

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2021

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2021

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

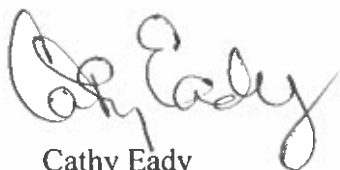
The accompanying financial statements of Nipigon District Memorial Hospital [the "Hospital"] are the responsibility of management and have been approved by the Board of Directors.

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



Lauren Haskell
Chief Financial Officer

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2021	2020
	\$	\$
ASSETS		
Current		
Cash	789,994	944,633
Term deposits [note 2]	100,000	100,000
Accounts receivable [note 3]	936,898	534,249
Inventory [note 4]	154,333	106,258
Prepaid expenses	258,648	207,364
	2,239,873	1,892,504
Restricted cash	51,779	51,040
Capital assets, net [note 5]	8,406,972	8,767,707
	10,698,624	10,711,251
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 7]	1,641,912	1,270,330
Current portion of long-term debt [note 6]	83,381	80,823
	1,725,293	1,351,153
Long-term		
Long-term debt [note 6]	715,560	798,941
Deferred capital contributions [note 8]	6,098,299	6,369,535
Employee future benefits [note 9]	473,200	467,300
	7,287,059	7,635,776
NET ASSETS		
Investment in capital assets [note 10]	1,820,720	1,810,616
Internally restricted	279,598	241,518
Externally restricted	51,779	51,040
Unrestricted	(465,825)	(378,852)
	1,686,272	1,724,322
	10,698,624	10,711,251

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	2021	2020
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North [note 13]	8,156,243	7,360,940
Patient services	181,149	183,731
Preferred accommodation and co-payments	484,340	585,635
Other revenue [note 14]	711,067	743,812
Beardmore Regional Health Centre [schedule 1]	271,020	274,650
Fundraising [schedule 2]	39	37
Assisted Living Program [schedule 3]	231,318	165,287
Opioid Addiction Program [schedule 4]	67,186	23,224
Hospital On-Call Coverage	110,513	106,730
Municipal taxes funding	2,775	2,775
	<u>10,215,650</u>	<u>9,446,821</u>
EXPENSES		
Salaries and wages	5,808,846	5,161,587
Medical staff remuneration	62,057	68,221
Employee benefits	1,393,813	1,293,985
Supplies and expenses	1,806,170	1,631,154
Medical and surgical supplies	94,784	100,922
Drugs and medical gases	82,591	103,166
Provision for bad debts	3,656	10,725
Amortization of major equipment and information systems	178,783	221,937
Beardmore Regional Health Care [schedule 1]	271,020	274,650
Fundraising [schedule 2]	18,019	17,889
Assisted Living Program [schedule 3]	231,318	165,287
Opioid Addiction Program [schedule 4]	67,186	23,224
Hospital On-Call Coverage	110,513	106,730
Municipal taxes expense	2,775	2,775
	<u>10,131,531</u>	<u>9,182,252</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	84,119	264,569
Amortization of land improvements, buildings and building service equipment	(572,564)	(574,173)
Amortization of deferred capital contributions	450,395	444,643
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(38,050)	135,039

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

	2021		2020		
	Investment in Capital Assets \$	Externally Restricted Fund \$	Internally Restricted Fund \$	Unrestricted \$	Total \$
Balance at beginning of year	1,810,616	51,040	241,518	(378,852)	1,724,322
Excess (shortfall) of revenue over expenses [note 10(a)]	(188,123)			150,073	(38,050)
Net change in externally restricted funds		739		(739)	-
Net change in internally restricted funds			38,080	(38,080)	-
Net change in investment in capital assets [note 10 (b)]	198,227			(198,227)	-
BALANCE AT END OF YEAR	1,820,720	51,779	279,598	(465,825)	1,686,272
					1,724,322

