

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2023

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

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Contents	Page
Statement of Management's Responsibility for Financial Statements	2
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9-21
Schedule 1 - Beardmore Regional Health Centre	22
Schedule 2 - Fundraising	23
Schedule 3 - Assisted Living Program	24
Schedule 4 - Opioid Addiction Program	25
Schedule 5 - Meals on Wheels	26

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

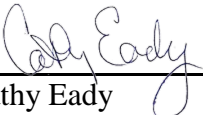
The accompanying financial statements of Nipigon District Memorial Hospital [the "Hospital"] are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The preparation of the financial statements necessarily involves management's judgment and estimates of the expected outcomes of current events and transactions with appropriate consideration to materiality.

Nipigon District Memorial Hospital maintains systems of internal accounting and financial controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, accurate, and that assets are properly accounted for and safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the financial statements and the external independent auditor's report before approving the financial statements.

The financial statements have been audited by Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards.



Cathy Eady
Chief Executive Officer



Dino Armenti, CGA, CPA
Interim Chief Financial Officer

Independent Auditor's Report

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To the Board of Directors and Members of
Nipigon District Memorial Hospital

Opinion

We have audited the financial statements of Nipigon District Memorial Hospital ("the Hospital"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and 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 Nipigon District Memorial Hospital as at March 31, 2023, and the results of its operations, its changes in its 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 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 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 these 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 a going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Grant Thornton LLP

Thunder Bay, Canada
July 11, 2023

Chartered Professional Accountants
Licensed Public Accountants

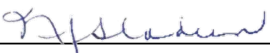
NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

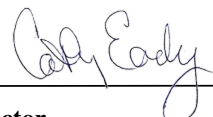
As at March 31	2023	2022
	\$	\$
ASSETS		
Current		
Cash	-	344,979
Term deposits [note 2]	100,000	100,000
Accounts receivable [note 3]	1,235,102	905,126
Inventory [note 4]	179,698	186,707
Prepaid expenses	257,974	247,349
	1,772,774	1,784,161
Restricted cash	54,048	52,385
Capital assets, net [note 5]	7,677,908	8,187,355
	9,504,730	10,023,901
LIABILITIES		
Current		
Bank indebtedness	304,602	-
Accounts payable and accrued liabilities [note 7]	1,848,894	1,274,249
Current portion of long-term debt [note 6]	88,742	86,020
	2,242,238	1,360,269
Long-term		
Long-term debt [note 6]	540,798	629,540
Deferred capital contributions [note 8]	5,482,923	5,903,514
Employee future benefits [note 9]	456,200	466,800
	6,479,921	6,999,854
NET ASSETS		
Investment in capital assets [note 10]	1,953,157	1,924,003
Internally restricted	359,912	316,471
Externally restricted	54,048	52,385
Unrestricted	(1,584,546)	(629,081)
	782,571	1,663,778
	9,504,730	10,023,901

Commitments [note 11], Contingent liabilities [note 12]

Approved on behalf of the Board of Directors:



Director



Director

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF OPERATIONS

Year ended March 31	2023	2022
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North [note 13]	8,813,202	8,466,345
Patient services	192,613	216,371
Preferred accommodation and co-payments	573,521	544,731
Other revenue [note 14]	948,882	965,897
Beardmore Regional Health Centre [schedule 1]	305,782	284,420
Fundraising [schedule 2]	53	44
Assisted Living Program [schedule 3]	216,529	203,767
Opioid Addiction Program [schedule 4]	67,186	67,186
Meals on Wheels [schedule 5]	20,400	3,120
Hospital On-Call Coverage	113,839	110,513
Municipal taxes funding	5,550	-
	11,257,557	10,862,394
EXPENSES		
Salaries and wages	6,875,632	6,220,633
Medical staff remuneration	358,905	126,560
Employee benefits	1,551,891	1,529,896
Supplies and expenses	2,135,687	1,858,514
Medical and surgical supplies	66,956	69,779
Drugs and medical gases	87,250	82,712
Provision for bad debts	2,882	3,524
Amortization of major equipment and information systems	201,543	199,145
Beardmore Regional Health Centre [schedule 1]	305,782	284,420
Fundraising [schedule 2]	17,674	17,927
Assisted Living Program [schedule 3]	216,529	203,767
Opioid Addiction Program [schedule 4]	67,186	67,186
Meals on Wheels [schedule 5]	20,400	3,120
Hospital On-Call Coverage	113,839	110,513
Municipal taxes expense	5,550	-
	12,027,706	10,777,696
Excess (shortfall) of revenue over expenses before the following	(770,149)	84,699
Amortization of land improvements, buildings and building service equipment	(579,648)	(575,783)
Amortization of deferred capital contributions	468,590	468,590
SHORTFALL OF REVENUE OVER EXPENSES	(881,207)	(22,494)

