



Financial statements

London Health Sciences Centre

March 31, 2021

Management's report

The accompanying financial statements of **London Health Sciences Centre** [the "Centre"] have been prepared by Management, reviewed and recommended by the Finance and Audit Committee, and approved by the Board of Directors at their meeting on July 28, 2021.

The Board of Directors carries out its responsibility for the Centre's financial statements principally through its Finance and Audit Committee. The Finance and Audit Committee meets with Management and the internal and external auditors to review any significant accounting and auditing matters and discuss the results of audit examinations. The Finance and Audit Committee also reviews the financial statements and the auditor's report and submits its findings to the Board of Directors for its consideration in approving the financial statements.

The Centre maintains a system of internal accounting controls, which is continually reviewed and improved to provide assurance that financial information is relevant, reliable, and accurate, and that assets are appropriately accounted for and adequately safe-guarded.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Where alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances.

Jackie Schleifer Taylor, PT, PhD, CHE (Original Signed)
Interim President and CEO

Danny Tulip, (Original Signed)
Interim Vice President, Finance and Chief Financial Officer

London, Canada
July 28, 2021

Independent auditor's report

To the Board of Directors 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, 2021 and the statement of changes in unrestricted net assets, statement of operations, statement of remeasurement losses, 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, 2021, 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 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.

London, Canada
July 28, 2021

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31
[in thousands of dollars]

	2021	2020
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	174,412	192,094
Restricted cash and portfolio investments [notes 4 and 8]	8,682	9,263
Accounts receivable – Ministry of Health ["MOH"], South West Local Health Integration Network ["SW-LHIN"], Cancer Care Ontario ["CCO"] and Ontario Health ["OH"]	74,996	19,045
Accounts receivable – patient and other [notes 8[c] and 16]	51,482	48,177
Due from related entities [note 15]	11,041	14,552
Inventory	12,158	13,323
Prepaid expenses	5,670	4,754
	338,441	301,208
Restricted cash and portfolio investments [note 4]	2,812	3,376
Investments in joint ventures [note 16]	12,062	12,575
Capital assets, net [note 5]	935,060	924,041
	1,288,375	1,241,200
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued charges [note 16]	144,435	147,096
Accounts payable – MOH, SW-LHIN, CCO and OH	68,140	25,738
Short-term liabilities [note 6]	8,300	—
Current portion of long-term liabilities [note 7]	5,561	4,916
Current portion of employee future benefits [note 14]	1,918	1,705
Current portion of capital lease obligations [note 9]	4,398	4,274
Current portion of deferred contributions [note 11]	13,796	12,108
	246,548	195,837
Long-term liabilities [note 7]	72,466	73,400
Employee future benefits [note 14]	31,137	30,864
Interest rate swaps [note 7]	10,563	20,502
Capital lease obligations [note 9]	4,864	6,166
Deferred contributions [note 11]	1,357	1,357
Deferred capital contributions [note 10]	631,215	633,692
	998,150	961,818
Commitments and contingencies [notes 13 and 16]		
NET ASSETS		
Unrestricted net assets	300,788	299,884
Accumulated remeasurement losses	(10,563)	(20,502)
	1,288,375	1,241,200

See accompanying notes to financial statements

On behalf of the Board of Directors:

Phyllis Retty (Original Signed)
Chair, Board of Directors

Terry Marcus (Original Signed)
Chair, Finance and Audit Committee

STATEMENT OF CHANGES IN UNRESTRICTED NET ASSETS

Year ended March 31
[in thousands of dollars]

	2021	2020
	\$	\$
Unrestricted net assets, beginning of year	299,884	311,481
Surplus (deficit)	904	(11,597)
Unrestricted net assets, end of year	300,788	299,884

See accompanying notes to financial statements

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Year ended March 31
[in thousands of dollars]

