

Financial Statements of

**HOLLAND BLOORVIEW KIDS
REHABILITATION HOSPITAL**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Holland Bloorview Kids Rehabilitation Hospital

Report on the Financial Statements

Opinion

We have audited the financial statements of Holland Bloorview Kids Rehabilitation Hospital (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its changes in net assets, its remeasurement gains and losses, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 10, 2020

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL


Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 5,860,869	\$ 3,606,237
Due from the Ministry of Health and Long-term Care	719,051	667,168
Accounts receivable (note 2)	3,748,369	4,031,231
Other assets	157,201	136,406
Due from related parties (note 9)	4,580,621	723,190
	<u>15,066,111</u>	<u>9,164,232</u>
Investments (note 3)	36,440,206	46,569,558
Property, plant and equipment (note 4)	76,148,409	73,137,135
	<u>\$ 127,654,726</u>	<u>\$ 128,870,925</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 16,404,569	\$ 11,891,345
Due to the Ministry of Health and Long-term Care	438,775	721,250
	<u>16,843,344</u>	<u>12,612,595</u>
Deferred contributions (note 6)	7,619,133	8,192,447
Deferred capital grants and donations - spent and unamortized (note 7)	62,923,409	61,387,489
Deferred capital grants and donations - unspent (note 8)	13,222,458	13,723,690
	<u>100,608,344</u>	<u>95,916,221</u>
Net assets:		
Accumulated operating surplus	25,264,300	26,392,444
Accumulated remeasurement gains	1,782,082	6,562,260
	<u>27,046,382</u>	<u>32,954,704</u>
Subsequent event (note 15)		
	<u>\$ 127,654,726</u>	<u>\$ 128,870,925</u>

See accompanying notes to financial statements.

Approved by the Board of Trustees:


 _____ Trustee
 Bruce Cooper, Treasurer


 _____ Trustee
 Marg Rappolt, Chair

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Revenue and Expenses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Province of Ontario	\$ 66,911,332	\$ 65,332,871
Client services and other	13,470,060	13,238,565
Foundation grants and donations (note 9)	10,200,009	10,039,040
Other operating grants	7,694,904	7,239,807
Investment income - net	2,268,798	2,543,630
Amortization of deferred capital grants and donations	1,297,834	1,220,711
	<u>101,842,937</u>	<u>99,614,624</u>
Expenses:		
Salaries and benefits (note 10)	79,905,947	76,195,541
Supplies and other (note 11)	19,973,087	20,353,630
Amortization of furniture and equipment	2,513,798	1,886,647
	<u>102,392,832</u>	<u>98,435,818</u>
Excess (deficiency) of revenue over expenses before undernoted items	(549,895)	1,178,806
Amortization of deferred capital grants and donations related to building and building equipment	2,756,672	2,799,351
Amortization of building and building equipment	(3,387,970)	(3,340,836)
Excess (deficiency) of revenue over expenses	\$ (1,181,193)	\$ 637,321

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

					2020	2019
	Investment in property, plant and equipment (note 7)	Restricted for endowments	Restricted for property and building redevelopment	Unrestricted	Total	Total
Balance, beginning of year	\$ 11,749,646	\$ 1,693,486	\$ 4,081,708	\$ 8,867,604	\$ 26,392,444	\$ 25,683,145
Excess (deficiency) of revenue over expenses before undernoted items	(1,215,964)	–	–	666,069	(549,895)	1,178,806
Amortization of building and building equipment	(3,387,970)	–	–	–	(3,387,970)	(3,340,836)
Amortization of deferred capital grants and donations related to building and building equipment	2,756,672	–	–	–	2,756,672	2,799,351
Excess (deficiency) of revenue over expenses for the year	(1,847,262)	–	–	666,069	(1,181,193)	637,321
Net purchase of property, plant and equipment	8,913,042	–	–	(8,913,042)	–	–
Amounts funded by deferred capital grants and donations	(5,590,426)	–	–	5,590,426	–	–
Net change in investment in property, plant and equipment	3,322,616	–	–	(3,322,616)	–	–
Contributions - net of expenses	–	53,049	–	–	53,049	71,978
Balance, end of year	\$ 13,225,000	\$ 1,746,535	\$ 4,081,708	\$ 6,211,057	\$ 25,264,300	\$ 26,392,444

