



**THE 74<sup>TH</sup> ANNUAL MEETING OF THE CORPORATION**  
**CAMBRIDGE MEMORIAL HOSPITAL**  
**Wednesday, June 28, 2023**  
**1935-2030**  
**A.0.218 MEC Classroom**



**AGENDA**

<b>Agenda Item</b> * indicates attachment / TBC – to be circulated	<b>Page #</b>	<b>Time</b>	<b>Responsibility</b>	<b>Purpose</b>
<b>1. CALL TO ORDER</b>		1935	N. Melchers	
1.1 Confirmation of Quorum (7)			N. Melchers	Confirmation
1.1.1 Review Minutes of Previous Meeting – June 29, 2022* <b>Proposed MOTION: that, the minutes of June 29, 2022 be approved</b>	<b>3</b>		N. Melchers	Motion
<b>2. BUSINESS ARISING FROM THE PREVIOUS MEETING</b>				
2.1 None				
<b>3. BUSINESS ARISING</b>				
3.1 None			N. Melchers	
<b>4. NEW BUSINESS</b>				
4.1 Report of the Chair*	<b>5</b>	1937	N. Melchers	Information
4.2 Committee Achievements* <ul style="list-style-type: none"> <li>• Capital Projects Sub-Committee</li> <li>• Digital Health Strategy Sub-Committee</li> <li>• Resources Committee</li> <li>• Audit Committee</li> <li>• Quality Committee</li> <li>• Governance Committee</li> <li>• Executive Committee</li> </ul>	<b>8</b>	1940	T. Dean S. Alvarado L. Woeller M. Hempel D. Wilkinson J. Goyal N. Melchers	Information
4.3 Report of the CEO & COS*	<b>47</b>	2000	P. Gaskin / Dr. W. Lee	Information
4.4 Report of the Auditor Audited Statements* <b>Proposed MOTION: that, the audited financial statements for the year ended March 31, 2023, as approved by the Board of Directors on May 24, 2023, be approved.</b> Audit Finding Report* <b>Proposed MOTION: that, the audit finding report, presented to the Board of Directors on May 24, 2023, be received.</b>	<b>52</b>  <b>76</b>	2005	M. Hempel	Motion
4.5 Appointment of the Auditor <b>Proposed MOTION: that, the firm KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants be reappointed as the auditors for Cambridge Memorial Hospital for the fiscal year 2023/24 at a fee to be established by the Board of Directors.</b>		2010	M. Hempel	Motion
4.6 CMH Corporate By-Law and Resolution*	<b>124</b>	2015	J. Goyal	Motion

Board Members: Nicola Melchers (Chair), Sara Alvarado, Tom Dean, Julia Goyal, Elaine Habicher, Monika Hempel, Miles Lauzon, Dr. Margaret McKinnon, David Pyper, Jody Stecho, Diane Wilkinson, Lynn Woeller

Agenda Item * indicates attachment / TBC – to be circulated	Page #	Time	Responsibility	Purpose
<p><b>Proposed MOTION:</b> <i>that the corporate by-law of Cambridge Memorial Hospital (“Corporation”) relating generally to the conduct of the activities and affairs of the Corporation (“By-law”), as enacted by the Board of Directors of the Corporation is confirmed, and all previous corporate by-laws enacted by the Corporation are repealed and replaced by the By-Law</i></p>				
<p>4.7 Election of the Directors*  <b>Proposed MOTION:</b> <i>that, the Corporation elect as Directors of the Corporation the following individuals, with terms as listed;</i>  <i>William Conway - for a 1-year term</i>  <i>Jay Tulsani - for a 3-year term</i>  <i>Paulo Brasil - for a 3-year term</i>  <i>Sara Alvarado - for a 3-year term</i>  <i>Julia Goyal – for a 3-year term</i></p>	150	2020	J. Goyal	Motion
<p>4.8 Acknowledgement of Retiring Directors*  David Pyper  Elaine Habicher  Jody Stecho</p>	156	2025	N. Melchers	Information
<p><b>5. ADJOURNMENT</b>  <b>Proposed MOTION:</b> <i>that, there being no further business, the Annual Meeting be adjourned</i></p>		2030	N. Melchers	Motion

Board Members: Nicola Melchers (Chair), Sara Alvarado, Tom Dean, Julia Goyal, Elaine Habicher, Monika Hempel, Miles Lauzon, Dr. Margaret McKinnon, David Pyper, Jody Stecho, Diane Wilkinson, Lynn Woeller

**CAMBRIDGE MEMORIAL HOSPITAL**  
**Members of the Corporation**  
**73<sup>rd</sup> Annual Meeting**  
**June 29, 2022**

Minutes of the Annual Meeting of the Members held virtually on June 29, 2022 via Teams and in person in the Board Room at 2036 hours.

Present:

Mr. D. Pyper (Chair)	Mr. J. Stecho
Ms. N. Melchers	Mr. T. Edworthy
Mr. T. Dean	Mr. D. Wilkinson
Ms. D. Smith	Ms. L. Woeller
Ms. J. Goyal	Ms. S. Alvarado
Mr. T. Edworthy	Ms. M. McKinnon

Regrets:

Guests: Mr. P. Gaskin, Mr. S. Beckhoff, Mr. T. Clark, Ms. S. Pearsall, Dr. W. Lee, Ms. M. Hempel, Mr. M. Lauzon

Recorder: Ms. S. Fitzgerald

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**1. CALL TO ORDER**

Mr. Pyper called the meeting to order at 2036 hours. The Chair explained that the formal business of the annual meeting would be covered at this meeting.

1.1 **Confirmation of Quorum**

Quorum was confirmed.

1.2 **Review of Minutes of Previous Meeting – June 30, 2021**

The Members of Cambridge Memorial Hospital Corporation approved the minutes of June 30, 2021 with the amendment of the location of the meeting.

**2. Business Arising from the Previous Meeting – none noted**

**3. Report of the Board Chair**

Mr. Pyper reflected on the past two years and the challenges faced and conditions through the pandemic. Mr. Pyper provided a thank you to the Corporation members and their time dedicated as members along with the staff at Cambridge Memorial Hospital.

**4. Report of the CEO**

Mr. Gaskin & Dr. Lee shared a presentation with the members highlighting key milestones and accomplishments from the past year at Cambridge Memorial Hospital.

**5. Chief of Staff Report**

Combined with the report of the CEO.

**6. Report of the Auditor**

**Audited Statements\***

**MOTION:** (Smith/Woeller) that, the audited financial statements for the year ending March 31, 2022, approved by the Board of Directors on May 25, 2022 be approved. **CARRIED**

**Audit Finding Report\***

**MOTION:** (Smith/McKinnon) that, the audit finding report, presented to the Board of Directors on May 25, 2022, be received. **CARRIED**

7. **Appointment of the Auditor**

Ms. Smith put forward a motion to reappoint the KPMG Auditors for 2022/23

**MOTION:** (Smith/Edworthy) that, the firm KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants be reappointed as the auditors for Cambridge Memorial Hospital for the fiscal year 2022/23 at a fee to be established by the Board of Directors. **CARRIED**

8. **Election of Directors**

**MOTION:**(Stecho/Melchers) **that**, the Corporation elect as Directors of the Corporation the following individuals, with terms as listed:

Tom Dean – for a three (3) year term

Lynn Woeller - for a three (3) year term

Miles Lauzon – for a three (3) year term

Monika Hempel - for a three (3) year term **CARRIED**

9. **Acknowledgement of Retiring Directors**

The chair thanked two retiring Board of Directors for their time and dedication with the CMH Board of Directors

- Denise Smith
- Tim Edworthy

10. **Adjournment**

There being no further business, the annual meeting adjourned at 2057 hours. (Pyper/Dean)

**CARRIED**

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David Pyper  
Chair of the Board  
Member CMH Corporation

Patrick Gaskin  
Secretary  
CMH Board of Directors



# BRIEFING NOTE

**Date:** June 23, 2023  
**Issue:** Report of the Chair – Board Year in Review 2022/23  
**Prepared for:** Members  
**Purpose:**  Approval  Discussion  Information  Seeking Direction  
**Prepared by:** Stephanie Fitzgerald, Executive Assistant  
**Approved by:** Nicola Melchers, Board Chair

**Attachments/Related Documents:** None

### Supporting CMH

Many of our Board members have made an effort to be present and provide support within the CMH organization over the past year. CMH appreciates the Board's continued commitment to showing support whenever and wherever they can.

- Hawk Feather Re-energizing Ceremony – Celebrating the Hawk Feather CMH was gifted with.



- CAMP – CMH Leadership Development, Celebration of the graduate’s success
- Attendance at Department Huddles – our members visited 8 different CMH departments.



- CMH Board Adopted Family Program
- CMH Staff Holiday Cards – Members sent handwritten holiday cards to all CMH Leaders and Departments.

- Boiler Room, Kitchen, Lab, Phase 3 Construction Tours



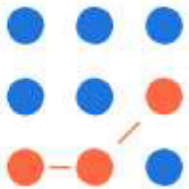
- Award Ceremonies to recognize CMH Leaders – Healthcare Hero’s and YWCA Women of Distinction
- CMH Board Adopted Family Program
- CMH Staff Holiday Cards – Members sent handwritten holiday cards to all CMH Leaders and Departments.
- CMH Reveal – Springtime in Paris



- Good Morning Cambridge – Breakfast Conversations with Patrick Gaskin
- Mental Health and Well-being – Discussions with CMH Leaders hosted by Dr. Margaret McKinnon
- New this year – Member representation at the CMH Staff ICCAIR awards



**Board Education**



New this year all members of the board were enrolled in the Institute of Corporate Directors. The membership provides our members with valuable tools and education.

Members have joined CMH for educational opportunities through the CMH Learning Lab.



- Crucial Conversations
- The 7 Habits of Highly Effective People
- Me2YouDISC



**Outside Courses/Conferences**

- Chairing Boards, an ICD Course
- Francophones, and Cultural and Linguistic Sensitive Care Learning Program
- OHA Health Care Leadership Summit
- San'yas Indigenous Training Course
- Governance Essentials Workshop





# **Capital Projects Sub Committee**

## **2022/23 Board Summary**

Tom Dean, Chair



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<b>Committee Achievements / Accomplishments</b>	<b>04</b>
<b>2023/24 Committee Goals/Plans</b>	<b>05</b>

## Committee Overview

**Membership: Tom Dean (Chair), Janet Huber, Miles Lauzon, Shannon Maier, Andrew McGinn, Patrick Simmons, Diane Wilkinson, Lynn Woeller, Horst Wohlgemut**

Summary of Key Roles of the Committee:

- The Sub-Committee shall be directed by and report to the Resources Committee in assisting with its responsibility for approving and monitoring contracts relating to the expansion or alteration of the physical resources of the Hospital; and planning capital projects.

A complete overview of the committee charter can be found here: [Capital Projects Sub-Committee Charter](#)

## Committee Achievements & Accomplishments

- Nine change orders related to Phase 3 were approved by the committee this cycle
- Implementation of virtual tours which are shared on a bi-monthly basis
- Phase 3 Construction Site tour took place in January: 16 members from various committees attended
- Monthly construction update has been improved to a more succinct, effective report such as changing classifications, highlighting risks, and creating a tighter executive summary

## 2023/24 Next Year's Committee Plans & Goals

### **Approaching Substantial Completion Date**

Continue to provide high-level summaries of construction progress

### **Change Orders**

Closely analyze changes and their impact to the hospital, with an emphasis on those which are essential to highest quality community care

### **Financial Updates**

Continue to monitor project spending and assist in decision making of approvals, as well as provide input on allocation of funds to aid with end of project audit



# Digital Health Strategy Subcommittee

## 2022/23 Board Summary

Sara Alvarado, Chair

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# Committee Overview

**Membership: Sara Alvarado (Chair), Masood Darr, Rodney Dobson, Jim Gates, Iain Klugman, Paul Martinello, David Pyper, Suzanne Sarrazin, Diane Wilkinson**

Summary of Key Roles of the Committee:

- The Subcommittee shall monitor project performance and make recommendations with respect to: reporting and progress updates, risk mitigation strategies on project deliverables, benefits realization and return on investment, innovation and further intellectual capital development opportunities.
- The Subcommittee shall provide private sector and/or international implementation and operations experience and advice.
- The Subcommittee shall optimize opportunities for effectiveness and certainty for project deliverables of scope and function, capital and operating costs, schedule, quality, communication and risk management.
- The Subcommittee shall provide oversight of the capital financing strategy regarding required debt or alternate financing models, when appropriate.

A complete overview of the committee charter can be found here: [2-A-17 Digital Health Strategy Subcommittee Charter](#)

## Committee Achievements & Accomplishments

- HIS vendor selection underway, and final recommendation planned for June/July 2023. Implementation timeline will be determined once vendor is chosen.





# Resources Committee

## 2022-23 Board Summary

Lynn Woeller, Chair

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# Committee Overview

**Membership: Lynn Woeller (Chair), Sara Alvarado, Tom Dean, Elaine Habicher, Lori Peppler-Beechey, Janet Richter, Gerry West**

**Summary of Key Roles of the Committee:**

- **The Committee shall inform, advise and make recommendations to the Board on financial matters, including but not limited to: the financial implications of all capital and operating expenditures, the review of detailed financial statements, ensuring banking, accounting and financial policies and procedures are in place and adhered to, annual operating and capital plans, the financial impact of proposals made for new and/or expanded services and programs.**
- **The Committee shall advise the Board on all property matters and oversee the progress of all Capital Redevelopment and infrastructure projects.**
- **The Committee shall review and advise the Board on the types and amounts of insurance to be carried by the Corporation.**
- **The Committee shall advise the Board on investments, donations, bequests, endowments, and recommend and monitor Board investment policy.**

## Committee Overview (cont'd)

- The Committee shall oversee risk management for human resources, finance, information technology/management, facilities and regulatory.
- The Committee shall monitor and make recommendations to the Board concerning human resources and benefit plans.

A complete overview of the committee charter can be found here: [2-A-14 Resources Committee Charter](#)

## 2022/23 Committee Goals

Achieve balanced operating results in fiscal 2022-23, maximizing funding opportunities and mitigating financial risks related to pandemic.

Oversee development of Multi-year financial plan in support of new strategic plan.

Guide development of balanced operating budget, after building amortization costs for fiscal 2023-24, factoring loss of one-time incremental bed funding, permanent decreases in revenue streams, permanent increases in cost structure due to higher infection prevention and control and health and safety requirements and inflationary pressures.

Update and extend Multi-year capital plan to March 31, 2027 with new inputs from strategic and other corporate plans.

Provide oversight of phase 3 of the Capital Redevelopment Project (CRP).

## 2022/23 Committee Goals (cont'd)

Select new Health Information System (HIS) and have an implementation timeline in place for other core systems including Enterprise Resource Planning (ERP), Human Resources Information System (HRIS) and Staff Scheduling.

Oversee development of new Human Resources (HR), and Employee Engagement Plans and updated Wellness and Well-being Plan in support of the new Strategic Plan.

Increase understanding of hospital expenditures

## Committee Achievements & Accomplishments

- Surplus reported at March 31, 2023.
- Approved balanced budget for fiscal 2023-24 by February 28, 2023.
- Approved Multi-year financial plan (2022-27) by February 28, 2023.
- Approved Multi-year capital plan (2022-27) by February 28, 2023.
- CRP project on schedule to be completed by October 2024 and funding sources identified for any budget overages.
- New HR and Employee Engagement Plans and updated Wellness and Well-being Plan approved by December 31, 2023.
- Hospital Expenditure 101 education session provided at one of the Resources Committee meetings.
- HIS vendor selection underway, and final recommendation planned for June/July 2023. Implementation timeline will be determined once vendor is chosen.

# 2023-24 Next Years Committee Plans & Goals

Goal review and approval in  
process





# **Audit Committee 2022-23**

## **2022/23 Board Summary**

Monika Hempel, Chair

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# Committee Overview

**Membership: Monika Hempel (Chair), David Beaudoin, Miles Lauzon, Scott Merry, Chris Whiteley, Brian Quigley**

Summary of Key Roles of the Committee:

- The Committee shall be responsible for the oversight of reliable, accurate and clear financial reporting to members, including reviewing the Corporation's annual financial statements and management's discussion and analysis, prior to approval by the Board.
- The Committee shall oversee the establishment and maintenance of processes that ensure the Corporation is in compliance with the laws and regulations that apply to it as well as its own policies.
- The Committee has accountability, on behalf of the Board, to oversee the CMH integrated risk management framework and ensure that management has processes and tools in place that effectively identify risks to the organization and mechanisms to monitor plans to prevent and manage such risk.

A complete overview of the committee charter can be found here: [2-A-10 Audit Committee Charter](#)

## 2022/23 Committee Goals

**Guide implementation of HIROC Risk Registry tool.**

**Review HIROC's "21 Questions" tool to support Board oversight of risk function.**

**Oversee implementation of PS 3280- Asset Retirement Obligations (ARO) and understand financial reporting implications for the hospital.**

## Committee Achievements & Accomplishments

- The HIROC Risk Registry tool was implemented to document the top four organizational risks in fiscal 2022-23 within CMH's Integrated Risk Management (IRM) framework
- An education session was provided to the Audit Committee to review HIROC's "21 Questions" tool to support oversight of the risk function.
- PS 3280 – Asset Retirement Obligation (ARO) was implemented prior to the fiscal 2022-23 year-end audit; the ARO liability was reflected on the balance sheet for fiscal 2022-23

## 2023-24 Next Years Committee Plans & Goals

### **Review Broader Public Sector Accountability Act (BPSAA)**

Education will be provided to the Audit Committee during the 2023-24 Board cycle on the BPSAA requirements, procurement processes and controls for the hospital to ensure compliance with the legislation.

### **Understand Implications of the Ontario Not-for-Profit Corporations Act (ONCA)**

Training will be provided to the Audit Committee during the 2023-24 Board cycle to understand the updated requirements of the Act and the implications for the Hospital.



