

**HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**MARCH 31, 2022**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Hôpital de Smooth Rock Falls Hospital

### *Opinion*

We have audited the financial statements of Hôpital de Smooth Rock Falls Hospital (Hospital), which comprise the statement of financial position as at March 31, 2022, 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 the Hospital as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

### *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 the financial statements in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations, 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.

## INDEPENDENT AUDITOR'S REPORT, (CONT'D)

In preparing the financial statements, management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT, (CONT'D)

- 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.

Chartered Professional Accountants  
Licenced Public Accountants  
June 6, 2022

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## FINANCIAL STATEMENTS

MARCH 31, 2022

Hospital Officials	1
Statement of Operations	2
Statement of Changes In Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 22
Schedules to Financial Statements	23 - 24

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## HOSPITAL OFFICIALS

MARCH 31, 2022

---

### BOARD OF DIRECTORS

#### ELECTED OFFICIALS

Chairperson	Mrs. Diana Brunet
Vice-Chairperson	Mr. Jean-Marie Couture
Treasurer	Mrs. Angèle Rochon
Directors	Dr. Daniel Lebel (non-voting) Mrs. Martine Blanchette Mr. Clément Desrochers Mrs. Diane Bernier

### ADMINISTRATIVE PERSONNEL AND CONSULTANTS

Chief Executive Officer	Mrs. Melonie Loubert
Chief Financial Officer	Mrs. Maryse Gauvin - Hôpital Notre-Dame Hospital
Chief Nursing Officer	Mrs. Eliane Labonté-Bernier
Director Paramedical/Support Services	Vacant
Auditor	Baker Tilly HKC Chartered Professional Accountants

**HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2022**

	2022 Budget (Unaudited)	2022 Actual	2021 Actual
<b>REVENUES</b>			
Ontario Health North, schedule 1	\$ 6,718,217	\$ 7,227,604	\$ 7,334,391
Alternative funding agreement	900,000	845,665	884,161
Differential and co-payment	607,000	582,103	664,214
Recoveries and sundry income	333,414	312,296	352,716
Amortization of deferred capital contributions - equipment	147,370	153,646	173,417
Patient revenues	100,400	106,820	87,830
Gain on disposal of capital assets	-	7,000	-
	<u>8,806,401</u>	<u>9,235,134</u>	<u>9,496,729</u>
<b>EXPENSES</b>			
Salaries and wages	4,292,201	4,789,818	4,326,276
Medical staff remuneration	1,033,770	994,671	1,020,463
Employee benefits	1,241,774	1,229,040	1,366,031
Supplies and other expenses	1,831,788	1,763,000	1,743,631
Medical and surgical	87,950	99,613	104,440
Drugs and medicine	79,241	82,921	107,417
Amortization of equipment	207,081	205,730	210,138
Bad debts (recovery)	3,500	(4,528)	1,781
Amortization of buildings - net, schedule 2	27,442	39,586	28,565
	<u>8,804,747</u>	<u>9,199,851</u>	<u>8,908,742</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS, BEFORE OTHER INCOME AND PROGRAMS</b>	1,654	35,283	587,987
<b>WORKING FUNDS DEFICITS FUNDING OTHER PROGRAMS, schedule 3</b>	-	-	859,700
	<u>(945)</u>	<u>2,056</u>	<u>(945)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 709</u>	<u>\$ 37,339</u>	<u>\$ 1,446,742</u>

The accompanying notes are an integral part of these financial statements.

## HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

### STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	Invested in Capital Assets (Note 12)	Unrestricted Surplus (Net Deficiency)	Total 2022	Total 2021
NET ASSETS (NET DEBT), BEGINNING OF YEAR	\$ 504,435	\$ 8,350	\$ 512,785	\$ (933,957)
EXCESS OF REVENUES OVER EXPENSES	-	37,339	37,339	1,446,742
NET CHANGE IN INVESTED IN CAPITAL ASSETS (Note 12)	121,113	(121,113)	-	-
NET ASSETS (NET DEBT), END OF YEAR	\$ 625,548	\$ (75,424)	\$ 550,124	\$ 512,785

The accompanying notes are an integral part of these financial statements.



# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## STATEMENT OF FINANCIAL POSITION


MARCH 31, 2022

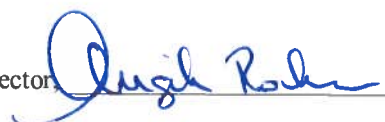
	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,737,551	\$ 879,691
Accounts receivable (Note 4)	712,790	1,334,627
Inventories	76,654	75,843
Prepaid expenses	78,780	60,998
	<u>2,605,775</u>	<u>2,351,159</u>
CAPITAL ASSETS (Note 5)	<u>5,114,082</u>	<u>4,754,859</u>
	<u>\$ 7,719,857</u>	<u>\$ 7,106,018</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 1,695,419	\$ 1,283,353
Deferred revenues (Note 8)	407,290	482,092
Current portion of obligation under capital leases	12,200	11,600
	<u>2,114,909</u>	<u>1,777,045</u>
OBLIGATION UNDER CAPITAL LEASES (Note 9)	94,595	107,282
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	4,381,739	4,131,542
POST-EMPLOYMENT BENEFITS PAYABLE (Note 11)	578,490	577,364
	<u>7,169,733</u>	<u>6,593,233</u>
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS (Note 12)	625,548	504,435
UNRESTRICTED SURPLUS (NET DEFICIENCY)	(75,424)	8,350
	<u>550,124</u>	<u>512,785</u>
	<u>\$ 7,719,857</u>	<u>\$ 7,106,018</u>

CONTINGENCIES (Note 15)

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (Note 16)

On behalf of the board

Director, 

Director, 

The accompanying notes are an integral part of these financial statements.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 37,339	\$ 1,446,742
Items not involving cash:		
Amortization of deferred capital contribution - equipment	(153,646)	(173,417)
Amortization of deferred capital contributions - buildings	(381,574)	(373,582)
Amortization of deferred capital contributions - detox	(19,145)	(18,145)
Amortization of equipment	205,730	210,138
Amortization of buildings	421,160	402,147
Amortization of leasehold improvements - detox	19,090	19,090
Amortization of major equipment - detox	6,888	5,945
Gain on disposal of capital assets	(7,000)	-
	<u>128,842</u>	<u>1,518,918</u>
Change in:		
Accounts receivable	621,837	(1,078,776)
Inventories	(811)	15,915
Prepaid expenses	(17,782)	(2,254)
Accounts payable and accrued liabilities	412,066	71,562
Deferred revenues	(74,802)	177,067
Post-employment benefits payable	1,126	48,340
	<u>1,070,476</u>	<u>750,772</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of obligation under capital leases	(12,087)	(11,607)
Capital contributions received	804,562	386,352
	<u>792,475</u>	<u>374,745</u>
<b>CAPITAL ACTIVITIES</b>		
Capital assets additions	(564,774)	(412,262)
Capital project in progress additions	(617,440)	-
Proceeds from disposal of capital assets	7,000	-
Transfer of capital project in progress	170,123	-
	<u>(1,005,091)</u>	<u>(412,262)</u>
<b>CHANGE IN CASH POSITION</b>	857,860	713,255
<b>CASH POSITION, BEGINNING OF YEAR</b>	<u>879,691</u>	<u>166,436</u>
<b>CASH POSITION, END OF YEAR</b>	<u>\$ 1,737,551</u>	<u>\$ 879,691</u>

The accompanying notes are an integral part of these financial statements.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 1. STATUS AND NATURE OF OPERATIONS

The Hospital, incorporated under the Ontario Business Corporation Act, without share capital, operates a 37 bed Hospital under the Charitable Institutions Act, at 107 Kelly Road, Smooth Rock Falls, Ontario. The Hospital is a Not-for-Profit Organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

---

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared 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 Board and includes the following significant accounting policies:

#### BASIS OF PRESENTATION

The financial statements include the assets, liabilities and activities of the Hospital. The revenues, expenses, assets and liabilities with respect to the operations of the Hospital Auxiliary and Foundation are not reflected in these financial statements except to the extent that the funds have been received from or disbursed to them.