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Remeasurement Gains and Losses

Year ended March 31, 2020, with comparative information for 2019

						2020	2019
	Investment in property, plant and equipment (note 7)	Restricted for endowments	Restricted for property and building redevelopment	Unrestricted		Total	Total
Accumulated remeasurement gains, beginning of year	\$ —	\$ 647,234	\$ 1,384,564	\$ 4,530,462	\$ 6,562,260	\$ 7,793,937	
Unrealized losses	—	(457,432)	(875,028)	(2,660,782)	(3,993,242)	(1,547,566)	
Amounts reclassified to the statement of revenue and expenses	—	—	—	(786,936)	(786,936)	315,889	
Accumulated remeasurement gains, end of year	\$ —	\$ 189,802	\$ 509,536	\$ 1,082,744	\$ 1,782,082	\$ 6,562,260	
Summary by fund:							
Accumulated operating surplus	\$ 13,225,000	\$ 1,746,535	\$ 4,081,708	\$ 6,211,057	\$ 25,264,300	\$ 26,392,444	
Accumulated remeasurement gains	—	189,802	509,536	1,082,744	1,782,082	6,562,260	
	\$ 13,225,000	\$ 1,936,337	\$ 4,591,244	\$ 7,293,801	\$ 27,046,382	\$ 32,954,704	

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,181,193)	\$ 637,321
Items not affecting cash:		
Amortization of property, plant and equipment	5,901,768	5,227,483
Amortization of deferred capital grants and donations	(4,054,506)	(4,020,062)
Change in non-cash operating working capital (note 14)	583,502	(1,722,978)
	<u>1,249,571</u>	<u>121,764</u>
Investing activities:		
Redemption (purchase) of investments - net	3,713,183	(1,831,901)
Purchase of property, plant and equipment	(8,913,042)	(4,431,709)
	<u>(5,199,859)</u>	<u>(6,263,610)</u>
Financing activities:		
Capital grants and donations received	6,725,185	1,258,850
Deferred contributions	(573,314)	309,485
Endowment contributions received, net of expenses	53,049	71,978
	<u>6,204,920</u>	<u>1,640,313</u>
Increase (decrease) in cash	2,254,632	(4,501,533)
Cash, beginning of year	3,606,237	8,107,770
Cash, end of year	<u>\$ 5,860,869</u>	<u>\$ 3,606,237</u>

See accompanying notes to financial statements.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements

Year ended March 31, 2020

Holland Bloorview Kids Rehabilitation Hospital ("Holland Bloorview") is Canada's largest children's rehabilitation teaching hospital, fully affiliated with the University of Toronto.

Holland Bloorview was incorporated without share capital under the laws of Ontario and is registered as a charitable organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

Under the Health Insurance Act (Ontario) and the Local Health System Integration Act 2006, Holland Bloorview is funded primarily by the Province of Ontario through the Ministry of Health and Long-Term Care (the "MOHLTC") and in accordance with budget arrangements established by Toronto Central Local Health Integration Network ("TC LHIN"). These financial statements reflect agreed funding arrangements approved by the TC LHIN with respect to the year ended March 31, 2020.

1. Significant accounting policies:

(a) Basis of accounting and presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS"), including standards that apply to government not-for-profit organizations. The financial statements reflect the total services of Holland Bloorview, which include clinical, educational and research activities for children and youth with disabilities. The financial statements do not include the assets, liabilities, operations and cash flows of Holland Bloorview Kids Rehabilitation Hospital Foundation (the "Foundation"), which is a separate entity.

(b) Revenue recognition:

Holland Bloorview follows the deferral method of accounting for contributions.

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued to offset incurred expenses.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions other than endowment contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

Endowment contributions are recognized as direct increases in endowment net assets when received.

Revenue from all other sources is recognized when the services are provided.

Investments comprise funds invested in externally managed balanced pooled funds. Income distributions from these pooled funds and realized gains and losses, net of fees are recognized in investment income in the statement of revenue and expenses.

Investment income, both realized and unrealized, is attributed to unspent deferred capital grants where there is either an implicit or explicit restriction on income.

