Sinai Health System

Financial Statements
March 31, 2025

Independent auditor's report

To the Board of Directors of Sinai Health System

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sinai Health System (the Hospital) as at March 31, 2025 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited
The Hospital's financial statements comprise:

- the statement of financial position as at March 31, 2025;
- the statement of operations for the year then ended;
- the statement of changes in net assets (deficit) for the year then ended;
- the statement of remeasurement (losses) gains for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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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 Hospital'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 Hospital or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 10, 2025

Sinai Health System

Statement of Financial Position

As at March 31, 2025

(in thousands of dollars)

	2025 $	2024 $
Assets		
Current assets		
Cash	193,815	112,956
Short-term investments	27,736	173,472
Current portion of restricted cash and investments (note 3)	12,489	12,931
Accounts receivable (note 4)	56,861	52,506
Current portion of redevelopment receivable (note 5)	-	96,102
Current portion of due from related entities (note 12)	22,775	15,574
Inventories	4,407	3,876
Prepaid deposits and sundry assets	13,453	10,050
	331,536	477,467
Restricted cash and investments (note 3)	140,219	178,127
Investments	37,500	-
Other long-term assets	9,854	9,670
Redevelopment receivable (note 5)	21,785	19,987
Due from related entities (note 12)	2,322	7,667
Capital and intangible assets (note 6)	1,388,808	1,411,788
	1,932,024	2,104,706
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	214,541	253,904
Due to related entities (note 12)	62	483
Administered funds	12,489	12,931
Current portion of long-term debt (note 7)	2,106	2,115
Current portion of long-term redevelopment obligation (note 9)	15,904	132,841
Current portion of deferred contributions (note 11)	97,163	91,420
	342,265	493,694
Other long-term liabilities (note 8)	19,037	28,637
Long-term debt (note 7)	417,614	418,439
Long-term redevelopment obligation (note 9)	289,906	300,471
Employee future benefits (note 10)	32,733	31,818
Deferred contributions (note 11)	834,806	834,994
	1,936,361	2,108,053
Net deficit consists of		
Internally restricted	136,312	175,770
Unrestricted	(140,588)	(180,298)
	(4,276)	(4,528)
Accumulated remeasurement (losses) gains	(61)	1,181
	(4,337)	(3,347)
	1,932,024	2,104,706

Commitments and contingencies (note 14)

Approved by the Board

____________________ Director ____________________ Director

The accompanying notes are an integral part of these financial statements.

Sinai Health System

Statement of Operations

For the year ended March 31, 2025

(in thousands of dollars)

	2025 $	2024 $
Income		
Ministry of Health (MOH)	686,388	642,353
Patient revenue	18,300	16,802
Preferred accommodation	9,253	8,501
Research funding	89,996	78,985
Commercial	11,174	10,628
Other revenue and recoveries	43,739	52,623
Interest income	17,460	22,862
Amortization of deferred contributions for equipment	4,540	4,755
	880,850	837,509
Expenses		
Salaries and wages	486,103	457,005
Employee benefits	117,157	109,651
Clinical supplies	83,239	82,141
Facilities operations and maintenance	66,483	59,331
General supplies and other	63,689	59,229
Drugs	20,504	17,381
Amortization of equipment	25,140	24,127
Interest	10,932	10,982
	873,247	819,847
Excess of income over expenses before the undernoted	7,603	17,662
Amortization of deferred capital contributions	51,271	38,929
Amortization of building and research equipment	(58,622)	(49,462)
	(7,351)	(10,533)
MOH funding – interest on building	19,758	19,820
Interest cost on building (MOH share)	(19,758)	(19,820)
	-	-
Excess of income over expenses for the year	252	7,129

The accompanying notes are an integral part of these financial statements.

Sinai Health System

Statement of Changes in Net Assets (Deficit)

For the year ended March 31, 2025

(in thousands of dollars)

	2025			2024
	Internally restricted $	**Unrestricted $**	**Total $**	**Total $**
Net assets (deficit) – Beginning of year	175,770	(180,298)	(4,528)	(11,657)
Transfer from internally restricted investments for future capital investment to unrestricted (note 3)	(39,458)	39,458	-	-
Excess of income over expenses for the year	-	252	252	7,129
Net assets (deficit) – End of year	136,312	(140,588)	(4,276)	(4,528)

The accompanying notes are an integral part of these financial statements.

Sinai Health System

Statement of Remeasurement (Losses) Gains

For the year ended March 31, 2025

(in thousands of dollars)

	2025 $	2024 $
Accumulated remeasurement gains – Beginning of year	1,181	561
Unrealized (loss) gain attributable to interest rate swap (note 7(e))	(1,242)	620
Accumulated remeasurement (losses) gains – End of year	(61)	1,181

The accompanying notes are an integral part of these financial statements.