#### REVENUE RECOGNITION

The financial statements have been prepared using the deferral method of accounting. Under the deferral method, revenues are recorded in the period to which they relate.

Under the Health Insurance Act and the regulations thereto, the Hospital is funded primarily by the Ministry of Health/Ontario Health North in accordance with the terms and conditions in the Hospital Service Accountability Agreement.

Unrestricted contributions, including operating grants, are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Grants, donations and other contributions received for the acquisition of specific capital assets are recorded as deferred capital contributions and recognized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Revenue from the provincial insurance plans, and uninsured patients, operational revenue and other services and recoveries are recognized as revenue when received or receivable if the amount to be recorded can be reasonably estimated and the collection is reasonably assured.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### INVENTORIES

Inventories of all hospital supplies are valued the lower of average cost and replacement value and include only those supplies located in central storage areas and not supplies that have been issued to departments for direct patient care.

#### CAPITAL ASSETS

The acquisition of capital assets are recorded at their historical cost less amortization. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying amount is reduced to reflect the decline in the asset's value. The writedown is recorded in the statement of operations.

Amortization is calculated on a straight line basis using rates as set-out in the Ontario Health Care Reporting System Guidelines. The estimated useful lives of the assets are as follows:

Land	Not amortized
Land improvements	2 - 25 years
Buildings	20 - 40 years
Leasehold improvements - detox	25 years
Furnishing and equipment	3 - 20 years
Information technology	3 - 5 years
Capital project in progress	Not amortized

The cost of capital projects in progress is recorded as capital assets and no amortization is taken until the project is substantially completed and the asset is ready for productive use. The Hospital allocates salary and benefit costs when personnel work directly in managing or implementing the capital project.

#### FUNDING

Under the current funding policy, the Hospital is essentially funded by using a budget base approved by the Ministry of Health/Ontario Health North. The Hospital is allowed to retain any excess of revenue over expenses derived from its operations and, conversely, retains responsibility for any deficit it may occur.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### PENSION PLANS AND OTHER RETIREMENT BENEFIT PLANS

The Hospital provides defined retirement and post-employment benefits for certain employee groups and retirees. The benefits include pension, extended health care, dental and life insurance. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

##### *Multi-employer defined benefit plan*

Substantially all of the employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan (HOOPP), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to HOOPP, whereby contributions are expensed when due, as the Hospital has insufficient information to apply defined benefit accounting.

##### *Post employment benefits*

- a) The costs of post-employment future benefits are actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages, 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.
- b) Past service costs, if any, arising from plan amendments are immediately recognized.
- c) The discount rate used in the determination of the above-mentioned liability is the discount rate recommended by the Ministry of Health.

#### CONTRIBUTED MATERIALS AND SERVICES

Volunteers contribute significant hours of their time each year to assist the Hospital in carrying out certain charitable activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### FINANCIAL INSTRUMENTS

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

##### *Fair Value*

This category includes derivatives and equity instruments quoted in an active market. The Hospital has designated its cash as fair value as it is managed and evaluated on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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 associated with that instrument is removed from net assets and recognized in the statement of operations.

The Hospital does not have any amounts to record on the statement of remeasurement gains and losses and therefore this statement has not been included in their financial statements.