# Quality Committee 2022/23 Board

## Summary

Diane Wilkinson, Chair

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## Committee Overview

**Membership: Diane Wilkinson (Chair), Kenneth Abogadil, Mike Adair, Colleen Bulla, Nalini Gandhi, Patrick Gaskin, Julia Goyal, Rob Howe, Monika Hempel, Dr. Winnie Lee, Alison McCarthy, Margaret McKinnon, Tooba Mohtsham, Stephanie Pearsall, David Pyper**

### Summary of Key Roles of the Committee

- To meet the legal obligations of the Excellent Care for All Act, 2010
- To monitor and report to the Board on Quality including but not limited to: performance metrics, patient safety indicators, critical incidents, annual Program quality reviews, annual Quality Improvement Plan, annual Integrated Risk Management Plan, Patient Relations, Emergency Preparedness, Organ Donation, THREB

A complete overview of the committee charter can be found here: [Quality Committee Charter](#)

# 2022/23 Committee Goals

## **Conduct 3 Generative Discussions related to Quality**

The Committee had generative discussions on Quality Committee Role in Strategy Oversight, Just Culture & Accreditation

## **Each Committee Member Review 3 Journal Articles Related to Quality**

## **Participate in Education on Credentialing**

Dr. Winnie Lee provided the Committee with a presentation on Medical Credentialing

## **Review Accreditation Guidelines**

Provide status update

# Committee Achievements & Accomplishments

- Recruited new Staff Members to the Committee
- Recruited new PFAC Member to the Committee
- Revised Committee Charter
- Presented personal Bios of Committee Members at each meeting
- Received Presentations from: Emergency Department, Information Management & Technology, Perioperative Services, Health Information Management, Patient Experience, Mental Health, Environmental Services, Pharmacy, Intensive Care Unit, Medical Day Care, Food Services, Professional Practice, Infection Prevention and Control
- Revised Corporate Watch Metrics Scorecard
- Received updates on: Emergency Preparedness, Patient Declaration of Values, Bill 7, ECFAA, QIP, THREB, QCIPA, Organ Donation, Accreditation, Unusual Occurrences, Critical Incidents, Seniors Friendly, OHT, MAC, Patient Care Services

# 2023/24 Next Years Committee Plans & Goals

## **Prepare for Accreditation**

Accreditation for CMH will be in November 2024

## **Committee Goals 2023/24**

Committee Goals will be developed in August for approval by the Committee at the September 2023 Quality Committee meeting

## **Program Presentations & Annual Reports**

The Committee will continue to receive program presentations from departments within CMH and receive annual reports.

## **Work Plan 2023/24**

Committee work plan will be developed in August for approval by the Committee at the September 2023 Quality Committee meeting

## **Committee Orientation**

The committee will hold an orientation for new and returning members in August of 2023



# Governance Committee 2022/23 Board

## Summary

Jody Stecho, Chair

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# Committee Overview

**Membership: Jody Stecho (Chair), Wajma Attayi, Julia Goyal, Elaine Habicher, Milena Protich, Andrew Stewart**

## Summary of Key Roles of the Committee

- Manage the Board and Committee structure and composition & nominations for election to the Board and appointment to other Boards
- Establish and facilitate an effective process for the ongoing evaluation of the performance and effectiveness of the Board, Committees and members.
- Develop/review and recommend to the Board for approval, corporate governance policies aimed at fostering high standards of corporate governance

A complete overview of the committee charter can be found here: [2-A-16 Governance Committee Terms of Reference](#)

## Committee Achievements & Accomplishments

- Update policies related to the implementation of ONCA
- Prepare By-Law to be compliant with ONCA
- Implemented new DEI strategies through the recruitment process.
- Completed 13 interviews of potential candidates for the Board and committee vacancies for 2023/24.
- Developed Board approved strategies to support Governance improvement as part of Accreditation.



## 2023/24 Next Years Committee Plans & Goals

### **2024 Accreditation Board Preparation**

Prep work

Improvement plan

### **Monitor ONCA Compliance**

Ensure new policies related to ONCA  
are being completed

### **OHT Governance Alignment**

Monitor developments and  
adapt and respond accordingly

### **Continue the work reaching equity deserving populations for Recruitment**

Implement further recruitment  
strategies, review lessons learned  
from the 2022/23 process



# **Executive Committee 2022/23 Board**

## **Summary**

Nicola Melchers, Chair

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# Committee Overview

**Membership: Nicola Melchers (Chair), Monika Hempel, Jody Stecho, Diane Wilkinson, Lynn Woeller**

Summary of Key Roles of the Committee:

- on behalf of the Board, that the Corporation's executive compensation strategy, plans, policies and practices are consistent with the sustainable achievement of the Corporation's objects, mission, vision, values and strategic plan Monitor the CEO & COS performance relative to their goals and objectives and to formally evaluate
- monitor the CEO & COS's performance relative to his or her goals and objectives inclusive of the Performance Metrics targets
- satisfy itself that succession planning is in place for each senior executive, and to review the Chief Executive Officer's succession plans for such executives at least annually and report on such plans to the Board

A complete overview of the committee charter can be found here: [Executive Committee Charter](#)

## Committee Achievements & Accomplishments

- Appointed CMH's Chief of Staff from interim to permanent role.
- Approved the 2023/24 CEO & COS Goals aligned to the 2022-27 Strategic Plan.
- Approved succession planning for the CEO, COS and Senior Executives of the corporation.

## 2023/24 Next Year's Committee Plans & Goals

**Support the professional development of the CEO and COS**

**Undertake a compensation review for executive positions at CMH**



# 2022-27 Strategic Plan Year One Update

Prepared for the Annual Meeting  
June 28, 2023

# Our 2022-27 Strategic Plan

## Vision

Creating healthier communities, together.

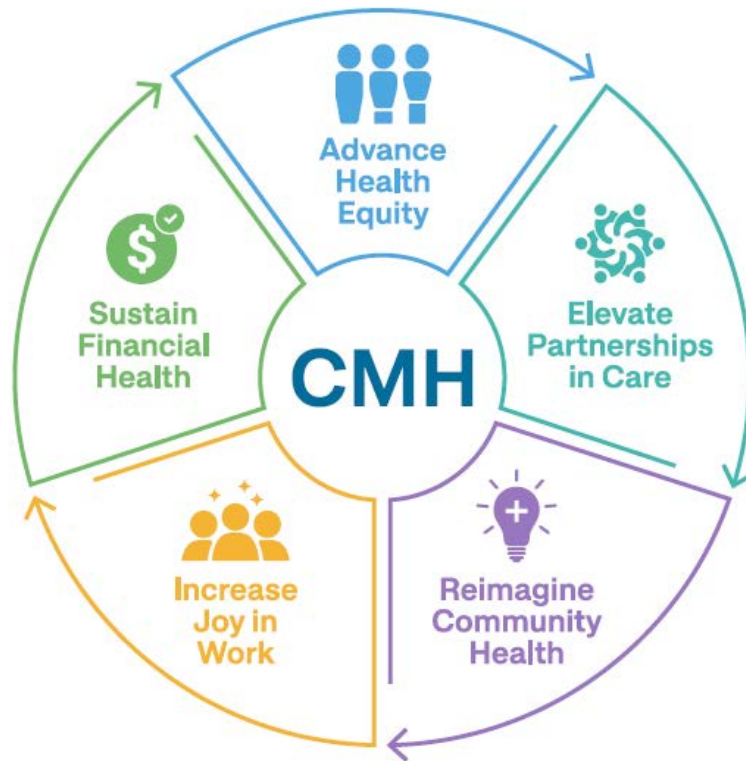
## Mission

An exceptional healthcare organization keeping people at the heart of all we do.

## Values

Caring  
Collaboration  
Accountability  
Innovation  
Respect

## Strategic Pillars



### Advance Health Equity

Promotes the need for diversity, equity and inclusion to increase equitable access to healthcare and support a work culture where every individual can reach their full potential.

### Elevate Partnerships in Care

Highlights the importance of collaboration across all levels to ensure the highest quality and safest care experience.

### Reimagine Community Health

Demonstrates how we will use innovation and embrace transformation to improve the way we deliver healthcare.

### Increase Joy in Work

Reflects our commitment to improving the well-being of our team by creating meaningful and enabling work environments.

### Sustain Financial Health

Shows our dedication to not only keeping a balanced budget but also building a strong foundation for investment and growth.



**Want to learn more about the Strategic Plan and Strategic Pillars?**

Scan the QR code on the left to learn more about who we engaged, the feedback we received, key definitions, insight into why the plan is structured the way it is, and what each strategic pillar means. Please note: These courses can be found on Bridge2Learning (B2L) which is our e-learning platform. Please login with your CMH account and search for "CMH Team Members – Strategic Plan Courses"!



**LEGEND:**

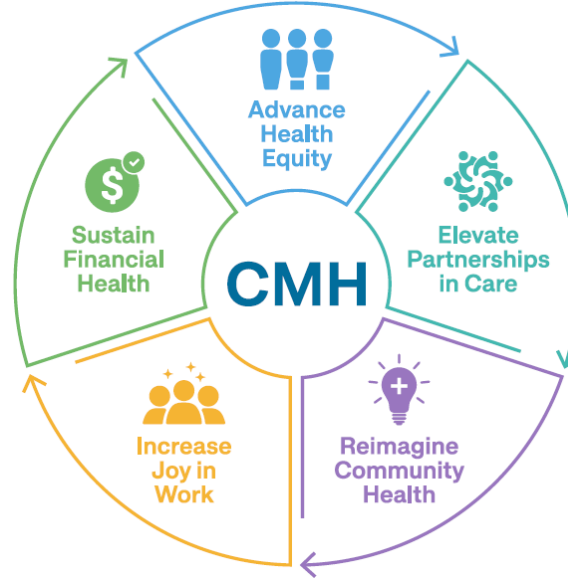
**ACTIVE** = plan is approved and currently active

**REFRESH** = plan is due for a refresh

**NET NEW** = plan is the first of its kind and is undergoing development

# Corporate Plan Status Overview

There are 19 corporate plans housed within our five Strategic Pillars. Each corporate plan guides the work of its respective department to ensure alignment with our 2022-27 Strategic Plan.



Sustain Financial Health		
Corporate Plan	Plan Owner(s)	Status / Approval Date
Multi-year Financial Plan	Trevor Clark and Michelle D'Souza	<b>NET NEW</b>
Multi-year Capital Plan	Trevor Clark and Valerie Smith-Sellers	<b>REFRESH</b>

Elevate Partnerships in Care		
Corporate Plan	Plan Owner(s)	Status / Approval Date
Clinical Services Growth Plan (2022-27)	Stephanie Pearsall and Dr. Winnie Lee	<b>ACTIVE</b>
Patient Experience Plan	Liane Barefoot	September 2023
Quality and Safety Plan	Liane Barefoot	<b>REFRESH</b>
Capital Redevelopment Plan	David Boughton	<b>ACTIVE</b>

Increase Joy in Work		
Corporate Plan	Plan Owner(s)	Status / Approval Date
Human Resources Plan	Susan Toth and Trevor Clark	<b>REFRESH</b>
Wellness and Wellbeing Plan	Susan Toth and Trevor Clark	<b>REFRESH</b>
Employee and Physician Engagement Plan	Susan Toth and Trevor Clark	<b>REFRESH</b>
Corporate Communications and Engagement Plan	Stephan Beckhoff	June 2023

Advance Health Equity		
Corporate Plan	Plan Owner	Status / Approval Date
Diversity, Equity, and Inclusion Plan (2022-27)	Mari Iromoto	<b>ACTIVE</b>
Indigenous Reconciliation Action Plan	Patrick Gaskin	<b>NET NEW</b>
Accessibility Plan (2023-28)	David Boughton	<b>ACTIVE</b>
Senior Friendly Hospital Plan (2019-23)	Stephanie Pearsall	<b>ACTIVE</b>

Reimagine Community Health		
Corporate Plan	Plan Owner	Status / Approval Date
Ontario Health Team Plan (2022-25)	Patrick Gaskin and Kristina Eliashevsky	<b>ACTIVE</b>
Innovation Plan	Mari Iromoto	<b>NET NEW</b>
Digital Health (includes HIS) Plan	Rob Howe	<b>REFRESH</b>
Operational Excellence Plan	Kyle Leslie	<b>NET NEW</b>
Environmental Sustainability Plan	Patrick Gaskin	<b>REFRESH</b>

# Strategic Pillar Achievements Overview

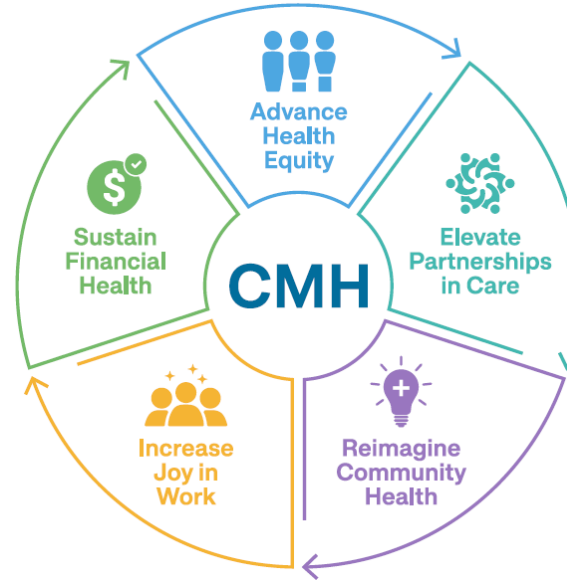
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## Sustain Financial Health

- **Balanced Budget for 2023/24:** Approved by Board. Have signed our Hospital Service Accountability Agreement, which includes funding for 22 additional beds (already running).
- **Clinical Operational Excellence Committee (COEC):** Expanded beyond medicine to include ED; will begin monitoring key patient flow metrics.
  - Significant impact to data quality and funding recovered \$1,322,644 in FY 22/23 of weighted case funding related to improved coding and documentation
  - Achieved lowest HSMR in last 5 fiscal years at 84 for FY 22/23

## Increase Joy in Work

- **CMH Paws Program:** Launched in May 2022 with our facility dog Ember.
- **CMH CCAIR Jackets:** Received an overwhelmingly positive response from staff.
- **Wellness Loop:** Monthly passport program introduced Jan 2023 to promote employee wellness
- **New Mental Health Benefit for CMH Staff:** Announced in Jan 2023. Additional Mental Health Supports for staff offered
- **VBC Refresh:** Currently in development.
- **Huddle Board Refresh:** Currently in “Project Close” stage.
  - Electronic command center tracking board implemented to monitor patient flow real-time
- **Corporate Communications and Engagement Plan:** Currently in the process of being approved.



## Advance Health Equity

- **Inclusion Lead:** Sharon Pearce began their work in February 2023.
- **Unconscious Bias Training:** Completed by all leaders.
- **Video Interpretation Services:** Available 24/7 to patients.
- **Newly Formed Diversity Council:** First meeting was on May 17, group is very engaged.
- **Best Practice Guideline for 2SLGBTQIA+:** From the Registered Nurses' Association of Ontario (RNAO) planned for 2023/24.
- **Indigenous Patient Navigator:** Katrina Graham introduced to support First Nations, Inuit and Métis people in their healthcare journey.
- **Accessibility Plan:** Approved at the April Board meeting.

## Elevate Partnerships in Care

- **Clinical Services Growth Plan (CSGP):** Approved!
- **Accreditation 2023:** Preparation underway with our two leads – Krysta Garton and Alex Vincent!
- **Patient Experience:** Semi-annual PX report shared at MAC and Quality Committee in May 2023.
- **One of the first Ontario hospitals** to launch new patient experience survey system
- **Infection Prevention and Control (IPAC):** Continuing to monitor universal mask policies and screening protocols.
- **Capital Redevelopment Project (CRP):** On track to being done next year!
- **Implemented community based partnerships** to address surgical backlog

## Reimagine Community Health

- **CND OHT - Community Mental Health & Addictions Clinic (CMAC):** Pilot complete. Now looking for another temporary location and funding.
- **Innovation Fund:** Awarded 4 staff groups with the Innovation Fund to support their innovative ideas.
- **Hospital Information System (HIS):** Currently evaluating the proposed pricing from our top 2 vendors with the goal of having a preferred vendor recommendation for the Board by end of June.
- **Sustainability Plan:** Environmental scan and internal consultation underway with the goal of developing the plan next year.

