

ANSON GENERAL HOSPITAL

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

MARCH 31, 2020

Baker Tilly HKC
2 Ash Street, Suite 2
Kapuskasing, ON
Canada P5N 3H4

T: 705.337.6411
F: 705.335.6563

kapuskasing@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anson General Hospital

Opinion

We have audited the financial statements of Anson General 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 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 organization as at March 31, 2020, and its results of its 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 organization 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.

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

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

INDEPENDENT AUDITOR'S REPORT

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 organization'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 organization'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 organization 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.

Baker Tilly HKC

Chartered Professional Accountants
Licenced Public Accountants
June 19, 2020

ANSON GENERAL HOSPITAL
FINANCIAL STATEMENTS

MARCH 31, 2020

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ANSON GENERAL HOSPITAL

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2020

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
REVENUES			
Ministry of Health and Long-Term Care, schedule 1	\$ 8,523,890	\$ 9,431,251	\$ 8,501,152
Patient care, schedule 2	538,650	500,768	456,655
Recoveries and other revenue	298,650	419,710	433,569
Realized gains on disposition of investments	-	-	462,136
Amortization of deferred capital contributions - equipment and software	30,000	31,224	15,930
	<u>9,391,190</u>	<u>10,382,953</u>	<u>9,869,442</u>
EXPENSES			
Salaries and wages, schedule 3	4,911,362	4,773,316	4,745,586
Employee benefits	1,473,409	1,346,244	1,431,539
Medical staff remuneration	183,374	134,516	121,310
Supplies and other expenses, schedule 4	2,748,875	2,865,456	2,662,927
Medical and surgical supplies	199,000	162,922	196,120
Drugs and medical gases	230,000	200,886	168,656
Amortization of equipment and software	180,000	206,088	188,022
	<u>9,926,020</u>	<u>9,689,428</u>	<u>9,514,160</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS			
	<u>(534,830)</u>	<u>693,525</u>	<u>355,282</u>
Amortization of deferred capital contributions - buildings	380,000	439,143	434,318
Amortization of buildings	(440,000)	(608,985)	(621,358)
	<u>(60,000)</u>	<u>(169,842)</u>	<u>(187,040)</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE OTHER PROGRAMS AND OTHER VOTES			
	<u>(594,830)</u>	<u>523,683</u>	<u>168,242</u>
OTHER PROGRAMS			
South Centennial Manor - Loss for the year, schedule 5	-	(710,243)	(684,430)
	<u>(594,830)</u>	<u>(186,560)</u>	<u>(516,188)</u>
OTHER VOTES - MUNICIPAL LEVY			
Revenue	3,150	3,150	3,150
Expense	(3,150)	(3,150)	(3,150)
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF EXPENSES OVER REVENUES	<u>\$ (594,830)</u>	<u>\$ (186,560)</u>	<u>\$ (516,188)</u>

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

ANSON GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

	Invested in Capital Assets (note 12)		Unrestricted	Total 2020	Total 2019
BALANCE, BEGINNING OF YEAR	\$	5,530,787	\$ (1,948,020)	\$ 3,582,767	\$ 4,504,075
EXCESS OF EXPENSES OVER REVENUES		-	(186,560)	(186,560)	(516,188)
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 12)		532,056	(532,056)	-	-
DECREASE IN ACCUMULATED REMEASUREMENT GAINS		-	-	-	(405,120)
BALANCE, END OF YEAR	\$	6,062,843	\$ (2,666,636)	\$ 3,396,207	\$ 3,582,767

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

ANSON GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 500	\$ 500
Accounts receivable (note 4)	623,919	800,119
Inventories	175,982	171,071
	800,401	971,690
CAPITAL ASSETS (note 5)	15,042,484	14,661,987
	<u>\$ 15,842,885</u>	<u>\$ 15,633,677</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	\$ 952,856	\$ 613,646
Deferred revenue	-	30
Due to MICs Group of Health Services (note 7)	1,074,661	942,695
Mortgage payable (note 8)	41,800	45,400
Current portion of capital contribution repayable	12,000	12,000
	2,081,317	1,613,771
CAPITAL CONTRIBUTION REPAYABLE (note 9)	168,000	180,000
POST-EMPLOYMENT BENEFITS PAYABLE (note 10)	1,410,004	1,345,169
DEFERRED CAPITAL CONTRIBUTIONS (note 11)	8,787,357	8,911,970
	12,446,678	12,050,910
NET ASSETS		
INVESTED IN CAPITAL ASSETS (note 12)	6,062,843	5,530,787
UNRESTRICTED	(2,666,636)	(1,948,020)
	3,396,207	3,582,767
	<u>\$ 15,842,885</u>	<u>\$ 15,633,677</u>

