

University Health Network

Financial statements

March 31, 2025



Shape the future
with confidence

Independent auditor's report

To the Board of Trustees of
University Health Network

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **University Health Network** and its subsidiaries [collectively "UHN" or the "Group"], which comprise the statement of financial position as at March 31, 2025, and the statement of operations, statement of changes in net assets, statement of remeasurement gains 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 UHN as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of UHN 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.

Other matter – Amalgamation

We draw attention to note 1 to the financial statements, which describes the results of the approved amalgamation of UHN with another organization. Our opinion is not modified in respect of this matter.

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

Those charged with governance are responsible for overseeing UHN'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 UHN'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 UHN'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 UHN 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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 that of the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 24, 2025



University Health Network

Statement of financial position

[in thousands of dollars]

As at March 31

	2025	2024
	\$	\$
Assets		
Current		
Cash and cash equivalents	558,916	620,218
Short term-investments [note 4[a]]	178,513	—
Accounts receivable [note 3]	394,964	361,909
Inventory	40,217	35,751
Prepaid expenses	29,458	28,242
Current portion of long-term receivable from Ministry of Health [note 8]	3,995	—
Total current assets	1,206,063	1,046,120
Loans receivable	1,600	1,600
Long-term receivable from Ministry of Health [note 8]	179,488	—
Long-term investments		
Held for contingency funds [note 4[b]]	15,083	15,083
Restricted assets [note 4[b]]	53,771	—
Other [note 4[c]]	770,729	658,755
Capital assets, net [note 5]	2,548,333	1,657,111
	4,775,067	3,378,669
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	1,334,573	1,172,942
[notes 9[e], 9[f], 14[a], 14[b], 14[c] and 14[f]]		
Current portion of long-term liabilities and payables [notes 6, 8 and 9]	11,251	4,845
Total current liabilities	1,345,824	1,177,787
Due to MaRS Development Trust [note 6]	50,311	54,270
Deferred research contributions [note 7]	521,207	475,599
Long-term payable [note 8]	207,507	—
Long-term debt [note 9]	320,276	271,298
Employee future benefit liabilities [note 10[b]]	58,342	53,101
Deferred capital contributions [note 11]	1,683,003	775,113
Total liabilities	4,186,470	2,807,168
Commitments and contingencies [notes 8 and 15]		
Net assets		
From operations		
Internally restricted [note 12]	219,107	156,586
Unrestricted	358,189	409,309
	577,296	565,895
Accumulated remeasurement gains	11,301	5,606
Total net assets	588,597	571,501
	4,775,067	3,378,669

See accompanying notes

On behalf of the Board of Trustees:



Dean Connor
Chair, Board of Trustees



Stu Kedwell
Chair, Finance and Audit Committee

University Health Network

Statement of operations

[in thousands of dollars]

Year ended March 31

	2025	2024
	\$	\$
Revenue		
Ontario Ministry of Health, Ministry of Long-term Care and Ontario Health	2,173,395	1,913,395
Other patient services	337,657	278,512
Grants and donations for research and other purposes <i>[notes 7 and 14]</i>	452,493	425,029
Ancillary services and other <i>[notes 4[d] and 14[a]]</i>	635,074	585,544
Amortization of deferred capital contributions <i>[note 11]</i>	97,044	71,441
	3,695,663	3,273,921
Expenses		
Compensation <i>[note 10]</i>	2,160,276	1,924,159
Medical, surgical supplies and drugs	637,850	557,919
Other supplies and expenses <i>[notes 14[b] and 14[c]]</i>	508,868	437,361
Plant operations and equipment maintenance	215,147	177,857
Amortization	180,630	145,342
Interest on long-term liabilities <i>[notes 6, 8, 9[a], 9[b], 9[f] and 16]</i>	24,833	11,798
	3,727,604	3,254,436
Excess (deficiency) of revenue over expenses for the year	(31,941)	19,485

See accompanying notes

University Health Network

Statement of changes in net assets

[in thousands of dollars]

Year ended March 31

	2025		2024
	Internally restricted	Unrestricted	Total
	\$	\$	\$
Balance, beginning of year	156,586	409,309	565,895
Excess (deficiency) of revenue over expenses for the year	—	(31,941)	(31,941)
Interfund transfers <i>[note 12]</i>	60,159	(60,159)	—
Net assets transferred to UHN <i>[note 1]</i>	2,362	40,980	43,342
Balance, end of year	219,107	358,189	577,296

See accompanying notes

University Health Network

Statement of remeasurement gains

[in thousands of dollars]

Year ended March 31

	2025	2024
	\$	\$
Accumulated remeasurement gains, beginning of year	5,606	2,251
Net unrealized gains (losses) attributable to:		
Interest rate swap contract <i>[note 9[e]]</i>	(956)	714
Portfolio investments	7,027	2,641
Derivative liability <i>[note 9[f]]</i>	(3,472)	—
	2,599	3,355
Accumulated remeasurement gain transferred to UHN <i>[note 1]</i>	3,096	—
Accumulated remeasurement gains, end of year	11,301	5,606

See accompanying notes

University Health Network

Statement of cash flows

[in thousands of dollars]