(c) Property, plant and equipment:

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Costs incurred that substantially increase the useful lives of existing property, plant and equipment are capitalized. Costs to maintain normal operating efficiency are expensed as incurred.

Property, plant and equipment are amortized on a straight-line basis over their useful lives as follows:

Building equipment	5 - 40 years
Building	40 years
Furniture and equipment	5 - 20 years
Software	5 years

In accordance with PSAS, Holland Bloorview reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value. The impairment loss is measured as the extent to which the carrying amount exceeds the fair value.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(d) Deferred capital grants and donations:

Capital grants and donations received as funding for property, plant and equipment additions are initially deferred and realized in revenue on the same basis as the amortization of the cost of the related property, plant and equipment.

(e) Restricted net assets for endowment:

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions, stipulating that the principal be maintained intact. Investment income earned on resources restricted for endowments is reported in the restricted for endowments fund or the unrestricted fund, depending on the nature of any restrictions imposed by contributors of funds for endowment.

(f) Contributed services and materials:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments, such as cash and investments are reported at fair value. All other financial instruments, including accounts receivable, due from the MOHLTC, due from related parties, accounts payable and accrued liabilities and due to the MOHLTC, are recorded at amortized cost.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of revenue and expenses.

All financial assets are assessed for impairment on an annual basis. When a decline in value is determined to be other than temporary, the amount of loss is reported in the statement of revenue and expenses.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

The standards require Holland Bloorview to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(h) Use of estimates:

The preparation of 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 year.

Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable and property, plant and equipment. Actual results could differ from those estimates.

2. Accounts receivable:

	2020	2019
Accounts receivable	\$ 4,117,665	\$ 4,255,433
Less allowance for doubtful accounts	369,296	224,202
	<u>\$ 3,748,369</u>	<u>\$ 4,031,231</u>

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Investments:

Investments are carried at fair value and consist of the following:

2020	Level 1	Level 2	Level 3	Total
Balanced Pooled Funds	\$ 36,275,206	\$ –	\$ 165,000	\$ 36,440,206

2019	Level 1	Level 2	Level 3	Total
Balanced Pooled Funds	\$ 46,404,558	\$ –	\$ 165,000	\$ 46,569,558

4. Property, plant and equipment:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 138,478	\$ –	\$ 138,478	\$ 138,478
Building equipment	26,612,427	15,235,914	11,376,513	7,455,729
Building	86,379,359	30,448,844	55,930,515	57,495,279
Furniture and equipment	28,874,991	23,402,013	5,472,978	4,941,800
Software	11,181,195	7,951,270	3,229,925	3,105,849
	\$ 153,186,450	\$ 77,038,041	\$ 76,148,409	\$ 73,137,135

During the year, Holland Bloorview wrote off \$192,000 (2019 - \$324,354) of fully amortized assets.

Building redevelopment:

Holland Bloorview completed construction of a new facility at a final cost of \$107 million in 2007. In connection with this redevelopment project, there was \$713,376 (2019 - \$713,376) in outstanding letters of credit as at March 31, 2020.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,520,609 (2019 - \$357,505), which includes amounts payable for harmonized sales tax and payroll-related taxes.

6. Deferred contributions:

Deferred contributions represent unspent externally restricted grants and donations for research and other purposes.

	2020	2019
Balance, beginning of year	\$ 8,192,447	\$ 7,882,962
Amounts received or receivable	26,210,595	29,846,199
Amounts recognized as revenue	(26,783,909)	(29,536,714)
Balance, end of year	\$ 7,619,133	\$ 8,192,447

7. Deferred capital grants and donations - spent and unamortized:

Deferred capital grants and donations represent the spent and unamortized amount for the purchase of property, plant and equipment. The amortization of capital grants and donations is recorded as revenue in the statement of revenue and expenses.

	2020	2019
Balance, beginning of year	\$ 61,387,489	\$ 64,377,415
Capital grants and donations received	5,590,426	1,030,136
Amortization of deferred capital grants and donations	(4,054,506)	(4,020,062)
Balance, end of year	\$ 62,923,409	\$ 61,387,489

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Deferred capital grants and donations - unspent:

	2020	2019
Balance, beginning of year	\$ 13,723,690	\$ 14,099,777
Capital gains reinvested	1,134,759	228,714
Unrealized remeasurement loss	(1,635,991)	(604,801)
Balance, end of year	\$ 13,222,458	\$ 13,723,690

Cumulative remeasurement gains as at March 31, 2020 totalled \$1,386,323 (2019 - \$3,022,317).

