health Sciences Centre

March 31, 2025

Independent auditor's report

To the Supervisor of
London Health Sciences Centre

Opinion

We have audited the financial statements of **London Health Sciences Centre** [the "Centre"], which comprise the statement of financial position as at March 31, 2025 and the statement of changes in net assets, statement of remeasurement gains and losses, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 Centre'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 Centre 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.

Report on other legal and regulatory requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a basis consistent with the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 20, 2025

London Health Sciences Centre

STATEMENT OF FINANCIAL POSITION

As at March 31
[in thousands of dollars]

	2025 $	2024 $
ASSETS		
Current		
Cash and cash equivalents	**102,690**	157,590
Restricted cash and portfolio investments *[notes 4 and 9]*	**5,327**	7,256
Accounts receivable – Ministry of Health ["MOH"] and Ontario Health ["OH"]	**43,220**	37,153
Accounts receivable – patient and other *[notes 9[c] and 17]*	**65,110**	58,765
Due from related entities *[note 16]*	**10,977**	9,816
Inventory	**14,747**	15,281
Prepaid expenses	**11,938**	10,147
	254,009	296,008
Restricted cash and portfolio investments *[note 4]*	**1,113**	1,036
Interest rate swaps *[note 7]*	—	2,718
Investments in joint ventures *[note 17]*	**16,288**	15,220
Capital assets, net *[note 5]*	**962,524**	958,645
	1,233,934	1,273,627
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued charges *[note 17]*	**231,803**	211,312
Accounts payable – MOH and OH	**102,689**	111,216
Current portion of long-term liabilities *[note 7]*	**17,029**	7,588
Current portion of employee future benefits *[note 15]*	**1,935**	1,984
Current portion of capital lease obligations *[note 10]*	**5,241**	4,371
Current portion of deferred contributions *[note 12]*	**11,332**	12,559
	370,029	349,030
Long-term liabilities *[note 7]*	**89,810**	81,827
Asset retirement obligation *[note 8]*	**36,298**	40,373
Employee future benefits *[note 15]*	**29,504**	29,882
Interest rate swaps *[note 7]*	**4,068**	—
Capital lease obligations *[note 10]*	**8,365**	7,194
Deferred contributions *[note 12]*	**1,279**	1,279
Deferred capital contributions *[note 11]*	**613,235**	621,321
	1,152,588	1,130,906
Commitments and contingencies *[notes 14 and 17]*		
NET ASSETS		
Internally restricted net assets *[note 4]*	**19,683**	33,788
Unrestricted net assets	**65,731**	106,215
Accumulated remeasurement (losses) gains	**(4,068)**	2,718
	1,233,934	1,273,627

See accompanying notes to financial statements

On behalf of the Board of Directors:

David Musyj
Supervisor

London Health Sciences Centre

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31
[in thousands of dollars]

	Internally restricted $	Unrestricted $	2025 Total $	2024 Total $
Net assets, beginning of year	**33,788**	**106,215**	**140,003**	218,081
Deficit	—	**(54,589)**	**(54,589)**	(78,078)
Interfund transfers	**(14,105)**	**14,105**	—	—
Net assets, end of year	**19,683**	**65,731**	**85,414**	140,003

See accompanying notes to financial statements

London Health Sciences Centre

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Year ended March 31
[in thousands of dollars]

	2025 $	2024 $
Accumulated remeasurement gains, beginning of year	**2,718**	205
Unrealized (loss) gain on interest rate swaps *[note 7]*	**(7,320)**	2,529
Realized loss (gain) on interest rate swaps reclassified to statement of operations *[note 7]*	**534**	(16)
Accumulated remeasurement (losses) gains, end of year	**(4,068)**	2,718

See accompanying notes to financial statements

STATEMENT OF OPERATIONS

Year ended March 31
[in thousands of dollars]

	2025 $	2024 $
REVENUE		
MOH and OH	**1,456,516**	1,418,904
Non-patient	**132,149**	141,356
Patient	**89,769**	81,305
Preferred accommodation	**6,586**	6,487
Amortization of deferred capital contributions *[note 11]*	**35,172**	32,076
Interest	**3,742**	6,028
	1,723,934	1,686,156
EXPENSES		
Salaries and wages	**989,880**	916,978
Employee benefits *[note 15]*	**203,220**	186,975
Supplies and other	**261,681**	247,949
Medical and surgical supplies	**139,447**	135,649
Drugs	**194,005**	192,601
Amortization of capital assets	**78,830**	74,588
Interest and other *[note 7]*	**9,813**	8,459
	1,876,876	1,763,199
Deficit before undernoted items	**(152,942)**	(77,043)
MOH and OH one-time revenue *[note 19]*	**100,000**	—
Loss on investments in joint ventures *[note 17]*	**(1,647)**	(1,035)
Deficit	**(54,589)**	(78,078)

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

Year ended March 31
[in thousands of dollars]