##### *Amortized cost*

This category includes accounts receivable, accounts payable and accrued liabilities and obligation under capital leases. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the 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 a 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.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: the allowance for doubtful accounts receivable, the useful life of capital assets, accrued liabilities, actuarial estimation of post-employment benefits, contingencies and revenue recognition of certain restricted contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

### 3. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk and liquidity risk would be the carrying value as shown below:

	2022		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,737,551	\$ -	\$ 1,737,551
Accounts receivable	\$ -	\$ 712,790	\$ 712,790
Accounts payable and accrued liabilities	\$ -	\$ (1,695,419)	\$ (1,695,419)
Obligation under capital leases	\$ -	\$ (106,795)	\$ (106,795)
	2021		
	Fair Value	Amortized Cost	Total
Cash	\$ 879,691	\$ -	\$ 879,691
Accounts receivable	\$ -	\$ 1,334,627	\$ 1,334,627
Accounts payable and accrued liabilities	\$ -	\$ (1,283,353)	\$ (1,283,353)
Obligation under capital leases	\$ -	\$ (118,882)	\$ (118,882)

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 3. FINANCIAL INSTRUMENT CLASSIFICATION, (CONT'D)

The following provides details of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Cash	\$ 1,737,551	\$ -	\$ -	\$ 1,737,551

There were no transfers between levels for the year ended March 31, 2022.

### 4. ACCOUNTS RECEIVABLE

	2022	2021
Health services	\$ 166,028	\$ 194,855
Grants and others	61,165	85,021
HST rebate	94,818	65,271
Ministry of Health/Ontario Health North	392,779	996,980
	714,790	1,342,127
Allowance for doubtful accounts	(2,000)	(7,500)
	\$ 712,790	\$ 1,334,627



# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net	2021 Net
Land and land improvements	\$ 102,575	\$ 36,781	\$ 65,794	\$ 65,794
Buildings	13,130,974	9,581,654	3,549,320	3,577,124
Leasehold improvements - detox	461,732	202,941	258,791	277,276
Furnishing and equipment	4,622,121	4,085,408	536,713	561,331
Information technology	639,751	605,945	33,806	50,993
Capital project in progress	669,658	-	669,658	222,341
	<u>\$ 19,626,811</u>	<u>\$ 14,512,729</u>	<u>\$ 5,114,082</u>	<u>\$ 4,754,859</u>

During the year, the Hospital wrote-off \$0 (2021 - \$9,127) in equipment that was obsolete or damaged and fully amortized. During the year, the Hospital disposed of \$70,510 (2021 - \$0) in equipment which resulted in a gain on disposal of capital assets of \$7,000 (2021 - \$0) and a deferred revenue of \$5,000 for the Aging at Home Program.

### 6. BANK INDEBTEDNESS

The Hospital has an authorized line of credit of \$600,000 as at March 31, 2022, bearing interest at prime + 1% and is secured by a general security agreement. The Hospital has no outstanding balance as at March 31, 2022 (2021 - \$nil).

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade	\$ 602,669	\$ 435,520
Payroll related	736,977	607,815
Accrued liabilities	22,848	24,682
Ministry of Health/Ontario Health North	332,925	215,336
	<u>\$ 1,695,419</u>	<u>\$ 1,283,353</u>

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 8. DEFERRED REVENUES

	2022	2021
Aging at Home Program	\$ 154,940	\$ 145,286
Detox operations	33,790	40,732
EMR upgrade	94,061	94,061
Health Infrastructure Renewal Fund	90,752	175,074
Physician office integration	7,282	7,282
Foundation and others	26,465	19,657
	<u>\$ 407,290</u>	<u>\$ 482,092</u>

Due to the ongoing COVID-19 pandemic restrictions and circumstances (see further detail in note 21), the construction projects funded by the Health Infrastructure Renewal Fund have been delayed and as such, the funding was not fully spent on March 31, 2022. The Hospital obtained approval from the funder to defer this unspent contribution.

