The Michener Institute of Education at UHN

Financial statements

March 31, 2023

Independent auditor's report

To the Board of Governors of
The Michener Institute of Education at UHN

Opinion

We have audited the financial statements of **The Michener Institute of Education at UHN** ["Michener"], which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of changes in net assets, statement of remeasurement losses and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Michener as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of Michener in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Michener'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 Michener or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Michener'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 Michener'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 Michener to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 15, 2023

The Michener Institute of Education at UHN

Statement of financial position

As at March 31

	2023	2022
	$	$
		[restated – note 2]
Assets		
Current		
Cash and cash equivalents	**10,329,542**	6,790,337
Short-term investments *[note 3]*	**555,801**	588,953
Accounts receivable *[notes 10[a], [b] and 14]*	**6,841,663**	2,504,004
Prepaid expenses	**505,340**	737,904
Total current assets	**18,232,346**	10,621,198
Capital assets, net *[notes 2 and 4]*	**22,250,742**	19,222,290
Long-term investments *[note 3]*	**10,755,299**	10,710,622
	51,238,387	40,554,110
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[notes 6 and 10[a]]*	**11,666,173**	6,290,920
Deferred revenue	**3,731,044**	2,477,450
Deferred contributions *[note 6]*	**38,691**	36,251
Total current liabilities	**15,435,908**	8,804,621
Deferred capital contributions *[note 7]*	**18,070,172**	14,740,353
Asset retirement obligation *[notes 2 and 8]*	**1,458,694**	1,401,916
Total liabilities	**34,964,774**	24,946,890
Commitments *[note 12]*		
Net assets		
Unrestricted *[note 2]*	**2,807,652**	3,080,019
Internally restricted *[note 9]*	**9,882,340**	8,687,008
Endowed *[note 9]*	**3,849,907**	3,932,919
	16,539,899	15,699,946
Accumulated remeasurement losses	**(266,286)**	(92,726)
Total net assets	**16,273,613**	15,607,220
	51,238,387	40,554,110

See accompanying notes

Approved on behalf of the Board:

Cornell Wright
Chair, Board of Trustees

Stu Kedwell
Chair, Finance and Audit Committee

The Michener Institute of Education at UHN

Statement of operations

Year ended March 31

	2023	2022
	$	$
		[restated – note 2]
Revenue		
Ontario Ministry of Health	**21,111,628**	16,981,193
Tuition revenue	**10,056,020**	9,349,671
Grants	**1,754,664**	1,153,290
Ancillary operations	**1,132,612**	781,007
Rental income	**498,098**	603,555
Other	**10,407**	73,645
Investment income	**275,217**	409,445
Scholarships and bursary fund contributions	**177,194**	200,464
Amortization of deferred capital contributions *[note 7]*	**1,409,963**	1,449,455
	36,425,803	31,001,725
Expenses		
Compensation *[notes 10[a], [b] and 11]*	**21,391,294**	20,115,732
Building occupancy costs *[note 2]*	**2,904,028**	2,591,096
Other operating	**6,657,165**	2,689,848
Educational support	**1,993,690**	1,366,289
Education program	**199,729**	247,597
Scholarship and bursary awards *[note 10[b]]*	**513,458**	726,779
Amortization of capital assets *[notes 2 and 4]*	**1,943,474**	1,987,553
	35,602,838	29,724,894
Excess of revenue over expenses for the year	**822,965**	1,276,831

See accompanying notes

The Michener Institute of Education at UHN

Statement of changes in net assets

Year ended March 31

	2023				2022
	Unrestricted	**Internally restricted**	**Endowed**	**Total**	**Total**
	$	$	$	$	$
					[restated – note 2]
Balance, beginning of year – as previously reported	**4,401,711**	**8,687,008**	**3,932,919**	**17,021,638**	15,527,851
Adjustment for opening balance of asset retirement obligation *[notes 2 and 8]*	**(1,321,692)**	**—**	**—**	**(1,321,692)**	(1,251,079)
Balance, beginning of year – as restated	**3,080,019**	**8,687,008**	**3,932,919**	**15,699,946**	14,276,772
Excess of revenue over expenses for the year	**822,965**	**—**	**—**	**822,965**	1,276,831
Interfund transfers *[note 9]*	**(1,095,332)**	**1,195,332**	**(100,000)**	**—**	—
Donations received	**—**	**—**	**15,233**	**15,233**	11,914
Reinvested investment income, externally endowed funds *[notes 6 and 9]*	**—**	**—**	**1,656**	**1,656**	131,650
Reinvested investment income, internally endowed income restricted *[notes 6 and 9]*	**—**	**—**	**99**	**99**	2,779
Balance, end of year	**2,807,652**	**9,882,340**	**3,849,907**	**16,539,899**	15,699,946