9. Related party transactions:

The Foundation is an independent corporation without share capital which has its own board of directors. The Foundation was established to raise funds to support Holland Bloorview and its programs and capital needs. The Foundation is responsible for fundraising activities carried out on behalf of Holland Bloorview and donations or bequests made to Holland Bloorview are recorded as revenue by the Foundation.

During the year, the Foundation granted \$15,100,031 (2019 - \$9,945,892) to Holland Bloorview to fund programs and capital expenditures. The balance due from the Foundation of \$4,580,621 (2019 - \$723,190) comprises grants payable and operating expenses paid by Holland Bloorview on behalf of the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

10. Pension plan:

Substantially all of the employees at Holland Bloorview are members of the Healthcare of Ontario Pension Plan, which is a defined benefit multi-employer contributory pension plan. The plan is accounted for as a defined contribution plan. Employer contributions made to the plan during the year by Holland Bloorview amounted to \$5,118,465 (2019 - \$4,870,346). These amounts are included in salaries and benefits expenses in the statement of revenue and expenses. The most recent actuarial valuation of the plan as at December 31, 2018 indicated the plan was fully funded on a going concern basis.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

11. Centralized equipment pool:

Holland Bloorview is responsible for administering the provincial program that provides equipment on loan or lease as communication aids for people with disabilities. This equipment is accounted for in a manner similar to the treatment of prescription drugs and is expensed when prescribed. The amount charged to supplies and other expenses in the statement of revenue and expenses for the purchase of equipment for lease is \$2,785,100 (2019 - \$2,789,931). These costs are funded by the MOHLTC.

12. Contingent liability:

Holland Bloorview is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC") and, therefore, has an economic interest in HIROC. HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the pool for the years in which they were a member. No such assessments have been made for the year ended March 31, 2020.

13. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. Holland Bloorview is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as they are required to provide care for patients regardless of their ability to pay for services provided.

Holland Bloorview assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure of credit risk to Holland Bloorview at March 31, 2020 is the carrying value of these assets.

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

13. Financial risks and concentration of risk (continued):

(b) Market risk:

Market risk is the risk that the fair value of financial instruments or future cash flows associated with financial instruments fluctuate because of changes in market prices other than those arising from interest rate risk. Holland Bloorview is exposed to market risk through its investments.

As at March 31, 2020, Holland Bloorview's total exposure to other market risk is \$36,440,206. Holland Bloorview's estimate of the effect on net assets as at March 31, 2020 due to a 5% increase or decrease in the fair value of investments, with all other variables held constant, would approximately amount to an increase or decrease of \$1,822,010. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) Interest rate risk:

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Holland Bloorview is exposed to interest rate risk as a result of cash balances. As at March 31, 2020, Holland Bloorview's estimate of the exposure to interest rate risk and the effect on net assets is not material.

14. Statement of cash flows:

Change in non-cash operating working capital related to operations is as follows:

	2020	2019
Due from the MOHLTC	\$ (51,883)	\$ 89,781
Accounts receivable	282,862	(674,206)
Other assets	(20,795)	23,124
Due from related parties	(3,857,431)	344,889
Accounts payable and accrued liabilities	4,513,224	(1,685,556)
Due to the MOHLTC	(282,475)	178,990
	<u>\$ 583,502</u>	<u>\$ (1,722,978)</u>

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2020

15. Subsequent event:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, Holland Bloorview implemented the following actions in relation to the COVID-19 pandemic:

- The closure of certain facilities to the general public;
- Revisions to the delivery of a number of services in order to limit the potential for transmission within the hospital; and
- The implementation of working from home requirements for certain employees.

As a result of these actions, Holland Bloorview experienced fluctuation in operating revenues and operating costs.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and did not identify any such adjustments. The current events and conditions are expected to be temporary, however there is uncertainty around the length of the disruption and impact on future operations. As a result, an estimate of the financial effect of these items is not practicable at this time.