### 9. OBLIGATION UNDER CAPITAL LEASES

	2022	2021
Concentra Bank, Commercial Leasing Services capital lease, bearing interest at 4.17%, repayable in blended monthly payments of \$1,545, due August 2029, secured by equipment with a net book value of \$97,828	\$ 106,795	\$ 118,882
Less current portion	<u>12,200</u>	<u>11,600</u>
	<u>\$ 94,595</u>	<u>\$ 107,282</u>

The principal instalments to be paid over the next five fiscal years are as follows:

2023	\$ 12,200
2024	12,700
2025	13,200
2026	13,800
2027	14,400
Subsequent years	<u>40,495</u>
	<u>\$ 106,795</u>

Interest charges of \$4,628 (2021 - \$5,109) were expensed to the accounts of the Hospital.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balances are as follows:

	2022	2021
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>		
Balance, beginning of year	\$ 15,838,597	\$ 15,452,245
Received in current year	804,562	386,352
Balance, end of year	<u>16,643,159</u>	<u>15,838,597</u>
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	(11,707,055)	(11,141,911)
Amortization - buildings	(381,574)	(373,582)
Amortization - leasehold improvement - detox	(19,145)	(18,145)
Amortization - equipment	<u>(153,646)</u>	<u>(173,417)</u>
Balance, end of year	<u>(12,261,420)</u>	<u>(11,707,055)</u>
<b>NET DEFERRED CAPITAL CONTRIBUTIONS</b>	<u>\$ 4,381,739</u>	<u>\$ 4,131,542</u>

Included in the capital grants and contributions received in current year, are donations and grants used for the purchase of capital assets projects that are not fully completed. Contributions used for capital projects in progress are not amortized. These contributions are comprised of:

	2022	2021
Donations	\$ 125,000	\$ -
Health Infrastructure Renewal Fund	12,068	155,382
Ministry of Health	219,064	-
Ontario Health North	<u>171,853</u>	<u>-</u>
	<u>\$ 527,985</u>	<u>\$ 155,382</u>

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 11. POST-EMPLOYMENT BENEFITS PAYABLE

The Hospital extends post employment life insurance, extended health coverage and dental benefits to employees subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation performed on April 26, 2021 for the year ending March 31, 2021. The actuarial valuation included the estimates for the year ending March 31, 2022 which were considered reasonable and applicable in the current year.

The following table outlines the components of the Hospital's accrued post-employment benefit liability:

	2022	2021
Accrued employee future benefits obligation	\$ 490,737	\$ 479,165
Unamortized actuarial gain	87,753	98,199
Accrued employee future benefits liability	<u>\$ 578,490</u>	<u>\$ 577,364</u>

The following table outlines the components of the Hospital's post-employment benefit expense:

	2022	2021
Expected obligation, beginning of year	\$ 479,165	\$ 605,191
Unamortized actuarial gain (loss)	98,199	(76,167)
Accrued benefit liability, beginning of year	<u>577,364</u>	<u>529,024</u>
Current service cost	20,252	30,123
Interest on accrued benefit obligation	15,321	20,696
Amortization of actuarial loss (gain)	(10,447)	9,765
Benefit payments	<u>(24,000)</u>	<u>(12,244)</u>
Benefit expenses and payments	1,126	48,340
	<u>\$ 578,490</u>	<u>\$ 577,364</u>

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 11. POST-EMPLOYMENT BENEFITS PAYABLE, (CONT'D)

The above amounts exclude contributions to the Hospitals of Ontario Pension Plan, a multi-employer plan, described in note 13.

The major actuarial assumptions employed for the valuations are as follows:

#### *Discount rate*

The present value as at March 31, 2022 of the future benefits was determined using a discount rate of 3.21% (2021 - 3.21%) which is the discount rate recommended by the Ministry of Health and Long-Term Care for the year the actuarial valuation was performed, April 26, 2021.

#### *Extended Health Coverage*

Extended Health Coverage is assumed to decrease by 0.5% per year to an ultimate rate of 4.5%. As of March 31, 2022 the rate is assumed to be 6% (2021 - 6.5%).