See accompanying notes

The Michener Institute of Education at UHN

Statement of remeasurement losses

Year ended March 31

	2023	2022
	$	$
Accumulated remeasurement gains (losses), beginning of year	**(92,726)**	588,694
Net realized gains attributable to investments, reclassified to statement of operations	**(310,434)**	(496,301)
Unrealized gains (losses) attributable to investments, net	**136,874**	(185,119)
Accumulated remeasurement losses, end of year	**(266,286)**	(92,726)

See accompanying notes

The Michener Institute of Education at UHN

Statement of cash flows

Year ended March 31

	2023	2022
	$	$
		[restated – note 2]
Operating activities		
Excess of revenue over expenses for the year	**822,965**	1,276,831
Add (deduct) items not involving cash		
Amortization of capital assets	**1,943,474**	1,987,553
Amortization of deferred capital contributions	**(1,409,963)**	(1,449,455)
Accretion expense on asset retirement obligation	**56,778**	54,568
	1,413,254	1,869,497
Changes in non-cash working capital balances related to operations		
Accounts receivable	**(4,337,659)**	374,013
Prepaid expenses	**232,564**	(177,594)
Accounts payable and accrued liabilities *[note 13]*	**5,519,119**	307,611
Deferred revenue	**1,253,594**	108,639
Deferred contributions	**2,440**	7,000
Cash provided by operating activities	**4,083,312**	2,489,166
Capital activities		
Purchase of capital assets *[note 13]*	**(5,174,789)**	(2,967,328)
Cash used in capital activities	**(5,174,789)**	(2,967,328)
Investing activities		
Increase in investments, net	**(124,432)**	(410,223)
Cash used in investing activities	**(124,432)**	(410,223)
Financing activities		
Contributions for capital purposes	**4,739,782**	2,199,073
Endowment contributions	**15,332**	14,692
Cash provided by financing activities	**4,755,114**	2,213,765
Net increase in cash during the year	**3,539,205**	1,325,380
Cash and cash equivalents, beginning of year	**6,790,337**	5,464,957
Cash and cash equivalents, end of year	**10,329,542**	6,790,337
Cash and cash equivalents represented by		
Cash (bank indebtedness)	**1,729,542**	(9,663)
Cash equivalents	**8,600,000**	6,800,000
	10,329,542	6,790,337

See accompanying notes

The Michener Institute of Education at UHN

Notes to financial statements

March 31, 2023

1. Description of the organization

The Michener Institute of Education at UHN's ["Michener"] vision is to be the leader in applied health science education through excellence and innovation. Michener is dedicated to the education of pre-eminent applied health science practitioners capable of providing transformational leadership, performance and evidence-based best practice.

Michener is a registered charitable organization incorporated under the laws of the Province of Ontario as a corporation without share capital and as such is generally exempt from income taxes.

The University Health Network ["UHN"] exercises control over Michener and the business relationship between Michener and UHN is governed by service agreements.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the *Public Sector Accounting Handbook*, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. Michener applies the standards for government not-for-profit organizations that include Sections PS 4200 to PS 4270.

Revenue recognition

Michener follows the deferral method of accounting for contributions. Contributions are recorded in the accounts when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred. Donations restricted for the purchase of capital assets are recorded as deferred capital contributions and amortized to income at the same rate as the capital assets funded by the contributions. Donations where the donor requires that the principal must be maintained permanently are recorded as direct increases of endowed net assets in the year in which they are received.

Tuition revenue is recognized when courses and seminars are held.

Rental and other income are recognized when the goods have been sold or when the services have been provided.

Investment income, which consists of interest, dividends, and realized gains and losses, net of related fees is recorded as investment income (loss) in the statement of operations, except to the extent that it is reinvested in endowments for capital preservation, in which case it is added to or deducted from endowment net assets *[note 9]*. Unrealized gains and losses are recorded in the statement of remeasurement losses.