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

					2023	2022
	Investment in Capital Assets	Externally Restricted Fund	Internally Restricted Fund	Unrestricted	Total	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	1,924,003	52,385	316,471	(629,081)	1,663,778	1,686,272
Shortfall of revenue over expenses [note 10 (a)]	(185,646)			(695,561)	(881,207)	(22,494)
Net change in externally restricted funds		1,663		(1,663)	-	-
Net change in internally restricted funds			43,441	(43,441)	-	-
Net change in investment in capital assets [note 10 (b)]	214,800			(214,800)	-	-
BALANCE AT END OF YEAR	1,953,157	54,048	359,912	(1,584,546)	782,571	1,663,778

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Shortfall of revenue over expenses for year	(881,207)	(22,494)
Add charges (deduct credits) to excess of revenue over expenses not involving a current payment (receipt) of cash		
Amortization of capital assets and deferred charges	782,155	776,005
Amortization of deferred capital contributions	(564,519)	(564,519)
Gain on disposal of capital assets	(215)	(360)
Employee future benefits	(10,600)	(6,400)
Changes in non-cash operational balances [note 15]	241,053	(356,966)
Cash used in operating activities	(433,333)	(174,734)
CAPITAL ACTIVITIES		
Purchase of capital assets	(272,708)	(556,388)
Proceeds from sale of capital assets	215	360
Cash used in capital activities	(272,493)	(556,028)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	111,938	325,000
Private and other donations	31,990	44,734
Repayment of long-term debt	(86,020)	(83,381)
Net cash provided by financing activities	57,908	286,353
DECREASE IN CASH	(647,918)	(444,409)
Cash, beginning of year	397,364	841,773
CASH (BANK INDEBTEDNESS), END OF YEAR	(250,554)	397,364
Represented by		
Cash	-	344,979
Bank indebtedness	(304,602)	-
Restricted cash	54,048	52,385
	(250,554)	397,364

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

General

Nipigon District Memorial Hospital (the “Hospital”) was incorporated under the Corporations Act in January, 1956. The Hospital is principally involved in providing health care services to the Nipigon-Red Rock region of Northwestern Ontario. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of presentation

The financial statements of the Hospital have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Standards Board (“PSAB for Government NPOs”).

[b] Fund accounting

The funds of the Hospital are maintained in accordance with the principles of fund accounting whereby separate accounts are maintained for each fund, as explained below, to ensure observance of the limitations and restrictions placed on the use of particular assets.

Unrestricted fund

This fund is used to account for operational and administrative revenue and expenses.

Externally restricted fund

Restricted cash of \$54,048 [2022 - \$52,385] represents endowments where the principal contribution is restricted for various time intervals which upon expiry is to be used for capital purchases.

Internally restricted fund

Each year the Hospital sets aside 25% of rental income to be used for capital equipment and repairs for the premises which the Hospital acts as a landlord.

[c] Revenue recognition

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (“MOHLTC”), and Ontario Health North (“OHN”). Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of an accounting period, are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the MOHLTC and OHN with respect to the year ended March 31, 2023.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

Revenue from patient services is recognized when the services are provided.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of for the related capital assets.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital. As these assets become unrestricted they may be used for such purposes that the Board approves including current operations and capital purchases. Unrestricted investment income is recognized as revenue when earned.