	2025 $	2024 $
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficit	**(54,589)**	(78,078)
Add (deduct) non-cash items:		
Amortization of capital assets	**78,830**	74,588
Amortization of deferred capital contributions	**(35,172)**	(32,076)
(Decrease) increase in deferred contributions related to future operating expenses	**(1,227)**	2,267
Decrease in deferred capital contributions reallocated	**(33)**	(97)
Loss on disposal of capital assets	—	78
Accretion expense on asset retirement obligation	**1,515**	1,473
Decrease in employee future benefits	**(427)**	(868)
Increase in due from related entities	**(1,161)**	(1,338)
	(12,264)	(34,051)
Net change in non-cash working capital items *[note 13]*	**(1,705)**	10,160
Cash used in operating activities	**(13,969)**	(23,891)
FINANCING ACTIVITIES		
Contributions received related to capital assets	**25,658**	30,620
Increase in short-term liabilities	**8,500**	—
Decrease in other long-term liabilities	**(47)**	(760)
Proceeds from long-term debt	**17,000**	—
Repayment of long-term debt	**(8,029)**	(7,309)
Decrease in asset retirement obligation	**(41)**	(512)
Payment of capital lease obligations	**(4,722)**	(4,317)
Cash provided by financing activities	**38,319**	17,722
INVESTING ACTIVITIES		
Decrease in restricted cash and portfolio investments, net	**1,852**	444
Increase in investments in joint ventures	**(1,068)**	(3,891)
Cash provided by (used in) investing activities	**784**	(3,447)
CAPITAL ACTIVITIES		
Proceeds on sale of capital assets	—	9
Purchase of capital assets	**(80,034)**	(76,931)
Cash used in capital activities	**(80,034)**	(76,922)
Net decrease in cash and cash equivalents during the year	**(54,900)**	(86,538)
Cash and cash equivalents, beginning of year	**157,590**	244,128
Cash and cash equivalents, end of year	**102,690**	157,590

See accompanying notes to financial statements

Notes to financial statements

[in thousands of dollars]

March 31, 2025

1. Purpose of the organization

London Health Sciences Centre [the "Centre"] was incorporated without share capital under the *Corporations Act* (Ontario). The Centre is a registered charity under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes. The Centre is dedicated to excellence in patient care, teaching and research and is one of Canada's largest acute-care teaching hospitals.

On September 24, 2024 and on the recommendation of the Minister of Health [the "Minister"], the Lieutenant Governor in Council [LGIC] appointed David Musyj as the supervisor for the Centre [the "Supervisor"] under section 9 of the Public Hospitals Act [PHA]. This appointment shall remain in effect until it is terminated by order of the LGIC. The Supervisor shall have the exclusive right to exercise all of the powers of the Centre's Board of Directors, the corporation and corporate members. This includes, without limitation, providing direction to the Centre's officers, employees and agents. Pursuant to subsection 9(8) of the PHA, the Supervisor has the same rights as the Board of Directors and Chief Executive Officer of the Centre in respect of the documents, records and information of the Board of Directors and the Centre. Throughout the term of the appointment, the Minister may issue directions to the Supervisor with regard to any matter within the jurisdiction of the Supervisor, and the Supervisor shall carry out any such directions.

The Centre receives the majority of its operating funding from the Province of Ontario in accordance with budget policies established by the Ontario Ministry of Health ["MOH"] and Ontario Health ["OH"]. Capital redevelopment expenditures are primarily funded by the MOH and philanthropic contributions.

The Centre operates under a Hospital Service Accountability Agreement ["H-SAA"] and a Multi-Sector Service Accountability Agreement ["M-SAA"] with OH. These agreements set out the rights and obligations of the two parties in respect of funding provided to the Centre. The H-SAA and M-SAA set out the funding provided to the Centre together with performance standards and obligations that establish acceptable results for the Centre's performance. The Centre retains any excess or deficiency of revenue over expenses during the year in accordance with the H-SAA.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with the *CPA Canada Public Sector* ["PS"] *Accounting Handbook*, which sets out Canadian generally accepted accounting principles for government not-for-profit organizations ["GNPOs"] in Canada. The Centre has chosen to use the standards specified for GNPOs set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

[a] Revenue recognition

The Centre follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred.

Contributions externally restricted for capital assets are initially recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is amortized.

Revenue from patient services, non-patient services and preferred accommodation is recognized when the services have been provided or when the goods have been sold.

Investment income (loss) is recognized as revenue when earned, except to the extent it relates to deferred contributions and amounts held for others, in which case it is added to the deferred contributions and amounts held for other balances, respectively. Investment income (loss) consists of interest, dividends and realized gains and losses, net of related fees. Unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

Notes to financial statements

[in thousands of dollars]

March 31, 2025

[b] Inventory

Inventory is valued at the lower of cost and net realizable value, which is considered to be current replacement cost on a first-in, first-out basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

[c] Cash, restricted cash and cash equivalents

Cash, restricted cash and cash equivalents consist of cash on deposit and guaranteed investment certificates.

[d] Investments

The Centre has interests in economic activities where there is shared ownership of these activities by the venturers. The accounts of these joint venture activities are included in the accompanying financial statements following the modified equity method. The modified equity method is a basis of accounting for the Centre's business partnerships, whereby the equity method of accounting is only modified to the extent the venturer's accounting policies are not adjusted to conform with those of the Centre.

When the Centre has significant influence or control of an organization, it is disclosed in the notes to the financial statements.

[e] Capital assets

Capital assets are recorded at original cost. Amortization of cost and any corresponding deferred contribution is calculated on a straight-line basis over the estimated useful life of the asset. The amortization periods are as follows:

Land improvements	5–20 years
Buildings and building service equipment	5–50 years
Parking lot pavement	8 years
Equipment and furniture	5–20 years
Computer equipment and software	3–5 years

Donated capital assets are recorded at fair market value at the date of contribution. Construction and projects in progress include construction and development costs and capitalized interest.

No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

External labour and incremental internally reassigned personnel costs associated with specific projects are included in their cost, and are capitalized and amortized over the life of the project.

When a capital asset no longer has any long-term service potential to the Centre, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

[f] Asset retirement obligations

Asset retirement obligations are recorded in the period during which a legal obligation associated with the retirement of a capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the amount required to retire a capital asset at the financial statement date. A corresponding amount is added to the carrying amount of the related capital asset and is then amortized over its remaining useful life. Changes in the liability due to the passage of time are recognized as an accretion expense in the statement of operations, with a corresponding increase in the liability.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the then current best estimate of the liability. Adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement as well as changes in the legal requirements of the obligation and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset. If the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

A liability continues to be recognized until it is settled or otherwise extinguished.