Year ended March 31

	2025	2024
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(31,941)	19,485
Add (deduct) items not involving cash		
Amortization	180,630	145,342
Amortization of deferred capital contributions	(97,044)	(71,441)
Other post-employment benefit expense	3,947	3,274
	<u>55,592</u>	<u>96,660</u>
Net change in non-cash working capital balances related to operations [note 13[a]]	34,335	61,684
Net increase in deferred research contributions	45,608	25,447
Employer contributions for employee benefit plan	(3,801)	(2,622)
Cash provided by operating activities	<u>131,734</u>	<u>181,169</u>
Investing activities		
Increase in short-term investments, net	(146,712)	—
Increase in other long-term investments, net	(51,447)	(64,803)
Decrease in restricted assets in long-term investments	19,712	—
Cash used in investing activities	<u>(178,447)</u>	<u>(64,803)</u>
Financing activities		
Contributions received for capital purposes	288,375	145,739
Decrease in due to MaRS Development Trust	(3,705)	(3,468)
Advances of long-term debt	—	128,653
Repayment of long-term debt	(2,809)	(1,462)
Cash provided by financing activities	<u>281,861</u>	<u>269,462</u>
Capital activities		
Purchase of capital assets [note 13[b]]	(346,875)	(194,563)
Repayment of long-term payable	(4,276)	—
Cash used in capital activities	<u>(351,151)</u>	<u>(194,563)</u>
Net increase (decrease) in cash during the year	<u>(116,003)</u>	<u>191,265</u>
Cash and cash equivalents, beginning of year	620,218	428,953
Cash transferred to UHN [note 1]	54,701	—
Cash and cash equivalents, end of year [note 13[c]]	<u>558,916</u>	<u>620,218</u>

See accompanying notes

University Health Network

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

1. Description of the organization

University Health Network ["UHN"] is a corporation without share capital incorporated under the *Not-for-Profit Corporations Act, 2010* (Ontario), devoted to patient care, education and research. UHN primarily fulfills its objects through the operation of five hospitals separately identified as the Princess Margaret Cancer Centre, the Toronto General Hospital, the Toronto Western Hospital, the Toronto Rehabilitation Institute and the newly amalgamated West Park Healthcare Centre ["West Park"].

The Ontario Ministry of Health ["MOH"] approved the voluntary integration of UHN and West Park, effective April 1, 2024. The two hospital corporations amalgamated to become Canada's most comprehensive and specialized rehabilitation and complex continuing care centre. Effective April 1, 2024, the newly amalgamated UHN has all of the assets, rights, liabilities and obligations of the two predecessor corporations.

Below are the details of the carrying values of the assets, liabilities and net assets of West Park transferred to UHN as at April 1, 2024:

	April 1, 2024 transfers \$
Assets	
Current	
Cash	54,701
Short-term investments	31,801
Accounts receivable [note 13]	9,540
Inventories [note 13]	1,352
Prepaid expenses and other [note 13]	1,240
Current portion of long-term receivable	4,885
Total current assets	103,519
Long-term receivable	178,598
Long-term investments	
Restricted assets	73,483
Other	53,500
Capital assets, net	724,055
Total assets	1,133,155

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[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

	April 1, 2024 transfers \$
Liabilities and net assets	
Current	
Accounts payable and accrued liabilities <i>[note 13]</i>	95,340
Current portion of long-term debt	1,669
Current portion of long-term payable	4,276
Total current liabilities	101,285
Long-term debt <i>[note 9]</i>	51,831
Long-term payable	211,947
Post-retirement benefits	5,095
Deferred capital contributions <i>[note 11]</i>	716,559
Total liabilities	1,086,717
Net assets transferred to UHN	46,438
Net assets transferred to UHN consist of	
Unrestricted	40,980
Internally restricted <i>[note 12]</i>	2,362
Accumulated remeasurement gain	3,096
	46,438

As a charitable organization under the *Income Tax Act* (Canada), UHN is exempt from income taxes.

Under the *Health Insurance Act* (Ontario) and the regulations thereunder, UHN hospital operations are funded primarily by the Province of Ontario in accordance with funding arrangements established by the MOH through Service Accountability Agreements with Ontario Health and funding arrangements established by the Ministry of Long-Term Care ["MOLTC"].

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards ["PSAS"] for government not-for-profit organizations as promulgated by CPA Canada. UHN has chosen to use the standards for government not-for-profit organizations that include Section PS 4200 to PS 4270. Accordingly, these financial statements have been prepared based on the significant accounting policies summarized below.

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Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

Basis of presentation

These financial statements include the assets, liabilities and results of operations of UHN for its activities at the five hospitals. These financial statements do not include the assets, liabilities or results of operations of the following non-controlled not-for-profit entities in which UHN has an economic interest *[note 14]*:

- UHN Foundation;
- Princess Margaret Cancer Foundation ["PMC Foundation"];
- West Park Healthcare Centre Foundation ["West Park Foundation"]; and
- de Souza Institute Foundation [inactive].

These financial statements do not include the assets, liabilities and results of operations of the following entities controlled by UHN for which, in accordance with PSAS, UHN has chosen to disclose summarized information in a note *[note 14]*:

- Ozmosis Research Inc. ["Ozmosis"]; and
- Michener Institute of Education ["Michener"].

Revenue recognition

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

Revenue from ancillary services and other patient services is recognized when the goods have been sold or when the services have been rendered.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, and realized gains and losses, net of related fees, is recorded in the statement of operations, except, to the extent that it relates to amounts earned on unspent restricted contributions, in which case it is recorded as a deferral on the statement of financial position related to the restriction placed on the unspent contributions received. Unrealized gains and losses are recorded in the statement of remeasurement gains until they are realized and then recognized in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments that have a term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as long-term investments.

