

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2020

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2020

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

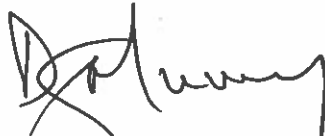
The accompanying financial statements of Nipigon District Memorial Hospital [the "Hospital"] are the responsibility of management and have been approved by the Board of Directors.

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.



David Murray
Chief Executive Officer



Lauren Haskell
Chief Financial Officer

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Nipigon District Memorial Hospital, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

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, 2020, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 scepticism 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
July 21, 2020

Chartered Professional Accountants
Licensed Public Accountants

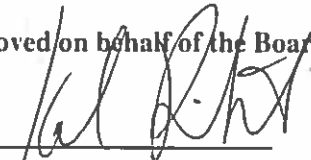
NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2020 \$	2019 \$
ASSETS		
Current		
Cash	944,633	1,008,267
Term deposits [note 2]	100,000	100,000
Accounts receivable [note 3]	534,249	278,798
Inventory [note 4]	106,258	102,146
Prepaid expenses	207,364	201,799
	1,892,504	1,691,010
Restricted cash	51,040	48,725
Capital assets, net [note 5]	8,767,707	9,207,406
	10,711,251	10,947,141
LIABILITIES		
Current		
Accounts payable and accrued liabilities [note 7]	1,270,330	1,242,382
Current portion of long-term debt [note 6]	80,823	83,203
	1,351,153	1,325,585
Long-term		
Long-term debt [note 6]	798,941	878,691
Deferred capital contributions [note 8]	6,369,535	6,702,782
Employee future benefits [note 9]	467,300	450,800
	7,635,776	8,032,273
NET ASSETS		
Investment in capital assets [note 10]	1,810,616	1,814,546
Internally restricted	241,518	201,354
Externally restricted	51,040	48,725
Unrestricted	(378,852)	(475,342)
	1,724,322	1,589,283
	10,711,251	10,947,141

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	2020	2019
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North [note 13]	7,360,940	7,055,098
Patient services	183,731	187,958
Preferred accommodation and co-payments	585,635	542,724
Other revenue [note 14]	743,812	800,558
Beardmore Regional Health Centre [schedule 1]	274,650	276,114
Fundraising [schedule 2]	37	33
Assisted Living Program [schedule 3]	165,287	116,022
Opioid Addiction Program [schedule 4]	23,224	-
Hospital On-Call Coverage	106,730	106,196
Municipal taxes funding	2,775	2,775
	9,446,821	9,087,478
EXPENSES		
Salaries and wages	5,161,587	5,127,478
Medical staff remuneration	68,221	65,160
Employee benefits	1,293,985	1,348,022
Supplies and expenses	1,631,154	1,643,068
Medical and surgical supplies	100,922	102,376
Drugs and medical gases	103,166	94,780
Provision for bad debts	10,725	6,451
Amortization of major equipment and information systems	221,937	272,134
Beardmore Regional Health Care [schedule 1]	274,650	276,114
Fundraising [schedule 2]	17,889	16,513
Assisted Living Program [schedule 3]	165,287	116,022
Opioid Addiction Program [schedule 4]	23,224	-
Hospital On-Call Coverage	106,730	106,196
Municipal taxes expense	2,775	2,775
	9,182,252	9,177,089
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING		
	264,569	(89,611)
Amortization of land improvements, buildings and building service equipment	(574,173)	(556,003)
Amortization of deferred capital contributions	444,643	427,485
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	135,039	(218,129)

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

	2020	2019
	\$	\$
Investment in Capital Assets	\$	\$
Externally Restricted Fund	\$	\$
Internally Restricted Fund	\$	\$
Total	\$	\$
Balance at beginning of year	1,814,546	1,807,412
Excess (shortfall) of revenue over expenses [note 10(a)]	48,725	1,589,283
Net change in externally restricted funds	201,354	368,110
Net change in internally restricted funds	2,315	(2,315)
Net change in investment in capital assets [note 10 (b)]	40,164	(40,164)
BALANCE AT END OF YEAR	229,141	135,039
	1,810,616	(218,129)
	51,040	1,724,322
	241,518	1,589,283
	(378,852)	1,589,283