Sinai Health System

Statement of Cash Flows

For the year ended March 31, 2025

(in thousands of dollars)

	2025 $	2024 $
Cash provided by (used in)		
Operating activities		
Excess of income over expenses for the year	252	7,129
Items not affecting cash		
Amortization of equipment	25,140	24,127
Amortization of building and research equipment	58,622	49,462
Amortization of deferred capital contributions (note 11)	(53,631)	(36,949)
Recognition of deferred designated and research contributions (note 11)	(83,259)	(96,147)
Allowance for potentially uncollectible amounts	(1,558)	2,663
Employee future benefits (note 10)	3,399	1,524
Loss on disposal of capital assets	220	365
Equity loss from government business enterprises	1,030	24
Accretion of long-term debt financing costs	38	26
(Decrease) increase in due from related entities	(1,856)	700
Decrease in due to related entities	(421)	(62)
Deferred contributions received	89,002	79,035
Payment for employee future benefits	(2,484)	(1,667)
Increase in other long-term assets	(184)	(673)
Increase in current portion of redevelopment receivable	(1,798)	-
(Decrease) increase in other long-term liabilities	(10,630)	1,531
	21,882	31,088
Net change in non-cash working capital (note 13(a))	(46,536)	(399)
	(24,654)	30,689
Financing activities		
Repayment of long-term debt	(1,077)	(1,045)
Repayment of long-term redevelopment obligation	(130,347)	(30,857)
Deferred capital contributions received (note 11)	39,022	38,838
Receipts from long-term redevelopment receivables	110,523	14,983
(Increase) decrease in restricted cash	(1,108)	546
	17,013	22,465
Investing activities		
Proceeds from sale of investments	375,194	419,350
Purchase of investments	(227,500)	(425,194)
	147,694	(5,844)
Capital activities		
Purchase of capital and intangible assets	(59,194)	(67,286)
Increase (decrease) in cash during the year	80,859	(19,976)
Cash – Beginning of year	112,956	132,932
Cash – End of year	193,815	112,956

Non-cash transactions (note 13(b))

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

1 Organization

Sinai Health System (the Hospital) was formed in 2015 through the voluntary amalgamation of Mount Sinai Hospital (inclusive of the Lunenfeld-Tanenbaum Research Institute) and Hennick Bridgepoint Hospital. It is a public teaching and research hospital affiliated with the University of Toronto. The Hospital provides patient care, teaches healthcare professionals, conducts research and provides chronic care and rehabilitation services.

The Hospital is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

The Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by both the Ministry of Health (MOH or the Ministry) and Ontario Health (OH).

2 Summary of significant accounting policies

Basis of presentation

These 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. A summary of the significant accounting policies is as follows.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable. Externally restricted contributions are recognized as revenue in the year in which the related expenses or activity are incurred.

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Hospital is funded primarily by the Province of Ontario in accordance with funding arrangements established by the MOH and OH.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period. These financial statements reflect management's best estimates of funding arrangements with the MOH and OH.

All investment income is unrestricted and recognized as revenue when earned.

Amortization of building and research equipment is not included in the financial measures that are defined as part of the Hospital Service Accountability Agreement (HSAA) and, accordingly, has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions and grants.

(in thousands of dollars)

Contributions received in the form of donations and grants for specific capital expenditures are initially deferred and recorded as deferred capital contributions. These deferred contributions are realized into revenue on the same basis as the amortization of the cost of the related capital and intangible assets. Funding for capital expenditures is recorded when there is an agreement with the ultimate donor and there is reasonable assurance the funding will be received in the near future.

Revenue generated from patient, preferred accommodation and commercial activities is recognized when the related performance obligation is satisfied, being when control of goods is transferred or as services are provided, the amounts can be reasonably estimated and collection is reasonably assured.

Other revenue and recoveries are primarily derived from various service level agreements with other institutions, and are recognized when the related performance obligation is satisfied, being when control of goods is transferred or as services are provided, the amounts can be reasonably estimated and collection is reasonably assured.

Cash, investments and restricted cash

Cash includes operating funds and cash held for research, capital and other designated purposes.

As at March 31, 2025, all cash was held by Canadian schedule 1 banks. Cash is classified as a current asset, unless it is externally restricted or internally restricted for future capital investment, in which case it is classified as a non-current asset.

Investments include guaranteed investment certificates (GICs) with major financial institutions. The GICs are redeemable at any time, maturing between June 19, 2025 and April 9, 2026 (2024 – May 13, 2024 and December 23, 2024). The interest on the GICs ranges from 3.53% to 5.57% (2024 – 6.13% to 6.67%) based on the length of the period held. Investments are recorded at amortized cost.

Inventories

Inventories consist primarily of hospital supplies held for patient care, and are recorded at the lower of cost and replacement cost. Cost is determined by the first-in, first-out method.

Capital and intangible assets

Capital and intangible assets are stated at cost less accumulated amortization. Assets acquired under capital leases are amortized over the estimated lives of the assets or over the lease term, as appropriate.

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets acquired are initially recorded at cost and are amortized over their expected useful lives, unless the life is determined to be indefinite, in which case no amortization expense is recognized.

(in thousands of dollars)

Contributed capital and intangible assets are recorded at fair value at the date of contribution. Costs incurred for new facilities, or that substantially increase the useful lives of existing capital and intangible assets, are capitalized.

Capital and intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Land	not amortized
Artwork	not amortized
Building	7 to 40 years
Equipment	3 to 20 years
Software	3 to 5 years
Equipment under capital lease	3 to 20 years
Customer relationships	20 years
Lease agreement	7.5 years
Construction-in-progress	not amortized

Construction-in-progress comprises direct construction, development costs and capitalized interest. Interest costs, net of related interest income, are capitalized during the construction period. No amortization is recorded until construction is substantially complete and the assets are put in use.

Impairment of long-lived assets

An impairment charge is recorded for long-lived assets when a capital asset no longer has any long-term service potential. The impairment loss is calculated as the difference between the net carrying value of the asset over any residual value.