[g] Capital leases

A lease contract is accounted for as a capital lease if the Centre intends to obtain legal title to the asset at the end of the lease term, the lease term covers a significant portion of the asset's useful life, or the Centre has determined that the vendor will recover the investment cost of the asset as well as earn a return on that investment. The capital cost of the leased asset is amortized on a straight-line basis over the useful life of the asset.

[h] Use of estimates

The preparation of the Centre's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimation processes relate to employee future benefits, asset retirement obligations, and revenue recognized from the MOH and OH. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected, such as funding adjustments from the MOH and OH. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

[i] Employee future benefits

[i] Multi-employer pension plan

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan ["HOOPP"], a multi-employer plan, whereby contributions are expensed on an accrual basis, as the Centre has insufficient information to apply defined benefit plan accounting.

[ii] Other employee future benefits

The Centre accrues its obligations for other employee future benefits. The cost of other employee future benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service using management's best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Centre's cost of borrowing. Differences arising from past service costs are expensed in the period of plan amendment. Actuarial gains and losses are amortized on a straight-line basis in the statement of operations over the expected average remaining service life of employees, which ranges from 3.1 to 17 years.

[j] Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value; [ii] cost or [iii] amortized cost. The Centre determines the classification of its financial instruments at initial recognition. The financial instruments are measured as follows:

[i] Portfolio investments are measured at fair value, with changes in fair value recognized in the statement of remeasurement gains and losses;
[ii] Accounts receivable, due from related entities, accounts payable and accrued charges and long-term debt are measured at amortized cost, net of any provision for impairment; and
[iii] Derivatives are measured at fair value on the statement of financial position, with changes in value recognized in the statement of remeasurement gains and losses. The Centre does not engage in derivative trading or speculative activities.

Transaction costs related to financial assets and financial liabilities measured at fair value are expensed to interest and other expenses, net as incurred.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

A change in the fair value of a financial instrument in the fair value category is recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized. In the reporting period that a financial instrument in the fair value category is derecognized, the accumulated remeasurement gain or loss associated with the derecognized item is reversed and reclassified to the statement of operations.

As at each financial statement date, the Centre assesses financial assets or groups of financial assets to determine whether there is any objective evidence of impairment. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss. A loss in value of a portfolio investment that is other than a temporary decline occurs when the actual value of the investment to the Centre becomes lower than its cost or amortized cost, adjusted for any write-downs recorded in previous reporting periods, and the impairment is expected to remain for a prolonged period. The write-down is included in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not to be reversed if there is a subsequent increase in value.

[k] Contributed services and materials

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related financial statement notes. Contributed materials are also not recognized in the financial statements.

[l] Internally restricted net assets

Internally restricted net assets represent amounts set aside for future capital and other special projects.

3. Funds held in trust

The Centre holds funds in trust for the Academic Medical Organization of Southwestern Ontario, an unincorporated association with which the Centre has a service level agreement. The funds are not available for the use or benefit of the Centre and are disbursed according to the terms of the agreement. Funds held in trust are not included in the Centre's statement of financial position. The amount of funds held in trust as at March 31, 2025 was $9,693 [2024 – $8,866].

Notes to financial statements

[in thousands of dollars]

March 31, 2025

4. Restricted cash and portfolio investments

	2025 $	2024 $
Externally restricted		
Short-term restricted portfolio investments – fixed income	**5,327**	5,103
Internally restricted		
Long-term restricted cash	**498**	475
Short-term restricted portfolio investments – fixed income	**—**	2,153
Long-term restricted portfolio investments – fixed income	**615**	561
	6,440	8,292
Less current portion of restricted cash and portfolio investments	**5,327**	7,256
Total long-term restricted cash and portfolio investments	**1,113**	1,036

Internally restricted funds are funds to be spent on specific internal initiatives as approved by the Board of Directors. Externally restricted funds include MOH funds received for large building and demolition projects and funds received from other external parties for specific purposes. All restricted funds are maintained in restricted accounts until they are spent. The funds are recorded on the statement of financial position as either short-term or long-term based on when the funds are anticipated to be spent. Fixed income portfolio investments consist of guaranteed investment certificates *[note 9[b]]*.

5. Capital assets

	2025		2024	
	Cost $	Accumulated amortization $	Cost $	Accumulated amortization $
Land	**3,997**	**—**	3,997	—
Construction and projects in progress	**37,236**	**—**	14,711	—
Buildings, building service equipment and land improvements	**1,153,582**	**469,692**	1,149,314	441,241
Parking lot pavement	**6,673**	**4,647**	6,673	4,120
Equipment and furniture [a]	**856,301**	**620,926**	801,555	572,244
	2,057,789	**1,095,265**	1,976,250	1,017,605
Less accumulated amortization	**1,095,265**		1,017,605	
Net book value	**962,524**		958,645	

[a] During the year, the Centre recorded $1,460 [2024 – $425] in contributed assets and the related deferred capital contributions.

The above capital assets include assets under capital lease of $21,050 [2024 – $19,098] at cost with accumulated amortization of $7,444 [2024 – $7,533].

Notes to financial statements

[in thousands of dollars]

March 31, 2025

6. Credit facilities

The credit facilities as at March 31, 2025, established with the Centre's bankers, consist of a line of credit of $75,000 [2024 – $75,000] to be used for general operating purposes and to bridge capital expenditures. This facility bears interest at the prime rate minus 0.75% per annum. No amount was drawn on this facility as at March 31, 2025 or March 31, 2024.