Contributed goods and services

Donated goods and services are not recorded in the accounts of Michener, except when such goods and services are valued by a qualified appraiser, a valuation report is provided to Michener, and when such goods and services are used in the normal course of operations.

Notes to financial statements

March 31, 2023

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid term deposits, which have maturities of less than 90 days from the date of purchase, or are readily convertible to cash with no penalty, unless they are held for investment purposes in which case they are classified as investments.

Capital assets

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

Building	2%
Furniture and fixtures	10%–20%
Teaching equipment	10%–20%

Construction in progress comprises construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate the asset no longer contributes to Michener's ability to provide goods and services, or the value of future economic benefits associated with the asset is less than its book value. The impairment loss is measured based on the extent to which the carrying value exceeds the fair value, if any.

Asset retirement obligations

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

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

A liability continues to be recognized until it is settled or otherwise extinguished.

Notes to financial statements

March 31, 2023

Employee benefit plan

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan ["HOOPP"], a multi-employer pension plan, whereby contributions are expensed on an accrual basis, as Michener has insufficient information to apply defined benefit plan accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates include accounts receivable and the collectability thereof, useful lives of capital assets, accrued liabilities and asset retirement obligations.

The amount of revenue recognized from the Ontario Ministry of Health [the "Ministry"] requires a number of estimates based on the application of the funding agreement. Michener has a multi-year funding agreement with the Ministry whereby the Ministry will fund certain post-secondary programs relating to applied health sciences, subject to various terms and conditions agreed to by the parties. Michener and the Ministry entered into a three-year Transfer Payment Agreement effective April 1, 2018, for a three-year period ending on March 31, 2021 and in August 2021 this was extended through to March 31, 2024. Michener's educational programs are funded by grants from the Ministry in accordance with Michener's requirements based on an approved operating budget. The funding specifically excludes amortization, but includes expenditures on capital assets, if pre-approved. The operating grants shown in the statement of operations represent total funding for the period. The Ministry requires any deficit incurred on funded operations to be absorbed by Michener, while any excess of revenue over expenses on funded operations is to be refunded to the Ministry.

Financial instruments

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

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 – valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

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

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

All investment transactions are recorded on a trade date basis.

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

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

Adoption of new accounting standard

Effective April 1, 2022, Michener adopted the new accounting standard *PS 3280, Asset Retirement Obligations*, issued by the Canadian Public Sector Accounting Board. This standard provides guidance over the reporting of legal obligations associated with the retirement of capital assets that are either currently in productive use or no longer in productive use and controlled by the entity, and the costs associated with the retirement of these assets.

Michener adopted the standard using the modified retroactive approach, which uses assumptions and discount rates as of April 1, 2022. The asset retirement obligation liabilities and the related increase to capital assets are measured as of the date the legal obligations were incurred, adjusted for the accumulated accretion and amortization as of that date. The comparative figures have been restated with the cumulative effect of applying the new standard recorded to the opening balance of unrestricted net assets on April 1, 2021. As a result of the application of the new standard, the previously reported excess of revenue over expenses for the year ended March 31, 2022 was reduced by $54,568 of accretion expense and $16,045 of additional amortization expense for a total reduction of $70,613. The opening balance of unrestricted net assets as at April 1, 2021 was decreased by $1,251,079. The balance sheet as at March 31, 2022 reflected an increase in the previously reported capital assets of $802,242 and the creation of an asset retirement obligation of $1,401,916.

Notes to financial statements

March 31, 2023

3. Investments

Details of the investments are as follows:

	2023 $	2022 $
Short-term investments		
Cash and cash equivalents	**366,573**	489,389
Short-term securities	**189,228**	99,564
	555,801	588,953
Long-term investments		
Guaranteed investment certificates	**767,178**	767,178
Corporate bonds	**3,002,262**	3,282,723
Government bonds	**3,556,838**	3,130,859
Equities	**3,429,021**	3,529,862
	10,755,299	10,710,622
	11,311,100	11,299,575

Investments in government and corporate bonds are reported at fair value and represent Level 2 investments in the fair value hierarchy. Investments in equities are reported at fair value and represent Level 1 investments in the fair value hierarchy.

During the years ended March 31, 2023 and 2022, there were no transfers between the fair value hierarchy levels.