CONTINGENCIES AND COMMITMENTS - note 9 and note 15

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

On behalf of the board

Danielle Robinson Director
Scott Olson Director

ANSON GENERAL HOSPITAL**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (186,560)	\$ (516,188)
Items not involving cash:		
Amortization of capital assets - buildings	608,985	621,358
Amortization of capital assets - equipment and software	206,088	188,022
Amortization of capital assets - South Centennial Manor	254,452	264,118
Amortization of deferred capital contributions - buildings	(439,143)	(434,318)
Amortization of deferred capital contributions - equipment and software	(31,224)	(15,930)
Amortization of deferred capital contributions - South Centennial Manor	(122,968)	(119,169)
Accrual for post-employment benefits	64,835	42,911
Transfer of deferred capital contributions from accounts payable	-	44,961
Realized gains on disposition of investments	-	(462,136)
	<u>354,465</u>	<u>(386,371)</u>
Changes in:		
Accounts receivable	176,200	(199,506)
Inventories	(4,911)	(18,337)
Accounts payable and accrued liabilities	339,211	82,876
Deferred revenue	(30)	-
	<u>864,935</u>	<u>(521,338)</u>
INVESTING ACTIVITIES		
Purchase of investments	-	(600)
Proceeds on disposition of investments	-	2,675,653
	<u>-</u>	<u>2,675,053</u>
FINANCING ACTIVITIES		
Repayment of mortgage payable	(3,600)	(7,200)
Repayment of capital contribution repayable	(12,000)	(12,000)
Net advances from (to) MICs Group of Health Services	131,966	(1,463,775)
	<u>116,366</u>	<u>(1,482,975)</u>
CAPITAL ACTIVITIES		
Purchase of capital assets	(1,450,021)	(1,395,176)
Capital contributions received	468,720	724,436
	<u>(981,301)</u>	<u>(670,740)</u>
CHANGE IN CASH POSITION	<u>-</u>	<u>-</u>
CASH POSITION, BEGINNING OF YEAR	<u>500</u>	<u>500</u>
CASH POSITION, END OF YEAR	<u>\$ 500</u>	<u>\$ 500</u>

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

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. STATUS AND NATURE OF OPERATIONS

The Hospital, incorporated under the Ontario Business Corporation Act, without share capital, operates a Hospital under the Charitable Institutions Act, at 58 Anson Drive, Iroquois 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 the MICs Healthcare 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 North East Local Health Integration Network (North East LHIN) 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 yet 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.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

INVENTORIES

Inventories of all hospital supplies are valued at 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 improvements	20 years
Buildings	20-40 years
Equipment	5-20 years
Software	3-5 years

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.

CONTRIBUTED SERVICES AND MATERIALS

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.

FUNDING

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

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS

The Hospital provides defined retirement and post-employment benefits for certain employee groups. These 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 pension

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

i) 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.

ii) Past service costs (if any) arising from plan amendments are immediately recognized.

iii) The discount rate used in the determination of the above-mentioned liability is the discount rate recommended by the Ministry of Health and Long-Term Care.

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 and cash equivalents and at fair value as they are 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.

ANSON GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

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.