[d] 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, as such, is not reflected in these financial statements.

[e] Financial instruments

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

i) Fair Value

Financial instruments are initially recognized at cost subsequently carried at fair value. 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. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met. Transaction costs related to financial instruments in the fair value category are expensed as incurred. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses is removed from net assets and recognized in the statement of operations.

ii) Amortized cost

This category includes cash, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, and short-term borrowing. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on the financial assets. Transaction costs related to the financial instruments in amortized cost category are added to the carrying value of the instrument. Writedowns on financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

[f] Inventory

Inventory of general, medical and surgical supplies is valued at the lower of average cost and replacement value, whereas drugs and medical gases are carried at cost on a first-in, first-out basis.

[g] Capital assets and amortization

Purchased capital assets are valued at cost and contributed assets are valued at their fair market value at the time of contribution. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

The amortization of the capital assets is recorded annually with a corresponding reduction in investment in capital assets. All assets are amortized over their expected useful lives using the straight-line basis, at the following annual rates:

Buildings	20 to 40 years
Building service equipment	10 to 20 years
Computer software	3 years
Major equipment	5 to 20 years
Land improvements	10 to 20 years

[h] Employee future benefits

The Hospital provides extended health care, dental and life insurance benefits to substantially all employees and accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service from management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

The cost of post-employment benefits future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

The Hospital is an employer member of the Health Care of Ontario Pension, which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

[i] Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the benefit plans of the Hospital.

[j] Management estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of allowance for doubtful accounts and actuarial estimation of post-employment benefits, estimated useful lives of capital assets and compensated absences.

[k] Related party transactions

Financial assets or liabilities obtained in related party transactions are measured at exchange, which is in accordance with the accounting policy for related party transactions.

[l] Adoption of new guidance - Asset Retirement Obligation

The Public Sector Accounting Board issued Section PS 3280 Asset Retirement Obligations. This new section addresses how to account for and report a liability for asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.

The Hospital adopted this standard as at April 1, 2022 and applied the new accounting policy prospectively. As a result of applying the amendments, there were no impacts to the Hospital's financial statements.

2. TERM DEPOSITS

The term deposits consists of guaranteed investment certificates in the amount \$100,000 [2022 - \$100,000]. The term deposit carries interest rates of 4.25% and matures in March 2024.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2023	2022
	\$	\$
Ontario Ministry of Health and Long-Term Care / Ontario Health North	1,018,789	589,239
Other non-patient accounts receivable	106,768	149,598
Patient accounts receivable	97,548	152,980
Provincial Insurance Plan	20,595	18,221
	1,243,700	910,038
Less allowance for doubtful accounts	8,598	4,912
	1,235,102	905,126

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

4. INVENTORY

	2023	2022
	\$	\$
Pharmacy inventory	30,263	29,745
Supplies inventory	149,435	156,962
	179,698	186,707

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net
	\$	\$	\$
Land	171,092	-	171,092
Land improvements	1,263,570	959,209	304,361
Buildings and building service equipment	17,500,566	11,362,243	6,138,323
Major equipment and computer systems	6,486,452	5,422,320	1,064,132
	25,421,680	17,743,772	7,677,908

	Cost	Accumulated Amortization	2022 Net
	\$	\$	\$
Land	171,092	-	171,092
Land improvements	1,263,570	921,189	342,381
Buildings and building service equipment	17,375,618	10,820,614	6,555,004
Major equipment and computer systems	6,338,692	5,219,814	1,118,878
	25,148,972	16,961,617	8,187,355

6. LONG-TERM DEBT

The Hospital has a single loan outstanding with RBC equal to \$629,540 at March 31, 2023 [2022 - \$715,560], of which \$88,742 represents the current portion and \$540,798 represents the long-term portion. This loan was used to finance an energy retrofit project relating to Hospital facilities. The unsecured loan is repayable to RBC in monthly installments of \$8,927, including interest of at 3.12%, maturing in December 2029. The five year repayment schedule is as follows:

Year	Principal
2024	88,742
2025	91,551
2026	94,449
2027	97,438
2028	100,522
Thereafter	156,838
	629,540

The Hospital has available an operating loan of \$300,000 of which \$nil [2022- nil] was borrowed at year-end. Interest on line of credit is calculated at Royal Bank Prime [6.7% at year end].