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Notes to financial statements

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Inventory

Inventories held for commercial sale are valued at the lower of cost and net realizable value. All other inventories are recorded at the lower of cost and current replacement value. All inventory is reviewed on a regular basis for obsolete, damaged and expired items, and any items that are found to be impaired are written off when such a determination is made.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis at annual rates based on the estimated useful lives of the assets as follows:

Buildings and improvements	5–50 years
Equipment and furniture	2–20 years
Other equipment and systems	5–15 years

Assets leased on terms that transfer substantially all of the benefits and risks of ownership to UHN are accounted for as capital leases as though the asset had been purchased and a liability incurred. All other leases are accounted for as operating leases.

Assets under development consist of construction costs, development costs and interest capitalized during the construction period. Other equipment and systems include hardware, software, development and other associated costs. No amortization is recorded until the assets are ready for productive use.

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

Asset retirement obligations

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

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

UHN's asset retirement obligations are not significant to the financial statements.

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Notes to financial statements

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Employee benefit plans

UHN accrues its obligations under employee benefit plans and the related costs. UHN has adopted the following policies:

Multi-employer plans

Defined contribution accounting is applied for multi-employer pension plans, whereby contributions are expensed on an accrual basis.

Other defined benefit plans

The cost of non-pension post-employment and post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected healthcare costs. The discount rate used to determine the accrued benefit obligation is determined by reference to UHN's cost of borrowing. Actuarial gains and losses are amortized over the average remaining service period of active employees, which is 16 years [2024 – 16 years]. Past service costs and settlement gains (losses) are recognized when incurred.

Financial instruments

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

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. 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].

Investments reported at fair value comprise equity instruments that are quoted in an active market as well as investments in pooled funds, derivative contracts and any other investments where the investments are managed on a fair value basis and the fair value option is elected. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and are cumulatively reclassified to the statement of operations upon disposal or settlement.

Investments in securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

All investment transactions are recorded on a trade date basis.

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A write-down is recognized in the statement of operations for a portfolio investment in either category when there has been a loss in the value of the investment considered as an “other than temporary” loss. Subsequent changes to the remeasurement of portfolio investments in the fair value category are reported in the statement of remeasurement gains. If the loss in value of a portfolio investment subsequently reverses, the write-down to the statement of operations is not reversed until the investment is sold.

Investments in for-profit entities that are subsidiaries or joint ventures, or where there is significant influence, are accounted for by the modified equity method. The modified equity method is a basis of accounting whereby the accounting principles of the invested entity are not modified to conform to those of UHN, and inter-organizational transactions and balances are not eliminated except for gains and losses on assets remaining within UHN at the reporting date.

Long-term debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable, long-term receivable, accounts payable and accrued liabilities and long-term payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Public private partnerships

Public private partnerships [“P3s”] are recognized in the financial statements over the construction period for P3s:

- Between UHN and a private sector partner for infrastructure-project delivery;
- With risk allocation that provides for UHN control of the asset at any point during the arrangement; and
- In which the private sector partner [i] designs, builds, acquires or better new or existing infrastructure, [ii] finances the transaction past the point where the infrastructure is ready for use, and [iii] operates and/or maintains the infrastructure.

For such P3s, UHN initially recognizes the constructed or acquired infrastructure asset at cost, which represents fair value at the date of recognition, and a corresponding liability at the same amount as the related infrastructure asset, reduced for any consideration previously provided to the private sector partner. The asset is subsequently measured in accordance with the policies for capital assets. Depending on the arrangement, consideration may be transferred from UHN to the private sector partner to settle the associated liability through a combination of the financial liability and the user-pay models. Associated contributions to be received from the MOH are included in long-term receivables.

Lifecycle payments under such P3s are determined to either be betterments or operating and maintenance expenses. Betterments are added to the carrying amount of the related infrastructure when the future economic benefits of the betterment are controlled by UHN. Operating and maintenance expenses are expensed in a rational and systematic manner that best corresponds to the benefit received from the services being provided over the term of the service contract.

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[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

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 disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates include accounts receivable and the collectability thereof, useful life of capital assets, accrued liabilities, deferred revenue, employee future benefits and asset retirement obligations.

The amount of revenue recognized from the MOH, MOLTC and Ontario Health requires a number of estimates. UHN has entered into a number of accountability agreements with the MOH, MOLTC and Ontario Health that set out the rights and obligations of the two parties in respect of funding provided to UHN by the MOH, MOLTC and Ontario Health for the year ended March 31, 2025.

These accountability agreements set out certain performance standards and obligations that establish acceptable results for UHN's performance in a number of areas, such as margin, liquidity and operating volumes.

If UHN does not meet its performance standards or obligations, the MOH, MOLTC and Ontario Health have the right to adjust funding received by UHN. The MOH, MOLTC and Ontario Health are not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOH, MOLTC and Ontario Health funding received during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year.

Contributed services and materials

Volunteers contribute numerous hours to assist UHN in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, they are not reflected in the financial statements. Contributed materials are also not recognized in the financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at year-end. Revenue and expenses are translated at the average exchange rate prevailing on the transaction dates. Realized gains or losses arising from these foreign currency transactions are included in the statement of operations. Unrealized gains or losses are included in the statement of remeasurement gains, except to the extent they relate to amounts held for other organizations and deferred contributions, in which case they are added to the balances.