4. Capital assets

Capital assets consist of the following:

	2023		
	Cost $	Accumulated amortization $	Net book value $
Land	**1,158,262**	**—**	**1,158,262**
Building *[note 8]*	**32,143,461**	**27,229,726**	**4,913,735**
Furniture and fixtures	**3,845,478**	**3,775,317**	**70,161**
Teaching equipment	**20,051,981**	**16,814,261**	**3,237,720**
Construction in progress	**12,870,864**	**—**	**12,870,864**
	70,070,046	**47,819,304**	**22,250,742**

	2022		
	Cost $	Accumulated amortization $	Net book value $
		[restated – note 2]	
Land	1,158,262	—	1,158,262
Building *[note 8]*	32,665,400	26,448,334	6,217,066
Furniture and fixtures	3,692,631	3,640,978	51,653
Teaching equipment	19,652,342	16,346,771	3,305,571
Construction in progress	8,489,738	—	8,489,738
	65,658,373	46,436,083	19,222,290

During the year, fully amortized assets of $97,311 [2022 – $160,180] and assets with a cost of $521,939 [2022 – nil] and accumulated amortization of $462,942 [2022 – nil], were written off as they are no longer in use.

5. Credit facility

Michener has an operating line of credit to a maximum of $3,500,000. Any advances on this line of credit incur interest at the bank's prime lending rate less 0.25% per annum. As at March 31, 2023, advances against the line of credit are nil [2022 – nil]. The operating line is collateralized by a general security agreement representing a first charge on Michener's personal property.

6. Deferred contributions

Deferred contributions consist of the following:

	2023 $	2022 $
Deferred contributions, beginning of year	**36,251**	29,251
Contributions received during the year	**269,459**	404,028
Amount available for spending related to externally endowed funds *[note 9]*	**65,456**	192,249
Amount available for spending relating to internally endowed funds *[note 9]*	**1,379**	4,058
Amount recognized as revenue during the year	**(242,599)**	(452,479)
Investment income transferred to externally endowed funds *[note 9]*	**(1,656)**	(131,650)
Investment income transferred to internally endowed funds *[note 9]*	**(99)**	(2,779)
Amounts transferred to accounts payable and accrued liabilities	**(89,500)**	(6,427)
Deferred contributions, end of year	**38,691**	36,251

Notes to financial statements

March 31, 2023

7. Deferred capital contributions

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

	2023 $	2022 $
Deferred capital contributions, beginning of year	**14,740,353**	13,990,735
Contributions for capital purposes	**4,739,782**	2,199,073
Amortization of deferred capital contributions	**(1,409,963)**	(1,449,455)
Deferred capital contributions, end of year	**18,070,172**	14,740,353

8. Asset retirement obligation

The asset retirement obligation relates to Michener's building, and is based on internal expert assessments and/or third-party engineering reports that estimate the costs of remediating asbestos in the walls of the building. The building has no set retirement date; however, the remaining useful life is six years and the asset retirement obligation is amortized over a 10-year period, on a straight-line basis.

The estimated total undiscounted expenditures are $1,533,816 and they are expected to be incurred and settled over the next 10 years. The liability is calculated using a discount rate of 4.05%. No amounts were paid during the years ended March 31, 2023 or 2022 towards the liability. Michener does not anticipate that it will be able to recover any asset retirement costs from a third party. In addition, it has no legal requirement to fund this obligation and, as such, has not set aside any assets designated for payment of this liability.

The changes in the asset retirement obligation are as follows:

	2023 $	2022 $ *[restated – note 2]*
Asset retirement obligation, beginning of year	**1,401,916**	1,347,348
Accretion expense	**56,778**	54,568
Asset retirement obligation, end of year	**1,458,694**	1,401,916

Notes to financial statements

March 31, 2023

9. Net assets

Internally restricted net assets represent amounts set aside by the Board of Governors for The Education Development Fund, which is used to meet the educational objectives of Michener.

The endowed net assets represent funds whereby the donor or the Board has stipulated that the principal be maintained in perpetuity. Endowed funds totalling $3,849,907 [2022 – $3,932,919] are subject to externally imposed restrictions for income to be used for scholarships and bursaries.