Contributed services

Certain ancillary services of the Hospital are voluntarily provided by the community. Since these services are not normally purchased by the Hospital and because of the difficulties in determining their fair value, these contributed services are not recognized in these financial statements.

Administered funds

Certain funds are administered by the Hospital on behalf of clinical groups. Transactions in the funds are not Hospital operating activities and do not flow through the statement of operations. Since these funds are held under administration, they are recorded as restricted cash on the statement of financial position with a corresponding liability.

(in thousands of dollars)

Employee future benefit plans

- Pension

  Employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP or the Plan), which is a multi-employer, defined benefit pension plan. Contributions made to HOOPP are expensed as funded, as the Plan is accounted for as a defined contribution plan.

- Other than pension

  Employees are also entitled to certain other non-pension, post-employment benefits. The Hospital accrues its obligations under non-pension employee benefit plans as employees render services, and has adopted the following policies:

  - The cost of non-pension post-employment benefits earned by employees is determined by an actuary using the projected benefit method pro-rated on length of service and management estimated assumptions with regard to retirement age of employees and expected healthcare costs.

  - The accrued benefit obligation related to employee benefits is discounted using current interest rates based on the Hospital's cost of borrowing.

  - Past service costs arising from plan amendments are expensed when incurred.

  - Actuarial gains and losses on the accrued benefit obligation arise from changes in the actuarial assumptions used to determine the accrued benefit obligations. The net accumulated actuarial gains or losses are amortized over the average remaining service period of active employees.

Related entities

Investments in Mount Sinai Fertility Corp., Mount Sinai Services Inc. and 2234998 Ontario Inc. have been determined to be Government Business Enterprises and, therefore, are accounted for using the modified equity method. Income is recorded in other revenue and recoveries in the statement of operations. The investments are initially recorded at cost and adjusted thereafter to recognize the Hospital's share of the entity's net surplus or deficit. Any distributions received are accounted for as a reduction in the investment. The Centre for Phenogenomics is a joint venture and is accounted for using the modified equity method. All other related entities and transactions described in note 12 are disclosed.

Financial instruments

The Hospital's financial assets consist of cash, short-term investments, restricted cash, accounts receivable, redevelopment receivable and due from related entities. Its financial liabilities consist of accounts payable and accrued liabilities, due to related entities, administered funds, long-term debt, long-term redevelopment obligation and interest rate swap.

(in thousands of dollars)

Financial instruments, except for long-term debt, are initially recorded at fair value. Long-term debt is initially recorded at cost. The Hospital's financial instruments are subsequently measured as follows:

Assets/liabilities	Measurement category
Cash	amortized cost
Short-term investments	amortized cost
Restricted cash	amortized cost
Accounts receivable	amortized cost
Redevelopment receivable	amortized cost
Due from related entities	amortized cost
Accounts payable and accrued liabilities	amortized cost
Due to related parties	amortized cost
Administered funds	amortized cost
Long-term debt	amortized cost
Long-term redevelopment obligation	amortized cost
Interest rate swap on long-term debt	fair value

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest income or expense.

Unrealized changes in fair value are recognized in the statement of remeasurement (losses) gains until they are realized, when they are transferred to the statement of operations. When a financial asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement (losses) gains are reversed and recognized in the statement of operations.

All financial assets, except interest rate swaps, are assessed for impairment on an annual basis. When a decline in value is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain or loss is removed from the statement of remeasurement (losses) gains.

Derivatives

Interest rate swap agreements are used as part of the Hospital's program to eliminate variability in future interest cash flows. Interest to be paid or received under such swap agreements is recognized as adjustments to interest expense.

Fair value measurement

PSAS requires the Hospital 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;
- 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.

(in thousands of dollars)

Interest rate swaps are measured as Level 2 fair value instruments.

Measurement uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

A portion of the revenue recognized from the Ministry requires estimation. The Hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided to the Hospital by the Ministry for the year ended March 31, 2025. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations as set out in the agreements or in specific funding letters, the Ministry has the right to adjust funding received by the Hospital. The Ministry is 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 the Ministry funding received during a year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts relating to funding that are reasonably assured of being received.

Accounts requiring significant estimates include collectibility of accounts receivable, accrued and contingent liabilities, employment contract accruals, deferred revenue and employee future benefits. Employee future benefits liabilities (note 10) are subject to measurement uncertainty because actual results may differ significantly from the Hospital's best long-term estimate of expected results. For example, the difference between actual results and actuarial assumptions regarding healthcare cost trend rates for retiree benefits may be significant. Actual results could differ from those estimates.

Future accounting standards

In December 2022, the Public Sector Accounting Board (PSAB) issued The Conceptual Framework for Financial Reporting in the Public Sector (the Conceptual Framework), which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts and Section PS 1100, Financial Statement Objectives. The Conceptual Framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards. The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026, with early application permitted. The Hospital is currently assessing the impact of this new standard.

In October 2023, the PSAB issued PS 1202, Financial Statement Presentation, along with certain other consequential amendments that replace Section PS 1201, Financial Statement Presentation. The new standard includes changes to the presentation of financial statements, such as:

- changes in the statement of financial position;

- adding a new statement of net financial assets or net financial liabilities;

(in thousands of dollars)

- providing the option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities;

- adding a new statement of changes in net assets or net liabilities; and

- new budget requirements in order to present an amended budget.