Amortized cost

This category includes accounts receivable, accounts payable and accrued liabilities, due to MICs Group of Health Services, mortgage payable and capital contribution repayable. 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.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the allowance for doubtful accounts receivable, the useful life of capital assets, the actuarial estimation of post-employment benefits, accrued liabilities and contingencies. Actual results could differ from those estimates.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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:

	2020		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 623,919	\$ 623,919
Accounts payable and accrued liabilities	\$ -	\$ 952,856	\$ 952,856
Due to MICs Group of Health Services	\$ -	\$ 1,074,661	\$ 1,074,661
Mortgage payable	\$ -	\$ 41,800	\$ 41,800
Capital contribution repayable	\$ -	\$ 180,000	\$ 180,000

	2019		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 800,119	\$ 800,119
Accounts payable and accrued liabilities	\$ -	\$ 613,646	\$ 613,646
Due to MICs Group of Health Services	\$ -	\$ 942,695	\$ 942,695
Mortgage payable	\$ -	\$ 45,400	\$ 45,400
Capital contribution repayable	\$ -	\$ 192,000	\$ 192,000

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);

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).

Cash and cash equivalents and investments are considered Level 1 fair value. There were no transfers between levels for the year ended March 31, 2020.

ANSON GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

4. ACCOUNTS RECEIVABLE

	2020	2019
Insurers and patients	\$ 408,271	\$ 361,106
HST rebates receivable	240,514	391,416
Other receivables	68,401	96,313
	717,186	848,835
Allowance for doubtful accounts	(93,267)	(48,716)
	<u>\$ 623,919</u>	<u>\$ 800,119</u>

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net	2019 Net
Land	\$ 72,707	\$ -	\$ 72,707	\$ 72,707
Land improvements	74,959	36,000	38,959	42,707
Buildings	27,176,529	13,524,512	13,652,017	13,255,004
Equipment	4,457,276	3,178,475	1,278,801	1,291,569
Software	60,533	60,533	-	-
	<u>\$ 31,842,004</u>	<u>\$ 16,799,520</u>	<u>\$ 15,042,484</u>	<u>\$ 14,661,987</u>

As at March 31, 2020, there were \$973,066 (2019 - \$1,109,301) of capital projects in progress. These assets were not amortized.

Included in capital assets are land, building and equipment that were acquired on the transfer of South Centennial Manor assets to the Hospital from the Board of Management for Cochrane District Home for the Aged. The assets consisted of a 69 bed home for the aged and related equipment and furnishing. Because the fair value of assets could not be determined at the time of the transfer in April 1998, they were recorded at a nominal cost of \$1.

During the year, the Hospital wrote-off \$1,048,058 (2019 - \$641,390) in equipment that was no longer in use, disposed of or fully amortized.

ANSON GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trades payable and accrued liabilities	\$ 639,057	\$ 396,062
Ministry of Health and Long-Term Care	313,799	217,584
	<u>\$ 952,856</u>	<u>\$ 613,646</u>

7. DUE TO MICS GROUP OF HEALTH SERVICES

The Hospital exercises significant influence over the MICs Group of Health Services (MICs) by virtue of it being a member of the Partnership and its ability to appoint some of the members of the Board of Directors. The Partnership was established to increase opportunities for collaboration between its member hospitals (Bingham Memorial Hospital, Anson General Hospital and Lady Minto Hospital) in the sharing of costs and provision of health services. The Partnership is a non-profit organization.

Included in the Hospital's expenses for the year is \$11,302,912 (2019 - \$11,050,490) paid or payable to the Partnership for the Hospital's share of various cost functions primarily administration and support services. The share of costs to participating hospitals are set by a methodology agreed to by the Board on a cost recovery basis. The deficiency of amounts paid or to be paid by MICs on behalf of the Hospital over amounts received by MICs on behalf of the Hospital is noted below:

	2020	2019
Due to MICs Group of Health Services	<u>\$ 1,074,661</u>	<u>\$ 942,695</u>

The balance due to MICs Group of Health Services is unsecured, non-interest bearing with no specific terms of repayment. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Information systems network, software and hardware, as well as office equipment shared by the three participating hospitals are recorded as capital assets and the respective Hospital's share of the related costs are recorded when the capital assets are amortized. Any capital contributions, grants or donations received for the acquisition of capital assets are deferred and the respective Hospital's share of the related revenue is recorded when the contribution is amortized.