	2023 $	2022 $
Internally endowed	**964,294**	1,064,194
Externally endowed	**2,885,613**	2,868,725
	3,849,907	3,932,919

For externally endowed funds and internally endowed funds with external restrictions on spending, Michener transfers all investment income to deferred contributions and recognizes amounts to income, as investment income, equal to the amount of scholarships and bursaries made in the year. The excess of investment income earned over the disbursements made is reinvested in the endowed funds as preservation of capital.

10. Related party transactions

[a] The business relationship between UHN and Michener is governed by service agreements pursuant to which UHN provides certain management services on a cost-recovery basis.

For the year ended March 31, 2023, services totalling $767,125 [2022 – $2,726,058] were provided by UHN for senior management and other services and are recorded in compensation expense in the statement of operations. As at March 31, 2023, Michener has $2,304,597 [2022 – $884,868] recorded in accounts payable and accrued liabilities relating to amounts owing to UHN. As at March 31, 2023, Michener has $414,658 [2022 – nil] recorded in accounts receivable relating to amounts owing from UHN.

[b] UHN and Michener entered into a management agreement for The Institute for Education Research at UHN [“TIER”] in which Michener will provide the management services on a cost-recovery basis.

For the year ended March 31, 2023, services totalling $424,882 [2022 – $177,249] were provided by Michener for the management of TIER and are recorded in compensation expense in the statement of operations. As at March 31, 2023, Michener has nil [2022 – $177,249] recorded in accounts receivable relating to amounts owing from UHN.

In addition, during the year ended March 31, 2023, Michener provided UHN with a grant for TIER of nil [2022 – $300,000] for the advancement of research in health care education, which is recorded in scholarship and bursary awards expense in the statement of operations. The donation does not contain any funds received by Michener directly from the Ministry.

These transactions occur in the normal course of operations and are recorded at their exchange amounts, which is the amount agreed upon by both parties.

Notes to financial statements

March 31, 2023

11. Pension plan

Substantially all of the employees of Michener are members of HOOPP, which is a multi-employer, defined benefit, final average earnings and contributory pension plan. HOOPP is accounted for as a defined contribution plan. Michener's contributions to HOOPP during the year amounted to $1,233,200 [2022 – $1,247,999]. These amounts are included in compensation expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2021 disclosed net assets available for benefits of $114.4 billion with pension obligations of $85.9 billion, resulting in a surplus of $28.5 billion.

12. Commitments

Michener is committed to future annual rental payments under leases for office equipment, which expire in fiscal 2026, as follows:

	$
2024	114,878
2025	79,042
2026	22,828
	216,748

13. Statement of cash flows

Other information related to cash flows is as follows:

	2023	**2022**
	$	$
Changes in capital asset purchases funded by accounts payable and accrued liabilities	**143,866**	(6,091)

14. Financial instruments and risk management

Michener is exposed to various financial risks through its transactions in financial instruments. Michener's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Credit risk

Michener's principal financial assets are cash and cash equivalents, accounts receivable and investments. The carrying amounts of financial assets on the statement of financial position represent Michener's maximum credit exposure at the statement of financial position date.

Michener is exposed to credit risk in connection with its accounts receivable and investments. The accounts receivable disclosed in the statement of financial position are net of an allowance for doubtful accounts of $13,260 [2022 – $138,630], estimated by the management of Michener based on previous experience and its assessment of the current economic environment. Michener is exposed to credit risk in the event of non-payment by students for registered courses. The risk is mitigated by the fact that fees are normally paid in advance and the balance is made up of small individual balances.

With respect to credit risk arising from investment activities, Michener manages this risk through its investment policy that has established criteria for the selection of investments that include benchmarks.

Liquidity risk

Liquidity risk is the risk Michener will not be able to meet its financial obligations when they come due. Michener manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

Interest rate risk

Michener is exposed to interest rate risk with respect to its investments in fixed income investments because the fair value will fluctuate due to changes in market interest rates. Michener manages this risk through its investment policy that has established criteria for the selection of investments that include benchmarks.

In addition, Michener is exposed to interest rate risk with respect to advances on its demand credit facility because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time.

Other price risk

Michener is exposed to other price risk through changes in market prices [other than changes arising from interest rate risk or currency risk] in connection with its investments in equity securities and pooled funds. Michener manages this risk through its investment policy that has established criteria for the selection of investments that include benchmarks.

A 10% change in the market prices of these investments, with all other variables held constant, would have a $342,902 impact on accumulated remeasurement losses.

15. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2023 financial statements.