# Strategic Plan Priorities for 2023/24

## Sustain Financial Health

**Goal 5: Grow ministry revenue by \$22 million by achieving budgeted revenue in the multi-year financial plans by 2027**

### Strategic Deliverables:

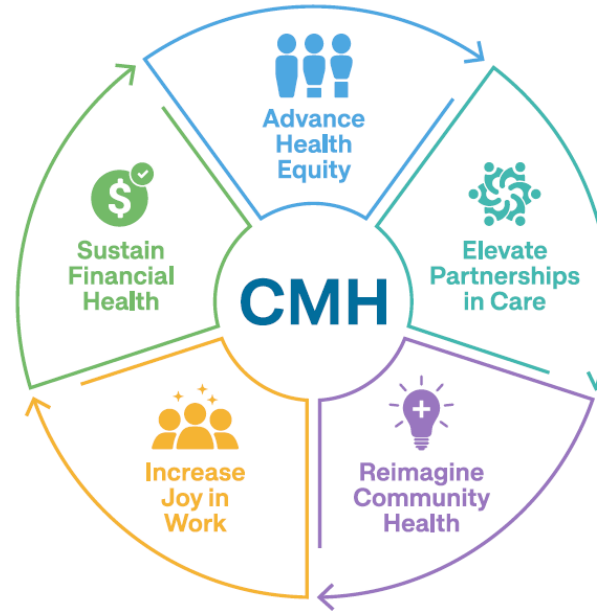
1. Update multi-year financial and capital plans incorporating capital and ongoing operating costs to support new HIS and ERP by March 31, 2024
2. Establish budgeted volume targets to maximize PCOP funding for 24/25 and 25/26
3. Improve financial literacy within CMH leadership team by March 31, 2024
4. Improve supply chain processes

## Increase Joy in Work

**Goal 4: Increase staff engagement measured through “over all ranking of CMH as a place work“ by increasing the Excellent and Very Good responses from 42% of responses to 48% of responses by 2024**

### Strategic Deliverables:

1. Implement huddles and VBC refresh by March 31, 2024
2. Review and enhance recruitment and onboarding processes including HR support for leaders by March 31, 2024
3. Execute wellness initiatives for 2023/24
4. Execute the Change Management strategy for 23/24



## Advance Health Equity

**Goal 1: Ensure CMH is representative of the communities served and that the communities across Cambridge North Dumfries are receiving equitable care**

### Strategic Deliverables:

1. Develop measurement tool and establish baseline for growth By June 30, 2023
2. Execute DEI initiatives for 23/24 DEI Plan
3. Re-initiate active Diversity Council with lived experience for 23/24 with 1<sup>st</sup> meeting by May, 2023
4. RNAO BPG implementation – 2SLGBTQIA+

## Elevate Partnerships in Care

**Goal 2: Grow our services by approximately 30% (Growth in beds) from baseline by 2026 (increase bed footprint to 200+ beds and achieve approximately 4800 incremental weighted cases)**

### Strategic Deliverables:

1. Finalize clinical services growth plan by Sept., 2023
2. Complete Board approved Master Plan by March 31, 2024
3. Update original functional plan to align with current service levels by March 31, 2024
4. Patient experience plan developed and Board approved by Sept. 2023

## Reimagine Community Health

**Goal 3: Leverage technology to transform how we deliver care by revolutionizing our Health Information Management Systems and Enterprise Resource Planning Systems by 2025**

### Strategic Deliverables:

1. Create an HIS implementation plan created by March 31, 2024
2. Completion of all in year readiness activities required to proceed with ERP project by March 31, 2024
3. Grow data proficiency within the organization focusing on refreshing quality oversight committee structures by March 31, 2024

Financial Statements of

**CAMBRIDGE  
MEMORIAL HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2023  
(Expressed in thousands of dollars)



KPMG LLP  
120 Victoria Street South  
Suite 600  
Kitchener ON N2G 2B3  
Canada  
Tel 519-747-8800  
Fax 519-747-8811

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cambridge Memorial Hospital

### ***Opinion***

We have audited the financial statements of Cambridge Memorial Hospital (the Hospital), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2023, and its results of operations, its changes in net assets 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 auditor’s report.

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



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### ***Emphasis of Matter – Change in Accounting Policy***

We draw attention to Note 2 to the financial statements which indicates that the Hospital has changed its accounting policy for asset retirement obligations, as a result of the adoption of PS 3280, Asset Retirement Obligations, and has applied that change using the modified retrospective method.

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 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 the financial statements.

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



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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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 5, 2023

# CAMBRIDGE MEMORIAL HOSPITAL

Statement of Financial Position  
(Expressed in thousands of dollars)

March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 83,456	\$ 63,068
Due from Ontario Ministry of Health ("MOH") (note 3)	8,317	7,381
Other receivables	4,354	3,920
Inventories	2,483	2,453
Prepaid expenses	2,879	1,724
	<u>101,489</u>	<u>78,546</u>
Due from MOH (note 3)	3,243	4,760
Due from CMH Foundation	817	472
Restricted cash (note 4)	22,159	16,439
Special purpose funds restricted cash (note 5)	194	187
Capital assets (note 6)	276,999	262,601
	<u>\$ 404,901</u>	<u>\$ 363,005</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Due to MOH	\$ 10,516	\$ 6,309
Accounts payable and accrued liabilities	39,599	34,386
Deferred revenue	32,379	29,982
	<u>82,494</u>	<u>70,677</u>
Capital redevelopment construction payable	2,428	1,114
Accrued benefit liability (note 7)	4,203	4,118
Deferred capital contributions (note 8)	270,121	247,256
Asset retirement obligation (note 9)	2,377	—
	<u>361,623</u>	<u>323,165</u>
Net assets:		
Unrestricted	14,792	3,751
Externally restricted special purpose funds (note 5)	194	187
Internally restricted special purpose funds (notes 5 and 10)	28,292	35,902
	<u>43,278</u>	<u>39,840</u>
Commitments (note 11)		
Contingencies (note 12)		
	<u>\$ 404,901</u>	<u>\$ 363,005</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director



# CAMBRIDGE MEMORIAL HOSPITAL

Statement of Operations  
(Expressed in thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
MOH operating funding (note 17)	\$ 154,436	\$ 146,148
Billable patient services	15,668	15,477
Recoveries and miscellaneous revenue	13,465	12,731
Program specific funding	3,910	3,590
MOH recoveries	2,090	1,935
Amortization of deferred capital contributions - equipment (note 8)	3,527	2,399
Interest income	2,285	288
	<u>195,381</u>	<u>182,568</u>
Expenses:		
Salaries and wages	86,194	78,597
Medical staff remuneration	22,602	25,874
Employee benefits	20,785	20,242
Supplies and other expense	26,621	20,732
Medical and surgical supplies	11,841	10,647
Drugs and medical gases	9,737	9,479
Program specific expenses	3,910	3,590
Amortization - equipment	6,194	5,174
	<u>187,884</u>	<u>174,335</u>
Excess of revenue over expenses before undernoted	7,497	8,233
Amortization of deferred contributions - building (note 8)	5,884	5,725
Amortization - building	(7,573)	(6,701)
Excess of revenue over expenses	<u>\$ 5,808</u>	<u>\$ 7,257</u>

See accompanying notes to financial statements.

# CAMBRIDGE MEMORIAL HOSPITAL

Statement of Changes in Net Assets  
(Expressed in thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Externally restricted special purpose funds	Internally restricted special purpose funds (note 10)	2023 Total	2022 Total
Balance, beginning of year	\$ 3,751	\$ 187	\$ 35,902	\$ 39,840	\$ 32,583
Adoption of new accounting Standard (note 2)	–	–	(2,377)	(2,377)	–
Balance, as restated, beginning of year	3,751	187	33,525	37,463	32,583
Excess (deficiency) of revenue over expenses	10,164	–	(4,356)	5,808	7,257
Investment in restricted special purpose funds (note 10 (c))	877	7	(877)	7	–
Balance, end of year	\$ 14,792	\$ 194	\$ 28,292	\$ 43,278	\$ 39,840

See accompanying notes to financial statements.

# CAMBRIDGE MEMORIAL HOSPITAL

Statement of Cash Flows  
(Expressed in thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (applied to):		
Operations:		
Excess of revenue over expenses	\$ 5,808	\$ 7,257
Items not involving cash:		
Amortization of capital assets	13,767	11,875
Amortization of deferred grants and donations	(9,411)	(8,124)
Change in employee future benefits (note 7)	85	85
Loss on disposal of capital assets	–	94
Change in non-cash operating working capital (note 13)	9,262	26,047
	19,511	37,234
Investing:		
Acquisition and construction of capital assets	(28,165)	(32,898)
Capital redevelopment construction payable	1,314	1,114
	(26,851)	(31,784)
Financing:		
Change in non-cash capital accounts receivable	1,172	2,294
Capital donations and grants, net of capital accounts receivable	32,276	14,509
	33,448	16,803
Increase in cash	26,108	22,253
Cash, beginning of year	79,507	57,254
Cash, end of year	\$ 105,615	\$ 79,507

Cash consists of the following:

Cash	\$ 83,456	\$ 63,068
Restricted cash	22,159	16,439
	\$ 105,615	\$ 79,507

See accompanying notes to financial statements.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

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The Cambridge Memorial Hospital (the “Hospital”) is incorporated without share capital under the Corporations Act (Ontario). The Hospital is an acute care community hospital providing patient focused care to the residents of Cambridge, North Dumfries and surrounding areas as part of an integrated healthcare system.

The Hospital is a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as an organization registered under the Act, the Hospital must meet certain requirements within the Act.

Under the Health Insurance Act and Regulations thereto, the Hospital is primarily funded by the Province of Ontario in accordance with the funding arrangements established by the Ontario Ministry of Health (the “Ministry” or “MOH”) and Ontario Health. The financial statements reflect agreed funding arrangements approved by the Ministry. The Hospital has entered into an accountability agreement with the Ontario Health West which requires that the Hospital meet certain financial and non-financial performance indicators.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook - Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations.

There are no remeasurement gains or losses for the years ended March 31, 2023 and 2022. Accordingly, a statement of remeasurement gains and losses is not included in these financial statements.

### a) Basis of presentation:

These financial statements do not include the activities of the following non-controlled affiliated entities:

#### (i) Cambridge Memorial Hospital Foundation:

The Foundation raises funds to support capital projects and equipment needs of the Hospital.

#### (ii) Cambridge Memorial Hospital Volunteer Association:

The Volunteer Association supports the volunteer programs directed by the Volunteer Association of the Hospital and raises funds for the support of the Hospital.

The financial information of these entities is reported separately from the Hospital.

### b) Inventories:

Inventories are valued at the lower of average cost and replacement value. Provisions are made for any obsolete or unusable inventory on hand.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 1. Significant accounting policies (continued):

### c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. The Hospital records amortization of its capital assets on a straight-line basis over the estimated useful life of the asset at the following annual rates:

Land improvements	2 - 25 years
Building	10 - 40 years
Equipment	3 - 20 years

No amortization is recorded on capital projects in progress.

### d) Revenue recognition:

The Hospital follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Health Insurance Act and the regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the MOH. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended March 31, 2023.

To the extent which MOH funding has been received with the stipulated requirement that the Hospital provide specific services, for example, provide a contracted volume of service, and these services have not yet been provided, the funding is deferred until such time as the services are performed and the monies spent. In the event that the services are not performed in accordance with the funding requirements, the funds received in excess of monies spent could be recovered by the MOH.

Revenue from patients and other sources is recognized as the services are performed, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related capital assets.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### e) Employee future benefits:

#### (i) Multi-employer plan:

Defined contribution plan accounting is applied to the multi-employer defined benefit Hospitals of Ontario Pension Plan (“HOOPP”) for which the Hospital does not have the necessary information to apply defined benefit plan accounting. The costs of the multi-employer defined contribution pension plan benefits are the employer's contributions due to the plan in the period.

#### (ii) Defined benefit plan:

The Hospital accrues its obligations under employee defined benefit dental and health care plans, and the related costs as the employees render the services necessary to earn the future benefits. The Hospital offers the plan to five groups of employees as described in note 7.

The cost of the accrued benefit obligations for retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages and expected health care costs.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the defined benefit dental and health care plan is 14 years.

### f) Deferred capital contributions:

Capital grants and donations received by the Hospital are deferred and amortized on a straight-line basis at a rate corresponding with the amortization rate for the related assets purchased.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### g) Measurement uncertainty:

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 at the dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accrued benefit liability, capital assets, asset retirement obligations, accounts payable and accrued liabilities and valuation allowances for receivables. Actual results could differ from those estimates.

The amount of revenue recognized from the Ministry and the Ontario Health requires some estimation. The Hospital has entered into accountability agreements that set out rights and obligations of the parties in respect of funding provided to the Hospital by the Ontario Health West for the year ended March 31, 2023. 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, the Ministry and the Ontario Health may have the right to adjust funding received. Neither the Ministry nor the Ontario Health are required to communicate certain funding adjustments until after submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of the Ministry/ Ontario Health 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 that have been earned during the year.

The MOH, through the Ontario Health, has implemented a provincial funding model using the Health Based Allocation Model ("HBAM"), Quality Based Procedures ("QBP"), Post Construction Operating Plan ("PCOP"), and Global funding. The result of utilizing this model has led to some funding uncertainty due to a focus on efficiency and outcomes, driven by rates and service levels.

### h) Contributed services:

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and is not reflected in these financial statements.

### i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

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

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### i) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long-term payables are recorded at cost.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities
- 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.

As at March 31, 2023, all financial assets of the hospital are held as cash and, as a result, are categorized as level 1.

### j) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a capital asset and other contract obligations under lease agreements;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.



# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 1. Significant accounting policies (continued):

### j) Asset retirement obligations:

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation.

A liability has been recognized based on estimated future expenses on retirement of the capital assets and leased assets. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

## 2. Adoption of new accounting standard:

On April 1, 2022, the Hospital adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption, without restatement of comparative information.

The Hospital recognized an asset retirement obligation relating to buildings owned by the Hospital that contain asbestos. The liability is measured as of the date of original purchase/constructed and leased buildings, when the liability was assumed. The buildings expected useful life estimate has not changed since purchase/constructed or leased. The change resulted in a decrease in the opening net assets (invested in capital assets) balance by \$2,377, as a result of the recognition of the liability.

A summary of the impact of the adjustments are as follows:

	April 1, 2022 as previously reported	Adjustment	April, 1, 2022 as restated
Net assets – invested in capital assets	\$ 35,902	\$ (2,377)	\$ 33,525
Asset retirement obligations	–	2,377	2,377

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

### 3. Due from Ontario Ministry of Health:

	2023	2022
Operating	\$ 8,317	\$ 7,381
Capital:		
Capital redevelopment project	3,243	4,760
	\$ 11,560	\$ 12,141

### 4. Restricted cash:

Restricted cash consists of funds advanced by the MOH and the Cambridge Memorial Hospital Foundation for the following:

	2023	2022
Capital redevelopment project	\$ 21,617	\$ 15,096
Hospital Infrastructure Renewal Fund	542	1,343
	\$ 22,159	\$ 16,439

### 5. Special purpose funds:

a) Externally restricted special purpose funds:

The net assets include \$194 (2022 - \$187) designated for specific purposes.

b) Internally restricted special purpose funds:

The net assets include \$28,292 (2022 - \$35,902) invested in capital assets.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 6. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 4,632	\$ –	\$ 4,632	\$ 4,632
Land improvements	1,257	965	292	299
Buildings	259,265	59,922	199,343	196,063
Equipment	92,980	67,735	25,245	24,340
Construction in progress	47,487	–	47,487	37,267
	\$ 405,621	\$ 128,622	\$ 276,999	\$ 262,601

The Hospital, working with Infrastructure Ontario, Ministry of Health and Project Co (Zurich Insurance Company Ltd.), have reached agreement on Minutes of Settlement (“MOS”) that preserve the terms of the original Project Agreement (“PA”) for the capital redevelopment project and confirm that phase 3 will be completed in forty-eight months at the original agreed upon PA cost plus change orders and or delay costs if they are incurred. In addition, the MOS provides resolution to all outstanding legal issues that occurred during phase 1 and 2 of the project.

Terms of the agreement for phase 3 have changed resulting in monthly payments being made to Project Co. for work completed less a holdback. The previous agreement required one lump sum payment less holdback at the end of phase 3.

The PA has an estimated cost of \$276,397 (2022 - \$276,397) including change orders of \$8,544 (2022 - \$6,072). The contractor's updated estimated date of completion is February 2025 however this date could be altered as a result of the approval of change orders to the PA. Funding for the PA will be \$244,065 (2022 - \$244,065) from the MOH and \$32,332 (2022 – \$32,332) from the Cambridge Memorial Hospital Foundation (“CMH Foundation”). PA is still being negotiated with MOH and is subject to change by the completion of the project.

As at March 31, 2023, the Hospital has incurred capital costs of \$240,991 (2022 - \$218,372). The costs related to Phase 3 include \$8,503 (2022 - \$7,005) of ancillary project costs that include prime consulting and project management, of which \$8,289 (2022 - \$6,826) have been funded by the Ministry and \$213 (2022 - \$179) funded by the CMH Foundation.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 7. Pension and other post-employment benefits:

### a) Accrued benefit liability:

The Hospital has an unfunded defined benefit dental, health care and life insurance plan for two groups of employees and retirees with post retirement benefits. The Hospital measures its liability for accounting purposes based on the most recent actuarial valuation which occurred at April 1, 2020, together with projection of these results to March 31, 2023. The next required actuarial valuation is April 1, 2024. Information about the Hospital's defined benefit plans as at March 31 is as follows:

	2023	2022
Accrued benefit liability, beginning of year	\$ 4,118	\$ 4,033
Benefit expense	326	316
Benefits paid	(241)	(231)
Accrued benefit liability, end of year	\$ 4,203	\$ 4,118

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

	2023	2022
Accrued benefit obligation (at end of year):		
Discount rate	4.04%	3.21%
Dental cost increases	3.00%	3.00%
Medical cost increases	5.57%	5.57%
Benefit costs (for fiscal year):		
Discount rate	3.21%	3.21%

### b) Reconciliation of accrued benefit obligation to accrued benefit liability:

	2023	2022
Accrued benefit obligation, end of year	\$ 3,670	\$ 3,544
Add: unamortized net actuarial gain	533	574
Accrued benefit liability, end of year	\$ 4,203	\$ 4,118

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 7. Pension and other post-employment benefits (continued):

c) Net benefit (recovery) costs recognized:

	2023	2022
Current service costs	\$ 248	\$ 241
Interest costs	119	114
Amortization of net actuarial gain	(41)	(39)
Total net benefit costs recognized	326	316
Cash paid - employer contributions	(241)	(231)
Net benefit costs recognized	\$ 85	\$ 85

d) Pension plan:

Substantially all of the employees of the Hospital are eligible to be members of HOOPP, which is a multi-employer high five average pay contributory pension plan. As HOOPP's assets and liabilities are not segmented by participating employer, the Hospital accounts for its HOOPP obligation on a cash basis (as a defined contribution plan). The most recent actuarial valuation of the plan indicates that the plan has a surplus of \$11.0 billion (2021 - \$28.5 billion) as of December 31, 2022.

Employer contributions made to the plan during the year by the Hospital amounted to \$6,626 (2021 - \$6,643). These amounts are included in employee benefits expense in the statement of operations.