7. Long-term liabilities and interest rate swaps

	2025 $	2024 $
Long-term debt		
Term instalment loan [a]	**3,646**	4,859
Term instalment loan [a]	**2,124**	3,580
Term instalment loan [b]	**16,884**	17,896
Term instalment loans [c]	**19,840**	21,123
Term instalment loan [d]	**5,420**	5,800
Term instalment loan [e]	**1,239**	1,756
Term instalment loan [f]	**26,776**	28,079
Term instalment loan [g]	**3,907**	4,118
Term instalment loan [h]	**1,567**	1,767
Term instalment loan [i]	**16,546**	—
Term instalment loan [j]	**8,500**	—
	106,449	88,978
Less current portion	**17,029**	7,575
	89,420	81,403
Other long-term liabilities		
Employee benefit rebates [k]	**—**	13
Accumulating and non-vesting sick pay benefits [l]	**390**	424
	390	437
Less current portion	**—**	13
	390	424
	89,810	81,827
Interest rate swaps		
Interest rate swap on term instalment loan [a]	**76**	(25)
Interest rate swap on term instalment loan [a]	**(14)**	(122)
Interest rate swap on term instalment loan [b]	**2,291**	1,415
Interest rate swaps on term instalment loans [c]	**1,436**	443
Interest rate swap on term instalment loan [d]	**(192)**	(520)
Interest rate swap on term instalment loan [e]	**(19)**	(83)
Interest rate swap on term instalment loan [f]	**(1,546)**	(3,278)
Interest rate swap on term instalment loan [g]	**(208)**	(457)
Interest rate swap on term instalment loan [h]	**(10)**	(91)
Interest rate swap on term instalment loan [i]	**1,288**	-
Interest rate swap on term instalment loan [j]	**966**	-
	4,068	(2,718)

As a result of a regulatory change, the Canadian Dollar Offered Rate [“CDOR”], the benchmark rate for Banker’s Acceptance [“BA”] borrowings and other short-term lending products, was discontinued as of June 28, 2024. The Canadian Overnight Repo Rate Average [“CORRA”], an overnight or forward-looking rate, has replaced CDOR as the primary reference rate.

As a risk-free rate, CORRA is generally lower than CDOR as it does not incorporate the bank credit risk premium embedded in the CDOR or BA rates. As such, a credit spread adjustment is applied upon amending the existing rate to CORRA on pre-existing credit facilities to maintain economic equivalence.

The fair value of the interest rate swap [“IRS”] amounts disclosed above reflects the estimated amount that the Centre, if required to settle the outstanding contract, would be required to pay as at year-end and represents the difference between the net present value of the cash flows based on the swap rate at inception and the net present value of the cash flows based on the projected swap rate for the remaining term of the swaps.

[a] The Centre has a non-revolving term instalment loan on the first Victoria Hospital parking structure bearing interest at a floating rate of the CORRA rate plus 0.97% and due on December 30, 2027. Quarterly equal blended payments of principal and interest commenced September 30, 2003. As at March 31, 2025, the agreement represented a notional principal amount of $3,646 [2024 – $4,859].

The Centre is exposed to interest rate cash flow risk with respect to its floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate of the CORRA rate plus 0.97% annually for a targeted fixed rate of 4.73%.

As at March 31, 2025, the fair value of this IRS agreement represented a liability of $76 [2024 – asset of $25].

The Centre has a non-revolving term instalment loan on its University Hospital parking structure bearing interest at a floating rate of the Bankers’ Acceptance rate plus 0.85% and due on July 31, 2026. Monthly equal blended payments of principal and interest commenced December 1, 2023. As at March 31, 2025, the agreement represented a notional principal amount of $2,124 [2024 – $3,580].

The Centre is exposed to interest rate cash flow risk with respect to its floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate of the Bankers’ Acceptance rate for a fixed rate of 2.43%.

As at March 31, 2025, the fair value of this IRS agreement represented an asset of $14 [2024 – $122].

The Centre has provided surplus cash flows from the parking structures as collateral for all amounts drawn on the corresponding parking facilities.

[b] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 1.05% on a second parking facility that has been constructed at Victoria Hospital and the purchase of other long-term assets. Monthly equal blended payments of principal and interest commenced March 31, 2012. The maturity date of this agreement is September 30, 2036.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 1.05% annually for a targeted fixed rate of 5.68%.

As at March 31, 2025, the fair value of this IRS agreement represented a liability of $2,291 [2024 –$1,415].

As noted in [a], the Centre has provided surplus cash flows from the parking structures as collateral for all amounts drawn on the corresponding parking facilities.

Notes to financial statements

[in thousands of dollars]

March 31, 2025

[c] The Centre has two non-revolving floating rate term instalment loans at the CORRA rate to finance expenditures related to the Phase 5 Co-Generation project at Victoria Hospital and the Emergency Backup Generator project at University Hospital. Monthly blended payments of principal and interest commenced October 1, 2011. The maturity date of this agreement is September 30, 2036.

The Centre is exposed to interest rate cash flow risk with respect to its floating rate debt and has addressed this risk by entering into IRS agreements that fix the interest rate over the term of the debt. The IRS agreements cause the Centre to swap its floating rate obligation at the CORRA rate for a targeted fixed rate of 4.17%.

As at March 31, 2025, the fair value of these IRS agreements represented a liability of $1,436 [2024 –$443].

[d] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.30% on the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced April 28, 2017. The maturity date of this agreement is March 30, 2037.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.30% annually for a targeted fixed rate of 2.60%.

As at March 31, 2025, the fair value of this IRS agreement represented an asset of $192 [2024 –$520].

[e] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.60% related to the replacement of chiller systems. Monthly equal blended payments of principal and interest commenced August 31, 2017. The maturity date of this agreement is July 31, 2027.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.60% annually for a targeted fixed rate of 1.61%.