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2023	2022
	\$	\$
Accounts payable and accrued liabilities	467,012	454,717
Accrued salaries and wages	1,104,692	458,520
Ontario Ministry of Health and Long-Term Care / Ontario Health North	240,932	361,102
Government remittances payable	36,260	(90)
	1,848,896	1,274,249

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent current and prior fiscal years' funding expended for the purchase of capital assets.

	2023	2022
	\$	\$
Balance, beginning of year	5,903,514	6,098,299
Receipts	143,928	369,734
Amortization	(564,519)	(564,519)
	5,482,923	5,903,514
Represented by		
Unamortized portion	5,095,211	5,547,792
Unexpended portion	387,712	355,722
	5,482,923	5,903,514

9. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health care, dental and life insurance benefits to substantially all full-time employees. Under the terms of employee contracts, some employee groups, who elect to retire early, are entitled to continue to receive health and dental benefits from the date of early retirement until they reach the age 65. The Hospital is required to fund either 50% or 75% of the costs of these post employment benefits on behalf of the retired employee groups.

At March 31, 2023, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$456,200 [2022 - \$466,800]. The most recent actuarial estimate was provided as at March 31, 2022 with a estimate projection for March 31, 2023. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.89%
Dental benefits cost escalation	4.00%
Medical benefits cost escalation – extended health care	5.75%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

9. EMPLOYEE FUTURE BENEFITS (CONTINUED)

Included in employee benefits on the statement of operations is an amount of (\$10,600) [2022 – (\$6,400)] regarding employee future benefits. This amount is comprised of:

	2023	2022
	\$	\$
Additional benefit expense	38,200	41,000
Estimated payments made by the Hospital during the year	(48,800)	(47,400)
	(10,600)	(6,400)

10. INVESTMENT IN CAPITAL ASSETS

(a) Investment in capital assets is calculated as follows:

	2023	2022
	\$	\$
Capital assets at net book value	7,677,908	8,187,355
Amounts financed by deferred capital contributions	(5,095,211)	(5,547,792)
Long-term debt	(629,540)	(715,560)
	1,953,157	1,924,003

(b) Change in net assets invested in capital assets is calculated as follows:

	2023	2022
	\$	\$
Shortfall of revenue over expenses		
Amortization of deferred capital contributions	564,519	564,519
Amortization of capital assets	(782,155)	(776,005)
Donation funding designated for capital	31,990	44,734
	(185,646)	(166,752)
Net change in capital assets		
Purchase of capital assets	272,708	556,388
Deferred capital contributions applied	(143,928)	(369,734)
Repayment of long-term debt	86,020	83,381
	214,800	270,035
Change in investment in capital assets	29,154	103,283

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

11. COMMITMENTS

Under the terms of equipment leases, the Hospital is committed to the following lease payments:

2024	\$	47,962
2025	\$	29,963
2026	\$	29,963
2027	\$	24,423
2028	\$	1,211

The lease expiry dates are between January 2026 - October 2027

12. CONTINGENT LIABILITIES

Insurance

A group of hospitals, including Nipigon District Memorial Hospital, have formed the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public 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 were members, and these losses could be material. No reassessments have been made to March 31, 2023.

Employee fringe benefits

The Hospital, together with five other regional hospitals, has entered into a self insured employee benefit plan for semi-private, dental and extended health care benefits. Under the terms of the plan, the Hospital will pay for certain employee benefit claims not exceeding \$10,000 per employee per year. Any excess claims would be insured.

13. MINISTRY OF HEALTH AND LONG-TERM CARE AND ONTARIO HEALTH NORTH

Under the Health Insurance Act, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC) and Ontario Health North (OHN).