## 8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets.

	2023	2022
Balance, beginning of year	\$ 247,256	\$ 240,871
Add contributions received/receivable for capital purposes:		
Ministry of Health	25,797	12,902
Cambridge Memorial Hospital Foundation	6,479	1,607
	32,276	14,509
Less amortization of deferred capital contributions:		
Equipment	(3,527)	(2,399)
Buildings	(5,884)	(5,725)
Balance, end of year	\$ 270,121	\$ 247,256

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 9. Asset retirement obligation:

The Hospital owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it.

Changes to the asset retirement obligation in the year are as follows:

	2023
Opening balance	\$ 2,377
Additions	–
Less: obligations settled during the year	–
Closing balance	\$ 2,377

## 10. Internally restricted - special purpose funds:

a) Internally restricted - special purpose funds are calculated as follows:

	2023	2022
Capital assets	\$ 276,999	\$ 262,601
Amounts financed by:		
Restricted cash (note 4)	22,159	16,439
Capital redevelopment construction payable	(2,428)	(1,114)
Deferred capital contributions (note 8)	(270,121)	(247,256)
Due from MOH (note 3)	3,243	4,760
Due from Foundation	817	472
Asset retirement obligation (note 9)	(2,377)	–
	\$ 28,292	\$ 35,902

b) Deficiency of revenue over expenses are calculated as follows:

	2023	2022
Amortization of capital assets	\$ (13,767)	\$ (11,875)
Amortization of deferred capital contributions	9,411	8,124
Deficiency of revenue over expenses	\$ (4,356)	\$ (3,751)

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 10. Internally restricted - special purpose funds (continued):

- c) Change in investment in internally restricted – special purpose funds calculated as follows:

	2023	2022
Capital assets - additions	\$ 28,165	\$ 32,804
Deferred capital contributions – grants	(32,276)	(14,509)
Change in restricted cash	5,720	(2,486)
Change in capital redevelopment construction payable	(1,314)	(1,114)
Change in due from MOH	(1,517)	607
Change in due from Foundation	345	(2,901)
	\$ (877)	\$ 12,401

## 11. Commitments:

- a) Lease commitments:

The Hospital is committed to minimum annual lease payments as follows:

2024	\$ 3,072
2025	480
2026	37
	\$ 3,589

- b) Service commitments:

The Hospital is a member of a group of 40 hospitals, long-term care facilities and health authorities within Ontario that voluntarily entered into a joint agreement for the purpose of planning, developing, implementing and operating a regional supply chain service consisting of procurement and contract negotiation.

During the year, the Hospital incurred expenditures of \$187 (2022 - \$204) to Mohawk Medbuy for services. The Mohawk Medbuy agreement automatically renews and has a two-year notice period. The annual fee is determined each year based on cost changes incurred by Mohawk Medbuy, member hospital medical surgical consumption, changes in the level of service received by Mohawk Medbuy and changes to the membership of Mohawk Medbuy. The expected cost will remain unchanged from 2023.

The Hospital is a member of the Ontario Clinical Imaging Network (“OCINet”) as part of a 3-year agreement. This project gives authorized health care providers access to diagnostic images and corresponding reports from hospitals and independent health facilities across Ontario Health. This project receives financial support from Canada Health Infoway and eHealth Ontario.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

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## 11. Commitments (continued):

c) Letter of credit:

The Hospital issued a standby letter of credit through its financial institution to provide guarantees to City of Cambridge for \$200 due September 13, 2023, GrandBridge Energy Inc. for \$560 due on January 11, 2024, GrandBridge Energy Inc. for \$1,133 due March 20, 2024, GrandBridge Energy Inc. for \$202 due June 5, 2023, GrandBridge Energy Inc. for \$564 due September 8, 2023.

## 12. Contingencies:

- a) The nature of the Hospital activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2023, management believes the Hospital has valid defenses and/or appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

The Hospital is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC") and therefore has an economic interest in HIROC. HIROC is a pooling of the liability insurance risks of its members. All members of the pool pay annual premiums, which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they are members and these losses could be material. No reassessments have been made to March 31, 2023.

- b) The Hospital has received funding from the MOH and Waterloo Wellington Ontario Health for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the Ministry and the Ontario Health West are entitled to recover funds. Such recoveries are recognized as a liability owing to these parties in the relevant fiscal period.
- c) During the normal course of operations, the Hospital is involved in certain employment related negotiations and other matters and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable and deemed likely to occur.
- d) On November 29, 2022, the Ontario Superior Court rendered a decision to declare the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, known as Bill 124, to be void and of no effect. On December 29, 2022, The Province of Ontario appealed the Superior Court's decision, but the Government has not sought a stay of decision. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for the years that were previously capped by the legislation. The hospital has recorded liabilities based on subsequent settlement amounts and management's estimate of potential settlement amounts.



# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 13. Supplemental cash flow information:

- a) Net change in non-cash operating working capital balances:

	2023	2022
Accounts receivable not applicable to capital assets	\$ (1,370)	\$ 3,405
Inventories	(30)	(54)
Prepaid expenses	(1,155)	(162)
Accounts payable and accrued liabilities not applicable to capital assets	11,817	22,858
<b>Net change in non-cash operating working capital balances</b>	<b>\$ 9,262</b>	<b>\$ 26,047</b>

## 14. Financial risks:

- a) Market risk:

Market risk is the risk that changes in market prices, foreign exchange rates or interest rates will affect the Hospital's surplus or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

- b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Hospital to cash flow interest rate risk. The Hospital is exposed to this risk through to its interest-bearing demand loan payable.

The Hospital has financing available in the form of a demand loan which is not drawn at year end. The loan bears interest at the bank's prime lending rate minus 0.85% and is payable monthly.

- c) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted, resulting in a financial loss. The Hospital is exposed to credit risk with respect to its accounts receivable and cash.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2023 is the carrying value of these assets.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

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## 14. Financial risks (continued):

### c) Credit risk (continued):

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at March 31, 2023 is \$273 (2022 - \$334).

As at March 31, 2023, \$2,161 (2022 - \$1,372) of third-party accounts receivable were past due, but not impaired.

### d) Liquidity risk:

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows. The Hospital has developed a multi-year cash flow strategy.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no other significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

## 15. Related party transactions:

### a) Cambridge Memorial Hospital Foundation:

The Hospital has an economic interest in the Cambridge Memorial Hospital Foundation (the "Foundation"). During the year, the Foundation granted \$5,344 (2022 - \$4,537) to the Hospital to fund capital equipment, building renovations and education. The accounts of the Foundation are not included in these financial statements.

### b) Cambridge Memorial Hospital Volunteer Association:

The Cambridge Memorial Hospital Volunteer Association (the "Volunteer Association") is an independent organization which raises funds and contributes these funds to the Hospital for capital and program funding purposes. The accounts of the Volunteer Association are not included in these financial statements.

# CAMBRIDGE MEMORIAL HOSPITAL

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2023

## 16. Credit facilities:

- a) The Hospital has available to it a \$7,000 revolving demand loan from the bank to finance general operating requirements. This facility is available by way of the bank's prime based loans or overdrafts at the bank's prime lending rate minus 0.85% per annum or bankers' acceptances with a stamping fee of 0.40% per annum.
- b) The Hospital has available to it a \$7,000 term facility from the bank to finance the redevelopment project. This facility is available by way of multiple draws permitted up to the credit limit amortized over twenty-five years quoted by the bank at the time of borrowing.
- c) The Hospital has available to it a \$6,000 committed interest only facility to finance capital equipment. The loan is amortized over five years quoted by the bank at the time of borrowing.

## 17. Ministry of Health pandemic funding:

In connection with the ongoing coronavirus pandemic ("COVID-19"), the MOH has announced a number of funding programs intended to assist hospitals with incremental operating and capital costs and revenue decreases resulting from COVID-19.

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. As a result of Management's estimation process, the Hospital has recognized amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the MOH. Given the potential for future adjustments by the MOH based on their determination of eligible funding, the Hospital has recognized revenue related to COVID-19 using a conservative approach..

The MOH has also indicated that all funding related to COVID-19 is subject to review and reconciliation, with the potential for adjustments during the subsequent fiscal year. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

Details of the MOH funding for COVID-19 recognized as revenue are summarized below:

	2023	2022
Funding for incremental COVID-19 operating expenses	\$ 1,787	\$ 6,015
Temporary physician funding	2,904	6,142
Bed capacity	12,842	14,405
Incentive pay programs	1,668	1,247
Assessment Centre	1,599	1,452
<b>Total revenue recognized</b>	<b>\$ 20,800</b>	<b>\$ 29,261</b>

In addition to the above, the Hospital has also recognized \$nil (2022 - \$335) in MOH funding for COVID-19 related capital expenditures, which has been recorded as an addition to deferred capital contributions during the year.



# Cambridge Memorial Hospital

**Audit Findings Report  
for the year ended March 31, 2023**



Licensed Public Accountants

Prepared on May 16, 2023 for the Audit Committee Meeting on May 23, 2023

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

Key contacts in connection with this engagement



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# Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

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The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements as at and for the year ended March 31, 2023. This report builds on the Audit Plan we presented to the Audit Committee. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit highlights

## Status of the audit

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on page 5 of this report.



## Audit risks and results – going concern assessment

No matters to report.

## Significant unusual transactions

No matters to report.

## Significant changes to our audit plan

There are significant changes from our audit plan which was originally communicated to in the audit planning report. See page 6.

## Uncorrected audit misstatements

Professional standards require that we request of management and the Audit Committee that all identified audit misstatements be corrected. We have already made this request of management.



A summary of the impact of the uncorrected audit misstatements is included in pages 17 to 18.

## Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See slide 20 for certain required communications regarding control deficiencies.



## Audit risks and results – significant risks

Significant findings related to significant risks are discussed on pages 7 to 9.



## Corrected audit misstatements

The management representation letter includes all misstatements identified as a result of the audit, communicated to management, and subsequently corrected in the audited financial statements. See page 19 for a summary of individually significant corrected audit misstatements



## Accounting policies and practices

In 2023, the Health Centre implemented PS 3280, Asset Retirement Obligations. See page 21.



## Audit risks and results – other significant findings

Other significant findings are discussed on pages 10 to 16.



## Independence

We have included a copy of our annual independence letter dated as of the date of this report, which notes that we are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



## Other financial reporting matters

Findings related to other financial reporting matters are discussed on pages 21 to 23.



# Status of the audit

As of May 16, 2023, we have completed the audits of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Obtaining legal confirmations from external legal counsel;
- Evidence of communication or payment of retroactive pay adjustments non-union employees;
- Completing our final tie in of the financial statement and note disclosures;
- Completing remaining audit, review, and quality control procedures;
- Completion of our subsequent events review procedures up to the date of our auditors' report;
- Completing our discussions with the Audit Committee;
- Obtaining evidence of the Board of Director's approval of the financial statements; and
- Obtaining the signed management representation letter.

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is provided in Appendix 1, will be dated upon the completion of any remaining procedures.

## KPMG Clara for Clients (KCfc)



### Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with your team and provide visual insights into the status of the audit!

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# Changes to our audit plan

We have made the following changes to our audit plan which was communicated to you in the audit planning report:

## Audit strategy



### Changes to significant risk over COVID-19 funding



In the audit planning report presented on January 6, 2023 we identified as a significant risk related to the accuracy of the COVID-19 related funding. Given the shift COVID-19 funding from the first quarter in this fiscal year from eligible operating and capital funding to one-time base funding we do not believe there is a significant risk related to revenue recognition.

# Significant risks and results



## Presumption of the risk of fraud resulting from management override of controls

### Significant risk

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

### Our response

Our procedures performed included:

- Testing the design and implementation of controls surrounding the review of journal entries, and the business rationale for significant entries;
- Using our Data & Analytics tool, IDEA Smart Analyzer, analyzing 100% of the journal entries posted during the year;
- We set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings; and
- We tested the process for critical accounting estimates, including performing a retrospective review of prior period estimates.

### Significant findings

- We have not identified any specific additional risks of management override relating to this audit.
- There were no significant changes to management's process for making the critical accounting estimates and there were no indicators of possible management bias.
- No issues were noted.

# Significant risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.



## Revenue including Quality Based Procedure (“QBP”), PCOP funding and grants pertaining to special projects

### Significant risk

### Estimate?

Risk of misstatement related to the accuracy of timing of revenue recognition given the account balance is material.

No

Consistent with prior year, these funding agreements may result in funding claw-backs based on the amount and eligibility of expenditures incurred by the Hospital during the funding period. The MOH is allowing Hospitals to use unearned funds from selected volume-based programs to address Hospital operating pressures. The unearned funds can only be applied to pressures and cannot be used to create a Ministry operating surplus.

### Our response and findings

KPMG verified completeness, existence and accuracy of funding by performing the following procedures:

- KPMG obtained an understanding of the activities over the processing of revenues. We did not note any changes in the revenue recognition policies throughout the audit process.
- We obtained confirmation of cash flows received by the Hospital from the Ontario Ministry of Health and Ontario Health, and reconciled balances confirmed to cash received and revenue reported for the fiscal year.
- We reviewed correspondence for all significant funding to ensure appropriate revenue recognition criteria were applied and any associated claw back accruals have been recognized at year-end.
- We tested significant revenues amounts for patient revenues by agreeing to supporting schedules and agreements, subsequent receipt of funding or third-party confirmations.

### QBP Revenues

- Agreed funding volumes, cost per case and case mix index to funding letters.
- We sample tested volume-based funding programs based on the significance of the program. We tested controls within the programs to ensure data is being captured accurately.
- We performed sample testing of the months and inputs by agreeing to source documentation and perform analytical review of monthly volumes.
- We inquired about the process of ensuring third party invoices for bundled care is appropriately accrued at year end.
- We have assessed the reasonability of management’s estimate of volumes for any periods where actual data was not available.
- The Hospital has estimated liability of \$2.3 million for Ministry of Health QBP for fiscal 2023 due to QBP shortfalls.



# Significant risks and results



## Revenue including Quality Based Procedure (“QBP”), PCOP funding and grants pertaining to special projects (continued)

### Our response and findings (continued)

#### ***PCOP Revenues***

The Hospital is party to a Post Construction Operating Plan (“PCOP”) with the MOH as pertains to the expanded service levels at the Hospital with the construction of the new wing.

- During the year, the Hospital received \$17.9 million in funding, of which \$4.7 million was recognized in income and \$13.2 million is recorded as deferred grants at year-end.
- During the year the ministry performed a reconciliation on the Fiscal 2021 Deferred grant balance of \$10.8 million which allowed the hospital to recognize \$5.1 million within the current year revenues.
- Inquired with management to understand the impacts of PCOP funding in the current year.
- Inquired with management to understand the impacts of PCOP funding in the current year.
- We obtained the PCOP funding letters and agree the required HIG weighted additional volume required.
- We obtained management’s calculations for the revenue recognition under the PCOP agreement and reperform to ensure accuracy.
- PCOP Funding can be subject to adjustment through the reconciliation process conducted by the Ministry of Health.

No issues were noted in the performance of the above procedures.

# Other significant findings and results

We highlight **other significant findings**, including such findings in other areas of focus as identified in the Audit Plan as follows:



## Adoption of the new accounting standard PS 3280 Asset Retirement Obligations

### Area of focus

The Hospital adopted a new accounting standard – PS 3280 Asset Retirement Obligations (ARO) this year resulting in the recognition of the ARO liability of \$ 2,377,000 at April 1, 2022.

Risk of misstatement related to the accuracy and completeness of asset retirement obligations.

### Estimate?

Yes

### Our response and findings

The Hospital has applied the modified retroactive transitional provision as directed by the Province of Ontario transitional provisions on initial implementation of PS 3280 as at April 1, 2022 without restatement of prior year comparative balances. This is a deviation from the accounting standard which requires where possible to restate comparatives for March 31, 2022 and opening net assets April 1, 2021.

As a result, we have documented this as a misstatement of presentation on page 18. However, we have not proposed a correction based on the guidance provided to the industry and consistency in presentation across other Organizations which have taken the same approach by following provincial guidance.

Our Auditor's Report includes Emphasis of Matter paragraph drawing the attention that the Hospital changed its accounting policy for asset retirement obligations using the modified retroactive method. See Appendix 1 – Draft Auditors' Report.

The Ministry provided Hospitals two models for estimating the ARO for buildings with identified asbestos. Model 1 is a detailed evaluation of the potential obligation which is to be applied for buildings with existing asbestos data is available, while Model 2 was available for use only when no assessment data is available. Model 2 provides a less precise estimate for the obligation in comparison to when Model 1 is used.

Consistent with our planned audit approach, KPMG inquired and obtained Management's ARO adoption policy. Management elected to utilize Method 2 which provides a rate per gross square footage for buildings where the existence of asbestos exists. Management has represented that no existing asbestos square footage data is available.

We obtained the detailed listing of ARO and compared to the tangible capital asset listing (buildings) to assess whether there were missing facilities not assessed (completeness).

We inquired whether there are any lease commitments that have legal obligation to return the asset back to original state.

The Hospital used the Ontario Ministry of Health's expert to determine the price of removal of asbestos, the largest ARO liability for the Hospital.

We tested the ARO amounts for both buildings – We agreed the price to Ministry expert recommended amounts and the square footage to report from CMH Facilities Department and performed a recalculation. We noted a difference which was an overstatement of the ARO liability by \$ 751,000. The difference has been corrected by management.

We have reviewed the financial statement presentation and disclosure of asset retirement obligations.

# Other significant findings and results



## Salaries and benefits expenses and related accruals

### Area of focus

### Estimate?

Risk of misstatement related to the completeness and accuracy of payroll related expenditures and employee future benefits

Yes

Based on the nature of the Hospital, this is a material expenditure in any given fiscal period.

### Our response and findings

KPMG has completed substantive audit procedures to address the relevant assertions in relation to salaries and benefits expense for the year-end.