ANSON GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

8. MORTGAGE PAYABLE

	2020	2019
Mortgage payable with no specific terms of repayment, bearing no interest, secured by a first mortgage on real property	\$ 41,800	\$ 45,400

9. CAPITAL CONTRIBUTION REPAYABLE

	2020	2019
Capital contribution repayable, bearing no interest, unsecured, repayable at \$ 12,000 per year, due in 2035	\$ 180,000	\$ 192,000
Current portion	12,000	12,000
	\$ 168,000	\$ 180,000

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

2021	\$ 12,000
2022	12,000
2023	12,000
2024	12,000
2025	12,000
Subsequent years	120,000
	\$ 180,000

In 2007, the Hospital entered into an agreement with the Ministry of Health and Long-Term Care for a contribution to the capital cost of the Family Health Team facility. The Ministry's contribution was in the amount of \$2,000,000 with the understanding that \$300,000 will be paid to or recovered by the Ministry at \$12,000 per year for 25 years starting in April 2010. The remaining balance of \$1,700,000 is included in deferred capital contributions and is being amortized over the useful life of the facility. The agreement provided for the requirement for repayment of the contribution to the Ministry on a declining balance basis as set out in the new agreement in the event of non-compliance of specific terms in the agreement unless otherwise agreed to by the Ministry in writing.

On April 1, 2014, the Family Health Team funding agreement and operations were transferred to a new not-for-profit corporation operating under the Iroquois Falls Family Health Team. Accordingly, the Iroquois Falls Family Health Team assumed the capital contribution repayable to the Ministry. At the same time, the Hospital agreed to contribute \$12,000 per year to the Iroquois Falls Family Health Team for the purpose of the repayment of the capital contribution repayable to the Ministry since ownership of the facility has not been transferred.

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2020****10. POST-EMPLOYMENT BENEFITS PAYABLE**

The Hospital extends post employment extended health coverage, dental benefits and life insurance to certain employee groups subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related liability was determined by an actuarial valuation.

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

ACCRUED BENEFIT LIABILITY

	Hospital	Share of MICS	2020 Total	2019 Total
Accrued benefit obligation	\$ 1,258,424	\$ 124,381	\$ 1,382,805	\$ 1,430,432
Unamortized actuarial loss (gain)	34,543	(7,344)	27,199	(85,263)
Accrued benefit liability	<u>\$ 1,292,967</u>	<u>\$ 117,037</u>	<u>\$ 1,410,004</u>	<u>\$ 1,345,169</u>

BENEFIT EXPENSE

	Hospital	Share of MICS	2020 Total	2019 Total
Accrued benefit obligation, beginning of year	\$ 1,302,446	\$ 127,986	\$ 1,430,432	\$ 1,242,449
Unamortized actuarial loss (gain)	(69,515)	(15,748)	(85,263)	59,809
Accrued benefit liability, beginning of year	<u>1,232,931</u>	<u>112,238</u>	<u>1,345,169</u>	<u>1,302,258</u>
Current service cost	65,412	6,919	72,331	70,408
Interest on obligation	41,636	4,093	45,729	42,495
Amortization of actuarial loss (gain)	7,816	1,751	9,567	(6,443)
Benefit expense	<u>114,864</u>	<u>12,763</u>	<u>127,627</u>	<u>106,460</u>
Benefit payment	<u>(54,828)</u>	<u>(7,964)</u>	<u>(62,792)</u>	<u>(63,549)</u>
Accrued benefit liability, end of year	<u>\$ 1,292,967</u>	<u>\$ 117,037</u>	<u>\$ 1,410,004</u>	<u>\$ 1,345,169</u>

ANSON GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

10. 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 of the future benefits was determined using a discount rate of 3.29% (2019 - 3.37%) which is the discount rate recommended by the Ministry of Health and Long-Term Care.

Extended Health Coverage

Extended Health Coverage is assumed to increase at a rate of 8% per annum (2019 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2019 - 4.5%).

Dental costs

Dental costs is assumed to increase at 4% per annum (2019 - 4%).