#### *Dental costs*

Dental costs remained stable at 4% per annum (2021 - 4%).

### 12. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 5,114,082	\$ 4,754,859
Obligation under capital leases	(106,795)	(118,882)
Deferred capital contributions	(4,381,739)	(4,131,542)
	<u>\$ 625,548</u>	<u>\$ 504,435</u>

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 12. INVESTED IN CAPITAL ASSETS, (CONT'D)

The interfund transfer and the change in invested in capital assets is calculated as follows:

	2022	2021
Amortization of capital assets	\$ (652,868)	\$ (637,320)
Purchase of capital assets	564,774	412,262
Amounts funded by deferred capital contributions	(804,562)	(386,352)
Repayment of obligation under capital leases	12,087	11,607
Amortization of deferred capital contributions	554,365	565,144
Capitalization of capital projects in progress	(170,123)	-
Capital projects in progress additions	617,440	-
	\$ 121,113	\$ (34,659)

### 13. RETIREMENT BENEFITS

Substantially all of the Hospital's employees are members of the Hospitals 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.

Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$337,968 (2021 - \$355,811) and are included in the statement of operations.

As this is a multi-employer pension plan, these contributions are the Hospital's pension benefit expenses. No pension liability for this type of plan is included in the Hospital's financial statements as no contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to this pension plan policies. The most recent actuarial valuation of the Plan at December 31, 2021 indicated that the Plan is fully funded on a solvency basis.

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 14. RELATED PARTIES TRANSACTIONS

- (a) The Smooth Rock Falls Hospital Foundation is an independent corporation without share capital which has its own Board of Directors. The Foundation holds funds to be used for the benefit of or to enhance or improve the services provided by the Smooth Rock Falls Hospital or other qualified donees. The Foundation is responsible for fundraising activities carried out on behalf of the Hospital and donations or bequests made to the Hospital are recorded as Foundation revenue.

In the course of the year, the Foundation donated an amount of \$13,081 (2021 - \$188,580) for the Hospital to purchase equipment.

- (b) The Smooth Rock Falls Hospital Auxiliaries is an independent organism of volunteers which has for a goal to raise money in order to help the patients of the Hospital by contributing with the purchasing of new equipment and new infrastructure. They have their own Board of Directors and volunteers.

In the course of the year, the Auxiliaries donated an amount of \$7,800 (2021 - \$0).

The financial results of these two entities are not consolidated in the financial statements of the Hospital.

---

### 15. CONTINGENCIES

- (a) The nature of the Hospital's activities are such that there is usually litigation pending or in progress at any one time. With respect to claims as at March 31, 2022, it is management's position that the Hospital has valid defences and appropriate insurance coverage in place. No provision has been made in these financial statements to reflect any of these claims. Any settlements which may arise will be reflected in the financial statements in the year the amount is determined.
- (b) The Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risks of its hospital's members. All members of the HIROC pool pay actuarially determined annual premiums. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2022.
-

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- (a) The Hospital, on behalf of the Cochrane District Detoxification Centre, signed a service agreement with the North Cochrane Addiction Services Inc. The Hospital shall pay North Cochrane Addiction Services Inc. an annual fee of \$105,985 in 12 equal monthly instalments. The agreement is effective as of April 1st, 2022 and is renewable yearly.
- (b) The Hospital, on behalf of the Cochrane District Detoxification Centre, signed a lease agreement with The Corporation of the Town of Smooth Rock Falls. The Hospital shall pay the Town an annual amount of \$54,955 in monthly payments of \$4,580. The agreement is effective as of April 1, 2020 to March 31, 2025. The annual lease will be increased by 2% each year.
- (c) The Hospital signed an equipment leasing agreement with Xerox on November 29, 2019, starting December 15, 2019, for a term of 55 months, payable with quarterly instalments of \$1,075.
- (d) As of March 31, 2022, the Hospital has further contractual obligations remaining of \$1,531,520 in relation to current capital projects in progress, as follows:

Meditech Expanse (ONE Initiative)	\$ 937,020
Building renovations	\$ 594,500

---

### 17. COVID-19 CONTRIBUTIONS

The Hospital has recognized COVID-19 related contributions in the amount of \$498,655 (2021 - \$578,163) in revenues and \$6,960 (2021 - \$21,400) in deferred capital contributions. These contributions were provided to the Hospital to assist with the increased operating and capital costs resulting from COVID-19 implications.