KPMG performed data testing on the payroll amounts that were used as a basis for the retro adjustment by selecting a sample of employees to ensure they were included in the proper employee population (i.e. non-union, ONA and other unions). A substantive analytic was performed and we compared our expectation to the accrued amount.

The total accrual for the Hospital as a result of Bill 124 retroactive pay amounted to \$ 5.2 million (including ONA, Other Unions and Non-union portion).

#### **Bill 124 – Retroactive Pay**

##### ONA

On November 29th, 2022, the Ontario Superior Court declared Bill 124 as void and of no effect. Also known as the Protecting a Sustainable Public Sector for Future Generations Act, 2019, Bill 124 limited wage increases for workers in the Broader Public Sector to 1.00% for a 3-year period.

Under all of the Hospital's collective agreements, reopener language is present that allows for the agreement to be renegotiated on the basis of compensation should the Bill be struck down or repealed.

ONA was one of the first unions to activate the re-opener clauses in their collective agreements, which resulted in them submitting the matter to binding arbitration. During April 2023, two awards were announced to resolve ONA's claims under Bill 124:

1. Stout Award, issued on April 1st, 2023 which awarded:
  - a) Effective April 1, 2020, an additional 0.75% in compensation for a total of 1.75% in the year
  - b) Effective April 1, 2021 an additional 1.00% in compensation for a total of 2.00% in the year
  - c) Effective April 1, 2021, an additional \$0.10 per hour on the night shift and weekend shift premium
  - d) Unlimited coverage for mental health benefits on a go-forward basis
  - e) Limits for chiropractic, message, and physiotherapy increased by \$50.00 on a go-forward basis

# Other significant findings and results



## Salaries and benefits expenses and related accruals (continued)

### Our response and findings

#### ONA (continued)

2. Gedalof Award, issued on April 25th, 2023 which awarded:
  - a) Effective April 1, 2022, an additional 2.00% in compensation for a total of 3.00% in the year
  - b) Effective April 1, 2022, merger of the 25-year wage rate into the 8-year rate (eliminate 25-year rate)

The ONA accrual for the Hospital amounted to \$ 2.1 million. No issues or misstatements were noted in relation to the accruals for the ONA awards

#### Other Unions

As the all Hospital's collective agreements have re-opener language, management calculated accruals for each of the bargaining units based on the **ONA arbitration**. The accrual for the Hospital amounted to \$ 1.4 million. No issues or misstatements were noted in relation to the accruals for the Other Union awards

#### Non-union

Management has accrued for retroactive wages for non-union employees based on the ONA arbitration. This was discussed and approved by the leadership team subsequent to year end.

Accruals for non-union staff are considered to be constructive or equitable obligations and require the Hospital to communicate the decision to pay to the employee group the retroactive adjustment in order to meet the recognition criteria as a liability.

The accrual made at year end for the non-union portion was approximately \$1.6 million. Based on the guidance here and noting that no formal communications have been made to this group, KPMG views this portion to not meet the recognition criteria for an accrual but rather a contingent liability disclosure.

The Hospital has not undertaken all of the actions required under its financial reporting framework to meet the recognition criteria for constructive or equitable obligations and as such, the recognition criteria for a liability for non-union employees has not been met. Accordingly, the liability and associated expense for retroactive adjustments for non-union employees is considered to be an uncorrected audit difference of \$1.6 million reduce accruals and expenses.

# Other significant findings and results



## Salaries and benefits expenses and related accruals (continued)

### Our response and findings (continued)

#### ***Retrospective Review of Accruals***

We performed a review of significant prior year accruals to assess whether prior year estimates were reasonable. As a result of our audit procedures, we did not identify any misstatements.

#### ***Pay Equity Accruals***

ONA pay equity legislation has not been addressed centrally nor provincially which may result in retroactive financial compensation. The Hospital has accrued a liability for ONA pay equity for \$3.4 million (2022 - \$3.1 million) and the current year expense is \$308,245 (2022 - \$310,218) respectively. The liability is increasing each year by 1% of ONA yearly payroll.

While negotiations are on-going, the timing and resolution of the pay equity issue with ONA is unknown as of the date of this report. We have reviewed the pay equity legislation, related correspondence and discussed the matter with Management.

We have reviewed the pay equity legislation, related correspondence and discussed the matter with Management. We have also considered the accounting treatment provided by other hospitals and healthcare organizations.

#### ***Severance and Other Related Accruals***

Under public sector accounting standards, the Hospital should recognize termination benefits as a liability and expense when it is demonstrably committed to terminate the employment of an employee or group of employees or provide termination benefits as a result of an offer to encourage voluntary terminations.

The Hospital is demonstrably committed to provide voluntary special termination benefits when the employee accepts the offer, and the amount can be reasonably estimated.

Under public sector accounting standards contractual termination benefits should be accrued if the Hospital is demonstrably committed to termination of a group of employees and the amount can be reasonably estimated.



# Other significant findings and results



## Salaries and benefits expenses and related accruals (continued)

### Our response and findings (continued)

#### **Severance and Other Related Accruals (continued)**

Severance costs are recognized for employees when the Hospital has communicated its intent to terminate by March 31st.

As of May 2023, there are a number of settled and ongoing grievance and legal proceedings as a result of similar terminations. Management has reviewed the initial accrual and determined it remains the best estimate at this point in time given the information available. The decrease was as a result of a settlement that happened within the current year.

The Hospital has accrued \$600,115 (2022- \$705,728) for termination of unvaccinated employees.

KPMG notes that the termination of unvaccinated employees accrual is an estimate and is contingent upon settlement in the future. KPMG also notes this expense was incurred in the fiscal 2022 year with only a small change in fiscal 2023 to reflect a settlement for an employee that took place during 2023.

A recent arbitration ruling involving Lakeridge Health and CUPE has upheld the right for hospitals to terminate employees, provided that a four-week unpaid leave of absence is provided prior to termination. Notwithstanding the arbitration, the Hospital has not adjusted its accrual based on the following considerations:

- Arbitration does not apply to other unions
- Terms of the collective bargaining agreements may be different
- This is the first arbitration involving a hospital (others were long-term care homes)
- The Hospital's approach appears to be consistent with that adopted by other hospital clients (i.e. no change in provision)

KPMG concurs with management that this is contingent liability and this balance will be settled in the future. Based on the best available information to date, KPMG agrees with management on the treatment, also noting consistency in the application of this matter.

# Other significant findings and results



## Salaries and benefits expenses and related accruals (continued)

### Our response and findings (continued)

#### ***Employee Future Benefits***

Reliance is placed on the actuarial valuation performed by LifeWorks in determining the accrued post-employment benefit liability at the end of each fiscal year. A full actuarial valuation is performed every 3 years with the last full valuation was performed as of April 1, 2020, with extrapolation to March 31, 2023.

KPMG performed testing over the employee data provided to the LifeWorks to ensure that it is complete and accurate.

Consistent with the previous years, management has opted to use the projected 2023 valuation rather than obtain an updated actuarial extrapolation. The accrued benefit obligation at March 31, 2023 is \$3.67 million (2022 - 3.54 million), compared to the accrued benefit liability of \$4.2 million (2022 - \$4.12 million) recorded on the financial statements. The difference between the accrued benefit obligation and the liability is an unamortized actuarial gain.

The Ministry of Health has suggested a discount rate of 4.04% (2022 – 3.89%) to be used by Hospitals with a March 31, 2023 year end for employee future benefits. Management has opted to apply the suggested discount rate of 4.04% for the March 31, 2023 year end. In 2022, the Hospital did not update their discount rate and recorded the liability based on a valuation using a 3.21% discount rate.

We reviewed the other assumptions and found them to be reasonable.

Based on our review of the assumptions and the actuarial report, the employee future benefit liability is properly accrued and disclosed in the notes to the financial statements. We have also ensured all related disclosures under the public sector accounting standards have been adequately presented in the financial statements.

No indicators of management bias or misstatements were noted.

# Other significant findings and results



## Capital projects and deferred capital contributions

### Area of focus

### Estimate?

The Hospital continues to have active capital projects open as at year-end.

No

Risk of misstatement related to the existence and accuracy of capital additions as well as the deferred capital contributions is material to the financial statements.

### Our response and findings

Consistent with our planned audit approach, KPMG selected a sample of capital additions and agreed amounts back to source documentation to determine whether they were accurately recorded and whether appropriate contributions were recognized alongside the expenditures, as applicable.

An expectation of current year amortization by asset class was determined based on historic rates per policy and was recalculated without issue. We also tested the amortization of deferred capital contributions and observed that current year revenue recognized from deferred contributions was consistent with the related amortization expense recognized.

We have reviewed the financial statement presentation and disclosure of capital assets, deferred contributions and investment in capital assets and note that disclosure remains adequate compared to the requirements of the relevant reporting framework.

Based on our inquiries with management and review of the asset ledger, we have not identified any indications of potential impairment.

We have reviewed contracts to ensure all capital commitments are appropriately disclosed in the notes to the financial statements, including operating leases.

Agree receipt of significant new deferred capital contributions received during the year and ensure supporting documentation agrees with DCC classification. All external financing for significant capital projects were confirmed with the relevant parties or agreed to relevant correspondence from the funding agency.

Build an expectation of amortization for the year and compare with amounts recorded by management.

Obtained management's CRP reconciliation working papers and review project reallocations/adjustments.

As a result of our audit procedures, no issues or audit misstatements were identified.

# Uncorrected audit misstatements

Uncorrected audit misstatements include financial presentation and disclosure omissions.



## Impact of uncorrected audit misstatements – Not material to the financial statements

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements—individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Below is a summary of the impact of the uncorrected misstatement:

Total Revenue	(in \$'000s)
As currently presented	\$ 195,381
Uncorrected misstatements	\$1,632
As a % of the balance	0.83%

# Individually significant uncorrected audit misstatements

## Uncorrected audit misstatements greater than \$140,000 individually:

Presented in \$	Income effect	Financial position		
		Assets (Decrease) Increase	Liabilities (Decrease) Increase	Net Assets (Decrease) Increase
<b>Description of individually significant misstatements</b>	<b>(Decrease) Increase</b>			
Reversal of Bill 124 accrual for Non-union employees (Page 12)	\$1,632,916		(\$1,632,916)	\$1,632,916
The Hospital did not restate comparative information regarding the adoption of PS 3280 Asset Retirement Obligation as required under the standard. The liability was recognized as of April 1, 2022 as instructed by the Province of Ontario.				
<b>Total misstatements</b>	<b>\$1,632,916</b>		<b>(\$1,632,916)</b>	<b>\$1,632,916</b>

Management is aware of the reason for the recurring uncorrected misstatement and we note that the correction of this item would not have a material impact to the financial statements.



# Individually significant corrected audit misstatements

## Corrected audit misstatements greater than \$140,000 individually:

Description of misstatement	\$	
	Debit	Credit
Correction in the calculation of the Asset Retirement Obligation Dr. Asset Retirement Obligation Cr. Opening net assets	\$751,000	(\$751,000)
<b>Total corrected misstatements</b>	<b>\$751,000</b>	<b>(\$751,000)</b>

# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.



## A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.



## Significant deficiencies in internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.



We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

# Other matters



## PS 3280 – ARO Presentation

As mentioned on page 8, the Hospital has followed guidance provided by the Province with respect to the presentation and adoption of the new Asset Retirement Obligations standard. Following the modified retrospective method, the majority of Organizations within the local sector have complied with these recommendations from the Province and chosen to present the impact on opening capital assets through the current period on April 1, 2022.

This deviates from the guidance in the technical accounting standards, which suggest that, where possible, the impact to opening capital assets be presented via a restatement of opening accumulated surplus within the financial statements.

We observe that the impact of this deviation is not considered to be material to the financial statements, and that ending accumulated surplus and capital asset balances as of March 31, 2023 are in the same position regardless of this presentational choice.

Further, based on the fact that the Hospital and many peer organizations align in following prescribed Ministry guidance.





# Significant accounting policies and practices



## Initial selections of significant accounting policies and practices

The Hospital adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations on April 1, 2022 and applied this modified retroactive as mandated by the Ontario Ministry of Health, with out restatement of comparative information.

No other matters to report



## Description of new or revised significant accounting policies and practices

The new accounting standard of PS 3280 Asset Retirement Obligations impact and timing is disclosed on page 10 of this report and note 9 to the financial statements.

No other matters to report.




## Significant qualitative aspects of the Hospital's accounting policies and practices

Significant accounting policies or practices are disclosed in note1 to the financial statements.

No matters to report.

# Other financial reporting matters


We also highlight the following:



**Financial statement presentation - form, arrangement, and content**

→ Adequate.


→ No matters to report.



**Concerns regarding application of new accounting pronouncements**

→ Next year the Hospital will have to adopt Public Sector (PS) guideline 8 – *Purchased Intangibles* and PS 3400 *Revenue*.

→ Management will be assessing the impact of the above new accounting standards for 2024. Management and KPMG do not believe the impact of the new standards to be significant.



**Significant qualitative aspects of financial statement presentation and disclosure**

→ No matters to report.

# Audit quality: How do we deliver audit quality?

**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

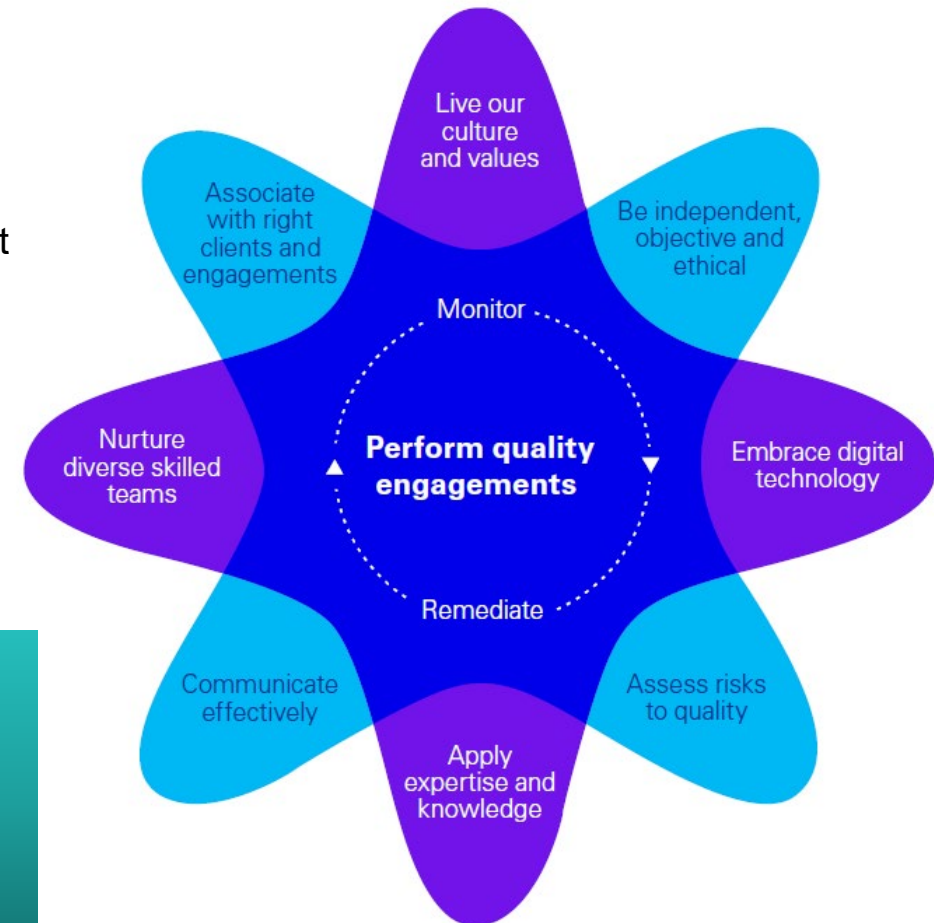
**Perform quality engagement** sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

[KPMG 2022 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



# Audit quality: Indicators (AQIs)

The objective of these measures is to provide the Audit Committee and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.



## Team composition and timing of deliverables



### Experience of the team

- Engagement Partner: 20+ years experience in the industry, 18 years on this engagement
- Other team members have relevant industry experience to carry out the audit



## Timing of prepared by client (PBC) items



### Timeliness of PBC items

- We initially requested 62 PBCs, with various follow-up requests as a result of our findings.
- We had confirmed the availability of PBCs with management in advance of interim and year-end fieldwork.
- All PBC requests were received on time and in due course.



## Technology in the audit



### Implementation of Technology in the Audit

- We have expanded the number of technologies implemented in the audit from including:
  - **KPMG Clara Workflow (“KCw”)** – new audit workflow to allow us to deliver globally consistent engagements
  - **KPMG Clara Advanced Capabilities – Journal Entry Analysis** – focuses audit effort on journal entries that are riskier in nature
  - **Datasnipper** – Excel based tool, which allows us to automatically match Excel data with underlying source documents and form data extraction from documents with the same layout



# Appendices

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Draft auditor's report

2

Other required communications

3

Management representation letter

4

Independence letter

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Healthcare Thought Leadership

6

Audit and assurance insights

7

Environmental, social and governance (ESG)



# Appendix 1: Draft auditor's report

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cambridge Memorial Hospital

### **Opinion**

We have audited the financial statements of Cambridge Memorial Hospital (the Hospital), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2023, and its results of operations, its changes in net assets 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 auditor's report.

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



### ***Emphasis of Matter – Change in Accounting Policy***

We draw attention to Note 2 to the financial statements which indicates that the Hospital has changed its accounting policy for asset retirement obligations, as a result of the adoption of PS 3280, Asset Retirement Obligations, and has applied that change using the modified retrospective method.

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 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

DATE





# Appendix 2: Other required communications



## Other communications

A copy of the engagement letter was provided in the audit planning report presented to the Audit Committee.



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)



# Appendix 3: Management representation letter

KPMG LLP  
120 Victoria Street South, Suite  
600 Kitchener, ON  
N2G 2B3

DATE

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Cambridge Memorial Hospital (“the Entity”) as at and for the period ended March 31, 2023.