	2021	2020
	\$	\$
Accumulated remeasurement losses, beginning of year	(20,502)	(12,580)
Unrealized gain (loss) on interest rate swaps <i>[note 7]</i>	8,861	(8,540)
Realized loss on interest rate swaps reclassified to statement of operations <i>[note 7]</i>	1,078	618
Accumulated remeasurement losses, end of year	(10,563)	(20,502)

See accompanying notes to financial statements

STATEMENT OF OPERATIONS

Year ended March 31
[in thousands of dollars]

	2021	2020
	\$	\$
REVENUE		
MOH, SW-LHIN, CCO and OH	1,183,052	1,051,279
Non-patient	91,087	128,433
Patient	61,950	65,458
Preferred accommodation	6,427	9,526
Amortization of deferred capital contributions <i>[note 10]</i>	27,825	27,126
Interest	1,672	3,649
	1,372,013	1,285,471
EXPENSES		
Salaries and wages	728,853	675,011
Employee benefits <i>[note 14]</i>	138,553	137,202
Supplies and other	185,792	173,848
Medical and surgical supplies	97,373	98,184
Drugs	149,683	142,599
Amortization of capital assets	61,726	60,064
Interest and other <i>[note 7]</i>	7,627	8,331
	1,369,607	1,295,239
Surplus (deficit) before undernoted item	2,406	(9,768)
Loss on investments in joint ventures <i>[note 16]</i>	(1,502)	(1,829)
Surplus (deficit)	904	(11,597)

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

Year ended March 31
[in thousands of dollars]

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Surplus (deficit)	904	(11,597)
Add (deduct) non-cash items:		
Amortization of capital assets	61,726	60,064
Amortization of deferred capital contributions	(27,825)	(27,126)
Increase (decrease) in deferred contributions related to future operating expenses	1,688	(727)
Decrease in deferred capital contributions reallocated	(2,054)	(1,219)
Gain (loss) on disposal of equipment	29	(961)
Increase in employee future benefits	486	713
Decrease (increase) in due from related entities	3,511	(5,076)
	38,465	14,071
Net change in non-cash working capital items <i>[note 12]</i>	(19,266)	22,024
Cash provided by operating activities	19,199	36,095
FINANCING ACTIVITIES		
Contributions received related to capital assets	27,327	16,858
Increase in short-term liabilities	8,300	—
Decrease in other long-term liabilities	(294)	(190)
Increase in long-term debt	4,900	—
Repayment of long-term debt	(4,895)	(4,498)
Payment of capital lease obligations	(4,609)	(4,189)
Cash provided by financing activities	30,729	7,981
INVESTING ACTIVITIES		
Decrease in restricted cash and portfolio investments, net	1,145	5,702
Decrease in investments in joint ventures	513	796
Cash provided by investing activities	1,658	6,498
CAPITAL ACTIVITIES		
Proceeds on sale of capital assets	—	988
Purchase of capital assets	(69,268)	(52,533)
Cash used in capital activities	(69,268)	(51,545)
Net decrease in cash and cash equivalents during the year	(17,682)	(971)
Cash and cash equivalents, beginning of year	192,094	193,065
Cash and cash equivalents, end of year	174,412	192,094

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

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.

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”], the South West Local Health Integration Network [“SW-LHIN”] and Cancer Care Ontario [“CCO”]. Capital redevelopment expenditures are primarily funded by the MOH and philanthropic contributions. In the prior year, Ontario Health [“OH”] was established as a new Agency under the MOH, and includes CCO and elements of the SW-LHIN.

The Centre operates under a Hospital Service Accountability Agreement [“H-SAA”] and a Multi-Sector Service Accountability Agreement [“M-SAA”] with the SW-LHIN. 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 depreciated.

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.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

[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 a not-for-profit 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.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

[f] 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.

[g] 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 and revenue recognized from the MOH, SW-LHIN, CCO 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, SW-LHIN, CCO 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.