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Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

3. Accounts receivable

Accounts receivable consist of the following:

	2025 \$	2024 \$
MOH and Ontario Health	129,250	98,011
Research-related receivables	65,624	50,989
Patient receivables	30,324	24,212
Other receivables	68,411	70,427
PMC Foundation [note 14[c]]	54,849	83,106
UHN Foundation [note 14[b]]	40,172	33,227
West Park Foundation [note 14[d]]	5,556	—
Michener [note 14[a]]	778	1,937
	394,964	361,909

As at March 31, 2025, there is a provision for doubtful accounts of \$41,207 [2024 – \$37,024].

4. Investments

[a] Short-term investments of \$178,513 [2024 – nil] consist of guaranteed investment certificates with an average term to maturity of 151 days and an average yield of 4.17%.

[b] Long-term investments held for contingency funds or required to be restricted are recorded at amortized cost and consist of the following:

	2025 \$	2024 \$
Term deposits	56,566	2,663
Short-term securities	12,288	12,420
	68,854	15,083

The segregated fund of \$15,083 [2024 – \$15,083] has been established since 2004 to ensure patient services are not reduced due to financial pressures resulting from UHN's commitments to the MaRS Development Trust [the "MaRS Trust"] [note 6]. The fund will be terminated on the expiry of the 30-year term of the lease or earlier with the mutual agreement of the MOH and UHN.

Restricted assets consist of guaranteed investment certificates in the amount of \$53,771 [2024 – nil] and represent unspent funds received from the MOH for the new patient care building at West Park [note 8]. These funds are required to be segregated, and the use of these funds is restricted to the redevelopment project. Interest earned on these funds received in advance is recorded as an increase in deferred capital contributions.

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[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

[c] Other long-term investments consist of the following:

	2025 \$	2024 \$
Cash	579,319	532,418
Term deposits [note 17]	51,831	3,154
Short-term securities [note 17]	18,707	17,300
Fixed income [note 17]	70,561	66,221
Canadian equities [note 17]	21,802	18,374
Global equities [note 17]	28,427	21,052
Other [note 4[e]]	82	236
	770,729	658,755

Cash and cash equivalents are included in other long-term investments to the extent required for investments to equal the total of deferred research contributions [note 7], internally restricted net assets [note 12] and other funds set aside for future commitments.

[d] During the year, UHN earned investment income of \$63,883 [2024 – \$50,996], which is included in ancillary services and other revenue in the statement of operations.

[e] UHN has interests in various other companies as a result of research-related transactions, the value of which is recorded as other investments. Shares of other entities received as a result of research-related transactions had no cost or have been written down to nil.

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[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

[f] The following table presents the investments measured at fair value [notes 4[a], 4[b] and 4[c]] classified according to the fair value hierarchy described above:

	2025			Total assets at fair value \$
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Term deposits	286,910	—	—	286,910
Short-term securities	12,288	18,707	—	30,995
Fixed income	—	70,561	—	70,561
Canadian equities	—	21,802	—	21,802
Global equities	—	28,427	—	28,427
Other	—	—	82	82
	299,198	139,497	82	438,777
Cash				579,319
Total investments				1,018,096
	2024			Total assets at fair value \$
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Term deposits	5,817	—	—	5,817
Short-term securities	12,420	17,300	—	29,720
Fixed income	—	66,221	—	66,221
Canadian equities	—	18,374	—	18,374
Global equities	—	21,052	—	21,052
Other	—	—	236	236
	18,237	122,947	236	141,420
Cash				532,418
Total investments				673,838

During the years ended March 31, 2025 and 2024, there were no transfers of assets between Level 1, Level 2 and Level 3.

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Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

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5. Capital assets

Capital assets consist of the following:

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	19,195	—	19,195
Buildings and improvements	3,190,659	1,397,118	1,793,541
Equipment and furniture	1,438,919	1,196,744	242,175
Other equipment and systems	151,892	27,861	124,031
Assets under development	369,391	—	369,391
	5,170,056	2,621,723	2,548,333

	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	18,573	—	18,573
Buildings and improvements	2,246,116	1,234,832	1,011,284
Equipment and furniture	1,296,750	1,095,522	201,228
Other equipment and systems	151,892	17,736	134,156
Assets under development	291,870	—	291,870
	4,005,201	2,348,090	1,657,111

Buildings and improvements include \$88,329 [2024 – \$88,329] of costs and \$58,082 [2024 – \$55,055] of accumulated amortization related to assets under capital lease obligations [note 6]. During the year, UHN reduced the cost and accumulated amortization by \$10,149 [2024 – \$2,524] for capital assets that were fully amortized and no longer in use.

Included in assets under development is \$129,059 related to costs incurred for Project Aspire for the new Tower at Toronto Western. The project is funded by the MOH and UHN Foundation with an estimated completion in fiscal year 2028.

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6. Due to MaRS Development Trust

In 2003, UHN entered into a 30-year agreement with the MaRS Trust to lease a 400,000-square-foot building, the Princess Margaret Cancer Research Tower. UHN is committed to an annual payment of \$7,541, which commenced on August 1, 2005, at an implicit interest rate of 6.7%. UHN recognized an obligation of \$100,000, consisting of a long-term capital lease obligation of \$88,329 representing the cost of the building to the MaRS Trust [note 5], and a further long-term obligation of \$11,671 representing cash received from the MaRS Trust related to financing proceeds in excess of the cost of the building and leasehold inducements. The obligation has been reduced by payments made since August 1, 2005, when payments commenced. During 2025, interest paid amounted to \$3,836 [2024 – \$4,073], and interest expense recorded in the statement of operations amounted to \$3,795 [2024 – \$4,034].