These restricted contributions are subject to meeting certain eligibility requirements based on agreements and guidelines provided by the funders, the Ministry of Health/Ontario Health North. While the funders have provided guidelines in respect to the amount of funding potentially available to the Hospital, as well as criteria for eligibility and revenue recognition, this guidance continues to evolve and is subject to revision and interpretation. The contributions are subject to review and reconciliation by the funders and the adjustments, if any, will be repayable to the funders. The adjustments will be recognized in the year in which they become known except in the circumstance that the adjustment qualifies as an error.

Management believes that the Hospital is currently in compliance with all the terms and conditions of these COVID-19 related contributions based on the guidelines provided.

---



# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 18. ECONOMIC DEPENDENCE

The Hospital receives the majority of its revenue through a funding agreement with the Ministry of Health/Ontario Health North. The Hospital's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

### 19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

#### CREDIT RISK

The Hospital is exposed to credit risk in the event of non-payment by their debtors for their accounts receivable. Credit risk arises from the possibility that these individuals may experience financial difficulty and be unable to fulfill their obligations. The Hospital is exposed to this risk relating to its cash and accounts receivable.

The Hospital holds its cash accounts with an Ontario Provincial Agency who are insured by the Deposit Insurance Corporation of Ontario DICO. In the event of default, the Hospital's cash accounts are insured up to \$100,000 (2021 - \$100,000).

Accounts receivable are generally due from patients, insurers, government agencies and other. The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is recorded based on the Hospitals' historical experience regarding collections. The amounts outstanding as at March 31, 2022 are as follows:

	Current	31-60 days	61-90 days	90+ days	Total
Health services	\$ 58,777	\$ 10,118	\$ 1,090	\$ 96,043	\$ 166,028
Grants and others	28,694	12,814	12,706	6,951	61,165
HST rebate	94,818	-	-	-	94,818
MOH/OH North	355,460	-	35,725	1,594	392,779
Allowance for doubtful accounts	-	-	(443)	(1,557)	(2,000)
	<u>\$ 537,749</u>	<u>\$ 22,932</u>	<u>\$ 49,078</u>	<u>\$ 103,031</u>	<u>\$ 712,790</u>

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

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 19. FINANCIAL INSTRUMENTS RISK MANAGEMENT, (CONT'D)

#### MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. Market risk for the Hospital lies mostly in the potential loss related to the volatility of interest rates and foreign exchange rates as well market price fluctuations of its equity instruments. The Hospital does not use derivative instruments to reduce its exposure market risk. Conservative management is exercised to minimize the impact of the market risk.

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

#### LIQUIDITY RISK

Liquidity risk results from the Hospital's potential inability to meet its obligations associated with the financial liabilities as they become due. For the past years, short-term liquidity has been in a deficit position. The Hospital believes that with the continued financial support of the Ontario Health North that its current sources of liquidity are sufficient to cover its currently short-term cash obligations. Management believes that long-term cash obligations will be covered by current funders.

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

---

### 20. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect the refusal of the use of the COVID-19 surge funding from August 2020 to March 2021. As a result, revenues and expenses as at March 31, 2021 have both been decreased by \$108,370.

In addition, the Hospital has increased previously reported accounts receivable by \$108,370 and accounts payable and accrued liabilities by \$108,370 as March 31, 2021.

The restatement had no impact on the net assets as at March 31, 2021.