During the year, the Hospital was approved for \$111,938 (2022 - \$325,000) one-time funding by the MOHLTC for the Health Infrastructure Renewal Fund (HIRF). Due to the pandemic, capital projects approved under this funding were delayed resulting in underspent funds estimated at \$5,488. MOHLTC approved a one-time carryforward of unspent funding of up to \$40,000 to the following fiscal year with capital projects to be completed no later than March 31, 2024.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

14. OTHER REVENUE

	2023	2022
	\$	\$
Amortization of deferred capital contributions for major equipment	95,929	95,929
Donations - other	8,060	2,420
Gain on disposal of capital assets	215	360
Interest	12,504	2,162
Recoveries:		
Administrative and support services	460,320	541,725
Diagnostic and therapeutic services	28,515	22,897
Food services	41,773	42,333
Meals	47,646	53,694
Patient service	285	414
Residences	8,760	12,720
Television	4,032	3,914
Union secondment	67,079	39,837
Rentals	173,764	147,492
	948,882	965,897

15. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2023	2022
	\$	\$
Accounts receivable	(329,976)	31,772
Inventory	7,009	(32,374)
Prepaid expenses	(10,625)	11,299
Accounts payable and accrued liabilities	574,645	(367,663)
	241,053	(356,966)

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

16. PENSION PLAN

Most of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management’s best estimates, in consultation with its actuaries, of the amount require to provide a high level of assurance that benefits will be fully represented by fund assets at retirements, as provided by the Plan. On January 1, 2023 the contribution rates were 6.9% [2022 – 6.9%] up to the year’s maximum pensionable earnings (YMPE) and 9.2% [2022 – 9.2%] above the YMPE. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees’ contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2022 indicates the Plan is 117% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$451,327 [2022 - \$430,447] and are included in the statement of operations.

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Hospital’s main financial instrument risk exposure is detailed as follows:

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. Hospital is exposed to this risk relating to its cash, investments, and accounts receivable.

Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population. An allowance for doubtful patient accounts is set up based on historical experience regarding collections.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Investments consist of guaranteed investment certificates (“GICs”).

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flow of financial instruments because of changes in market interest rates. Currently, there is minimal interest rate risk for investments as the majority of them are held at fixed rates. There is minor interest rate risk on short term borrowings as the interest rate contains a floating component.

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

Liquidity risk

Liquidity risk is the risk that 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 through extensive budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise.

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

18. CAPITAL MANAGEMENT

In managing capital, the Hospital considers its capital to be its net assets, consisting of investment in property and equipment, unrestricted, and capital expenditure reserve funds. The amounts invested in property and equipment ensure that the physical facility is able to provide services. The Hospital's objectives when managing its property and equipment are to safeguard its ability to continue as a going concern so it can continue to provide services and to allow for future expansion. Annual budgets are developed and monitored to ensure the Hospital's capital is maintained to meet these objectives.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

19. CONTROLLED NON-CONSOLIDATED NON-PROFIT ORGANIZATION

The Hospital has economic interest in Nipigon District Family Health Team. The Family Health Team's provides health promotion and community programming to the residents of Nipigon and the surrounding area. During the year, the Hospital charged \$43,452 [2022 - \$43,452] of rent to the Family Health Team for occupation of space in the Hospital building.

	<u>2023</u>	<u>2022</u>
<u>Statement of Financial Position</u>		
Total Assets	350,038	673,462
Total Liabilities	496,708	661,399
Net Assets	(146,670)	12,063
 <u>Statement of Operations</u>		
Total Revenue	1,102,785	1,024,495
Total Expenses	1,261,518	1,021,564
 <u>Statement of Cash Flows</u>		
Cash provided by (used in) operating activities	247,233	(294,541)
Cash used in investing activities	(3,801)	(7,431)
Cash provided by (used in) financing activities	(84,039)	290,558

There are no restrictions on the resources of the Nipigon District Family Health Team or significant differences in accounting policies from those followed by the Hospital.