The future minimum annual payments related to the amount due to the MaRS Trust consist of the following:

	\$
2026	3,959
2027	4,229
2028	4,518
2029	4,827
2030	5,157
Thereafter	31,580
Due to MaRS Development Trust	54,270
Less current portion	3,959
	<u>50,311</u>

7. Deferred research contributions

Deferred research contributions represent unspent externally restricted grants and donations for research. The changes in the deferred research contributions balance are as follows:

	2025 \$	2024 \$
Deferred research contributions, beginning of year	475,599	450,152
Externally restricted contributions [note 14]	498,101	450,476
Amounts recognized as revenue	(452,493)	(425,029)
Deferred research contributions, end of year	<u>521,207</u>	<u>475,599</u>

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8. Public private partnerships

UHN has a P3 related to the patient care centre at West Park, which opened on April 15, 2024. A project agreement was entered into with an independent contractor to design, build, finance and maintain the patient care centre at West Park for a 30-year term.

The balance due to the independent contractor of \$211,946 related to the construction of the building is reported as a long-term payable, with a current portion of \$4,439, and bears variable interest between 1.09% and 3.97% along with a variable equity distribution averaging \$2,523 per year. The long-term payable, interest and equity distribution, operating and lifecycle costs are repayable in blended monthly installments of \$1,641 and mature February 2053.

As part of the agreement, the independent contractor is responsible for providing operating and maintenance services; the base amount of \$119,759 projected for operating costs is subject to formula-driven inflationary increases annually and recognized as expenses when incurred, and \$64,782 for future lifecycle capital expenditures.

The loan receivable from the MOH amounts to \$183,483, which represents 90% of the amount payable to the independent contractor over the 30-year term. Of this amount, \$3,995 is recorded as the current portion of long-term receivable due from the MOH as at March 31, 2025.

During the year ended March 31, 2025, principal payments of \$4,276 and interest payments of \$10,815 were made on the long-term payable, with interest included in interest expense on the statement of operations.

The payments over the next five years and thereafter are as follows:

	Long-term payable \$	Interest and equity distribution \$	Operating costs \$	Lifecycle \$
2026	4,439	10,652	4,277	320
2027	4,609	10,482	4,277	276
2028	4,785	10,306	4,277	777
2029	4,968	10,123	4,277	971
2030	5,158	9,933	4,277	1,955
Thereafter	187,987	159,104	98,374	60,443
	211,946	210,600	119,759	64,782
Current	4,439	10,652	4,277	320
Long-term	207,507	199,948	115,482	64,462
	211,946	210,600	119,759	64,782

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9. Long-term debt

Long-term debt consists of the following:

	2025 \$	2024 \$
Equity loan [note 9[a]]	397	476
Other loan [note 9[a]]	5,066	5,518
Obligation under Ontario Financing Authority loan [note 9[b]]	249,953	249,953
Construction and equipment loan [notes 1, 9[c] and 9[f]]	51,831	—
Drawing on credit facility [note 16]	15,882	16,491
	323,129	272,438
Less current portion	2,853	1,140
	320,276	271,298

[a] Two loans were obtained to fund the construction of the long-term care facility operated by UHN: an equity loan of \$1,300 with a maturity date of 2029, bearing interest at 6.9% and blended monthly payments of principal and interest of \$9; and a \$14,200 loan with two agreements being amortized over periods ending in 2024 and 2034, bearing interest at a rate of 7.4% and blended monthly payments of principal and interest of \$104 to 2024 and \$64 to 2034. For the \$1,300 loan, UHN has pledged certain assets as security. For the \$14,200 loan, the following have been pledged as security: a debenture on a leasehold interest on the land related to the facility, an assignment of funds payable by the MOH for funding for construction and operation of the facility, an assignment of any insurance proceeds related to the facility, and all related buildings and equipment. During the year, interest paid and interest expense recorded in the statement of operations amounted to \$423 [2024 – \$478].

[b] A \$250,000 loan from the Ontario Financing Authority was obtained to finance the Synapse project – a multi-year initiative of a new health information system. UHN established two facilities for the loan: Facility 1 and Facility 2. Facility 1 was a non-revolving loan facility comprising the advances made during the advance period and was priced at the three-month Ontario Treasury Bill Rate plus 3.2 basis points. Facility 2 is a 40-year \$249,953 term loan priced at 2.758% plus 3.2 basis points compounded semi-annually with principal repayable to the lender in one payment on September 28, 2063. During 2025, interest expense and interest accrued amounted to \$6,974 [2024 – \$6,493]. As at March 31, 2025, UHN has invested funds of \$30,415 [2024 – \$26,570] to service future commitments, which may include the debenture retirement.

[c] A \$53,500 unsecured credit agreement of Canadian overnight repo rate average ["CORRA"] based loans was obtained to fund the construction of a new patient care building at West Park [note 8]. A \$40,000 construction loan was drawn on March 15, 2024 with a maturity date of 2049, bearing interest at a rate of 4%. Further, a \$13,500 equipment loan was drawn on March 28, 2024 with a maturity date of 2039, bearing interest at a rate of 3.53%. During the year, principal payments in the amount of \$1,669 were made, and interest payments and stamping fees totalling \$2,055 were expensed in interest on long-term liabilities in the statement of operations during the year.

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[d] The future minimum annual payments related to the long-term debt consist of the following:

	\$
2026	2,853
2027	2,984
2028	3,119
2029	3,264
2030	3,320
Thereafter	307,589
	<u>323,129</u>

[e] On June 29, 2011, in order to manage the exposure to changes in interest rates on the demand bank indebtedness, UHN entered into a 30-year interest rate swap contract with a notional amount of \$22,000, an effective date of June 1, 2012, and a fixed interest rate of 4.36%. The fair value of the interest rate swap is a loss of \$1,693 [2024 – loss of \$736] and is recorded in accounts payable and accrued liabilities in the statement of financial position. The change in the fair value of the interest rate swap is a loss of \$956 [2024 – gain of \$714] and is recorded in the statement of remeasurement gains.