As at March 31, 2025, the fair value of this IRS agreement represented an asset of $19 [2024 –$83].

[f] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate to finance the replacement of the emergency generator at Victoria Hospital. Monthly equal blended payments of principal and interest commenced October 29, 2021. The maturity date of this agreement is September 30, 2041.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate for a targeted fixed rate of 2.30%.

As at March 31, 2025, the fair value of this IRS agreement represented an asset of $1,546 [2024 –$3,278].

[g] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate to finance the replacement of the boiler plant at University Hospital. Monthly equal blended payments of principal and interest commenced May 29, 2020. The maturity date of this agreement is April 30, 2040.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA for a targeted fixed rate of 2.26%.

As at March 31, 2025, the fair value of this IRS agreement represented an asset of $208 [2024 –$457].

[in thousands of dollars]

[h] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate to finance the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced April 29, 2023. The maturity date of this agreement is March 31, 2032.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate for a targeted fixed rate of 2.53%.

As at March 31, 2025, the fair value of this IRS agreement represented an asset of $10 [2024 –$91].

[i] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate to finance the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced July 31, 2024. The maturity date of this agreement is July 31, 2049.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate for a targeted fixed rate of 3.66%.

As at March 31, 2025, the fair value of this IRS agreement represented a liability of $1,288 [2024 – nil].

[j] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate to finance the purchase of long-term assets. Monthly equal blended payments of principal and interest will commence on June 30, 2025. The maturity date of this agreement is June 30, 2050. As at March 31, 2025, the loan is an interest-only facility until conversion in June 2025.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate for a targeted fixed rate of 3.625%.

As at March 31, 2025, the fair value of this IRS agreement represented a liability of $966 [2024 – nil].

[k] This represents the rebate portion of certain legislated employee benefits programs to fund future costs.

[l] The Centre has an obligation for accumulating and non-vesting sick pay benefits for certain employee groups. These benefits are paid out upon an illness or injury-related absence. Sick pay benefits adjusted during the year were $33 [2024 – $78].

[m] Principal payments due under the various debt agreements are as follows:

	$
2026	17,029
2027	7,919
2028	6,828
2029	5,804
2030	6,009
Thereafter	62,860
	106,449

Interest expense incurred in the year amounted to $3,883 [2024 – $3,143].

[in thousands of dollars]

8. Asset retirement obligation

The asset retirement obligation relates to the Centre's buildings and underground fuel tanks and is based on internal expert assessments and/or third-party engineering reports that estimate the costs of remediation. The buildings and underground fuel tanks have no set retirement date; however, the remaining useful life is 8 to 23 years and the asset retirement obligation is amortized over the remaining period on a straight-line basis.

The estimated total undiscounted expenditures are $122,652 [2024 – $87,639] and they are expected to be incurred and settled at the end of the buildings and underground fuel tanks useful life. The liability is calculated using a discount rate of 4.26% [2024 – 3.66%]. The Centre does not anticipate that it will be able to recover any asset retirement costs from a third party. In addition, it has no legal requirement to fund this obligation and, as such, has not set aside any assets designated for payment of this liability.

The changes in the asset retirement obligation are as follows:

	2025	2024
	$	$
Asset retirement obligation, beginning of year	**40,373**	39,412
Revision in estimated cashflows for remediation	**(5,549)**	-
Accretion expense	**1,515**	1,473
Settlements during the year	**(41)**	(512)
Asset retirement obligation, end of year	**36,298**	40,373

9. Financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value. The fair value hierarchy is made up of the following levels:

Level 1: valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: valuation techniques using 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 data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant inputs have been considered in measuring fair value.

The following tables present the financial instruments measured at fair value classified according to the fair value hierarchy described above:

	Fair value as at March 31, 2025			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets and liabilities				
Cash and cash equivalents	**71,697**	**30,993**	**—**	**102,690**
Restricted cash and portfolio investments *[note 4]*	**498**	**5,942**	**—**	**6,440**
Interest rate swaps *[note 7]*	**—**	**(4,068)**	**—**	**(4,068)**
	72,195	**32,867**	**—**	**105,062**

Notes to financial statements
[in thousands of dollars]

March 31, 2025

	Fair value as at March 31, 2024			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets and liabilities				
Cash and cash equivalents	137,041	20,549	—	157,590
Restricted cash and portfolio investments *[note 4]*	475	7,817	—	8,292
Interest rate swaps *[note 7]*	—	2,718	—	2,718
	137,516	31,084	—	168,600

There have been no material transfers between Levels 1 and 2 for the years ended March 31, 2025 and March 31, 2024.

Financial risks

The Centre's investment activities expose it to a range of financial risks. The Centre manages these financial risks in accordance with its internal policies.

[a] Market risk

Market risk is the risk that the fair value or future cash flows related to a financial instrument will fluctuate as a result of changes in market conditions. The Centre is not significantly impacted by market risk as the investment portfolio consists only of fixed income investments.

[b] Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of a financial instrument due to fluctuations in interest rates. The Centre is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents, investments and long-term debt. Changes in variable interest rates could cause unanticipated fluctuations in the Centre's operating results.

To manage the risks identified for its investments, the Centre has an investment policy setting out a target mix of investments designed to provide an optimal rate of return within reasonable risk tolerances. The investment policy is renewed annually.

Fixed income portfolio investments have an average term to maturity of 0.1 years [2024 – 0.5 years] and an average yield of 4.0% [2024 – 5.1%] as at March 31, 2025 based on market values. Due to the short-term nature of the Centre's portfolio investments, there would be no significant changes in net assets if interest rates were to change.