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses for year	(38,050)	135,039
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	752,424	797,704
Amortization of deferred capital contributions	(545,521)	(544,241)
Gain on disposal of capital assets	(1,015)	(788)
Employee future benefits	5,900	16,500
Changes in non-cash operational balances [note 15]	(130,426)	(237,180)
Cash provided by (used in) operating activities	43,312	167,034
CAPITAL ACTIVITIES		
Purchase of capital assets	(391,689)	(358,004)
Proceeds from sale of capital assets	1,015	788
Cash used in capital activities	(390,674)	(357,216)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	245,505	190,601
Private and other donations	28,780	20,392
Repayment of long-term debt	(80,823)	(82,130)
Net cash provided by financing activities	193,462	128,863
DECREASE IN CASH	(153,900)	(61,319)
Cash, beginning of year	995,673	1,056,992
CASH, END OF YEAR	841,773	995,673
Represented by		
Cash	789,994	944,633
Restricted cash	51,779	51,040
	841,773	995,673

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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

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").

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 \$51,779 [2020 - \$51,040] 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.

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, 2021.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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.

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.

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.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

ii) Amortized cost

This category includes cash, accounts receivable, investments, 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.

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.

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

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.

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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.

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.

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.

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.

2. TERM DEPOSITS

The term deposits consists of guaranteed investment certificates in the amount \$100,000 [2020 - \$100,000]. The term deposit carries interest rates of 0.15% and matures in March 2022.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2021	2020
	\$	\$
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	760,236	351,250
Other non-patient accounts receivable	111,138	81,014
Patient accounts receivable	53,609	85,792
Provincial Insurance Plan	16,744	21,171
	941,727	539,227
Less allowance for doubtful accounts	4,829	4,978
	936,898	534,249

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

4. INVENTORY

	2021	2020
	\$	\$
Pharmacy inventory	35,588	32,580
Supplies inventory	118,745	73,678
	154,333	106,258

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net
	\$	\$	\$
Land	171,092	-	171,092
Land improvements	1,263,570	882,204	381,366
Buildings and building service equipment	16,986,763	10,283,815	6,702,948
Major equipment and computer systems	6,171,159	5,019,593	1,151,566
	24,592,584	16,185,612	8,406,972

	Cost	Accumulated Amortization	2020 Net
	\$	\$	\$
Land	171,092	-	171,092
Land improvements	1,263,570	843,221	420,349
Buildings and building service equipment	16,868,586	9,750,235	7,118,351
Major equipment and computer systems	5,897,648	4,839,733	1,057,915
	24,200,896	15,433,189	8,767,707

6. LONG-TERM DEBT

The Hospital has a single loan outstanding with RBC equal to \$798,941 at March 31, 2021 [2020-\$879,764], of which \$83,381 represents the current portion and \$715,560 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
2022	83,381
2023	86,020
2024	88,742
2025	91,551
2026	94,449
Thereafter	354,798
	798,941

The Hospital has available an operating loan of \$300,000 of which \$nil [2020- nil] was borrowed at year-end. Interest on line of credit is calculated at Royal Bank Prime [2.45% at year end].

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2021	2020
	\$	\$
Accounts payable and accrued liabilities	542,792	367,079
Accrued salaries and wages	708,946	593,239
Ontario Ministry of Health and Long-Term Care / Ontario Health North	372,305	296,452
Government remittances payable	17,869	13,560
	1,641,912	1,270,330

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2021	2020
	\$	\$
Balance, beginning of year	6,369,535	6,702,782
Receipts	274,285	210,933
Amortization	(545,521)	(544,240)
	6,098,299	6,369,535
Represented by		
Unamortized portion	5,787,310	6,077,327
Unexpended portion	310,989	292,208
	6,098,299	6,369,535

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, 2021, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$473,200 [2020 - \$467,300]. The most recent actuarial estimate was provided as at March 31, 2021. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.37%
Dental benefits cost escalation	4.00%
Medical benefits cost escalation – extended health care	5.75%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