[f] UHN has the following interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its construction and equipment loan. These swaps effectively lock in the interest rate applicable on the long-term debt. The notional amount of UHN's interest rate swaps as at March 31, 2025 is \$51,831.

Credit available	Notional interest rate swap amount	Swap rate	CORRA credit spread	Commitment	Purpose
\$	\$				
\$39,032	\$39,032	2.96%	1.04%	20 years	Construction
\$12,799	\$12,799	2.86%	0.67%	15 years	Equipment
<u>\$51,831</u>	<u>\$51,831</u>				

The fair value of the interest rate swaps was calculated based on the present value of the estimated future cash flows using observable Canadian dollar interest rate swap yield curves obtained from dealer quotes. The fair value of the derivative is a loss of \$376 and is recorded in accounts payable and accrued liabilities in the statement of financial position. The loss on fair value of the interest rate swap of \$3,472 is included in the statement of remeasurement gains.

Standby fees of \$13 were expensed in interest on long-term liabilities in the statement of operations during the year.

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10. Employee benefit plans

UHN has a number of defined benefit plans and participates in a multi-employer plan providing pension, other retirement and post-employment benefits to most of its employees.

[a] Multi-employer plans

Substantially all of the employees of UHN are members of the Healthcare of Ontario Pension Plan ["HOOPP"], which is a multi-employer, defined benefit, final average earnings, contributory pension plan. HOOPP is accounted for as a defined contribution plan. UHN's contributions to HOOPP during the year amounted to \$122,211 [2024 – \$109,344]. These amounts are included in compensation expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2024 disclosed net assets available for benefits of \$123,017,000 with pension obligations of \$112,579,000, resulting in a surplus of \$10,438,000.

[b] Other defined benefit plans

UHN offers various non-pension post-employment and post-retirement benefit plans to its employees that provide life insurance, medical and dental benefits. In addition, UHN offers a Supplemental Executive Retirement Plan ["SERP"] to certain employees. All of these plans are accounted for as defined benefit plans and are not funded by UHN.

Information about UHN's other defined benefit plans is as follows:

	2025 \$	2024 \$
Accrued benefit obligations	51,679	47,267
Unamortized actuarial gain	6,882	6,304
Recognition of unamortized gains as an offset to prior service	(219)	(470)
Employee future benefit liabilities	58,342	53,101

The employee future benefit liabilities include \$12,091 [2024 – \$10,832] related to the SERP.

The net expense for these plans is calculated as follows:

	2025 \$	2024 \$
Current service cost	1,303	851
Interest cost	2,350	2,009
Amortization of prior service cost	(1,053)	—
Amortization of transitional obligations	(205)	—
Amortization of actuarial gains	1,552	414
	3,947	3,274

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The significant actuarial assumptions adopted in measuring UHN's accrued benefit obligations are as follows:

	2025 %	2024 %
Discount rate	4.40	4.65

The significant actuarial assumptions adopted in measuring UHN's expenses are as follows:

	2025 %	2024 %
Discount rate	4.65	4.60

Healthcare benefit costs are assumed to be 5.19% in 2025 and assumed to increase to 5.30% by 2028. Dental benefit costs are assumed to be 5.58% in 2025 and assumed to decrease to 5.30% by 2028.

The accrued benefit obligations of the other defined benefit plans are measured as at March 31, 2025 and are based on actuarial valuations as at March 31, 2023 and March 31, 2025.

Other information about UHN's defined benefit plans is as follows:

	2025 \$	2024 \$
Employer's contributions	3,801	2,622
Benefits paid	3,801	2,622

11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2025 \$	2024 \$
Deferred capital contributions, beginning of year	775,113	700,815
Deferred capital contributions transferred in [note 1]	716,559	—
Contributions for capital purposes [note 14]	288,375	145,739
Amortization of deferred capital contributions	(97,044)	(71,441)
Deferred capital contributions, end of year	1,683,003	775,113

As at March 31, 2025, the deferred capital contributions include funds received but not yet spent of \$70,353 [2024 – \$50,368].

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[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2025

12. Internally restricted net assets

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

Changes in internally restricted net assets, approved by the Board of Trustees, were as follows:

	2025 \$	2024 \$
Balance, beginning of year	156,586	141,159
Net assets transferred to UHN [note 1]	2,362	—
Transfers from		
Internally restricted to unrestricted net assets	(98,059)	(74,766)
Unrestricted to internally restricted net assets	158,218	90,193
Balance, end of year	219,107	156,586

13. Supplemental cash flow information

[a] The net change in non-cash working capital balances related to operations consists of the following:

	2025		2024	
	Assets			
	Change in	transferred to	Total	Total
	year	UHN		
	\$	\$	\$	\$
	[note 1]			
Accounts receivable	(33,056)	9,540	(23,516)	(3,583)
Inventory	(4,466)	1,352	(3,114)	(5,570)
Prepaid expenses	(1,216)	1,240	24	(2,632)
Accounts payable and accrued liabilities [note 13[b]]	156,281	(95,340)	60,941	73,469
	117,543	(83,208)	34,335	61,684

[b] Other information related to cash flows is as follows:

	2025 \$	2024 \$
Changes in capital asset purchases funded by accounts payable and accrued liabilities	922	753

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March 31, 2025

[c] Cash and cash equivalents are represented as follows:

	2025	2024
	\$	\$
Cash	247,210	262,143
Cash equivalents	311,706	358,075
	558,916	620,218

14. Related parties

Controlled entities

[a] UHN has two entities that it controls. Ozmosis is a not-for-profit organization exempt from income taxes and was established to perform full-service clinical trials management. Transactions between UHN and Ozmosis, and the summarized assets, liabilities and results of operations of Ozmosis, are not significant to these financial statements.