The Centre's results and operations have been and will continue to be impacted by the outbreak of COVID-19. The COVID-19 pandemic gives rise to heightened uncertainty as it relates to accounting estimates and increases the need to apply judgement in evaluating the economic and market environment and its impact on significant estimates. There is a higher degree of uncertainty related to revenue recognition including the treatment of government reimbursement for hospital-incurred incremental expenses and lost revenue. The duration and impact of the COVID-19 outbreak remains unknown at this time, as does the ongoing efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions and slow the spread of the disease. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Centre in future years.

[h] 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.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

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 4.8 to 15.4 years.

[i] 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.
- [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.

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.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

[j] 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.

[k] Going Concern

Management has assessed its ability to continue as a going concern and is satisfied that the Centre has the resources to continue its operations for the foreseeable future. Management considered the impact of COVID-19 on the Centre's ability to continue as a going concern. Although COVID-19 has had an impact on the Centre's operations, and the operations of its related entities, the Centre has sufficient liquidity to maintain current operations, including the operational demands relating to the Centre's continued COVID-19 response.

3. Funds held in trust

The Centre holds funds in trust for certain associated entities, which the Centre has received under the direction of multi-party agreements. The funds are not available for the use or benefit of the Centre and are disbursed according to the terms of the various agreements. Funds held in trust are not included in the Centre's statement of financial position. Funds held in trust are summarized in the following table:

	2021 \$	2020 \$
Academic Medical Organization of Southwestern Ontario [a]	7,222	6,003
SWO DI/Regional Information Management Projects [b]	177	176
cSWO [c]	—	1,852
	7,399	8,031

[a] 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.

[b] The Centre also holds funds in trust related to the Southwestern Ontario Diagnostic Imaging Project ["SWO DI"] and for other Regional Information Management Projects. These funds were entirely contributed by Canada Health Infoway and the MOH. Subject to approval by the Diagnostic Imaging Steering Committee, the Centre may be reimbursed from the funds held in trust for SWO DI for expenses incurred.

[c] The Centre held funds in trust related to the Connecting Southwestern Ontario ["cSWO"] Project. These funds were entirely contributed by eHealth Ontario. eHealth Ontario is now part of OH. Certain of the funds held in trust for cSWO were remitted to the Centre as reimbursement for expenses incurred. The cSWO project was wound up during the year.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

4. Restricted cash and portfolio investments

	2021	2020
	\$	\$
Externally restricted		
Short-term restricted portfolio investments – fixed income	4,291	4,192
Internally restricted		
Long-term restricted cash	432	429
Short-term restricted portfolio investments – fixed income	4,391	5,071
Long-term restricted portfolio investments – fixed income	2,380	2,947
	<u>11,494</u>	<u>12,639</u>
Less current portion of restricted cash and portfolio investments	8,682	9,263
Total long-term restricted cash and portfolio investments	<u>2,812</u>	<u>3,376</u>

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 8[b]].

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

5. Capital assets

	2021		2020	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	3,997	—	3,997	—
Construction and projects in progress	37,282	—	10,512	—
Buildings, building service equipment and land improvements	1,084,730	357,894	1,074,027	333,412
Parking lot pavement	4,205	2,714	4,187	2,364
Equipment and furniture [a]	627,653	462,199	595,006	427,912
	1,757,867	822,807	1,687,729	763,688
Less accumulated amortization	822,807		763,688	
Net book value	935,060		924,041	

[a] During the year, the Centre recorded \$75 [2020 – \$720] in contributed assets and the related deferred capital contributions.

The above capital assets include assets under capital lease of \$18,502 [2020 – \$18,501] at cost with accumulated amortization of \$9,241 [2020 – \$8,350].

6. Credit facilities

The credit facilities as at March 31, 2021, established with the Centre's bankers, consist of a credit line of \$75,000 [2020 – \$45,000] to be used for general operating purposes and to bridge capital expenditures. This facility bears interest at the Bankers' Acceptance rate plus 0.45%. No amount was drawn on this facility as at March 31, 2021 or March 31, 2020.