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Included in employee benefits on the statement of operations is an amount of \$5,900 [2020 – \$16,500] regarding employee future benefits. This amount is comprised of:

	2021	2020
	\$	\$
Additional benefit expense	51,600	51,500
Estimated payments made by the Hospital during the year	(45,700)	(35,000)
	5,900	16,500

10. INVESTMENT IN CAPITAL ASSETS

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

	2021	2020
	\$	\$
Capital assets at net book value	8,406,972	8,767,707
Amounts financed by deferred capital contributions	(5,787,310)	(6,077,327)
Long-term debt	(798,941)	(879,764)
	1,820,721	1,810,616

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

	2021	2020
	\$	\$
Shortfall of revenue over expenses		
Amortization of deferred capital contributions	545,521	544,240
Amortization of capital assets	(752,424)	(797,704)
Correction to net assets	18,780	20,393
	(188,123)	(233,071)
Net change in capital assets		
Purchase of capital assets	391,689	358,004
Deferred capital contributions applied	(274,285)	(210,993)
Repayment of long-term debt	80,823	82,130
	198,227	229,141
Change in investment in capital assets	10,104	(3,930)

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

11. COMMITMENTS

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

2022	\$	7,553
2023	\$	1,888

The lease expiry dates are June 2023.

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, 2021.

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).

In the prior fiscal year, NDMH was approved for \$150,000 one-time funding by the MOHLTC for the Health Infrastructure Renewal Fund (HIRF). Due to the COVID-19 pandemic, capital projects approved under this funding were delayed resulting in under spent funds of \$4,554. MOHLTC approved a one-time carryforward of unspent funding to the following fiscal year with capital projects to be completed no later than March 31, 2021.

NDMH was not approved for any one-time funding by the MOHLTC for HIRF in 2020-2021

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

14. OTHER REVENUE

	2021	2020
	\$	\$
Amortization of deferred capital contributions for major equipment	95,173	99,033
Donations - other	1,844	2,426
Gain (Loss) on disposal of capital assets	1,015	788
Interest	6,893	22,821
Recoveries:		
Administrative and support services	307,774	309,150
Diagnostic and therapeutic services	17,971	19,919
Food services	38,294	39,225
Meals	46,841	44,367
Patient service	485	1,040
Residences	17,400	6,480
Telephone	(11)	48
Television	3,815	5,119
Union secondment	21,252	32,741
Rentals	152,321	160,655
	<u>711,067</u>	<u>743,812</u>

15. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2021	2020
	\$	\$
Accounts receivable	(402,649)	(255,451)
Inventory	(48,075)	(4,112)
Prepaid expenses	(51,284)	(5,565)
Accounts payable and accrued liabilities	371,582	27,948
	<u>(130,426)</u>	<u>(237,180)</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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, 2021 the contribution rates were 6.9% [2020 – 6.9%] up to the year’s maximum pensionable earnings (YMPE) and 9.2% [2020 – 9.2%] above the YMPE. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees’ contributions.

Variations 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, 2020 indicates the Plan is 119% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$426,873 [2020 - \$407,215] 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.

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

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

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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.

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

Interest rate risk

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, 2021

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 [2020 - \$44,873] of rent to the Family Health Team for occupation of space in the Hospital building.

Statement of Financial Position

Total Assets	\$	199,530
Total Liabilities		216,148
Net Assets		(16,618)

Statement of Operations

Total Revenues	\$	1,041,159
Total Expenses		1,069,860

Statement of Cashflows

Cashflows from Operating	\$	(34,946)
Cashflows from Financing		nil
Cashflows from Investing		2,372

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. IMPACTS OF COVID-19

In response to COVID-19 and consistent with guidance provided by the Ministry of Health and other government agencies, the Hospital has implemented a number of measures to protect patients and employees from COVID-19.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2022 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

21. MINISTRY OF HEALTH PANDEMIC FUNDING

In connection with the ongoing coronavirus pandemic ("COVID-19"), the MOH has 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 \$514,135 in relation to incremental COVID-19 operating expense funding in the hospital sector, where \$262,653 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 revenue of \$229,000 in relation to incremental COVID-19 capital expenditure funding in the hospital sector, where \$127,204 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 capital expenditures due to COVID-19. Management's estimates focused on incremental costs specifically arising as a result of COVID-19.