The new standard is effective for fiscal years beginning on or after April 1, 2026, with early application permitted if the Conceptual Framework is adopted at the same time. The Hospital is currently assessing the impact of this new standard.

3 Restricted cash and investments

	2025 $	2024 $
Restricted cash held for redevelopment (a)	7,955	6,405
Restricted cash under administration (b)	12,489	12,931
Restricted investments for future capital investment (c)	132,264	171,722
	152,708	191,058
Externally restricted cash	20,444	19,336
Internally restricted investments	132,264	171,722
	152,708	191,058
Less: Restricted cash – current	12,489	12,931
Restricted cash and investments – long-term	140,219	178,127

a) Restricted cash held for redevelopment consists of funds received from the MOH, under the terms of the Development Accountability Agreement with the MOH related to the Hennick Bridgepoint Hospital (HBH) redevelopment project that are restricted in use. The unspent portion of these funds as at March 31, 2025 was $7,955 (2024 – $6,405), which is held in a sinking fund trust account.

b) Restricted cash under administration consists of cash held and administered by the Hospital on behalf of the clinical groups, and cannot be used for Hospital operations.

c) Restricted investments for future capital investment consist of internally restricted funds for the purpose of investing in capital and equipment.

(in thousands of dollars)

4 Accounts receivable

	2025 $	2024 $
Research grants	9,798	8,737
MOH	17,544	10,391
Commodity tax receivable	5,563	4,670
Patient services	8,444	6,313
Other	15,512	22,395
	56,861	52,506

Patient accounts receivable are shown net of an allowance for potentially uncollectible amounts of $3,000 (2024 – $4,552). Other accounts receivable are shown net of an allowance for potentially uncollectible amounts of $403 (2024 – $409).

5 Redevelopment receivable

The following are amounts due from the MOH related to the following capital projects:

	2025 $	2024 $
Renew Sinai, Phase 2	3,620	3,620
Renew Sinai, Phase 3A (note 9(b))	18,165	112,469
	21,785	116,089
Less: Current portion	-	96,102
Long-term portion	21,785	19,987

6 Capital and intangible assets

			2025
	Cost $	Accumulated amortization $	Net $
Land	64,388	-	64,388
Artwork	4,101	-	4,101
Building	1,819,556	680,051	1,139,505
Equipment	534,563	400,011	134,552
Equipment under capital lease	310	172	138
Software	5,563	5,335	228
Customer relationships	8,922	1,784	7,138
Lease agreement	8,328	4,442	3,886
Construction-in-progress (note 9(b))	34,872	-	34,872
	2,480,603	1,091,795	1,388,808

(in thousands of dollars)

			2024
	Cost $	Accumulated amortization $	Net $
Land	64,388	-	64,388
Artwork	4,101	-	4,101
Building	1,319,293	628,883	690,410
Equipment	492,992	372,661	120,331
Equipment under capital lease	310	152	158
Software	5,812	5,298	514
Customer relationships	8,922	1,338	7,584
Lease agreement	8,328	3,331	4,997
Construction-in-progress (note 9(b))	519,305	-	519,305
	2,423,451	1,011,663	1,411,788

Construction-in-progress reflects expenditures on assets not yet in use, including Renew Sinai Phase 3A redevelopment and expansion project.

7 Long-term debt

	2025 $	2024 $
Series A senior unsecured debentures (b)	198,469	198,431
Series B senior unsecured debentures (c)	199,825	199,825
Capital loan (d)	20,370	21,447
Capital equipment financing	995	2,032
Fair value adjustment in respect of interest rate swap agreements (e)	61	(1,181)
	419,720	420,554
Less: Current portion of long-term debt	2,106	2,115
Long-term portion	417,614	418,439

a) The Hospital has the following operating credit facilities available to draw upon:

i) An unsecured revolving term credit facility of $36,500, available by way of advances at the bank's prime lending rate less 0.85% and bankers' acceptance fee. As at March 31, 2025 and 2024, no funds had been drawn on this term credit facility. The facility expired on April 15, 2025 and was renewed on an annual basis under the same terms and conditions.

ii) An unsecured revolving credit facility of $10,000, available by way of advances at the bank's prime lending rate and bankers' acceptance fee. As at March 31, 2025 and 2024, no funds had been drawn on this revolving credit facility.

b) On June 9, 2016, the Hospital issued $200,000 of 3.527% Series A senior unsecured debentures at par value, with a maturity date of June 9, 2056. Interest is payable semi-annually on June 9 and December 9, with the principal to be repaid on June 9, 2056. During the year, interest paid amounted to $7,047 (2024 –

(in thousands of dollars)

$7,062). Interest expense recorded in the statement of operations amounted to $3,735 (2024 – $3,743) and interest capitalized in capital and intangible assets amounted to $3,312 (2024 – $3,319).

c) On April 8, 2020, the Hospital issued $200,000 of 3.209% Series B senior unsecured debentures at par value, with a maturity date of April 8, 2060. Interest is payable semi-annually on April 8 and October 8, with the principal to be repaid on April 8, 2060. During the year, interest paid amounted to $6,436 (2024 – $6,418). Interest expense recorded in the statement of operations amounted to $6,418 (2024 – $6,436).