20. MINISTRY OF HEALTH PANDEMIC FUNDING

In connection with the coronavirus pandemic ("COVID-19"), the MOH announced several funding programs intended to assist hospital service providers with incremental operating and revenue decreases resulting from COVID-19. The following are details on each funding program:

(a) The Hospital recognized revenue of \$797,901 [2022 - \$427,800] in relation to incremental COVID-19 operating expense, personal support worker and COVID-19 Temporary Summer Locum Program Expansion funding in the hospital sector, where \$534,106 [2022 - \$178,000] was outstanding at year-end. This program's eligibility criteria stipulate that funding is permitted to hospitals approved under the Public Hospitals Act that have incurred incremental expenses due to COVID-19. Management's estimates focused on incremental costs specifically arising as a result of COVID-19.

(b) The Hospital recognized \$91,028 [2022- \$77,026] in relation to the Temporary Retention Incentive for Nurses paid to eligible employees. The related costs are included in the Statement of Operations.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

MINISTRY OF HEALTH PANDEMIC FUNDING (CONTINUED)

Management's estimates applied when recognizing the COVID-19 funding is based on the most recent guidance provided by the MOH. While the MOH has provided guidance to the Hospital with respect to the maximum COVID-19 funding amounts potentially available, as well as eligibility criteria affecting revenue recognition, this guidance continues to evolve and is subject to revision and clarification subsequent to the time of approval of these financial statements.

As such Management's estimates involved in recognizing these corresponding revenues, receivables and expenses could materially change upon settlement, as they are potentially subject to change pending any revisions to the original criteria set in the MOH's funding letters. If the MOH revises their eligibility criteria, it may change Management's current estimates; these changes, however, will be accounted for in the period they are assessed.

21. IMPACTS OF BILL 124

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.

22. COMPARATIVE FIGURES

Certain of the comparison figures have been reclassified to conform to the presentation adopted in the current year.

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 1****BEARDMORE REGIONAL HEALTH CENTRE**

Year ended March 31

	2023	2022
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	313,394	313,394
Repayable to Ministries and other agencies	(8,093)	(31,974)
Other revenue and recoveries	481	235
	305,782	284,420
EXPENSES		
Salaries and employee benefits	229,048	211,914
Supplies and expenses	58,419	57,478
Medical supplies and drugs	18,209	14,809
Amortization of major equipment and information systems	106	219
	305,782	284,420
REVENUE OVER EXPENSES	-	-

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 2****FUNDRAISING**

Year ended March 31	2023	2022
	\$	\$
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REVENUE		
Donations	31,990	44,734
Transferred to deferred capital contributions	(31,990)	(44,734)
Other revenue and recoveries	53	44
	53	44
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EXPENSES		
Salaries and employee benefits	16,816	17,069
Amortization of major equipment and information systems	858	858
	17,674	17,927
SHORTFALL OF REVENUE OVER EXPENSES	(17,621)	(17,883)

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 3****ASSISTED LIVING PROGRAM**

Year ended March 31	2023	2022
	\$	\$
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REVENUE		
Ontario Health North	208,876	177,215
Patient services	16,219	26,552
Repayable to Ministries and other agencies	(8,566)	-
	216,529	203,767
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EXPENSES		
Salaries and employee benefits	161,659	187,744
Supplies and expenses	54,870	16,023
	216,529	203,767
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REVENUE OVER EXPENSES	-	-
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NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 4****OPIOID ADDICTION PROGRAM**

Year ended March 31	2023	2022
	\$	\$
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REVENUE		
Ontario Health North	67,186	67,186
	67,186	67,186
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EXPENSES		
Salaries and employee benefits	67,186	67,186
	67,186	67,186
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REVENUE OVER EXPENSES	-	-
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NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 5****MEALS ON WHEELS**

Year ended March 31	2023	2022
	\$	\$
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REVENUE		
Ontario Health North	20,400	3,333
Repayable to Ministries and other agencies	-	(213)
	20,400	3,120
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EXPENSES		
Salaries and employee benefits	12,827	2,620
Supplies and expenses	7,573	500
	20,400	3,120
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REVENUE OVER EXPENSES	-	-
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