Michener at UHN is a tax-exempt charity, incorporated under the laws of Ontario. Michener is dedicated to the education of pre-eminent applied health science practitioners capable of providing transformational leadership, performance and evidence-based best practice. UHN exercises control over Michener through a governance structure.

The business relationship between UHN and Michener is governed by service agreements pursuant to which certain senior management support is provided on a cost recovery basis. For the year ended March 31, 2025, UHN recognized \$3,829 [2024 – \$5,999] in ancillary services and other revenue in the statement of operations. As at March 31, 2025, UHN has receivables from Michener of \$778 [2024 – \$1,937] recorded in accounts receivable [note 3] and \$393 [2024 – \$4,690] in accounts payable and accrued liabilities.

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Similar to UHN, Michener prepares its financial statements in accordance with PSAS for government not-for-profit organizations as promulgated by CPA Canada. Michener has chosen to use the standards for government not-for-profit organizations that include Section PS 4200 to PS 4270. The summarized assets, liabilities and results of operations for Michener as at and for the year ended March 31 are as follows:

	2025 \$	2024 \$
Financial position		
Total assets	59,431	56,351
Total liabilities	36,956	38,983
Net assets	22,475	17,368
	59,431	56,351
	2025 \$	2024 \$
Results of operations		
Total revenue	43,579	36,602
Total expenses	38,919	35,847
	4,660	755
	2025 \$	2024 \$
Cash flows provided by (used in)		
Operating activities	3,070	(217)
Financing activities	1,787	6,888
Capital activities	(2,137)	(9,622)
Net increase (decrease) in cash during the year	2,720	(2,951)

Non-controlled entities

[b] The UHN Foundation is an independent corporation without share capital, which has its own Board of Directors. The UHN Foundation provides donations to UHN for capital, research and academic purposes. The UHN Foundation's accounts are not included in these financial statements. As at March 31, 2025, the UHN Foundation holds \$1,274,444 [2024 – \$1,189,967] in unrestricted, restricted and endowment funds. For the year ended March 31, 2025, grants of \$219,147 [2024 – \$120,376] were recorded by UHN as grants and donations for research, capital and other purposes, deferred research contributions or deferred capital contributions. As at March 31, 2025, UHN has receivables from the UHN Foundation of \$40,172 [2024 – \$33,227] recorded in accounts receivable [note 3]. The UHN Foundation and UHN's accounting policy for grants results in timing differences between the recognition of grants payable recorded by the UHN Foundation and the receivable recorded by UHN.

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March 31, 2025

During the year ended March 31, 2025, UHN approved transfers of \$75,993 [2024 – \$71,062] to the UHN Foundation. As at March 31, 2025, UHN has payables to the UHN Foundation of \$75,993 [2024 – \$62,062] recorded in accounts payable and accrued liabilities.

- [c] The PMC Foundation is an independent corporation without share capital, which has its own Board of Directors. The PMC Foundation provides donations to UHN for capital and operating purposes in connection with cancer research, education and treatment. The PMC Foundation's accounts are not included in these financial statements. As at March 31, 2025, the PMC Foundation holds \$911,347 [2024 – \$849,736] in unrestricted, restricted and endowment funds. For the year ended March 31, 2025, grants of \$179,744 [2024 – \$152,676] were recorded by UHN as grants and donations for research and other purposes, deferred contributions or deferred capital contributions. Effective October 22, 2019, the PMC Foundation entered into a lease agreement with UHN for office space that expires on December 31, 2035.

During the year ended March 31, 2025, UHN approved transfers of \$55,505 [2024 – \$9,656] to the PMC Foundation. As at March 31, 2025, UHN has receivables from the PMC Foundation of \$54,849 [2024 – \$83,106] recorded in accounts receivable [note 3]. The PMC Foundation and UHN's accounting policy for grants results in timing differences between the recognition of grants payable recorded by the PMC Foundation and the receivable recorded by UHN. As at March 31, 2025, UHN has payables to the PMC Foundation of \$50,606 [2024 – \$9,143] recorded in accounts payable and accrued liabilities.

- [d] The West Park Foundation is an independent corporation without share capital, which has its own Board of Directors. The West Park Foundation provides donations to UHN to support programs, services and capital needs. The West Park Foundation's accounts are not included in these financial statements. As at March 31, 2025, the West Park Foundation holds \$3,968 in unrestricted, restricted and endowment funds. For the year ended March 31, 2025, grants of \$2,304 were recorded by UHN as grants and donations for research and other purposes, deferred contributions or deferred capital contributions.

The West Park Foundation and UHN are party to an agreement [known as the campaign advance], initially in the amount of \$1,000. This agreement was extended in 2024 with a limit of \$4,500 set to expire on July 31, 2026. As at March 31, 2025, the campaign advance outstanding is \$5,556, exceeding the limit by \$1,056, and is recorded in accounts receivable [note 3].

- [e] The de Souza Institute Foundation is inactive.