d) The Hospital has the following term facilities for capital available to draw upon:

   i) An unsecured revolving term facility of $10,000, available by way of advances at the bank's prime lending rate less 0.85% and bankers' acceptance fee, of which $nil was drawn as at March 31, 2025 (2024 – $nil). The facility expired on April 15, 2025 and was renewed on an annual basis under the same terms and conditions.

   ii) An unsecured non-revolving term facility of $30,000, maturing on December 1, 2039, with a fixed base rate of 3.05% plus a floating rate credit spread of 0.50% (2024 – 0.50%), of which $20,370 (2024 – $21,447) was drawn as at March 31, 2025.

e) The Hospital has an interest rate swap contract relating to its unsecured non-revolving facility (note 7(b)(ii)), which is recorded at fair value. The fair value of the interest rate swap is based on current pricing for the same notional interest rate swap (Level 2 of the fair value hierarchy). The swap has a notional principal amount of $30,000, maturing on December 1, 2039. During the year, an unrealized loss of $1,242 (2024 – unrealized gain of $620) was recorded in the statement of remeasurement (losses) gains. As at March 31, 2025, the swap was in a net unfavourable position and a liability of $61 (2024 – an asset of $1,181) was recorded on the statement of financial position).

Principal due within each of the next five years and thereafter on the long-term debt as at March 31, 2025 is as follows:

	$
2026	2,106
2027	1,145
2028	1,180
2029	1,217
2030	1,255
Thereafter	412,756
	419,659

(in thousands of dollars)

8 Other long-term liabilities

	2025 $	2024 $
Long-term accrued sick days	6,594	6,554
Construction holdbacks	1,082	11,651
Net obligation in government business enterprises (note 12)	5,437	4,220
HIROC legal defense liability (note 14(c))	4,277	4,606
Asset retirement obligation (note 2)	1,647	1,606
	19,037	28,637

9 Long-term redevelopment obligation

	2025 $	2024 $
HBH long-term redevelopment obligation, due on February 28, 2043, monthly payments of $2,112 including principal and interest at 7.46%	300,471	310,522
Renew Sinai long-term redevelopment obligation	5,339	122,790
	305,810	433,312
Less: Current portion	15,904	132,841
Long-term portion	289,906	300,471

a) HBH Redevelopment Project

In July 2009, the MOH provided approval for HBH to enter into a project agreement with the successful bidder for the construction of HBH's Capital Redevelopment Project as a Design, Build, Finance and Maintain Alternative Financing and Procurement Project. The project agreement includes a 30-year facility maintenance period with no stated renewal option. The Hospital is entitled to terminate the project agreement on 180 days' notice with the inclusion of prior written consent of the MOH. The Hospital retains the rights to ownership of the redeveloped HBH. The redeveloped HBH is purpose-built to serve those in need of rehabilitation services and those living with complex chronic disease.

The long-term redevelopment obligation relates to future capital payments associated with the Project Agreement. The Hospital has an agreement with the MOH to fund 100% of the long-term redevelopment obligation on an annual basis.

b) Renew Sinai Redevelopment Project

The Hospital has undertaken a major multi-year capital redevelopment project (Renew Sinai) to expand and modernize multiple care environments within Mount Sinai Hospital (MSH). Renew Sinai involves the expansion and modernization of the emergency department surgical suites, intensive care unit, key ambulatory patient areas and a new inpatient unit.

(in thousands of dollars)

In June 2017, the Hospital entered into a project agreement for the build and finance of the Renew Sinai Phase 3A redevelopment project. As part of the project funding agreement, the Ministry has committed to fund a portion of the capital and financing cost of the site. Accordingly, the Hospital has recorded a long-term receivable from the Ministry for its share (note 5). The local share of the costs of Renew Sinai Phase 3A will be funded by contributions from Sinai Health System Foundation and the Hospital, through internally generated funds and debenture financing (note 7(c)).

In the fiscal year ended March 31, 2025, work completed for building construction and financing costs totalled $2,600 (2024 – $19,450). As at March 31, 2025, the Hospital has a redevelopment obligation of $5,339 (2024 – $122,790). A total of $383,649 (2024 – $273,127) has been received from the MOH, representing a portion of its funding share in accordance with the funding agreement. As at Mach 31, 2025, the Hospital has a redevelopment receivable owing from the MOH for construction and ancillary costs for Phase 3A in the amount of $18,165 (2024 – $112,469) (note 5). A corresponding amount of $402,039 (2024 – $385,755) has been recorded in deferred capital contributions.

c) Payments

Payments due within each of the next five years and thereafter on the long-term redevelopment obligation are as follows:

	$
2026	15,904
2027	11,106
2028	11,674
2029	12,271
2030	12,899
Thereafter	241,956
	305,810

10 Employee future benefits

Pension plan

Substantially all employees are eligible to be members of HOOPP, which is a multi-employer defined benefit pension plan. Plan members will receive benefits based on length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

The most recent actuarial valuation of the Plan as at December 31, 2024 indicates the Plan is 111% funded. During the year, the Hospital contributed $41,145 (2024 – $36,708) to the Plan on behalf of employees.

(in thousands of dollars)

Other post-employment benefits

The Hospital provides extended healthcare, dental and life benefits to certain of its employees and extends this coverage to the post-retirement period. In addition, a Supplemental Executive Retirement Plan (SERP) is available for a limited number of executive members. The related benefit liabilities were determined by actuarial valuation studies. The date of the last actuarial valuation for post-employment benefits and SERP was March 31, 2025.