The Centre mitigates interest rate risk on its long-term debt through derivative financial instruments that exchange the variable rate inherent in the long-term debt for a fixed rate *[note 7]*. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

[c] Credit risk

Credit risk arises from the possibility that the entities from which the Centre receives funding may experience difficulty and be unable to fulfil their obligations. The majority of the Centre's accounts receivable are owed by government agencies with good credit standing. As at March 31, 2025, patient and other accounts receivable totaled $65,110 [2024 – $58,765]. As a result, the requirement for credit risk-related reserves for accounts receivable is minimal. The Centre has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2025.

[d] Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its obligations as they fall due. To manage liquidity risk, the Centre keeps sufficient resources readily available to meet its obligations, including its available line of credit *[note 6]* that may be used when sufficient cash flow is not available from operations to cover operating expenditures. During the year, the MOH and OH provided one-time funding in the amount of $100,000 to address in-year financial operating pressures affecting existing programs and services *[note 19]*. The Centre continues to work with the MOH and OH to ensure sufficient sources of liquidity to cover its known short-term and long-term cash obligations.

[in thousands of dollars]

10. Capital lease obligations

The Centre has entered into the following capital lease obligations for equipment:

	2025	**2024**
	$	$
Total minimum lease payments	**13,288**	11,224
Less amounts representing interest	**1,632**	1,371
Add residual values	**1,950**	1,712
Present value of capital lease obligations	**13,606**	11,565
Less current portion of capital lease obligations	**5,241**	4,371
	8,365	7,194

Principal payments due under capital lease obligations are as follows:

	$
2026	4,644
2027	3,688
2028	2,248
2029	816
2030	239
2031	20

11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of externally restricted contributions received related to capital assets. Changes in the deferred capital contributions balance are as follows:

	2025	**2024**
	$	$
Balance, beginning of year	**621,321**	622,449
Contributions received during the year		
MOH and OH	**17,232**	21,885
Foundations	**8,267**	8,070
Other	**1,720**	1,090
Capital contributions reallocated	**(33)**	(97)
Capital contributions reclassified to accounts payable	**(100)**	—
Amortization	**(35,172)**	(32,076)
Balance, end of year	**613,235**	621,321

The above deferred capital contributions include funds received but not amortizing in the amount of $24,051 [2024 – $33,861].

Notes to financial statements

[in thousands of dollars]

March 31, 2025

12. Deferred contributions

Deferred contributions represent unspent grants for operating purposes that have been received and relate to a subsequent year. Changes in the deferred contributions balance are as follows:

	2025 $	2024 $
Balance, beginning of year	**13,838**	11,571
Contributions received during the year		
OH	**2,203**	3,549
Foundations	**595**	753
Other	**1,815**	3,867
Amounts recognized as revenue during the year	**(5,840)**	(5,902)
Balance, end of year	**12,611**	13,838
Less current portion	**11,332**	12,559
	1,279	1,279

13. Statement of cash flows

The net change in non-cash working capital items related to operations consists of the following:

	2025 $	2024 $
Cash provided by (used in)		
Accounts receivable – MOH and OH	**(6,067)**	19,708
Accounts receivable – patient and other	**(6,345)**	(5,379)
Inventory	**534**	(1,020)
Prepaid expenses	**(1,791)**	(3,090)
Accounts payable and accrued charges	**20,491**	(23,437)
Accounts payable – MOH and OH	**(8,527)**	23,378
	(1,705)	10,160

Non-cash transactions during the year related to contributed capital assets and the related deferred capital contributions of $1,460 [2024 – $425] are excluded from the statement of cash flows.

14. Commitments and contingencies

[a] The Centre has entered into operating leases for premises and equipment. Minimum rental payments over the next four years are as follows:

	$
2026	966
2027	273
2028	279
2029	78

[b] The Centre is subject to certain actual and potential legal claims that have arisen in the normal course of operations. Where the potential liability is likely and able to be estimated, management records its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments are determined to be required.

[in thousands of dollars]

With respect to claims as at March 31, 2025, it is management's position that the Centre has valid defences and appropriate insurance coverage to offset the cost of unfavourable settlements, if any, which may result from such claims.

[c] The Centre routinely engages in collective bargaining and is subject to various human rights matters under provincial legislation when employees or groups within the bargaining units file grievances against the Centre or when the collective bargaining agreements are negotiated, which may result in retroactive payments.

[d] The Centre's Board of Directors have approved capital expenditures for the replacement of the University Hospital chillers, totaling $13,485 of which $2,022 remains unspent, to be completed by June 30, 2025. The chiller replacement is currently being financed through debt.

[e] The Centre participates in the Healthcare Insurance Reciprocal of Canada ["HIROC"]. HIROC is a polling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the year in which they were members. No assessments have been made for the year ended March 31, 2025 [2024 – nil].

15. Employee future benefits

[a] Multi-employer pension plan

Substantially all of the employees of the Centre are members of the HOOPP, which is a multi-employer, defined benefit, final average earnings, contributory pension plan. The Centre's contributions to the HOOPP during the year amounted to $66,871 [2024 – $62,935]. This amount is included in employee benefits expense in the statement of operations.

The financial statements for the year ended December 31, 2024 for HOOPP disclosed net assets available for benefits of $123,017,000 [2023 – $112,635,000] with pension obligations of $112,579,000 [2023 – $102,454,000], resulting in a surplus of $10,438,000 [2023 – $10,181,000].

[b] Other employee future benefits

The Centre provides post-retirement benefits of extended health coverage, dental and semi-private insurance. The most recent actuarial valuation for financial reporting purposes was completed by the Centre's independent actuaries as of March 31, 2025.