---

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

---

### 21. COVID-19 PANDEMIC AND IMPACT ON OPERATIONS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Hospital's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) has had an impact on the Hospital's operations. It has been affected by both the reduction of certain revenues and the increase of additional expenses. However, management has been able to curtail the impact through tight controls over the discretionary expenses and the receipt of additional government contributions.

This pandemic is still ongoing and management is unable to further estimate the length and gravity of this outbreak. Management is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

---

### 22. NEW ACCOUNTING STANDARDS

Section PS 1201, Financial Statement Presentation, PS 3041, Portfolio Investments, PS 3280, Asset Retirement Obligations, PS 3450, Financial Instruments, are effective for fiscal years beginning on or after April 1, 2022. While early adoption is permitted, all four of the standards must be adopted in the same year except for PS 3280. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 3041, Portfolio Investments provides guidance on how to account for and report portfolio investments. PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the eventual retirement of capital assets. PS 3450, Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments.

Management is currently in the process of assessing the impact of adopting these new standards. They only have completed the assessment for the following change:

During the year, the Hospital decided they will adopt the Canadian Public Sector Standard PS 3280 on asset retirement obligations using the modified retroactive application. The Hospital will remove from its statement of financial position any liability for an asset retirement obligation and associated asset retirement costs and recognize a liability for any existing asset retirement obligations, adjusted for accumulated accretion to that date, an asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets, accumulated amortization on that capitalized cost, and an adjustment to the opening balance of the accumulated surplus/deficit.

Per analysis done for the adoption of the new standard, there will be no significant obligation recorded.

---

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## SCHEDULES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

### SCHEDULE OF ONTARIO HEALTH NORTH

Schedule 1

	2022 Budget (Unaudited)	2022 Actual	2021 Actual
Ministry of Health/Ontario Health North - base allocation	\$ 6,470,847	\$ 6,466,564	\$ 6,479,314
Ministry of Health/Ontario Health North - one-time funding	247,370	761,040	855,077
	<u>\$ 6,718,217</u>	<u>\$ 7,227,604</u>	<u>\$ 7,334,391</u>

### SCHEDULE OF AMORTIZATION OF BUILDINGS - NET

Schedule 2

	2022 Budget (Unaudited)	2022 Actual	2021 Actual
Amortization of deferred capital contributions - buildings	\$ (410,373)	\$ (381,574)	\$ (373,582)
Amortization of buildings	437,815	421,160	402,147
	<u>\$ 27,442</u>	<u>\$ 39,586</u>	<u>\$ 28,565</u>

# HÔPITAL DE SMOOTH ROCK FALLS HOSPITAL

## SCHEDULES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

### SCHEDULE OF OTHER PROGRAMS

Schedule 3

	2022 Budget (Unaudited)	2022 Actual	2021 Actual
<b>REVENUES</b>			
Ontario Health North base allocation	\$ 899,185	\$ 923,096	\$ 899,185
Ontario Health North/MOH - other	8,062	146,062	171,739
Amortization of deferred capital contributions - leasehold improvements - detox	17,545	17,545	17,545
Amortization of deferred capital contributions - major equipment - detox	600	1,600	600
Other revenue and paymaster	170,000	49,401	14,833
Municipal taxes	2,775	2,775	2,775
	<u>1,098,167</u>	<u>1,140,479</u>	<u>1,106,677</u>
<b>EXPENSES</b>			
Amortization of leasehold improvements - detox	19,090	19,090	19,090
Amortization of major equipment - detox	5,945	6,888	5,945
Employee benefits	185,642	194,108	230,512
Municipal taxes	2,775	2,775	2,775
Salaries and wages	678,765	712,461	681,945
Supplies and other expenses	206,895	203,101	167,355
	<u>1,099,112</u>	<u>1,138,423</u>	<u>1,107,622</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>			
<b>(EXPENSES OVER REVENUES)</b>	\$ (945)	\$ 2,056	\$ (945)