**General:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Responsibilities:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 16, 2023, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have

not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

- c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
  - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
  - i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

***Internal control over financial reporting:***

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

***Fraud & non-compliance with laws and regulations:***

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

***Subsequent events:***

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

***Related parties:***

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

***Estimates:***

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

***Going concern:***

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

***Non-SEC registrants or non-reporting issuers:***

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

***Inventories:***

- 13) Inventories have been appropriately measured at the lower of cost and net realizable value.

- 14) We have no plans or intentions that will result in any excess or obsolete inventory.
- 15) Provision, when material, has been made for losses to be sustained as a result of the reduction of excess, damaged, unusable or obsolete inventories to their estimated net realizable value.

***Revenues and Receivables:***

- 16) We have reduced the carrying value of receivables to recognize any impairment loss.
- 17) Receivables reported in the financial statements represent valid claims against patients and other debtors for sales or other charges arising on or before the balance sheet date.

***Management's Use of Specialists:***

- 18) We agree with the findings of LifeWorks as management's specialist in evaluating the accounting and disclosures for the Entity's employee future benefits. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

***Employee Future Benefits:***

- 19) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 20) There are no arrangements (contractual or otherwise) by which programs have been established to provide employee future benefits.
- 21) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits, which include post-employment benefits, and that are funded or unfunded have been disclosed to you and included in the determination of employee benefit costs and obligations.
- 22) All plan amendments, curtailments and settlements have been identified and properly accounted for under the financial reporting framework.
- 23) The set of actuarial assumptions for each plan is individually consistent.
- 24) We have provided you with all information regarding significant assumptions applied in measuring fair value of plan assets.
- 25) The assumptions included in the actuarial valuation are those that management instructed LifeWorks to use in computing amounts to be used by the Entity in determining employee benefit costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 26) In arriving at these assumptions, management has obtained the advice of LifeWorks, but has retained the final responsibility for them.
- 27) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

- 28) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.
- 29) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.
- 30) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

***Assets and Liabilities – General:***

- 31) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities that have not been disclosed to you.
- 32) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in inventory, cash, negotiable instruments, etc.).
- 33) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements not disclosed to you.
- 34) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

***COVID-19 expenditure (capital and operating):***

- 35) The Entity has met the conditions to recognize COVID-19 funding for the reimburse of eligible COVID-19 operating and capital expenditures in the financial statements.

***Asset retirement obligations and comparative information:***

- 36) All legal obligations associated with the retirement of capital assets have been recognized, including those under the doctrine of promissory estoppel.
- 37) The obligations were recognized when incurred using management's best estimate of fair value.
- 38) We have disclosed in the financial statements information relevant to assessing the adoption of Section PS 3280 Asset Retirement Obligations. We have elected to apply the modified retroactive method without restating comparative information.

***Misstatements:***

- 39) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 40) We approve the corrected misstatements identified by you during the audit described in Attachment II.

Yours very truly,

---

Patrick Gaskin, President and Chief Executive Officer

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Valerie Smith-Sellers, Director, Finance

cc: Audit Committee



**Attachment I – Definitions***Materiality*

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

*Fraud & error*

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

## Attachment II – Summary of Audit Misstatements Schedule

### Uncorrected audit misstatements greater than \$140,000 individually:

Presented in \$	Income effect	Financial position		
		Assets (Decrease) Increase	Liabilities (Decrease) Increase	Net Assets (Decrease) Increase
Reversal of Bill 124 accrual for Non-union employees (Page 12)	\$1,632,916		(\$1,632,916)	\$1,632,916
The Hospital did not restate comparative information regarding the adoption of PS 3280 Asset Retirement Obligation as required under the standard. The liability was recognized as of April 1, 2022 as instructed by the Province of Ontario.				
<b>Total misstatements</b>	<b>\$1,632,916</b>		<b>(\$1,632,916)</b>	<b>\$1,632,916</b>

### Corrected audit misstatements greater than \$140,000 individually:

Description of misstatement	\$	
	Debit	Credit
Correction in the calculation of the Asset Retirement Obligation		
Dr. Asset Retirement Obligation	\$751,000	
Cr. Opening net assets		(\$751,000)
<b>Total corrected misstatements</b>	<b>\$751,000</b>	<b>(\$751,000)</b>



# Appendix 4: Independence letter



KPMG LLP  
120 Victoria Street South, Suite 600  
Kitchener, ON N2G 2B3  
Tel 519-747-8800  
Fax 519-747-8830

Audit Committee  
Cambridge Memorial Hospital  
700 Coronation Blvd.  
Cambridge, ON N1R 3G2

May 16, 2023

Ladies and Gentlemen:

We have been engaged to express an opinion on the financial statements of Cambridge Memorial Hospital (the “Entity”) as at and for the year ended March 31, 2023.

Professional standards specify that we communicate to you in writing all relationships between the Entity and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we consider relevant rules and related interpretations prescribed by the relevant professional bodies and any applicable legislation or regulation, covering such matters as:

- a) provision of services in addition to the audit engagement
- b) other relationships such as:
  - holding a financial interest, either directly or indirectly, in a client
  - holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
  - personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
  - economic dependence on a client



***Provision of services***

Except for pre-approved audit services, there are no other professional fees paid or payable to our firm for rendered by us to the Entity from April 1, 2022, up to the date of this letter.

Professional standards require that we communicate the related safeguards that have been applied to eliminate identified threats to independence or to reduce them to an acceptable level. We have not provided any prohibited services. We have applied the following safeguards regarding threats to independence created by the services listed above:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions.
- We obtained management's acknowledgement of responsibility for the results of the work performed by us regarding non-audit services and we have not made any management decisions or assumed responsibility for such decisions.

***Other relationships***

We are not aware of any other relationships between our firm and the Entity that, in our professional judgement, may reasonably be thought to bear on our independence.

***Confirmation of independence***

We confirm that, as of the date of this letter, we are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

***Other matters***

This letter is confidential and intended solely for use by those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purposes.

KPMG shall have no responsibility for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

Licensed Public Accountants



# Appendix 5: KPMG HealthCare Thought Leadership

## Future of Healthcare

The Future of healthcare report examines signals of change related to workforce, economic and supply chain challenges, increased consumerism, market convergence and the evolving role of data. This report also explores how these factors may shape future healthcare delivery and consumption. Insights on new care model paradigms and the digitally enabled enterprise capabilities and architecture required to support these models and digital transformation

[Click here](#) to access KPMG's portal.

## Reimagining health workforce planning in Canada

Like many countries around the world, Canada is working to address the complex, multi-faceted challenge of meeting health system objectives and population health needs in a fiscally constrained system. As the country strives to drive improvements in efficiency and effectiveness, the planning, recruitment, retention, regulation, and deployment of the health workforce must be center to system-focused efforts that will have ripple effects in our communities.

[Click here](#) to access KPMG's portal.

## Healthcare Horizons

Healthcare systems around the world are struggling with the same issues related to service access and demand, workforce shortages and staff burn out. In the future, the pandemic will likely prove to be just the first of several successive waves of crises expected to batter the sector. Globally, healthcare systems are at risk of being overwhelmed and senior leaders are under immense pressure to take action. New approaches to healthcare challenges are needed because historic methods are unlikely to be effective in responding to the magnitude of current and future challenges.

[Click here](#) to access KPMG's portal.



# Appendix 5: KPMG HealthCare Thought Leadership

## Healthcare Foresight

Global perspectives on the healthcare hot topics of today and tomorrow.

[Click here](#) to access KPMG's portal and register to receive our latest insights delivered to your inbox.

## Home Care

Like many healthcare organizations, home care providers face workforce shortage issues and increased demand for their services, exacerbated by COVID-19 vaccination mandates and staff burnout. Home Care Ontario reported providers were able to fulfill 95% of requests pre-pandemic, and the rate had dropped to 56% by the end of 2021. Although the current landscape paints a challenging picture, home care providers have the opportunity to improve their provider and patient experience to sustain and grow their services in the long run. With the increased shift to aging at home, now is the time for home care providers to innovate and establish a foundation for the future.

[Click here](#) to access KPMG's portal.

## Human and Social Services

KPMG in Canada provides insights and resources for the human and social services sector.

[Click here](#) to access KPMG's portal.



# Appendix 6: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

## KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

## Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

## Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

## Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

## Accelerate 2023

The key issues driving the audit committee agenda in 2023.

## Momentum

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

## KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.

## IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



# Appendix 7: Environmental, Social and Governance (ESG)

## The Importance of Sustainability Reporting



### Sustainability Reporting – Who is impacted?

- **Lenders and underwriters** – increased focus on ESG considerations when making access to capital decisions
- **Investors** – ESG integration has become an investment norm
- **Employees** – ESG has become a key factor in attracting and retaining top talent
- **Consumers** – stakeholders increasingly scrutinize companies' ESG performance and transparency affecting brand acceptance and consumer demand



### Importance to the Audit Committee

- **Regulatory developments** – ESG-related compliance costs and disclosure requirements continue to evolve as rules are finalized
- **Material ESG issues** – Audit Committees should understand stakeholder priorities and the company's material ESG risks and opportunities
- **Value creation** – developing a clear ESG strategy, along with a standardized reporting process can set a company apart from its competitors



### Governance on ESG Data and Sustainability Reporting

- **Data collecting and reporting** – understand the ESG frameworks and reporting standards most commonly adopted in the industry and jurisdiction (benchmark to others in the industry)
- **ESG assurance** – Audit Committees are best positioned to understand which ESG metrics merit assurance. An assurance readiness assessment on Carbon is a common and often recommended first place to start





# Appendix 7: Environmental, Social and Governance (ESG)

All companies are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on the industry-specific risks.

## How might climate-related risks impact the financial statements?

**01**

### Assets

Consider the useful lives and residual values of PP&E and intangible assets, cash flow projections used for impairment testing of non-financial assets, and the potential impacts on inventories.

**02**

### Liabilities

Consider the recognition of environmental and decommissioning obligations, accounting for emissions or 'green' schemes, impact on employee-benefit arrangements, and restructuring provisions.

**03**

### Borrowers

Consider the accounting for different forms of government assistance, potential for embedded derivatives in green bonds, lease of green technology, impacts of leasing polluting assets.

**04**

### Lenders

Consider how climate-related risks impact operating and financing leases, the potential impact on expected credit losses, and whether green loans meet the SPPI criterion.

**05**

### Disclosures

Consider the impact on the going concern assessment and related disclosures and whether the impacts of climate-related matters have been disclosed clearly.



[See here for more information](#)



# Appendix 7: Environmental, Social and Governance (ESG)

All companies are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on the industry-specific risks.

**How might climate-related risks impact the financial statements?**



- 01 Long-lived assets
- 02 Leases
- 03 Impairment of nonfinancial assets
- 04 Financial instruments
- 05 Contingencies and insurance
- 06 Revenue and inventories
- 07 Compensation and benefits
- 08 Income taxes
- 09 Acquisitions and restructuring
- 10 Fair value measurement and projections
- 11 Presentation and disclosure



[See here for more information](#)



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CAMBRIDGE MEMORIAL HOSPITAL  
CORPORATE BY-LAW

[Approved: June 28, 2023]

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## Cambridge Memorial Hospital Corporation

### Corporate By-Law

A by-law relating generally to the conduct of the activities and affairs of the Corporation.

**BE IT ENACTED** as a by-law of the Corporation as follows:

#### Article 1 Interpretation

##### 1.1 Definitions

In this by-law and all other by-laws of the Corporation, unless the context otherwise requires:

- (a) “**Act**” means the *Not-for-profit Corporations Act* (Ontario);
- (b) “**Articles**” means any instrument that incorporates the Corporation or modifies its incorporating instrument;
- (c) “**Board**” means the board of directors of the Corporation;
- (d) “**Chair**” means the chair of the Board;
- (e) “**Chief Executive Officer**” means, in addition to “administrator” as defined in the *Public Hospitals Act*, the president and chief executive officer of the Corporation who, subject to the authority of the Board, is responsible for the administration, organization, and management of the affairs of the Corporation;
- (f) “**Chief Nursing Executive**” means the senior nurse employed by the Corporation, who reports directly to the Chief Executive Officer and is responsible for the nursing services provided in the Hospital;
- (g) “**Chief of Staff**” means the medical staff member appointed by the Board to serve as such in accordance with the *Public Hospitals Act* and the Professional Staff By-law;
- (h) “**Corporation**” means Cambridge Memorial Hospital Corporation;
- (i) “**day**”, unless otherwise specified as a business day, means a clear calendar day;
- (j) “**Director**” means an individual elected or appointed to the Board;
- (k) “**Elected Directors**” means the Directors referred to in section 3.1(a);
- (l) “*ex-officio*” means membership “by virtue of office” and includes all rights, responsibilities, and power to vote unless otherwise specified;



- (m) “**Hospital**” means the public hospital operated by the Corporation;
- (n) “**Medical/Professional Staff**” means the Board-appointed professional/credentialed staff of the Hospital;
- (o) “**Medical/Professional Staff By-law**” means the by-law of the Corporation concerning the Board-appointed professional/credentialed staff of the Hospital made in accordance with the *Public Hospitals Act*;
- (p) “**Medical/Professional Staff Rules**” means the rules made by the Board pursuant to the Medical/Professional Staff By-law;
- (q) “**Members**” means the members of the Corporation as described in Article 2;
- (r) “**Policies**” means the policies adopted by the Board in accordance with section 11.2;
- (s) “**Public Hospitals Act**” means the *Public Hospitals Act* (Ontario);
- (t) “**Secretary**” means the individual appointed under section 8.1;
- (u) “**Special Business**” means all business transacted at a special Members’ meeting and all business transacted at an annual Members’ meeting except for the following:
  - (i) consideration of the financial statements;
  - (ii) consideration of the audit report, if any;
  - (iii) election of directors; and
  - (iv) reappointment of the incumbent auditor;
- (v) “**special resolution**” means a resolution that: (a) is submitted to a special Members’ meeting duly called for the purpose of considering the resolution and passed at the meeting, with or without amendment, by at least two-thirds of the votes cast, or (b) consented to by each Member entitled to vote at a Members’ meeting;
- (w) “**telephonic or electronic means**” means any means that uses the telephone or any other electronic or other technological means to transmit information or data, including telephone calls, voice mail, fax, e-mail, automated touch-tone telephone system, computer, or computer networks; and
- (x) “**Vice Chair(s)**” means one or more vice chair(s) of the Board.

## 1.2 Interpretation

In this By-law and in all other by-laws of the Corporation, unless the context otherwise requires and other than as specifically defined in this by-law, all terms contained in this By-law that are defined in the Act shall have the meanings given to the terms in the Act; words importing the singular shall include the plural and *vice versa*; words importing one gender shall include all

genders; and headings are used for convenience of reference and do not affect the interpretation of the by-law. Any reference to a statute in this By-law includes, where the context requires, the regulations made under it, all as amended or replaced from time to time.

### **1.3 Repeal and Replacement of By-laws**

All previous corporate by-laws of the Corporation are revoked and replaced with this by-law.

## **Article 2 Members and Members' Meetings**

### **2.1 Members**

The Members shall consist of the Elected Directors from time to time, who shall be *ex-officio* Members for so long as they serve as Directors. Membership is not transferrable and ceases upon the Member ceasing to be an Elected Director. No fees shall be payable by the Members.

### **2.2 Location**

Members' in-person meetings shall be held at the registered office of the Corporation or at any place in Ontario as the Board may determine.

### **2.3 Annual Meetings**

The annual Members' meeting shall be held between the 1st day of April and the 31st day of July of each year, unless otherwise approved by the Board.

### **2.4 Calling Meetings**

- (a) The Board or Chair shall have the power to call, at any time, a Members' meeting.
- (b) If the Board, Chair, or Members call a Members' meeting, the Board or Chair may determine that the meeting be held entirely by telephonic or electronic means that permits all participants to communicate adequately with each other during the meeting.

### **2.5 Quorum**

A majority of the Members in attendance at a meeting shall constitute a quorum at any Members' meeting. If a quorum is present at the opening of a Members' meeting, the Members present may proceed with the business of the meeting, even if a quorum is not present throughout the meeting.

### **2.6 Notice**

- (a) Notice of Members' meetings shall be given by one of the following methods:
  - (i) by sending it to each Member, Director, and to the auditor by one of the methods set out in section 12.1 addressed to the person at their latest address as shown in the Corporation's records not less than ten days and not more than 50 days before the meeting; or

- (ii) in any other manner permitted by the *Public Hospitals Act*.
- (b) Not less than five business days before each annual meeting or before the signing of a resolution in lieu of the annual meeting, the Corporation shall give a copy of the Board-approved financial statements, auditor's report, and any further information respecting the financial position of the Corporation and the results of its operations required by the Articles or this by-law to all Members who have informed the Corporation that they wish to receive a copy of those documents.
- (c) Notice of a Members' meeting at which Special Business is to be transacted must state the nature of that business in sufficient detail to permit a Member to form a reasoned judgment on the business and state the text of any resolution to be submitted to the meeting.

## **2.7 Vote**

- (a) Each Member in attendance at a Members' meeting shall be entitled to one vote on each matter.
- (b) At all Members' meetings, every question shall be determined by a majority of votes cast, unless otherwise specifically provided by this by-law.
- (c) If there is a tie vote at a Members' meeting, the chair of the meeting shall not have a second vote to break the tie.
- (d) Votes at all Members' meetings shall be cast by those Members in attendance at the meeting and not by proxy.
- (e) Subject to the Articles, voting at a Members' meeting shall be by show of hands unless a Member demands a ballot.
- (f) A Member may demand a ballot either before or after any vote. A Member may withdraw a demand for a ballot.
- (g) Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

## **2.8 Chair of the Meeting**

The chair of a Members' meeting shall be:

- (a) the Chair; or
- (b) a Vice Chair, if the Chair is absent, unable, or unwilling to act; or
- (c) a chair elected by the Members present if the Chair and Vice Chair(s) are absent, unable, or unwilling to act. The Secretary shall preside at the election of the chair of the meeting

but if the Secretary is not present, the Members, from those present, shall choose a Member to preside at the election.