The employee future benefits as at March 31 include the following components:

			2025	2024
	SERP $	Post-employment benefits $	Total $	Total $
Accrued benefit obligation	6,706	32,695	39,401	25,119
Unamortized actuarial (loss) gain	(519)	(3,687)	(4,206)	8,335
Employee future benefits liability	6,187	29,008	35,195	33,454
Less: Current portion included in accounts payable and accrued liabilities	542	1,920	2,462	1,636
Long-term portion	5,645	27,088	32,733	31,818

The movement in the employee future benefits liability during the year is as follows:

			2025	2024
	SERP $	Post-employment benefits $	Total $	Total $
Employee future benefits liability – Beginning of year	6,340	27,114	33,454	33,630
Current service cost	-	757	757	740
Interest cost	301	877	1,178	1,139
Prior service costs	-	1,828	1,828	-
Amortization of actuarial gain (loss)	88	(452)	(364)	(355)
Pension and post-employment benefits expense	389	3,010	3,399	1,524
Benefits paid	(542)	(1,116)	(1,658)	(1,700)
Employee future benefits liability – End of year	6,187	29,008	35,195	33,454

(in thousands of dollars)

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

	2025		2024	
	SERP %	Post-employment benefits %	SERP %	Post-employment benefits %
Discount rate	4.40	4.50	4.70	4.70
Expected benefit cost trend in health care*	-	6.30	-	5.70
Expected benefit cost trend in dental care	-	2.00	-	3.00

*The average remaining service period of active employees is 13 to 16 years.

11 Deferred contributions

	2025					2024
	Capital funds $	Designated fund $	Research funds $	Other operating $	Total $	Total $
Balance – Beginning of year	834,797	10,354	81,066	197	926,414	922,741
Additions to contributions	53,443	7,199	81,803	-	142,445	136,769
Amortization/recognition	(53,631)	(7,538)	(75,721)	-	(136,890)	(133,096)
Balance – End of year	834,609	10,015	87,148	197	931,969	926,414
Less: Current portion	-	10,015	87,148	-	97,163	91,420
Long-term portion	834,609	-	-	197	834,806	834,994

Included in deferred capital contributions is $11,679 (2024 – $11,378) of unspent contributions received for specific purposes. The remaining portion of deferred capital contributions represents the unamortized amount of contributions, which has been used for the purchase of capital and intangible assets.

(in thousands of dollars)

12 Related entities

Amounts due from and to related entities are summarized as follows:

	2025		2024	
Related entity	**Due from $**	**Due to $**	**Due from $**	**Due to $**
Hennick Bridgepoint Health	1,086	56	762	170
The Centre for Phenogenomics	1,472	-	1,147	172
Sinai Health System Foundation	8,447	-	10,187	-
Mount Sinai Fertility Corporation	12,307	-	9,790	-
Mount Sinai Services Inc.	1,202	-	1,135	-
2234998 Ontario Inc.	368	-	-	140
Hennick Bridgepoint Foundation	215	6	220	1
Total	25,097	62	23,241	483
Less: Long-term portion				
Sinai Health System Foundation	-	-	4,571	-
Mount Sinai Fertility Corporation	2,322	-	3,096	-
Total current portion	22,775	62	15,574	483

Hennick Bridgepoint Health (Health)

Bridgepoint Health is the legal name of Hennick Bridgepoint Health. Health is a non-share capital corporation incorporated pursuant to the laws of Canada. Health continued under the Canada Not-for-profit Corporations Act and is a registered charity and public foundation under the Income Tax Act (Canada). Health generates ancillary revenue to support the activities of the Hospital. Health is controlled by the Hospital, given the members of Health are the elected Directors of the Hospital.

The Hospital provides space, banking and administrative services to Health. The Hospital makes payments and receives funds on behalf of Health and settles the outstanding balances at regular intervals throughout the year. No financing charges are levied on these interim balances. During the year, Health granted $1,000 (2024 – $700) in capital grants to the Hospital. The Hospital has credit facilities arranged related to its HBH capital redevelopment project. Health has provided a guarantee to the Hospital's credit facilities for its capital redevelopment project. As at March 31, 2025, there were no significant restrictions on the resources of Health, and the accounting policies followed by Health substantially conform with those of the Hospital.

As at March 31, 2025, Health owed the Hospital $1,086 (2024 – $762), which was included in due from related entities, and the Hospital owed Health $56 (2024 – $170), which was included in due to related entities. 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 the related entities.

(in thousands of dollars)

A financial summary of this non-consolidated entity as at March 31 is as follows:

	2025 $	2024 $
Financial position		
Total assets	9,152	8,463
Total liabilities	1,125	669
Net assets	8,027	7,794
Results of operations		
Total revenue	1,632	1,616
Total expenses	1,400	1,057
Excess of revenue over expenses	232	559

There were cash inflows of $721 (2024 – $588) from operating activities.

The Centre for Phenogenomics (TCP)

TCP is an unincorporated joint venture between the Hospital and the Hospital for Sick Children, comprising a 120,000 square foot state-of-the-art mouse research facility. TCP is jointly controlled by the Hospital, given its 50% interest in TCP. TCP entered into a lease with the Hospital in 2007 to rent space in the research building for a term of 30 years at a basic rent of $10 per annum.