ANSON GENERAL HOSPITAL
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11. DEFERRED CAPITAL CONTRIBUTIONS

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

	2020	2019
CAPITAL CONTRIBUTIONS		
Balance, beginning of year	\$ 21,509,385	\$ 20,739,988
Funding received during the year	468,720	724,436
Write off of capital contributions	(465,579)	-
Transfer of deferred capital contributions from accounts payable	-	44,961
	<u>21,512,526</u>	<u>21,509,385</u>
ACCUMULATED AMORTIZATION		
Balance, beginning of year	(12,597,415)	(12,027,998)
Amortization - buildings	(439,143)	(434,318)
Amortization - equipment and software	(31,224)	(15,930)
Amortization - South Centennial Manor	(122,968)	(119,169)
Write off of accumulated amortization	465,581	-
	<u>(12,725,169)</u>	<u>(12,597,415)</u>
NET DEFERRED CAPITAL CONTRIBUTIONS	<u>\$ 8,787,357</u>	<u>\$ 8,911,970</u>

During the year, the Hospital wrote-off \$465,579 of deferred capital contributions related to capital assets that was no longer in use, disposed of or fully amortized.

Included in deferred capital contributions are donations and grants reserved for the purchase of capital assets that are unspent. Unspent contributions are subject to recovery by the funder. These contributions are comprised of:

	2020	2019
Donations	<u>\$ 29,516</u>	<u>\$ 18,170</u>

Due to the COVID-19 pandemic declared by the World Health Organization on March 11, 2020 (see further details in note 18), the construction projects funded by the Health Infrastructure Renewal Fund has been halted.

ANSON GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

12. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 15,042,484	\$ 14,661,987
Deferred capital contributions	(8,787,357)	(8,911,970)
Unspent deferred capital contributions (note 11)	29,516	18,170
Mortgage payable	(41,800)	(45,400)
Capital contribution repayable	(180,000)	(192,000)
	<u>\$ 6,062,843</u>	<u>\$ 5,530,787</u>

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

	2020	2019
CAPITAL ASSET ACTIVITIES		
Purchase of capital assets	\$ 1,450,021	\$ 1,395,176
Amortization of capital assets - buildings	(608,985)	(621,358)
Amortization of capital assets - equipment and software	(206,088)	(188,022)
Amortization of capital assets - South Centennial Manor	(254,452)	(264,118)
Repayment of mortgage payable	3,600	7,200
	<u>384,096</u>	<u>328,878</u>
DEFERRED CAPITAL CONTRIBUTION ACTIVITIES		
Capital contributions received during the year	(468,720)	(724,436)
Repayment of capital contribution repayable	12,000	12,000
Transfer of deferred capital contributions from accounts payable	-	(44,961)
Transfer to unspent deferred capital contributions	11,345	7,092
Amortization of deferred capital contributions - buildings	439,143	434,318
Amortization of deferred capital contributions- equipment and software	31,224	15,930
Amortization of deferred capital contributions - South Centennial Manor	122,968	119,169
	<u>147,960</u>	<u>(180,888)</u>
	<u>\$ 532,056</u>	<u>\$ 147,990</u>

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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 \$697,748 (2019 - \$659,626) 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. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the Plan's surplus or deficit. 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 the Plan policies. The most recent actuarial valuation of the Plan at December 31, 2019 indicated that the Plan is fully funded on a solvency basis.

14. RELATED PARTY TRANSACTIONS

MICs Healthcare Foundation is a corporation without share capital jointly controlled by the three participating hospitals of the MICs Group of Health Services partnership. It has its own Board of Directors. The Foundation was incorporated primarily for the purpose of raising funds for the use by the three hospitals (Bingham Memorial Hospital, Anson General Hospital and Lady Minto Hospital). Transactions are valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The financial results of the Foundation is not consolidated in the financial statements of the Hospital.

15. CONTINGENCIES AND COMMITMENTS

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, 2020, 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 MICs Group of Health Services is part of a collective group of employers participating in the process of formulating a central pay equity plan for a particular employee group. The possible ultimate liability arising to the Hospital on completion of the plan is currently not determinable.

c) As at March 31, 2020, the Hospital has a further commitment of \$764,671 in relation to current capital projects in progress.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

16. ECONOMIC DEPENDENCE

The Hospital receives the majority of its revenue through a funding agreement with the North East Local Integration Network and the Ministry of Health and Long-Term Care. The Hospital's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

17. 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 cash equivalents, accounts receivable and investments.

The Hospital holds its cash account with federally regulated chartered banks who are insured by the Deposit Insurance Corporation of Ontario.