The Centre has an additional credit facility to bridge future capital expenditures. This is a non-revolving term facility of \$31,200 and bears interest at prime less 0.75%. Borrowings under this facility are repayable at the earlier of a) September 30, 2021 and b) the receipt by the Centre of the proceeds of the credit facility in note 7[f]. As at March 31, 2021, \$8,300 was drawn on this facility.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

7. Long-term liabilities and interest rate swaps

	2021 \$	2020 \$
Long-term debt		
Term instalment loan at 7.00% [a]	7,697	8,670
Term instalment loan at 7.08% [a]	7,763	8,823
Term instalment loan at 5.68% [b]	20,611	21,418
Term instalment loans at 4.17% [c]	24,635	25,703
Term instalment loan at 2.60% [d]	6,882	7,224
Term instalment loan at 1.61% [e]	3,259	3,744
Term instalment loan at 2.26% [g]	4,740	—
	75,587	75,582
Less current portion	5,201	4,736
	70,386	70,846
Other long-term liabilities		
Sick leave entitlement [h]	7	12
Employee benefit rebates [i]	2,127	2,419
Accumulating and non-vesting sick pay benefits [j]	306	303
	2,440	2,734
Less current portion	360	180
	2,080	2,554
	72,466	73,400
Interest rate swaps		
Interest rate swap on term instalment loan [a]	715	1,136
Interest rate swap on term instalment loan [b]	5,560	8,402
Interest rate swaps on term instalment loans [c]	4,193	6,793
Interest rate swap on term instalment loan [d]	136	709
Interest rate swap on term instalment loan [e]	14	57
Interest rate swap [f]	32	2,902
Interest rate swap on term instalment loan [g]	(87)	503
	10,563	20,502

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 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.

London Health Sciences Centre

Notes to financial statements

[in thousands of dollars]

March 31, 2021

- [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 Bankers' Acceptance rate plus 0.65% and due on December 30, 2022. Quarterly equal blended payments of principal and interest commenced September 30, 2003. As at March 31, 2021, the agreement represented a notional principal amount of \$7,697 [2020 – \$8,670].

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 plus 0.65% obligation annually for a fixed rate of 7.00%.

As at March 31, 2021, the fair value of this IRS agreement represented a liability of \$715 [2020 – \$1,136].

The Centre has a non-revolving term instalment loan on its University Hospital parking structure bearing interest at 7.08% and due on July 31, 2021. Monthly equal blended payments of principal and interest commenced April 1, 2002. As at March 31, 2021, the agreement represented a notional principal amount of \$7,763 [2020 – \$8,823].

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 Bankers' Acceptance rate plus 0.75% 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 Bankers' Acceptance rate plus 0.75% annually for a fixed rate of 5.68%.

As at March 31, 2021, the fair value of this IRS agreement represented a liability of \$5,560 [2020 – \$8,402]. 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.

- [c] The Centre has two non-revolving floating rate term instalment loans to finance expenditures related to the Phase 5 Co-Generation project at Victoria Hospital and the Emergency Backup Generator project at University Hospital. The loans bear interest at a floating rate of prime less 0.75% and are due on September 30, 2036. Monthly blended payments of principal and interest commenced October 1, 2011.

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 prime less 0.75% annually for a fixed rate of 4.17%. The maturity date of these agreements is September 1, 2036.

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As at March 31, 2021, the fair value of these IRS agreements represented a liability of \$4,193 [2020 – \$6,793].

- [d] The Centre has a non-revolving floating rate term instalment loan at the Bankers' Acceptance 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 Bankers' Acceptance rate plus 0.30% annually for a fixed rate of 2.60%.

As at March 31, 2021, the fair value of this IRS agreement represented a liability of \$136 [2020 – \$709].

- [e] The Centre has a non-revolving floating rate term instalment loan at the Bankers' Acceptance rate plus 0.30% 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 Bankers' Acceptance rate plus 0.30% annually for a fixed rate of 1.61%.

As at March 31, 2021, the fair value of this IRS agreement represented a liability of \$14 [2020 – \$57].