The significant actuarial assumptions adopted in measuring the Centre's accrued benefit obligations for the other employee future benefits are as follows:

	2025 %	2024 %
Discount rate	**4.2**	4.7
Executive supplementary pension increase	**1.5**	1.5
Health care inflation	**5.0**	4.9

The significant actuarial assumptions adopted in measuring the Centre's benefits expense are as follows:

	2025 %	2024 %
Discount rate	**4.7**	4.5
Executive supplementary pension increase	**1.5**	1.5
Health care inflation	**4.9**	4.6

[in thousands of dollars]

The health care inflation is expected to decrease to an ultimate rate of 3.8% in 2040 and thereafter. Benefits paid during the year were $1,441 [2024 – $1,451]. These obligations are funded in the year they are paid out.

The following table presents information related to the Centre's post-retirement benefits as at March 31, including the amounts recorded on the statement of financial position, and components of net periodic benefit cost:

	2025	2024
	$	$
Accrued benefit obligation		
Balance, beginning of year	**22,357**	21,902
Current service cost	**1,463**	1,143
Plan amendment in year	**599**	1,300
Interest cost	**1,063**	993
Benefits paid	**(1,935)**	(1,984)
Actuarial gain	**1,038**	(997)
Balance, end of year	**24,585**	22,357
Unamortized net actuarial gain	**6,854**	9,509
Employee future benefit liability	**31,439**	31,866
Less current portion	**1,935**	1,984
Total long-term employee future benefits liability	**29,504**	29,882

Unamortized actuarial losses are amortized over the expected average remaining service life of employees. The Centre's benefit plan expense was as follows:

	2025	2024
	$	$
Current service cost	**1,463**	1,143
Interest cost	**1,063**	993
Amortization of actuarial loss	**(1,018)**	(1,023)
Net benefit plan expense	**1,508**	1,113

16. Related entities

Amounts due from (to) related entities in the Centre's financial statements are as follows:

	2025	2024
	$	$
London Health Sciences Centre Research Inc. [a]	**7,079**	7,812
London Health Sciences Foundation [b]	**1,333**	1,767
Children's Health Foundation [c]	**2,892**	574
EpiSign Inc. [d]	**(327)**	(337)
	10,977	9,816

All related party transactions are in the normal course of operations and are measured at the agreed-upon exchange amount. The Centre is also party to joint venture agreements that are described in note 17.

Notes to financial statements

[in thousands of dollars]

March 31, 2025

[a] London Health Sciences Centre Research Inc. [“LHSCRI”]

The Centre has control of LHSCRI, which is incorporated without share capital under the laws of Ontario. The Centre entered into an agreement with St. Joseph’s Health Care, London [“SJHC”], Lawson Research Institute [“LRI”] and LHSCRI to form a Board of Directors to conduct joint research activities as the Lawson Health Research Institute. The Lawson Health Research Institute is jointly controlled by LHSCRI and LRI. Each venturer continues to account for costs independently. The accounts of LHSCRI and Lawson Health Research Institute are not included in these financial statements.

The Centre provided approximately $459 [2024 – $459] in funding to LHSCRI to assist with the operations of LHSCRI. In addition, facilities and certain administrative functions are provided at no cost to LHSCRI.

LHSCRI relies on the Centre to provide payroll and other administrative support and reimburses the Centre for costs incurred on its behalf.

Included in the amounts due from LHSCRI is $2,174 [2024 – $2,000], the disbursement of which is at the discretion of the Centre.

LHSCRI prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook – Accounting.* Any differences in the reporting framework are not material to the Centre’s financial statements. The summarized assets, liabilities, and results from operations for LHSCRI as at and for the year ended March 31 are as follows:

	2025	**2024**
	$	$
Financial position		
Total assets	**127,006**	124,048
Total liabilities	**110,799**	110,807
Net assets	**16,207**	13,241
	127,006	124,048

	2025	**2024**
	$	$
Results of operations		
Total revenue	**65,057**	57,910
Total expenses	**62,091**	54,004
	2,966	3,906

	2025	**2024**
	$	$
Cash flows provided by (used in)		
Operating activities	**718**	(2,755)
Investing activities	**(2,830)**	(2,891)
Net (decrease) increase in cash during the year	**(2,112)**	(5,646)

Notes to financial statements

[in thousands of dollars]

March 31, 2025

[b] London Health Sciences Foundation [“LHSF”]

LHSF is an independent corporation incorporated without share capital under the laws of Ontario with its own separate Board of Directors. LHSF’s accounts are not included in these financial statements. LHSF relies on the Centre to provide payroll, facilities and other administrative support and reimburses the Centre for costs incurred on its behalf.

During the year, LHSF contributed funds to the Centre for capital, patient care, education and research needs of the Centre as set out below:

	2025 $	2024 $
Capital	**2,882**	5,809
Patient care	**841**	1,201
Education	**1,184**	770
Research	**416**	272
	5,323	8,052

[c] Children’s Health Foundation [“CHF”]

CHF is an independent corporation incorporated without share capital under the laws of Ontario with its own separate Board of Directors. CHF’s accounts are not included in these financial statements. CHF relies on the Centre to provide payroll, facilities and other administrative support and reimburses the Centre for costs incurred on its behalf.

During the year, CHF contributed funds to the Centre for capital and patient care needs of the Centre as set out below:

	2025 $	2024 $
Capital	**5,613**	1,366
Patient care	**4,642**	3,310
	10,255	4,676

[d] EpiSign Inc.

The Centre has significant influence in EpiSign Inc., a corporation incorporated under the laws of Ontario. EpiSign Inc. is engaged in ongoing research and development to discover DNA methylation patterns for new conditions and rare disorders. The Centre has a 50% interest in EpiSign Inc.