- [f] Operating under a memorandum of understanding and funding letters from the MOH, UHN purchased COVID-19-related supplies, equipment and pharmaceuticals for flow through to various organizations. As at March 31, 2025, UHN has payables to the MOH of \$69,819 [2024 – \$88,677], specifically related to COVID-19 purchases and pharmaceuticals on behalf of the Province of Ontario.

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15. Commitments and contingencies

- [a] UHN is subject to various claims and potential claims in connection with operations. Where the potential liability is able to be estimated, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. 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 to the amount recorded are determined to be required.
- [b] UHN participates in the Healthcare Insurance Reciprocal of Canada ["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. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2025.
- [c] As at March 31, 2025, UHN's Board of Trustees has approved expenditures for construction and renovation that will be paid in future periods of \$1,315,162 [2024 – \$1,265,989], which includes \$662,554 [2024 – \$695,468] with formal commitments and \$652,608 [2024 – \$570,521] where formal commitments have not been entered.
- [d] Commitments related to operating leases, including various operating costs and contracted utility services, are as follows:

	\$
2026	38,222
2027	35,803
2028	33,302
2029	32,052
2030	30,165
Thereafter	384,147

- [e] UHN has outstanding letters of credit to various organizations totalling \$3,150 [2024 – \$100].

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16. Credit facilities

UHN has the following credit facilities:

- [a] A demand, unsecured revolving operating facility up to \$100,000 by way of a combination of prime rate loans, Term CORRA loans and letters of credit to a maximum aggregate amount of \$10,000;
- [b] A demand, revolving amortizing credit facility up to \$80,000 by way of any combination of prime rate loans, Term CORRA loans, and Daily Compounded CORRA loans;
- [c] A treasury risk management facility to hedge interest rate risk through interest rate swaps to a maximum notional risk amount of \$15,000 with a maximum term of 31 years; and
- [d] A demand, unsecured operating line of credit to a maximum of \$5,000 that bears interest at the prime rate.

For facilities [a] and [b], interest is at prime rate minus 0.55%, which is 4.40% as at March 31, 2025, or the Term CORRA loan rate plus 0.35% and credit spread adjustment of 0.29%, which is 3.40% as at March 31, 2025. During the year, interest of \$758 [2024 – \$793] was paid and recorded in the statement of operations.

As at March 31, 2025, there are drawings on facility [b] of \$15,882 [2024 – \$16,491], which are classified as long-term as UHN has received confirmation from the lender that the lender will not require repayment in the next fiscal year [note 9].

17. Financial instruments and risk management

UHN is exposed to various financial risks through its transactions in financial instruments.

Credit risk

UHN is exposed to credit risk in connection with its accounts receivable including the event of non-performance by patients for non-insured services and services provided to non-resident patient and investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

UHN manages and controls credit risk with respect to accounts receivable by dealing primarily with recognized, creditworthy third parties [note 3]. In addition, receivable balances are monitored on an ongoing basis. UHN attempts to mitigate this credit risk by obtaining pre-approval from insurance providers of coverage of non-insured services and/or written confirmation from the patient that they will be responsible for the payment of any non-insured services.

The maximum exposure to credit risk relating to investments is outlined in note 4. UHN manages credit risk for investments through an investment policy that establishes criteria for the selection of investments that include benchmarks for the creditworthiness of entities. UHN's investment policy specifies that no investments rated below investment grade by any of the rating agencies will be held, unless the original rating is likely to be restored within a reasonable period of time.

There have been no significant changes to credit risk exposure from 2024.

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Liquidity risk

UHN is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. UHN derives a significant portion of its operating revenue from the Ontario government and other funders with no firm commitment of funding in future years. To manage liquidity risk, UHN keeps sufficient resources readily available to meet its obligations. In addition, UHN has available lines of credit that are used when sufficient cash flow is not available from operations to cover operating and capital expenditures.

Accounts payable mature within six months. The maturities of other financial liabilities are provided in the notes to the financial statements related to these liabilities.

Interest rate risk

UHN is exposed to interest rate risk with respect to its investments in fixed income investments because the fair value will fluctuate due to changes in market interest rates. In addition, UHN is exposed to interest rate risk with respect to advances on its demand credit facilities because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time. UHN has entered into an interest rate swap contract to fix the rate of interest on its operating line of credit [note 9[e]].

UHN's investments in term deposits have an average term to maturity of 41 months and an average yield of 4.45%. A 1% change in the interest rates, with all other variables held constant, would have a \$3,263 impact on excess (deficiency) of revenue over expenses for the year.

A change in the interest rate on UHN's long-term debt would have no impact on the financial statements since the debt is measured at amortized cost and has a fixed rate of interest. A change in the interest rate on the advance on the demand credit facility has no impact on excess (deficiency) of revenue over expenses for the year since UHN has entered into an interest rate swap contract to manage this risk.

There have been no significant changes to interest rate risk exposure from 2024.

Other price risk

UHN is exposed to other price risk through changes in market prices [other than changes arising from interest rate risk or currency risk] in connection with its investments in equity and pooled funds, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

Since all other variables are held constant in assessing other price risk sensitivity, it is possible to extrapolate a 10% absolute change in the fair value to any absolute percentage change in fair value. As at March 31, 2025, the impact on accumulated remeasurement gains of a 10% absolute change in the fair value of the investments that are exposed to other price risk would be \$42,485 [2024 – \$39,828].

18. Comparative figures

Certain prior year comparative figures have been reclassified from statements previously presented to conform to the presentation of these financial statements.