- [f] The Centre has a non-revolving floating rate term instalment loan at the Bankers' Acceptance rate to finance the replacement of the emergency generator at Victoria Hospital. No amount has been drawn on this facility at March 31, 2021.

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 Bankers' Acceptance rate for a fixed rate of 2.30%.

As at March 31, 2021, the fair value of this IRS agreement represented a liability of \$32 [2020 – \$2,902].

- [g] The Centre has a non-revolving floating rate term instalment loan at the Bankers' Acceptance 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 Bankers' Acceptance rate for a fixed rate of 2.26%.

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March 31, 2021

As at March 31, 2021, the fair value of this IRS agreement represented an asset of \$87 and a liability of \$503 at March 31, 2020.

- [h] Sick leave entitlement reflects the remaining liability from a former plan, with changes during the year representing changes in wage rates and payouts to employees upon retirement or departure from the Centre.
- [i] This represents the rebate portion of certain legislated employee benefits programs to fund future costs.
- [j] 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 expensed during the year were \$3 [2020 – \$15].
- [k] Principal payments due under the various debt agreements are as follows:

	\$
2022	5,201
2023	4,938
2024	4,659
2025	4,897
2026	5,148
Thereafter	50,744
	<u>75,587</u>

Interest costs incurred in the year amounted to \$3,997 [2020 – \$4,044].

8. 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.

London Health Sciences Centre

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[in thousands of dollars]

March 31, 2021

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

	Fair value as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets and liabilities				
Cash and cash equivalents	156,675	17,737	—	174,412
Restricted cash and portfolio investments <i>[note 4]</i>	432	11,062	—	11,494
Interest rate swaps <i>[note 7]</i>	—	(10,563)	—	(10,563)
	157,107	18,236	—	175,343

	Fair value as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets and liabilities				
Cash and cash equivalents	140,148	51,946	—	192,094
Restricted cash and portfolio investments <i>[note 4]</i>	429	12,210	—	12,639
Interest rate swaps <i>[note 7]</i>	—	(20,502)	—	(20,502)
	140,577	43,654	—	184,231

Material transfers during the year between Level 1 and 2 were \$35,017 [2020 – nil].

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.

The Centre's results and operations have been and will continue to be impacted by the COVID-19 pandemic. The adverse effects include but are not limited to a decline in interest rates, increase in counterparty credit risk, and disruptions of operations. Significant uncertainty remains regarding the breadth and depth of these events and the long-term impact on the Centre and its affiliates.

[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 including interest rates. Significant volatility in interest rates and equity values in which the Centre's investments are held can significantly impact the value of the 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

London Health Sciences Centre

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March 31, 2021

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 0.6 years [2020 – 0.7 years] and an average yield of 0.85% [2020 – 2.61%] as at March 31, 2021 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 year-end, patient and other accounts receivable totaled \$51,482 [2020 – \$48,177]. 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, 2021.

[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 available lines of credit [note 6] that may be used when sufficient cash flow is not available from operations to cover operating expenditures. The Centre believes that its current sources of liquidity are sufficient to cover its known short and long-term cash obligations.

The majority of accounts payable and accrued charges are expected to be settled in the next fiscal year. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

London Health Sciences Centre

Notes to financial statements

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March 31, 2021

9. Capital lease obligations

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

	2021 \$	2020 \$
Total minimum lease payments	9,215	10,764
Less amounts representing interest	764	1,030
Add residual values	811	706
Present value of capital lease obligations	9,262	10,440
Less current portion of capital lease obligations	4,398	4,274
	4,864	6,166

Principal payments due under capital lease obligations are as follows:

	\$
2022	4,261
2023	2,501
2024	1,336
2025	352

10. 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:

	2021 \$	2020 \$
Balance, beginning of year	633,692	644,459
Contributions received during the year		
MOH, SW-LHIN, CCO and OH	23,107	10,254
Foundations	3,934	4,988
Other	361	2,336
Capital contributions reallocated	(2,091)	(545)
Capital contributions reclassified to accounts payable	37	(674)
Amortization	(27,825)	(27,126)
Balance, end of year	631,215	633,692

The above deferred capital contributions include funds received but not amortizing in the amount of \$19,419 [2020 – \$14,204].