(c) The Hospital recognized revenue of \$139,867 in relation to Non-Ministry Lost Revenue, where \$139,867 was outstanding at year-end. This funding's eligibility criteria permits hospitals operating in Ontario to recognize revenue in relation to reduced non-ministry revenue encountered in the current fiscal year due to COVID-19. Management has reviewed current year's operations in comparison to prior year to develop estimates on non-ministry revenue that was reduced as a result of COVID-19.

(d) Assessment Centre funding was provided to rural and remote communities to ensure stable assessment and testing facilities could be coordinated to make available consistent COVID-19 testing to these smaller regions. The Hospital recognized revenue of \$197,638 toward the Assessment Centre, where \$97,736 was outstanding at year-end. The program's eligibility criteria provides hospitals operating in Ontario to recognize revenue for COVID-19 swab testing and additional expenses to operate the assessment centre.

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 effecting 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.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

23. SUBSEQUENT EVENT

The majority of the Hospital's operating funding is provided by the Province of Ontario. For the year ended March 31, 2021, this funding was received from the North West Local Health Integration Network. In the 2021 fiscal year, the province undertook a reorganization of the agencies that fund and plan the delivery of health services. This reorganization included the North West LHIN. Effective April 1, 2021, the Hospital received its funding from Ontario Health North. This provincial funding agency reorganization has no impact on the funding or operations of the Hospital as all funding agreements were transferred from the North West Local Health Integration Network to Ontario Health North.

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 1****BEARDMORE REGIONAL HEALTH CENTER****Year ended March 31**

	2021	2020
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North	296,794	287,194
Repayable to Ministries and other agencies	(26,004)	(13,538)
Amortization of deferred capital contributions for equipment	(47)	565
Other revenue and recoveries	277	429
	271,020	274,650
EXPENSES		
Salaries and employee benefits	212,825	192,176
Supplies and expenses	52,430	72,826
Medical supplies and drugs	5,546	8,912
Amortization of major equipment and information systems	219	736
	271,020	274,650
REVENUE OVER EXPENSES	-	-

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

Year ended March 31	2021	2020
	\$	\$
REVENUE		
Donations	28,780	20,392
Transferred to deferred capital contributions	(28,780)	(20,392)
Other revenue and recoveries	39	37
	39	37
EXPENSES		
Salaries and employee benefits	17,003	16,588
Supplies and expenses	158	443
Amortization of major equipment and information systems	858	858
	18,019	17,889
SHORTFALL OF REVENUE OVER EXPENSES	(17,980)	(17,852)

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

Year ended March 31	2021	2020
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North	204,360	156,000
Patient services	26,958	22,579
Repayable to Ministries and other agencies	-	(13,292)
	231,318	165,287
EXPENSES		
Salaries and employee benefits	210,376	148,179
Supplies and expenses	20,942	17,108
	231,318	165,287
REVENUE OVER EXPENSES	-	-

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 4****OPIOID ADDICTION PROGRAM**

Year ended March 31	2021	2020
	\$	\$
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REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North	67,186	27,994
Repayable to Ministries and other agencies	-	(4,770)
	<hr/> 67,186	<hr/> 23,224
<hr/>		
EXPENSES		
Salaries and employee benefits	67,186	22,432
Supplies and expenses	-	792
	<hr/> 67,186	<hr/> 23,224
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REVENUE OVER EXPENSES	-	-
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