[in thousands of dollars]

17. Investments in joint ventures

The Centre has entered into the following joint ventures, which are accounted for on the modified equity basis of accounting as follows:

	2025 $	2024 $
Investment in Western ProResp Inc. [a]	**6,107**	5,768
Investment in HMMS [b]	**2,419**	2,350
Investment in PaLM [c]	**7,762**	7,102
Investment in Information Technology Purchased Services [d]	—	—
	16,288	15,220

All transactions with the joint ventures are in the normal course of operations and are measured at the agreed-upon exchange amounts.

[a] Western ProResp Inc.

Western ProResp Inc. was incorporated as a joint venture ["JV"] between the Centre and a third party for the purposes of providing home care services to clients in Middlesex and Elgin Counties. The Centre has a 50% interest in Western ProResp Inc. As at March 31, 2025, Western ProResp Inc. owed $383 [2024 – $383] to the Centre. This amount is included in patient and other accounts receivable.

[b] Healthcare Materials Management Services ["HMMS"]

HMMS is an unincorporated JV between the Centre and SJHC, created to consolidate purchasing, warehousing, distribution and payment processing functions and to provide similar services to other healthcare institutions. Operating costs are allocated to the Centre and SJHC based on a predetermined cost-sharing formula and expensed to operations as a purchased service. As at March 31, 2025, HMMS owed $7,014 to the Centre. This amount is included in patient and other accounts receivable. As at March 31, 2024, the Centre owed $15,510 to HMMS. This amount is included in accounts payable and accrued charges.

HMMS has bank credit facilities consisting of a $10,000 operating line of credit. The Joint Venture Agreement restricts each partner's maximum credit liability based upon the partner's utilization of the JV. As at March 31, 2025, the Centre had provided a guarantee for up to $8,191 in support of the $10,000 operating line of credit. In the event that HMMS is unable to fulfil its debt obligations, the Centre will be responsible for the guaranteed amount. As at March 31, 2025, HMMS had not drawn on its operating line of credit [2024 – nil].

[c] Pathology and Laboratory Medicine ["PaLM"]

The Centre and SJHC entered into an unincorporated JV to consolidate all laboratory services and provide all laboratory and pathology services to the Centre and SJHC in their delivery of patient care.

The services purchased from PaLM for the year ended March 31, 2025 were $41,123 [2024 – $43,497]. As at March 31, 2025, the Centre owed $2,362 [2024 – $2,173] to PaLM. This amount is included in accounts payable and accrued charges.

[d] Information Technology Purchased Services

Information Technology Purchased Services is an unincorporated JV established to develop and operate a shared electronic health information management system across the region. Purchased services include information systems related to electronic patient records, picture archiving and communication, and general ledger applications.

Notes to financial statements

[in thousands of dollars]

March 31, 2025

Information Technology Purchased Services relies on the Centre to provide payroll, facilities and other administrative support, and reimburses the Centre for costs incurred on its behalf. During the year, the Centre incurred total operating costs of $5,709 [2024 – $6,086] on behalf of Information Technology Purchased Services. As at March 31, 2025, the Centre owed $2,726 to Information Technology Purchased Services with respect to these costs and Information Technology Purchased Services owed $466 to the Centre at March 31, 2024. The Centre paid $18 [2024 – $403] to Information Technology Purchased Services for the Centre's share of operating costs during the year.

The Centre's share of the joint ventures' assets, liabilities, operations and cash flows are as follows:

	2025		
	PaLM	**Other**	**Total**
	$	$	$
Centre's share of current year revenue	**76,641**	**22,716**	**99,356**
Centre's share of current year expenses	**(78,372)**	**(22,631)**	**(101,003)**
Centre's share of current year net (loss) gain	**(1,731)**	**85**	**(1,647)**
Centre's share of total assets	**10,113**	**16,818**	**26,931**
Centre's share of total liabilities	**2,483**	**13,398**	**15.881**
Centre's share of cash provided by (used in) operating activities	**151**	**(9,501)**	**(9,350)**
Centre's share of cash used in investing activities	**(2,220)**	**(706)**	**(2,926)**
Centre's share of cash provided by (used in) financing activities	**(308)**	**234**	**(74)**
Centre's share of cash used in operating, investing and financing activities	**(2,377)**	**(9,973)**	**(12,351)**

	2024		
	PaLM	**Other**	**Total**
	$	$	$
Centre's share of current year revenue	72,596	20,454	93,050
Centre's share of current year expenses	(73,739)	(20,346)	(94,085)
Centre's share of current year net loss	(1,143)	108	(1,035)
Centre's share of total assets	9,547	51,927	61,474
Centre's share of total liabilities	2,683	48,571	51,254
Centre's share of cash provided by operating activities	665	13,238	13,903
Centre's share of cash used in investing activities	(4,865)	(482)	(5,347)
Centre's share of cash provided by (used in) financing activities	(256)	3	(253)
Centre's share of cash provided by (used in) operating, investing and financing activities	(4,456)	12,759	8,303

Other includes Western ProResp Inc., HMMS and Information Technology Purchased Services.

Notes to financial statements
[in thousands of dollars]

March 31, 2025

18. Clinical education

The Centre provides education to medical students, residents and fellows, for which it receives funding from the MOH. Any unspent funds are returned to the MOH and any over-expenditure is the responsibility of the Centre. The total of revenue and expenses is included in the Centre's statement of operations.

During the year, the Clinical Education program incurred expenses and received funding from the MOH as follows:

	2025	**2024**
	$	$
Revenue	**87,438**	83,398
Expenses	**87,439**	83,406
Excess of expenses over revenue	**(1)**	(8)

19. MOH and OH one-time revenue

During the year, the Centre received one-time funding from the MOH and OH in the amount of $100,000 to address in-year financial and operating pressures affecting existing programs and services.

20. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2025 financial statements.