## **2.9 Adjourned Meetings**

- (a) If within one-half hour after the time appointed for a Members' meeting, the meeting has not commenced because a quorum is not present, the meeting shall stand adjourned until a day to be determined by the Board.
- (b) If a Members' meeting is adjourned for fewer than 30 days, no notice of the meeting that continues the adjourned meeting is required other than by announcement at the meeting that is adjourned.
- (c) If a Members' meeting is adjourned by one or more adjournments for an aggregate of 30 or more days, notice of the meeting that continues the adjourned meeting shall be given in accordance with section 12.1.

## **2.10 Written Resolution in Lieu of Meeting**

Except as provided in the Act, a resolution signed by all of the Members is as valid as if it had been passed at a Members' meeting.

## **2.11 Telephonic or Electronic Members' Meetings**

Any person entitled to attend a Members' meeting may participate in the meeting by telephonic or electronic means that permits all participants to communicate adequately with each other during the meeting if the Corporation makes these means available. A person so participating in a meeting is deemed to be present at the meeting.

# **Article 3 Board**

## **3.1 Composition of Board**

The Board shall consist of:

- (a) 12 Directors, who satisfy the criteria set out in section 3.3 and who are elected by the Members in accordance with sections 3.7 and 3.8 or appointed in accordance with section 3.9; and
- (b) the following *ex-officio* non-voting Directors:
  - (i) Chief Executive Officer;
  - (ii) Chief of Staff;
  - (iii) President of the Medical/Professional Staff;
  - (iv) Vice-President of the Medical/Professional Staff; and

- (v) Chief Nursing Executive.

### 3.2 Duties and Responsibilities

Subject to the Act, the Board shall govern and supervise the management of the activities and affairs of the Corporation and may exercise all other powers and do all other acts and things as the Corporation is, by its Articles or otherwise, authorized to exercise and do.

### 3.3 Qualifications of Directors

- (a) No individual shall be qualified for election or appointment as a Director if the individual:
  - (i) is under 18 years old;
  - (ii) has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property;
  - (iii) has been found to be incapable by any court in Canada or elsewhere;
  - (iv) has the status of a bankrupt;
  - (v) subject to section 3.1(b), is a current employee of the Corporation;
  - (vi) subject to section 3.1(b), is a current Medical/Professional Staff member;
  - (vii) is the spouse, common law partner, child, parent, brother, sister, in-law, grandparent, or grandchild of an individual referred to in section 3.3(a)(v) or 3.3(a)(vi), unless the Board otherwise determines;
  - (viii) lives in the same household as an individual referred to in section 3.3(a)(vii), unless the Board otherwise determines;
  - (ix) has been convicted of a criminal offence and not received a pardon; or
  - (x) is an “ineligible individual” as defined in the *Income Tax Act* (Canada) or any regulations made under it.
- (b) The Board’s decision as to whether or not a candidate is qualified to stand for election shall be final.

### 3.4 Director’s Consent to Act

An individual who is elected or appointed to hold office as a Director shall consent to the election or appointment before or within 10 days after the election or appointment, unless the Director has been elected or appointed where there is no break in the Director's terms of office. If an elected or appointed Director consents in writing after the 10-day period, the election or appointment is valid.

### **3.5 Ceasing to Hold Office**

- (a) A Director shall automatically cease to hold office if the Director:
- (i) dies;
  - (ii) resigns office by delivering a written resignation to the Secretary, and the resignation shall be effective at the time it is received by the Secretary or at the time specified in the resignation, whichever is later, or
  - (iii) becomes disqualified by virtue of any of sections 3.3(a)(ii) through 3.3(a)(x).
- (b) Where there is a vacancy in the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office.

### **3.6 Removal**

In accordance with the Act, the Members may remove any Elected Director before the expiry of the Director's term of office, and may elect any qualified individual as a Director to fill the vacancy for the remainder of the vacated term.

### **3.7 Election and Term**

The Directors referred to in section 3.1(a) shall be elected for a three-year term, provided that each such Director shall hold office until the earlier of the date on which their office is vacated pursuant to sections 3.5 or 3.6 or until the end of the meeting at which their successor is elected or appointed. Four Directors shall retire from office each year subject to re-election as permitted by section 3.9.

### **3.8 Nomination Procedure for Election of Directors**

Nominations made for the election of Directors at a Members' meeting may only be made:

- (a) by the Board in accordance with the nominating and election procedure prescribed by the Board from time to time; or
- (b) by not less than five per cent of the Members pursuant to a proposal submitted to the Corporation in accordance with the requirements of the Act and this By-law.

### **3.9 Maximum Terms**

Each Director referred to in section 3.1(a) shall be eligible for re-election; provided that the Director shall not be elected or appointed for a term that will result in the Director serving more than nine consecutive years. The Director may also be eligible for re-election for another term or terms (to a maximum of nine consecutive years) if at least one year has elapsed since the termination of their last term. In determining a Director's length of service as a Director, service before the effective date of this by-law shall be included. Despite the foregoing:

- (a) a Director may, by Board resolution, have their maximum term as a Director extended for the sole purpose of that Director succeeding to the office of Chair or serving as Chair; and

- (b) where a Director was appointed to fill an unexpired term of a Director, the partial term shall be excluded from the calculation of the maximum years of service.

### **3.10 Filling Vacancies**

So long as there is a quorum of Directors in office, any vacancy occurring in the Board may be filled by a qualified person appointed for the remainder of the term by the Directors then in office. If there is not a quorum of the Board, or if there has been a failure to elect the number or minimum number of Directors provided for in the Articles, the Directors then in office shall, without delay, call a special Members' meeting to fill the vacancy. A Director appointed or elected to fill a vacancy holds office for the unexpired term of the Director's predecessor term.

### **3.11 Directors Remuneration**

The Directors shall serve as such without remuneration and shall not, directly or indirectly, receive any profit from their position as such; provided that a Director may be reimbursed reasonable expenses incurred by the Director in the performance of their duties.

## **Article 4 Board Meetings**

### **4.1 Board Meetings**

- (a) The Board may appoint one or more days for regular Board meetings at a time and place named. A copy of any Board resolution fixing the time and place of regular Board meetings shall be given to each Director forthwith after being passed and, subject to the Act, no other notice shall be required for any regular meeting.
- (b) In addition to section 4.1(a):
  - (i) the Board, the Chair, a Vice Chair, or the Chief Executive Officer may call a Board meeting; and
  - (ii) the Secretary shall call a Board meeting upon receipt of the written request of three Directors;

and such meeting shall be held at the time and place determined in the notice of meeting.

- (c) Notice of a Board meeting need not specify the purpose of or the business to be transacted at the meeting, unless the meeting is intended to deal with any of the following matters, in which case the notice must specify that matter:
  - (i) to submit to the Members any question or matter requiring their approval;
  - (ii) to fill a vacancy among the Directors or in the position of auditor;
  - (iii) to appoint additional Directors;
  - (iv) to issue debt obligations, except as authorized by the Directors;

- (v) to approve any annual financial statements; or
- (vi) to adopt, amend, or repeal by-laws.

#### **4.2 Telephone/Electronic Meetings**

If all the Directors consent, a Director may participate in a Board meeting and a Board committee member may participate in a Board committee meeting by telephonic or electronic means that permits all participants to communicate adequately with each other during the meeting. A Director or Board committee member so participating in a meeting is deemed for the purposes of the Act to be present at the meeting.

#### **4.3 Notices**

Notice of Board meetings, other than regular meetings, shall be given to all Directors at least 48 hours before the meeting. The Chair, a Vice Chair, or the Chief Executive Officer may call a meeting on less notice, by means deemed appropriate; provided that notice is given to all Directors and the majority of the Directors consent to holding the meeting. Notice of a meeting that continues an adjourned Board meeting is not required to be given if the time and place of the continued meeting is announced at the meeting that is adjourned.

#### **4.4 Quorum**

A majority of the Elected Directors shall constitute a quorum.

#### **4.5 First Board Meeting after Annual Meeting**

If a quorum of Directors is present, the Board may, without notice, hold a meeting immediately following the annual Members' meeting.

#### **4.6 Persons Entitled to be Present**

Guests may attend Board meetings with the consent of the meeting on the invitation of the Chair or the Chief Executive Officer. The Board may adopt a policy from time to time on the attendance of the public at Board meetings.

#### **4.7 Voting**

- (a) Each voting Director in attendance at a Board meeting shall be entitled to one vote on each matter.
- (b) As required by the regulations under the *Public Hospitals Act*, the Directors referred to in section 3.13.1(b) shall not be entitled to vote as Directors but shall otherwise be entitled to notice of, to attend, and to participate in, Board meetings and to receive the materials that are distributed to voting Directors.
- (c) A Director shall not be entitled to vote by proxy.



- (d) Every question arising at a Board meeting shall be determined by a majority of votes cast, unless otherwise specifically provided by statute or by this By-law.
- (e) If there is a tie vote at a Board meeting, the chair of the meeting shall not have a second vote to break the tie.
- (f) The vote on any question shall be taken by secret ballot if so demanded by any Director in attendance and entitled to vote. The chair of the meeting shall count the ballots. Otherwise, a vote shall be by a show of hands.
- (g) Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **4.8 Written Resolutions in Lieu of Meeting**

- (a) A resolution signed by all of the Directors entitled to vote on that resolution at a Board meeting is as valid as if it had been passed at a Board meeting.
- (b) A resolution signed by all of the Board committee members entitled to vote on that resolution at a Board committee meeting is as valid as if it had been passed at a Board committee meeting.

#### **4.9 Consent and Dissent of Director**

- (a) A Director who is present at a Board or Board committee meeting is deemed to have consented to any resolution passed or action taken at the meeting, unless:
  - (i) the Director's dissent is entered in the meeting minutes;
  - (ii) the Director requests that their dissent be entered in the meeting minutes;
  - (iii) the Director gives their dissent to the secretary of the meeting before the meeting is terminated; or
  - (iv) the Director submits their dissent to the Corporation immediately after the meeting is terminated.
- (b) A Director who votes for or consents to a resolution is not entitled to dissent under this section.
- (c) A Director who was not present at a meeting at which a resolution was passed or action taken is deemed to have consented to the resolution or action unless within seven days after becoming aware of the resolution, the Director:
  - (i) causes their dissent to be placed with the meeting minutes; or
  - (ii) submits their dissent to the Corporation.

#### **4.10 Adjournment of the Meeting**

If within one-half hour after the time appointed for a Board meeting a quorum is not present, the meeting shall stand adjourned until a day within two weeks to be determined by the chair of the meeting.

### **Article 5 Conflict of Interest Disclosure**

#### **5.1 Disclosure of Conflict**

(a) A Director or officer who:

- (i) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- (ii) is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose to the Corporation or request to have entered in the minutes of Board meetings the nature and extent of their interest.

(b) The disclosure required by section 5.1(a) must be made, in the case of a Director:

- (i) at the meeting at which a proposed contract or transaction is first considered;
- (ii) if the Director was not then interested in a proposed contract or transaction, at the first meeting after the Director becomes so interested;
- (iii) if the Director becomes interested after a contract is made or transaction is entered into, at the first meeting after the Director becomes so interested; or
- (iv) if an individual who is interested in a contract or transaction later becomes a Director, at the first meeting after the individual becomes a Director.

(c) The disclosure required by section 5.1(a) must be made, in the case of an officer who is not a Director:

- (i) forthwith after the officer becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a Board meeting;
- (ii) if the officer becomes interested after a contract is made or transaction is entered into, forthwith after the officer becomes so interested; or
- (i) if an individual who is interested in a contract or transaction later becomes an officer, forthwith after the individual becomes an officer.

- (d) If the contract or transaction or proposed contract or transaction in respect of which a disclosure is required to be made for the purposes of section 5.1(a) is one that, in the ordinary course of the Corporation's business, would not require approval of the Board or Members, then the Director or officer shall disclose to the Corporation, or request to have entered in the minutes of Board meetings, the nature and extent of their interest forthwith after the Director or officer becomes aware of the contract or transaction or proposed contract or transaction.
- (e) Except as permitted by the Act, a Director referred to in section 5.1(a) shall not attend any part of a Board meeting during which the contract or transaction is discussed, and shall not vote on any resolution to approve the contract or transaction.
- (f) If no quorum exists for the purposes of voting on a resolution to approve a contract or transaction only because one or more Director(s) are not permitted to be present at the meeting by virtue of section 5.1(e), the remaining Directors are deemed to constitute a quorum for the purposes of voting on the resolution.
- (g) For the purposes of section 5.1, a general notice to the Board by a Director or officer disclosing that the individual is a director or officer of, or has a material interest in, a person, or that there has been a material change in the Director's or officer's interest in the person, and is to be regarded as interested in any contract or transaction entered into with that person, is sufficient disclosure of interest in relation to any such contract or transaction.
- (h) A contract or transaction for which disclosure is required under section 5.1(a) is not void or voidable, and the Director or officer is not accountable to the Corporation or the Members for any profit or gain realized from the contract or transaction, because of the Director's or officer's interest in the contract or transaction or because the Director was present or was counted to determine whether a quorum existed at the Board or Board committee meeting that considered the contract or transaction, if:
  - (i) disclosure of the interest was made in accordance with this section;
  - (ii) the Board approved the contract or transaction; and
  - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved.
- (i) The provisions of this Article are in addition to any Board-approved conflict of interest policy.

## **Article 6**

### **Protection of Officers and Directors**

#### **6.1 Directors' Liability**

No Director, officer, or Board committee member shall be liable for any act, receipt, neglect, or default of any other Director, officer, Board committee member, or employee, or for any loss, damage, or expense happening to the Corporation through any deficiency of title to any property

acquired by the Corporation, or for any deficiency of any security upon which any moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, including any person with whom any moneys, securities, or effects shall be deposited, or for any loss, conversion, misappropriation of, or any damage resulting from, any dealings with any moneys, securities, or other assets belonging to the Corporation, or for any other loss, damage, or misfortune that may happen in the execution of the duties of the Director's, officer's, or Board committee member's respective office, unless the occurrence is as a result of the Director's, officer's, or Board committee member's own wilful neglect or default.

## **6.2 Indemnities to Directors and Others**

- (a) The Corporation shall indemnify a Director or officer of the Corporation, a former Director or officer of the Corporation, or an individual who acts or acted at the Corporation's request as a director or officer, or in a similar capacity, of another entity, against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative, or other action or proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (b) The Corporation may advance money to an individual referred to in section 6.2(a) for the costs, charges, and expenses of an action or proceeding referred to in that section, but the individual shall repay the money if the individual does not fulfil the conditions set out in section 6.2 (c).
- (c) The Corporation shall not indemnify an individual under section 6.2(a) unless:
  - (i) the individual acted honestly and in good faith with a view to the best interests of the Corporation or other entity, as the case may be; and
  - (ii) if the matter is a criminal or administrative proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that their conduct was lawful.
- (d) The indemnity provided for in section 6.2(a) shall not apply to any liability that a Director or officer, or former Director or officer, of the Corporation, or individual, may sustain or incur as the result of any act or omission as a Medical/Professional Staff member.

## **Article 7 Board Committees**

### **7.1 Board Committees**

The Board may, from time to time, establish:

- (a) standing committees, being those committees whose duties are normally continuous; and
- (b) special committees, being those committees appointed for specific duties whose mandate shall expire with the completion of the tasks assigned.

## 7.2 Functions, Duties, Responsibilities, and Powers of Board Committees

The Board shall provide for the functions, duties, responsibilities, and powers of the Board committees in the Board resolution by which a Board committee is established or in Board-approved terms of reference or general committee policy.

## 7.3 Board Committee Members, Chair

- (a) Unless otherwise provided by by-law or by Board resolution:
  - (i) the Board shall appoint the chair, vice chair (if any), and members of each Board committee;
  - (ii) each chair and vice chair of a Board committee shall be an Elected Director;
  - (iii) the Board committees may include members who are not Directors (other than a committee referred to in section 7.5, if any);and
  - (iv) the Chair and Vice Chair shall be an *ex-officio* member of all Board committees.
- (b) The chair, vice chair (if any) of a Board committee, and the Board committee members shall hold office at the will of the Board.

## 7.4 Procedures at Board Committee Meetings

Procedures at and quorum for Board committee meetings shall be determined by the chair of each Board committee, unless established by this by-law, Board resolution, or by Board-approved terms of reference or general committee policy.,

## 7.5 Delegation to a Committee

The Board may delegate to any committee comprised entirely of Directors any of the Board's powers, other than the following powers:

- (a) to submit to the Members any question or matter requiring the Members' approval;
- (b) to fill a vacancy among the Directors or in the position of auditor;
- (c) to appoint additional Directors;
- (d) to issue debt obligations, except as authorized by the Board;
- (e) to approve any annual financial statements; or
- (f) to adopt, amend, or repeal by-laws.

## Article 8 Officers

### 8.1 General

- (a) Subject to the Act, the Articles, and this by-law, the Board may designate the offices of the Corporation, appoint officers, specify their duties, and delegate to them powers to manage the activities and affairs of the Corporation, except powers to do anything referred to in section 7.5.
- (b) The officers shall include the Chair and Secretary, and may include one or more Vice Chairs and other officers as the Board may determine.
- (c) The Board shall appoint the officers at its first meeting following the annual Members' meeting at which the Directors are elected or at other times when a vacancy occurs. A Director may be appointed to any office of the Corporation. The Chief Executive Officer shall be the Secretary. The same individual may hold more two or more offices (except one individual may not hold the offices of Chair and Vice Chair). The Board shall appoint the Chair and Vice Chair(s) from among the Elected Directors.