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2020 \$	2019 \$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses for year	135,039	(218,129)
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	797,704	830,043
Amortization of deferred capital contributions	(544,241)	(559,351)
Gain on disposal of capital assets	(788)	(1,182)
Employee future benefits	16,500	14,700
Changes in non-cash operational balances [note 15]	(237,180)	(83,805)
Cash provided by (used in) operating activities	167,034	(17,724)
CAPITAL ACTIVITIES		
Purchase of capital assets	(358,004)	(298,963)
Proceeds from sale of capital assets	788	1,182
Cash used in capital activities	(357,216)	(297,781)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	190,601	216,194
Private and other donations	20,392	24,875
Paymaster distributions and other transfers	-	95
Repayment of long-term debt	(82,130)	(81,547)
Net cash provided by financing activities	128,863	159,617
DECREASE IN CASH	(61,319)	(155,888)
Cash, beginning of year	1,056,992	1,212,880
CASH, END OF YEAR	995,673	1,056,992
Represented by		
Cash	944,633	1,008,267
Restricted cash	51,040	48,725
	995,673	1,056,992

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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 \$51,040 [2019 - \$48,725] 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, 2020.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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, 2020

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.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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 [2019 - \$100,000]. The term deposit carries interest rates of 1.25% and matures in March 2021.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2020	2019
	\$	\$
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	351,250	-
Other non-patient accounts receivable	81,014	186,028
Patient accounts receivable	85,792	88,446
Provincial Insurance Plan	21,171	15,546
	539,227	290,020
Less allowance for doubtful accounts	4,978	11,222
	534,249	278,798

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

4. INVENTORY

	2020 \$	2019 \$
Pharmacy inventory	32,580	31,368
Supplies inventory	73,678	70,778
	106,258	102,146

5. CAPITAL ASSETS

	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

	Cost \$	Accumulated Amortization \$	2019 Net \$
Land	141,832	-	141,832
Land improvements	1,263,570	804,237	459,333
Buildings and building service equipment	16,664,363	9,215,047	7,449,316
Major equipment and computer systems	5,773,127	4,616,202	1,156,925
	23,842,892	14,635,486	9,207,406

6. LONG-TERM DEBT

The Hospital has a single loan outstanding with RBC equal to \$879,764 at March 31, 2020 [2019-\$961,894], of which \$80,823 represents the current portion and \$798,941 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
2021	80,823
2022	83,381
2023	86,020
2024	88,742
2025	91,551
Thereafter	449,247
	879,764

The Hospital has available an operating loan of \$300,000 of which \$nil [2019- nil] was borrowed at year-end. Interest on line of credit is calculated at Royal Bank Prime [3.25% at year end].

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2020	2019
	\$	\$
Accounts payable and accrued liabilities	367,079	468,516
Accrued salaries and wages	593,239	517,712
Ontario Ministry of Health and Long-Term Care / Ontario Health North	296,452	246,102
Government remittances payable	13,560	10,052
	<u>1,270,330</u>	<u>1,242,382</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2020	2019
	\$	\$
Balance, beginning of year	6,702,782	7,020,969
Receipts	210,993	241,164
Amortization	(544,240)	(559,351)
	<u>6,369,535</u>	<u>6,702,782</u>
Represented by		
Unamortized portion	6,077,327	6,430,966
Unexpended portion	292,208	271,816
	<u>6,369,535</u>	<u>6,702,782</u>

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, 2020, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$467,300 [2019 - \$450,800]. The most recent actuarial estimate was provided as at March 31, 2018. 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	6.50%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

Included in employee benefits on the statement of operations is an amount of \$16,500 [2019 – \$14,700] regarding employee future benefits. This amount is comprised of:

	2020	2019
	\$	\$
Additional benefit expense	51,500	50,500
Estimated payments made by the Hospital during the year	(35,000)	(35,800)
	16,500	14,700

10. INVESTMENT IN CAPITAL ASSETS

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

	2020	2019
	\$	\$
Capital assets at net book value	8,767,707	9,207,406
Amounts financed by deferred capital contributions	(6,077,327)	(6,430,966)
Long-term debt	(879,764)	(961,894)
	1,810,616	1,814,546

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

	2020	2019
	\$	\$
Shortfall of revenue over expenses		
Amortization of deferred capital contributions	544,240	559,351
Amortization of capital assets	(797,704)	(830,043)
Correction to net assets	20,393	271,816
	(233,071)	1,124
Net change in capital assets		
Purchase of capital assets	358,004	298,963
Deferred capital contributions applied	(210,993)	(241,164)
Repayment of long-term debt	82,130	81,547
	229,141	139,346
Change in investment in capital assets	(3,930)	140,470

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

11. COMMITMENTS

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

2021	\$	7,553
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, 2020.