As at March 31, 2025, the Hospital had a net receivable due from TCP of $1,472 (2024 – $975).

A financial summary of the Hospital's share of this non-consolidated entity as at March 31 is as follows:

	2025 $	2024 $
Financial position		
Total assets	839	874
Total liabilities	839	874
Net assets	-	-
Results of operations		
Total revenue	5,557	5,376
Total expenses	5,557	5,376
Excess of revenue over expenses	-	-

(in thousands of dollars)

Sinai Health System Foundation (SHSF)

SHSF is a non-share capital corporation incorporated pursuant to the laws of the Province of Ontario. SHSF is a charitable organization (public foundation) registered under the Income Tax Act (Canada). SHSF supports the Hospital in its charitable mission and provides donations to the Hospital for capital, clinical programs and research activities of Lunenfeld-Tanenbaum Research Institute (LTRI), a division of the Hospital. SHSF is significantly influenced by the Hospital given they have a limited number of common directors.

During the current year, the Hospital received $46,018 (2024 – $36,867) in cash from SHSF. SHSF has contributed funding for a portion of the current year's bank interest expense in the amount of $111 (2024 – $170).

As at March 31, 2025, the total net receivable from SHSF was $8,447 (2024 – $10,187), of which an estimated amount of $8,447 (2024 – $5,616) will be received within one year and is included in due from related entities. The remaining balance of $nil (2024 – $4,571) is, accordingly, classified as a long-term portion of due from related entities.

Mount Sinai Fertility Corporation (MSF)

MSF is a for-profit corporation that provides a range of fertility services primarily through private contracts and, to a smaller extent, ministry supported programs.

For the year ended March 31, 2025, the Hospital recorded equity income from MSF of $392 (2024 – $820) in the statement of operations. As at March 31, MSF owed the Hospital the following amounts:

	2025 $	2024 $
Promissory notes	7,740	7,740
Other receivables	4,567	2,050
	12,307	9,790
Less: Current portion	9,985	6,694
Long-term portion	2,322	3,096

The promissory note is in the amount of $7,740, bearing interest at prime plus 1% accruing since issuance, and paid annually on the last day of each year beginning March 31, 2020.

(in thousands of dollars)

A financial summary of this non-consolidated entity as at March 31 is as follows:

	2025 $	2024 $
Financial position		
Total assets	10,440	7,233
Total liabilities	14,319	11,002
Net liabilities	(3,879)	(3,769)
Results of operations		
Total revenue	21,398	20,083
Total expenses	21,006	19,263
Excess of revenue over expenses	392	820

Mount Sinai Services Inc. (MSS)

MSS is a for-profit corporation that provides a range of laboratory services primarily through private contracts.

For the year ended March 31, 2025, the Hospital recorded equity loss from MSS of $1,169 (2024 – $883) in the statement of operations. As at March 31, 2025, the Hospital had a net receivable due from MSS of $1,202 (2024 – $1,135).

A financial summary of this non-consolidated entity as at March 31 is as follows:

	2025 $	2024 $
Financial position		
Total assets	1,481	1,842
Total liabilities	2,855	2,069
Net liabilities	(1,374)	(227)
Results of operations		
Total revenue	1,417	1,789
Total expenses	2,586	2,672
Deficiency of revenue over expenses	(1,169)	(883)

2234998 Ontario Inc.

2234998 Ontario Inc. is a for-profit corporation that operates a rehabilitation and wellness clinic.

For the period ended March 31, 2025, the Hospital recorded equity loss from 2234998 Ontario Inc. of $244 (2024 – $62) in the statement of operations. As at March 31, 2025, the Hospital had a net receivable due from 2234998 Ontario Inc. of $368 (2024 – net receivable of $140).

(in thousands of dollars)

A financial summary of this non-consolidated entity as at March 31 is as follows:

	2025 $	2024 $
Financial position		
Total assets	1,370	981
Total liabilities	1,636	1,013
Net liabilities	(266)	(32)
Results of operations		
Total revenue	1,869	1,970
Total expenses	2,113	2,032
Deficiency of revenue over expenses	(244)	(62)

Hennick Bridgepoint Foundation (BF)

Bridgepoint Foundation is the legal name of the Hennick Bridgepoint Foundation. BF is a non-share capital corporation incorporated pursuant to the laws of the Province of Ontario. BF is a registered charity (public foundation) under the Income Tax Act (Canada). BF supports the Hospital in its charitable mission and grants funds to the Hospital as approved by the Board of Directors of BF. BF is significantly influenced by the Hospital, given they have a limited number of common directors.

During the year, BF provided operating grants in the amount of $14 (2024 – $356) and capital grants in the amount of $39 (2024 – $405).

Circle of Care (CoC)

CoC is a community-based not-for-profit agency that is affiliated with the Hospital, the objectives of which include providing home care services to individuals across Metropolitan Toronto. CoC is a registered charity (charitable organization) under the Income Tax Act (Canada). CoC is a separate corporation with its own Board of Directors. CoC is significantly influenced by the Hospital, given the Hospital's Board of Directors is responsible for appointing 50% of the CoC Board of Directors.

There were no significant transactions between the Hospital and CoC for the year ended March 31, 2025.