### 8.2 Terms of Office

- (a) Unless otherwise provided in this by-law, the officers shall hold office for a one-year renewable term from the date of appointment or until their successors are appointed in their stead.
- (b) Officers shall be subject to removal by the Board at any time.
- (c) The Chair shall be appointed annually and shall be eligible for re-appointment; provided that:
  - (i) the Chair shall serve no longer than two consecutive years; and
  - (ii) where a Director has served as Chair for two consecutive years, the Board may, by resolution passed by at least two-thirds of the votes cast at a Board meeting, provide that such Director is eligible for re-appointment for up to two additional one-year terms as Chair; provided, however, that in no event shall such Director serve longer than four consecutive years as Chair.

### 8.3 Duties of Chair

The Chair shall, when present, preside at all Board and Members' meetings and shall represent the Corporation and the Board as may be required or appropriate and shall have those other powers and duties as the Board may specify. Unless otherwise provided by by-law or by Board resolution, the Chair shall be an *ex-officio* member of all Board committees.

#### **8.4 Duties of Vice Chair(s)**

A Vice Chair shall, in the absence or disability of the Chair, perform the duties and exercise the powers of the Chair and shall perform those other duties as the Board may specify. Where two or more Vice Chairs are appointed they shall be designated First Vice Chair, Second Vice Chair, and so on. The Chair, or failing the Chair, the Board, shall designate which of the Vice Chairs shall exercise the powers and perform the duties of the Chair in the Chair's absence.

#### **8.5 Duties of Secretary**

The Secretary shall carry out the duties of the secretary of the Corporation generally and shall attend or cause a recording secretary to attend all meetings of the Members, the Board, and the Board committees to act as a clerk thereof and to record all votes and minutes of all proceedings in the records to be kept for that purpose. The Secretary shall give or cause to be given notice of all meetings of the Members, the Board, and the Board committees, and shall perform those other duties as may be prescribed by the by-laws or the Board.

#### **8.6 Other Officers**

The Board shall determine the powers and duties of all other officers from time to time. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by the assistant unless the Board otherwise directs.

### **Article 9 Organization and Financial**

#### **9.1 Seal**

The Board shall determine the form of the seal of the Corporation, if any.

#### **9.2 Execution of Documents**

- (a) Subject to section 9.2(b), any one of the Chair or a Vice Chair, together with any one of the Chief Executive Officer or a Director, shall sign deeds, transfers, assignments, contracts, agreements, mortgages, conveyances, obligations, certificates, or any other instruments or documents requiring the signature of the Corporation, and all instruments or documents so signed shall be binding upon the Corporation without any further authorization or formality.
- (b) In addition to the provisions of section 9.2(a), the Board may from time to time direct the manner in which and the individual or individuals by whom any particular instrument or document, or class of instruments or documents, may or shall be signed.
- (c) Any signing officer may affix the seal of the Corporation to any instrument or document and may certify a copy of any instrument, resolution, by-law, or other document of the Corporation to be a true copy.

- (d) The sale, mortgage, hypothecation, or other disposition of real property of the Corporation shall only be made as authorized by special resolution (as defined in the Act).

### **9.3 Banking Arrangements**

The Corporation shall transact the banking business of the Corporation or any part of it with those banks, trust companies, or other financial institutions as the Board may determine from time to time.,

### **9.4 Financial Year**

Unless otherwise determined by the Board, and subject to the *Public Hospitals Act*, the financial year end of the Corporation shall be March 31 in each year.

### **9.5 Appointment of Auditor**

- (a) The Members shall, at each annual meeting, appoint an auditor to audit the accounts of the Corporation and to report to the Members at the next annual meeting.
- (b) The auditor shall be duly licensed under the *Public Accounting Act, 2004* (Ontario) and shall be independent of the Corporation and its Directors and officers.
- (c) The auditor shall hold office until the close of the next annual meeting; provided that the Board shall immediately fill any casual vacancy in the office of auditor for the unexpired term.
- (d) The Board shall fix the remuneration of the auditor.

### **9.6 Borrowing Power**

Subject to the Articles, the Board may, without authorization of the Members:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell, or pledge debt obligations of the Corporation;
- (c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, pledge, or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

### **9.7 Investments**

The Corporation may invest its funds as the Board thinks fit, subject to the Articles or any limitations accompanying a gift.



## **9.8 Records**

The Board shall see that all necessary books and records of the Corporation required by this by-law or by any applicable laws are regularly and properly kept.

## **Article 10 Confidentiality**

### **10.1 Confidentiality**

Every Director, officer, Medical/Professional Staff member, Board committee member, employee, and agent of the Corporation shall respect the confidentiality of matters:

- (a) brought before the Board or any Board committee;
- (b) dealt with in the course of the employee's employment or agent's activities; or
- (c) dealt with in the course of the Medical/Professional Staff member's activities,

in connection with the Corporation, keeping in mind that unauthorized statements could adversely affect the interests of the Corporation.

### **10.2 Board Spokesperson**

The Board may give authority to one or more Directors, officers, or employees of the Corporation to make statements to the news media or public about matters brought before the Board.

## **Article 11 Rules of Order and Policies**

### **11.1 Rules of Order**

Any questions of procedure at or for any meetings of Members, the Board, the Medical/Professional Staff, or any Board committee, which have not been provided for in this by-law or by applicable legislation, the Policies, or the Medical/Professional Staff Rules, shall be determined by the chair of the meeting in accordance with the rules of order adopted by the Board, or failing such adoption, adopted by the chair of the meeting.

### **11.2 Policies**

The Board may, from time to time, adopt, amend, or repeal such Policies as it may deem necessary or desirable in connection with the management of the activities and affairs of the Board and the conduct of the Directors, officers, and Board committee members; provided, however, that any Policy shall be consistent with the provisions of this by-law.

## **Article 12**

### **Notices**

#### **12.1 Notice**

- (a) Whenever under the provisions of the by-laws of the Corporation notice is required to be given, unless otherwise provided, the notice may be given in writing and delivered or sent by prepaid mail or courier, or by telephonic or electronic means, if there is a record that the notice has been sent, addressed to the Director, officer, Board committee member, Member, or auditor, at the address or telephone number, as the case may be, as the same is shown in the records of the Corporation.
- (b) Any notice sent by the following means shall conclusively be deemed to be received as provided below:
  - (i) if by telephonic or electronic means, on the next business day after transmission;
  - (ii) if delivered, at the time of delivery; and
- (c) if by prepaid mail, subject to section 12.1(d), on the fifth business day following its mailing.
- (d) Notwithstanding the foregoing provisions with respect to mailing, if it may reasonably be anticipated that, due to any strike, lock out, or similar event involving an interruption in postal service, any notice will not be received by the addressee by no later than the fifth business day following its mailing, then the mailing of the notice shall not be an effective means of sending it but rather any notice must then be sent by an alternative method that may reasonably be anticipated will cause the notice to be received reasonably expeditiously by the addressee.
- (e) The Secretary may change or cause to be changed the recorded address of any Director, officer, Board committee member, Member, or auditor in accordance with any information believed by them to be reliable.

#### **12.2 Computation of Time**

In computing the date when notice must be given under any provision of the by-laws requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the notice period shall terminate at midnight of the last day of the notice period, except if the last day is a holiday, the period shall terminate at midnight of the next day that is not a holiday.

#### **12.3 Omissions and Errors**

The accidental omission to give any notice to any Member, Director, officer, Board committee member, or the auditor of the Corporation, or the non-receipt of any notice by any such person, or any error in any notice not affecting the substance of it, shall not invalidate any action taken at any meeting held pursuant to the notice or otherwise founded on it.

## **12.4 Waiver of Notice**

Any Member, Director, officer, Board committee member, or the auditor of the Corporation, may waive any notice required to be given to them under any provision of the *Public Hospitals Act*, the Act, or the Articles or by-laws of the Corporation, either before or after the meeting to which it refers, and the waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving the notice. Attendance and participation at a meeting constitutes waiver of notice, unless the attendance is for the express purpose of objecting to the transaction of any business on the grounds the meeting was not lawfully called.

## **Article 13**

### **Matters Required by the *Public Hospitals Act* and Other Applicable Legislation**

#### **13.1 Medical/Professional Staff**

There shall be a Medical/Professional Staff of the Hospital whose appointment and functions shall be as set out in the Medical/Professional Staff By-law.

#### **13.2 Required Committees and Programs**

The Board shall ensure that the Corporation establishes the committees and undertakes the programs that are required pursuant to applicable legislation, including the *Public Hospitals Act* and the *Excellent Care for All Act, 2010*, including a medical advisory committee, a fiscal advisory committee, and a quality committee.

#### **13.3 Fiscal Advisory Committee**

The Chief Executive Officer shall appoint the members of the fiscal advisory committee required to be established pursuant to the regulations under the *Public Hospitals Act*.

#### **13.4 Chief Nursing Executive**

The Chief Executive Officer shall ensure that there are appropriate procedures in place for the appointment of the Chief Nursing Executive.

#### **13.5 Nurses and other Staff and Professionals on Committees**

The Chief Executive Officer shall, from time to time, approve a process for:

- (a) the participation of the Chief Nursing Executive, nurse managers, staff nurses, staff, and other professionals of the Corporation in decision making related to administrative, financial, operational, and planning matters; and
- (b) the election or appointment of the Chief Nursing Executive, nurse managers[leaders], staff nurses, and other staff and professionals of the Corporation to those administrative committees approved by the Chief Executive Officer to have a nurse or other staff or professional representation.

### **13.6 Retention of Written Statements**

The Chief Executive Officer shall cause to be retained for at least 25 years, all written statements made in respect of the destruction of medical records, notes, charts, and other material relating to patient care and photographs thereof.

### **13.7 Occupational Health and Safety Program**

- (a) Pursuant to the regulations under the *Public Hospitals Act*, there shall be an occupational health and safety program for the Corporation, which shall include procedures for: (i) a safe and healthy work environment; (ii) the safe use of substances, equipment, and medical devices; (iii) safe and healthy work practices; (iv) the prevention of accidents to individuals on the premises; and (v) the elimination of undue risks and the minimizing of hazards inherent in the Corporation environment.
- (b) The Chief Executive Officer shall designate an individual to be in charge of occupational health and safety in the Corporation, who shall be responsible to the Chief Executive Officer or their delegate for the implementation of the occupational health and safety program.
- (c) The Chief Executive Officer shall report to the Board as necessary on the occupational health and safety program.

### **13.8 Health Surveillance Program**

- (a) Pursuant to the regulations under the *Public Hospitals Act*, there shall be a health surveillance program for the Corporation, which shall: (i) be in respect of all persons carrying on activities in the Corporation; and (ii) include a communicable disease surveillance program.
- (b) The Chief Executive Officer shall designate an individual to be in charge of health surveillance in the Corporation, who shall be responsible to the Chief Executive Officer or their delegate for the implementation of the health surveillance program.
- (c) The Chief Executive Officer shall report to the Board as necessary on the health surveillance program.

### **13.9 Organ Donation**

Pursuant to the regulations under the *Public Hospitals Act*, the Board shall approve procedures to encourage the donation of organs and tissues, including procedures to identify potential donors and to make potential donors and their families aware of the options of organ and tissue donations, and shall ensure that these procedures are implemented in the Corporation.

**Article 14**  
**Amendment of By-Laws**

**14.1 By-laws and Amendments**

- (a) The Board may make, amend, or repeal any by-law that regulates the activities or affairs of the Corporation, except in respect of a by-law:
  - (i) to add, change, or remove a provision respecting the transfer of a membership;
  - (ii) to change the manner of giving notice to Members; or
  - (iii) to change the method of voting by Members not in attendance at a Members' meeting.
- (b) The Board shall submit the by-law, amendment, or repeal to the Members at the next Members' meeting, and the Members may confirm, reject, or amend the by-law, amendment, or repeal by ordinary resolution.
- (c) Subject to section 14.1(f), the by-law, amendment, or repeal is effective from the date of the Board resolution.
- (d) If the by-law, amendment, or repeal is confirmed or confirmed as amended by the Members, it remains effective in the form in which it was confirmed.
- (e) The by-law, amendment, or repeal ceases to have effect if the Board does not submit it to the Members as required under section 14.1(b) or if the Members reject it.
- (f) If a by-law, amendment, or repeal ceases to have effect, a subsequent Board resolution that has substantially the same purpose or effect is not effective until it is confirmed or confirmed as amended by the Members.

In any case of rejection, amendment, or refusal to approve the by-law or part of the by-law in effect in accordance with this section, no act done or right acquired under any by-law is prejudicially affected by any rejection, amendment, or refusal to approve.



# BRIEFING NOTE

**Date:** June 20, 2023  
**Issue:** Director Terms  
**Prepared for:** Board of Directors  
**Purpose:**  Approval  Discussion  Information  Seeking Direction  
**Prepared by:** Patrick Gaskin  
**Approved by:** Patrick Gaskin

**Attachments/Related Documents:** New Board Members 2023

## Recommendation/Motion

**Proposed MOTION:** that, the Corporation elect as Directors of the Corporation the following individuals, with terms as listed;

- *William Conway - for a 1-year term*
- *Jay Tulsani - for a 3-year term*
- *Paulo Brasil - for a 3-year term*
- *Sara Alvarado - for a 3-year term*
- *Julia Goyal – for a 3-year term*

## Executive Summary

Below are the terms of directors as of the annual meeting in June 2023.

- Sara Alvarado is recommended for a 3-year term ending at the annual meeting in 2026.
- Julia Goyal is recommended for a 3-year term ending at the annual meeting in 2026.
- William Conway is recommended for a 1-year term ending at the annual meeting in 2024.
- Jay Tulsani is recommended for a 3-year term ending at the annual meeting in 2026.
- Paulo Brasil is recommended for a 3-year term ending at the annual meeting in 2026.

Year First Elected	Name	Remaining Term of Office (as of 2023 Ann. Mtg.)	Current Term Ends	9 year max
2019	Sara Alvarado	3 years	2026	2028
2021	Julia Goyal	3 years	2026	2030
2023	Roger Ma	3 years	2026	2032
2023	Jay Tulsani	3 years	2026	2032
2016	Tom Dean	2 years	2025	2025
2019	Lynn Woeller	2 years	2025	2028
2022	Miles Lauzon	2 years	2025	2031
2022	Monika Hempel	2 years	2025	2031
2016	Nicola Melchers	1 year	2024	2025

Year First Elected	Name	Remaining Term of Office (as of 2023 Ann. Mtg.)	Current Term Ends	9 year max
2020	Diane Wilkinson <sup>1</sup>	1 year	2024	2030
2021	Margaret McKinnon	1 year	2024	2030
2023	William Conway <sup>2</sup>	1 year	2024	2033

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<sup>1</sup> Diane Wilkinson was appointed on September 30, 2020 as per the Bylaw #1 Article 4.5 (a) *If a vacancy occurs for any reason among the elected Directors, such vacancy may be filled by an eligible person elected by the Board to serve until the next annual meeting.* She fulfilled Bill Deley's appointment until the 2021 annual meeting. Her 9-year term limit started as of the 2021 annual meeting

<sup>2</sup> William Conway was appointed on June 28, 2023 as per Article 3, Section 3.10 *so long as there is a quorum of Directors in office, any vacancy occurring in the Board may be filled by a qualified person appointed for the remainder of the term by the Directors then in office. A Director appointed or elected to fill a vacancy holds office for the unexpired term of the Director's predecessor term.* He will fulfill Jody Stecho's appointment until the 2024 annual meeting. His 9-year term limit started as of the 2024 annual meeting



# New Board Members 2023



## Paulo Brasil

1. MBA Certificate from the Rotman School of Management, Bachelor of Business Administrations, Yorkville University
2. Strong financial background, Presently Branch Manager for TD Canada Trust
3. Previous volunteer for Big Brothers Big Sisters, Waterloo Regional Police Services – Race Against Drugs



## Jay Tulsani

1. Designated CPA,CMA with 15+ years of experience in tax compliance, audit and business development.
2. Post Graduate Diploma in Marketing and Finance, George Brown College
3. Served as a Board member and Audit Committee member with Willowbridge Community Services from 2017-2022



## Bill Conway

1. Over 20 years as a Project Manager in various industries;
2. 8 years as an elected School Board Trustee representing Cambridge and North Dumfries with the Waterloo Catholic District School Board. Served as both Chair and Vice Chair as well as served on all board committees.
3. Earned a Mechanical Engineering Technology Diploma, Automated Manufacturing from Conestoga College of Applied Arts & Technology, as well as completed courses from the Project Management and Manufacturing Leadership Certificate programs.





# Retiring Members 2023

## David Pyper

David joined the CMH Board in 2014 after having served on several Board committees as a non director Committee member for a number of years. Since David has been a long standing member of the CMH Board our records don't date that far back! Since 2014 David has served on the Governance, Quality and Executive Committees, as well as the Capital Projects and Digital Health Strategy Sub-Committees. David served as the Chair of Quality in 2019.

David was elected Vice Chair in 2018 and Chair of the Board in 2020.

David was also the Board representative for the CMH Volunteer Association for several years and most recently a member of the Cambridge North Dumfries Ontario Health Team (CND OHT) Joint Board Committee, and Chair of the JBC for the last several months. Thank you David for your hard work and dedication to the CMH Board.



## Elaine Habicher

Elaine joined the CMH Board in 2015. Elaine has served on the Audit, Quality, Governance, Resources and Executive Committees. Elaine also was the Chair of the Audit Committee for 2016-17 and Quality Committee Chair from 2017-2019. Elaine has been the Board representative for the CMH Volunteer Association since 2020. Thank you Elaine for your hard work and dedication to the CMH Board.



## Jody Stecho

Although Jody's term was not ending until 2024, she has had to take a temporary break from serving on the Board of Directors. Jody will continue as a community member serving on the Governance Committee for next year.

Jody joined the CMH Board in 2019. Jody has served on the Quality, Governance and Executive Committees. Jody also served as the Chair of Governance since 2021.

We hope you will be able to return to the CMH Board. We eagerly await your TBD and thank you for all your hard work and dedication to the CMH Board.