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, 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.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

14. OTHER REVENUE

	2020	2019
	\$	\$
Amortization of deferred capital contributions for major equipment	99,033	131,074
Donations - other	2,426	2,560
Gain (Loss) on disposal of capital assets	788	1,182
Interest	22,821	20,055
Recoveries:		
Administrative and support services	309,150	382,229
Diagnostic and therapeutic services	19,919	3,588
Food services	39,225	31,499
Meals	44,367	44,979
Patient service	1,040	1,216
Residences	6,480	13,680
Telephone	48	607
Television	5,119	6,511
Union secondment	32,741	20,357
Rentals	160,655	141,021
	743,812	800,558

15. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2020	2019
	\$	\$
Accounts receivable	(255,451)	(69,931)
Inventory	(4,112)	(10,953)
Prepaid expenses	(5,565)	(62,499)
Accounts payable and accrued liabilities	27,948	59,578
	(237,180)	(83,805)

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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, 2020 the contribution rates were 6.9% [2019 – 6.9%] up to the year's maximum pensionable earnings (YMPE) and 9.2% [2019 – 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, 2019 indicates the Plan is 119% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$407,215 [2019 - \$396,532] 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

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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, 2020

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 \$44,873 [2019 - \$43,555] of rent to the Family Health Team for occupation of space in the Hospital building.

Statement of Financial Position

Total Assets	\$239,950
Total Liabilities	227,867
Net Assets	12,083

Statement of Operations

Total Revenues	\$970,933
Total Expenses	917,023

Statement of Cashflows

Cashflows from Operating	\$2,839
Cashflows from Financing	nil
Cashflows from Investing	17,349

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

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the COVID-19 pandemic, management has reviewed whether the recoverability of the Hospital's assets were negatively impacted or whether any negative impacts were encountered on the Hospital's existing liabilities, including any new liabilities that occurred as a result of the pandemic. Management's assessment provided that the Hospital was not materially affected by the COVID-19 pandemic. Therefore, no adjustments were made in response to the pandemic as of March 31, 2020.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

21. SUBSEQUENT EVENT

Although some of the events related to the COVID-19 pandemic occurred during the Hospital's fiscal period, certain other events are considered non-adjusting subsequent events.

Subsequent to the Hospital's year end, the Hospital incurred incremental operating costs which are directly attributed to COVID-19. Examples of these incremental costs include: personal protective equipment costs; compensation costs for employee costs required to self-isolate; and costs associated with enhanced staff and client COVID-19 screening.

In May 2020, the Federal Government announced that specialized COVID-19 relief funding will be provided to hospitals to help cover heightened costs resulting from the COVID-19 pandemic. It is expected that the above noted costs will be covered by the government.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

As the events described above are considered non-adjusting subsequent events, the financial position and results of operations as of and for the year ended March 31, 2020 were not adjusted to reflect their impact. It is not possible to estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Hospital for future periods.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

NIPIGON DISTRICT MEMORIAL HOSPITAL

Schedule 1

BEARDMORE REGIONAL HEALTH CENTER

Year ended March 31

	2020	2019
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	287,194	278,094
Repayable to Ministries and other agencies	(13,538)	(3,770)
Amortization of deferred capital contributions for equipment	565	792
Other revenue and recoveries	429	998
	<u>274,650</u>	<u>276,114</u>
EXPENSES		
Salaries and employee benefits	192,176	188,604
Supplies and expenses	72,826	79,468
Medical supplies and drugs	8,912	6,994
Amortization of major equipment and information systems	736	1,048
	<u>274,650</u>	<u>276,114</u>
REVENUE OVER EXPENSES	<u>-</u>	<u>-</u>

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

Year ended March 31	2020	2019
	\$	\$
REVENUE		
Donations	20,392	24,875
Transferred to deferred capital contributions	(20,392)	(24,875)
Other revenue and recoveries	37	33
	37	33
EXPENSES		
Salaries and employee benefits	16,588	15,626
Supplies and expenses	443	29
Amortization of major equipment and information systems	858	858
	17,889	16,513
SHORTFALL OF REVENUE OVER EXPENSES	(17,852)	(16,480)

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

Year ended March 31	2020	2019
	\$	\$
REVENUE		
Ontario Health North	156,000	156,260
Patient services	22,579	18,221
Repayable to Ministries and other agencies	(13,292)	(58,459)
	165,287	116,022
EXPENSES		
Salaries and employee benefits	148,179	103,597
Supplies and expenses	17,108	12,425
	165,287	116,022
REVENUE OVER EXPENSES	-	-

OPIOID ADDICTION PROGRAM

Year ended March 31	2020	2019
	\$	\$
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REVENUE		
Ontario Health North	27,994	-
Repayable to Ministries and other agencies	(4,770)	-
	<hr/>	<hr/>
	23,224	-
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EXPENSES		
Salaries and employee benefits	22,432	-
Supplies and expenses	792	-
	<hr/>	<hr/>
	23,224	-
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REVENUE OVER EXPENSES	-	-
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