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[in thousands of dollars]

March 31, 2021

11. 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:

	2021	2020
	\$	\$
Balance, beginning of year	13,465	14,192
Contributions received during the year		
SW-LHIN and CCO	2,559	—
Foundations	618	1,082
Other	1,131	1,167
Amounts recognized as revenue during the year	(2,620)	(2,976)
	15,153	13,465
Less current portion	13,796	12,108
Balance, end of year	1,357	1,357

12. Statement of cash flows

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

	2021	2020
	\$	\$
Cash provided by (used in)		
Accounts receivable – MOH, SW-LHIN, CCO and OH	(55,951)	(5,070)
Accounts receivable – patient and other	(3,305)	(4,862)
Inventory	1,165	(2,984)
Prepaid expenses	(916)	578
Accounts payable and accrued charges	(2,661)	30,369
Accounts payable – MOH, SW-LHIN, CCO and OH	42,402	3,993
	(19,266)	22,024

Non-cash transactions during the year related to contributed capital assets and the related deferred capital contributions of \$75 [2020 – \$720] are excluded from the statement of cash flows.

London Health Sciences Centre

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[in thousands of dollars]

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13. Commitments and contingencies

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

	\$
2022	1,017
2023	987
2024	876
2025	857
2026	714

- [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. With respect to claims as at March 31, 2021, 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 a retroactive pay.
- [d] The Centre's Board of Directors has approved capital expenditures for the replacement of diagnostic imaging equipment and the replacement of an emergency generator, totaling \$79,636 to be completed by June 30, 2024. Financing related to the emergency generator project totals \$31,200 and is outlined in note 6. The diagnostic imaging equipment replacement is being financed through operations.

14. 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 \$47,140 [2020 – \$45,906]. This amount is included in employee benefits expense in the statement of operations.

The financial statements for the year ended December 31, 2020 for HOOPP disclosed net assets available for benefits of \$103,983,000 [2019 – \$94,102,000] with pension obligations of \$79,852,000 [2019 – \$73,547,000], resulting in a surplus of \$24,131,000 [2019 – \$20,555,000].

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[in thousands of dollars]

March 31, 2021

[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, 2021.

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

	2021 %	2020 %
Discount rate	2.7	3.0
Executive supplementary pension increase	1.5	1.5
Health care inflation	4.2	5.5

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

	2021 %	2020 %
Discount rate	3.0	2.7
Executive supplementary pension increase	1.5	1.5
Health care inflation	5.5	5.6

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 \$1,221 [2020 – \$1,172]. 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:

	2021 \$	2020 \$
Accrued benefit obligation		
Balance, beginning of year	28,657	28,912
Current service cost	1,412	1,427
Interest cost	870	796
Benefits paid	(1,919)	(1,704)
Actuarial gain	(2,962)	(774)
Balance, end of year	26,058	28,657
Unamortized net actuarial gain	6,997	3,912
Employee future benefit liability	33,055	32,569
Less current portion	1,918	1,705
Total long-term employee future benefit liability	31,137	30,864

London Health Sciences Centre

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

	2021	2020
	\$	\$
Current service cost	1,412	1,427
Interest cost	870	796
Amortization of actuarial loss	123	195
Net benefit plan expense	2,405	2,418

15. Related entities

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

	2021	2020
	\$	\$
London Health Sciences Centre Research Inc. [a]	10,124	13,450
London Health Sciences Foundation [b]	917	1,102
	11,041	14,552

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 16.

[a] London Health Sciences Centre Research Inc. ["LHSCRI"]

The Centre has significant influence in 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 [2020 – \$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 \$5,025 [2020 – \$4,951], the disbursement of which is at the discretion of the Centre.