(in thousands of dollars)

13 Statement of cash flows

a) The net change in non-cash working capital balances relating to operations consists of the following:

	2025 $	2024 $
Accounts receivable	(2,797)	(2,980)
Inventories	(531)	1,593
Prepaid deposits and sundry assets	(3,403)	(3,023)
Accounts payable and accrued liabilities	(39,363)	3,878
Administered funds	(442)	133
	(46,536)	(399)

b) Non-cash transactions

	2025 $	2024 $
Financing of costs incurred on Renew Sinai Phase 3A redevelopment project	2,845	17,834
Due from MOH related to Renew Sinai Phase 3A redevelopment project recorded as deferred capital contributions	14,421	18,897

14 Commitments and contingencies

a) From time to time, the Hospital is named in lawsuits related to its activities. These claims are at various stages and, therefore, it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to the Hospital. Accordingly, no material provisions have been made for loss in these financial statements.

b) Future operating commitments related to future lifecycle costs, leases and contracts for facility operating and maintenance as at March 31, 2025 are as follows:

	$
2026	15,777
2027	14,345
2028	14,357
2029	13,301
2030	13,216
Thereafter	102,473
	173,469

(in thousands of dollars)

c) The Hospital is a member of 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 members, which are Canadian not-for-profit healthcare organizations. All members of HIROC 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 assessment has been made for the year ended March 31, 2025.

   Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income, less the obligation for claims reserves and expenses and operating expenses.

   The Hospital entered into an agreement with HIROC, dated January 1, 2012, whereby HIROC continues to provide indemnity insurance to the Hospital; however, the cost of investigating and defending any litigation claims, previously included in the insurance premium, will be borne by the Hospital. Costs associated with claims arising prior to January 1, 2012 will be borne by HIROC. Projected costs of defending claims that arise subsequent to January 1, 2012 are based on claims defence costs incurred by HIROC in the past.

   Under the agreement, the Hospital provides deposits to HIROC Management Limited (HML), which acts as an agent to pay legal expenses on behalf of the Hospital. For the year ended March 31, 2025, the Hospital recorded legal expenses of $1,291 (2024 – $1,257) based on the assessment of the actuary engaged by HML, which have been included in the statement of operations. As at March 31, 2025, the deposit balance was $9,511 (2024 – $9,253), of which $8,438 (2024 – $8,216) is not expected to be used within one year and is, therefore, disclosed as a long-term asset, and the total liability was estimated to be $5,350 (2024 – $5,258), of which $4,277 (2024 – $4,221) is not expected to be paid within one year and is, therefore, disclosed as part of other long-term liabilities (note 8).

d) The Hospital has an agreement with Mohawk Medbuy (MMC), the primary responsibility of which is to provide supply chain services in the areas of strategic sourcing, logistics, buying and certain information technology services. The term of the agreement was to March 31, 2021, but it includes an evergreen clause with existing terms and conditions until formal notice to terminate is provided or the agreement is renegotiated. Based on the agreement, MMC has the right to charge membership fees to its members. A process is established in the agreement for MMC to obtain the approval of the members to charge additional fees. If any member fails to pay their membership fees to MMC throughout the period covered by the agreement, the Hospital and the other members are responsible for lending an amount to MMC, based on a sharing formula, to cover these deficiencies. As at March 31, 2025, no member was in default.

e) The Hospital has entered into various contracts for construction and purchase of capital equipment. The commitments outstanding as at March 31, 2025 are estimated to be $4,276 (2024 – $12,498).

15 Risk management

The Hospital is exposed to a variety of financial risks, including credit risk, liquidity risk and market risk. The Hospital has adopted an integrated risk management framework. The framework provides a consistent methodology to manage risks across the Hospital.

(in thousands of dollars)

Credit risk

The Hospital's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the statement of financial position are net of an allowance for doubtful accounts, estimated by management of the Hospital based on previous experience and its assessment of the current economic environment. The Hospital 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.

As at March 31, 2025, the following accounts receivable were past due, but not impaired:

	30 days $	60 days $	90 days $	Over 90 days $	Total $
Patient services receivable	4,211	2,002	1,124	1,107	8,444

The credit risk on other financial assets such as cash and due from related entities is limited, because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies and the Hospital is assured of collection from related parties.

Liquidity risk

Liquidity risk is the possible risk of not being able to meet financial obligations when due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipating capital, investing and financing activities and maintaining credit facilities to ensure it has sufficient funds available to meet current and foreseeable financial requirements.

(in thousands of dollars)

The table below is a maturity analysis of the Hospital's financial liabilities as at March 31, 2025:

	Up to 6 months $	More than 6 months up to 1 year $	More than 1 year up to 5 years $	More than 5 years $	Total $
Accounts payable and accrued liabilities	112,665	101,876	-	-	214,541
Long-term debt	551	1,555	4,797	412,817	419,720
Interest on long-term debt	7,061	7,035	55,976	398,566	468,638
Long-term redevelopment obligation	5,216	10,688	47,950	241,956	305,810
Interest on long-term redevelopment obligation	7,458	7,326	53,446	87,580	155,810
	132,951	128,480	162,169	1,140,919	1,564,519

Market risk

The Hospital is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. Interest rate risk is the significant market risk, which arises from fluctuations in interest rates and the degree of volatility of those rates. The Hospital is exposed to interest rate risk on its long-term debt (note 7). The Hospital has mitigated this risk by way of an interest rate swap, which effectively fixes the interest rates of a portion of the long-term debt.

As at March 31, 2025, the Hospital's estimate of the exposure to interest rate risk and the effect on net assets was not material.