Accounts receivable are generally due from government agencies, insurers and patients 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 Hospital's historical experience regarding collections. The amounts outstanding as at March 31, 2020 are as follows:

		Total	Current	31-60 days	61-90 days	90+ days
Insurers and patients	\$	408,271	\$ 179,748	\$ 29,554	\$ 19,040	\$ 179,929
HST rebates receivable		240,514	240,514	-	-	-
Other receivables		68,401	33,009	-	-	35,392
		717,186	453,271	29,554	19,040	215,321
Allowance for doubtful accounts		(93,267)	-	-	-	(93,267)
	\$	623,919	\$ 453,271	\$ 29,554	\$ 19,040	\$ 122,054

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

17. FINANCIAL INSTRUMENTS RISK MANAGEMENT, (CONT'D)

CREDIT RISK (CONT'D)

The Hospital performs ongoing evaluations of their accounts receivable and maintains provisions for potential credit losses to minimize credit risk.

The Hospital's investment policy puts limits on the bond portfolio including portfolio composition units, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. Investments are monitored by management and measured for performance on a regular basis.

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. The Hospital mitigates this risk by monitoring its operations and cash flows to ensure that current and future obligations will be met. The Hospital believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

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.

18. SUBSEQUENT EVENT

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. The volume of patients has decreased significantly and this causes a decrease in revenue and delay in generating cash flow from the Hospital's operation.

Management is currently assessing the impact this will have on the operations of the Hospital. Management expects the Hospital will have adequate cash flow to fund its operations following the crisis through tight controls over the operating expenses and additional government allocations. However, the overall extent of the impact cannot be reliably estimated at this time. Additionally, management can not estimate the length and gravity of this outbreak. The Hospital is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

ANSON GENERAL HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

SCHEDULE OF MINISTRY OF HEALTH AND LONG-TERM CARE

Schedule 1

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
North East LHIN - Base allocation	\$ 8,335,516	\$ 8,650,945	\$ 8,335,516
Ministry of Health - Physician specific	83,374	42,794	40,132
Ministry of Health - One-time funding	105,000	737,512	125,504
	\$ 8,523,890	\$ 9,431,251	\$ 8,501,152

SCHEDULE OF PATIENT CARE

Schedule 2

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Ontario Health Insurance	\$ 207,000	\$ 211,526	\$ 174,601
Other patient care revenue	331,650	289,242	282,054
	\$ 538,650	\$ 500,768	\$ 456,655

SCHEDULE OF SALARIES AND WAGES

Schedule 3

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Nursing services	\$ 2,566,771	\$ 2,375,315	\$ 2,392,718
Diagnostic and therapeutic	914,046	817,273	793,116
Education	32,648	18,648	23,117
Administration and other	1,397,897	1,562,080	1,536,635
	\$ 4,911,362	\$ 4,773,316	\$ 4,745,586

ANSON GENERAL HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

SCHEDULE OF SUPPLIES AND OTHER EXPENSES

Schedule 4

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Nursing services	\$ 136,850	\$ 230,287	\$ 190,393
Diagnostic and therapeutic	1,005,600	1,012,287	981,180
Education	51,640	26,194	30,163
Administration and other	1,554,785	1,596,688	1,461,191
	<u>\$ 2,748,875</u>	<u>\$ 2,865,456</u>	<u>\$ 2,662,927</u>

**SCHEDULE OF SOUTH CENTENNIAL MANOR - STATEMENT OF
OPERATIONS**

Schedule 5

	2020	2019
REVENUES		
Provincial subsidies	\$ 3,855,624	\$ 3,524,084
Charges to residents	1,458,063	1,409,895
Other revenue	24,236	30,174
Amortization of deferred capital contributions	122,968	119,169
	<u>5,460,891</u>	<u>5,083,322</u>
EXPENSES		
Salaries and benefits	4,926,678	4,625,614
Supplies and other expenses	990,004	878,020
Amortization of capital assets	254,452	264,118
	<u>6,171,134</u>	<u>5,767,752</u>
LOSS FOR THE YEAR	<u>\$ (710,243)</u>	<u>\$ (684,430)</u>