London Health Sciences Centre

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[b] London Health Sciences Foundation [the "Foundation"]

The Foundation is an independent corporation incorporated without share capital under the laws of Ontario with its own separate Board of Directors. The Foundation's accounts are not included in these financial statements. The Foundation 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 Foundation contributed funds to the Centre for capital, patient care, education and research needs of the Centre as set out below:

	2021	2020
	\$	\$
Capital	1,309	4,794
Patient care	1,238	1,295
Education	323	514
Research	170	86
	3,040	6,689

16. 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:

	2021	2020
	\$	\$
Investment in Western ProResp Inc. [a]	4,825	4,372
Investment in HMMS [b]	2,260	2,261
Investment in PaLM [c]	4,977	5,942
Investment in Information Technology Purchased Services [d]	—	—
	12,062	12,575

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

[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, 2021, Western ProResp Inc. owed \$361 [2020 – \$366] to the Centre. This amount is included in patient and other accounts receivable.

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[in thousands of dollars]

March 31, 2021

[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 pre-determined cost-sharing formula and expensed to operations as a purchased service. As at March 31, 2021, HMMS owed \$4,801 to the Centre. This amount is included in patient and other accounts receivable. As at March 31, 2020, the Centre owed \$21,643 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, 2021, the Centre had provided a guarantee for up to \$8,301 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, 2021, HMMS had not drawn on its operating line of credit [2020 – 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, 2021 were \$30,933 [2020 – \$42,833]. As at March 31, 2021, the Centre owed \$1,662 [2020 – \$461] 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.

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 \$11,274 [2020 – \$11,203] on behalf of Information Technology Purchased Services. As at March 31, 2021, Information Technology Purchased Services owed \$955 to the Centre with respect to these costs and the Centre owed \$489 to Information Technology Purchased Services at March 31, 2020. The Centre paid \$1,830 [2020 – \$1,853] to Information Technology Purchased Services for the Centre’s share of operating costs during the year.

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[in thousands of dollars]

March 31, 2021

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

	2021		
	PaLM \$	Other \$	Total \$
Centre's share of current year revenue	73,080	22,652	95,732
Centre's share of current year expenses	(74,680)	(22,554)	(97,234)
Centre's share of current year net loss	(1,600)	98	(1,502)
Centre's share of total assets	8,512	40,556	49,068
Centre's share of total liabilities	3,469	37,050	40,519
Centre's share of cash provided by operating activities	208	1,428	1,636
Centre's share of cash used in investing activities	(2,767)	(454)	(3,221)
Centre's share of cash provided by financing activities	1,909	893	2,802
Centre's share of cash provided by (used in) operating, investing and financing activities	(650)	1,867	1,217
	2020		
	PaLM \$	Other \$	Total \$
Centre's share of current year revenue	57,865	19,674	77,539
Centre's share of current year expenses	(59,646)	(19,722)	(79,368)
Centre's share of current year net loss	(1,781)	(48)	(1,829)
Centre's share of total assets	6,579	39,304	45,883
Centre's share of total liabilities	717	35,922	36,639
Centre's share of cash provided by operating activities	102	506	608
Centre's share of cash used in investing activities	(788)	(536)	(1,324)
Centre's share of cash provided by financing activities	226	71	297
Centre's share of cash provided by (used in) operating, investing and financing activities	(460)	41	(419)

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

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17. 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:

	2021	2020
	\$	\$
Revenue	72,157	70,771
Expenses	72,223	70,830
Excess of expenses over revenue	(66)	(59)

18. Subsequent events

On March 17, 2021, the Minister of Health issued a series of orders transferring the Local Health Integration Networks' health system planning and funding functions to OH. As of April 1, 2021, OH will assume all rights and obligations in respect of all service accountability agreements that have been entered into by the SW-LHIN with health service providers. Aside from the assumption of these agreements by OH, all of their terms and conditions will remain the same. This transfer includes the H-SAA and M-SAA agreements, which will move to OH and maintain their existing terms and funding arrangements.

19. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2021 financial statements.