

**ANSON GENERAL HOSPITAL**

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

**MARCH 31, 2021**

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## 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, 2021, 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, 2021, 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.

### *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 22, 2021

**ANSON GENERAL HOSPITAL**  
**FINANCIAL STATEMENTS**

**MARCH 31, 2021**

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# ANSON GENERAL HOSPITAL

## STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2021

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
<b>REVENUES</b>			
Ministry of Health and Long-Term Care, schedule 1	\$ 8,838,993	\$ 11,367,707	\$ 9,431,251
Patient care, schedule 2	552,530	435,453	500,768
Recoveries and other revenue	429,650	474,764	419,709
Amortization of deferred capital contributions - equipment and software	30,000	36,227	31,224
	<u>9,851,173</u>	<u>12,314,151</u>	<u>10,382,952</u>
<b>EXPENSES</b>			
Salaries and wages, schedule 3	4,964,144	4,936,623	4,773,316
Employee benefits	1,499,370	1,569,855	1,346,244
Medical staff remuneration	218,374	122,314	134,516
Supplies and other expenses, schedule 4	3,107,404	2,733,187	2,864,679
Medical and surgical supplies	199,000	206,955	163,699
Drugs and medical gases	229,000	205,173	200,886
Amortization of equipment and software	180,000	219,182	206,088
	<u>10,397,292</u>	<u>9,993,289</u>	<u>9,689,428</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS</b>	<u>(546,119)</u>	<u>2,320,862</u>	<u>693,524</u>
Amortization of deferred capital contributions - buildings	380,000	503,129	439,143
Amortization of buildings	(440,000)	(689,432)	(608,985)
	<u>(60,000)</u>	<u>(186,303)</u>	<u>(169,842)</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE OTHER PROGRAM AND OTHER VOTE</b>	<u>(606,119)</u>	<u>2,134,559</u>	<u>523,682</u>
<b>OTHER PROGRAM</b>			
South Centennial Manor - loss for the year, schedule 5	-	(126,303)	(710,242)
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE OTHER VOTE</b>	<u>(606,119)</u>	<u>2,008,256</u>	<u>(186,560)</u>
<b>OTHER VOTE - MUNICIPAL LEVY</b>			
Revenue	3,150	3,150	3,150
Expense	(3,150)	(3,150)	(3,150)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)</b>	<u>\$ (606,119)</u>	<u>\$ 2,008,256</u>	<u>\$ (186,560)</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, 2021**

	<b>Invested in Capital Assets (note 12)</b>	<b>Unrestricted</b>	<b>Total 2021</b>	<b>Total 2020</b>
BALANCE, BEGINNING OF YEAR	\$ 6,062,843	\$ (2,666,636)	\$ 3,396,207	\$ 3,582,767
EXCESS OF EXPENSES OVER REVENUES (EXPENSES OVER REVENUES)	-	2,008,256	2,008,256	(186,560)
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 12)	<u>80,040</u>	<u>(80,040)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 6,142,883</u>	<u>\$ (738,420)</u>	<u>\$ 5,404,463</u>	<u>\$ 3,396,207</u>

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

**ANSON GENERAL HOSPITAL**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 500	\$ 500
Accounts receivable (note 4)	1,923,843	623,919
Inventories	253,584	175,982
	<u>2,177,927</u>	<u>800,401</u>
CAPITAL ASSETS (note 5)	15,599,382	15,042,484
	<u>\$ 17,777,309</u>	<u>\$ 15,842,885</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 6)	\$ 412,992	\$ 952,855
Deferred revenue	105,028	-
Due to MICs Group of Health Services (note 7)	885,566	1,074,661
Mortgage payable (note 8)	38,200	41,800
Current portion of capital contribution repayable	12,000	12,000
	<u>1,453,786</u>	<u>2,081,316</u>
CAPITAL CONTRIBUTION REPAYABLE (note 9)	156,000	168,000
POST-EMPLOYMENT BENEFITS PAYABLE (note 10)	1,462,342	1,410,004
DEFERRED CAPITAL CONTRIBUTIONS (note 11)	9,300,718	8,787,358
	<u>12,372,846</u>	<u>12,446,678</u>
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS (note 12)	6,142,883	6,062,843
UNRESTRICTED	<u>(738,420)</u>	<u>(2,666,636)</u>
	<u>5,404,463</u>	<u>3,396,207</u>
	<u>\$ 17,777,309</u>	<u>\$ 15,842,885</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 Delaurier*

Director

*Paul Chatelain*

Director

# ANSON GENERAL HOSPITAL

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses (expenses over revenues)	\$ 2,008,256	\$ (186,560)
Items not involving cash:		
Amortization of capital assets - buildings	689,432	608,985
Amortization of capital assets - equipment and software	219,182	206,088
Amortization of capital assets - South Centennial Manor	248,299	254,452
Amortization of deferred capital contributions - buildings	(503,129)	(439,143)
Amortization of deferred capital contributions - equipment and software	(36,227)	(31,224)
Amortization of deferred capital contributions - South Centennial Manor	(124,760)	(122,968)
Accrual for post-employment benefits	52,338	64,835
Loss on disposition of capital assets	6,946	-
	<u>2,560,337</u>	<u>354,465</u>
Changes in:		
Accounts receivable	(1,299,924)	176,200
Inventories	(77,602)	(4,911)
Accounts payable and accrued liabilities	(539,864)	339,211
Deferred revenue	105,028	(30)
	<u>747,975</u>	<u>864,935</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of mortgage payable	(3,600)	(3,600)
Repayment of capital contribution repayable	(12,000)	(12,000)
Net advances from (to) MICs Group of Health Services	(189,095)	131,966
	<u>(204,695)</u>	<u>116,366</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(1,720,757)	(1,450,021)
Capital contributions received	1,177,477	468,720
	<u>(543,280)</u>	<u>(981,301)</u>
<b>CHANGE IN CASH POSITION</b>	-	-
<b>CASH POSITION, BEGINNING OF YEAR</b>	<u>500</u>	<u>500</u>
<b>CASH POSITION, END OF YEAR</b>	<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, 2021

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### 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).

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### 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, 2021

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### 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, 2021

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### 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, 2021

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### 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 accordance 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 revenue recognition of certain restricted contributions, the allowance for doubtful accounts, the useful life of capital assets, the actuarial estimation of post-employment benefits, accrued liabilities and contingencies. Actual results may differ from management's best estimates as additional information becomes available in the future.

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# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 3. FINANCIAL INSTRUMENT CLASSIFICATION

The table below provides the 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:

	<b>2021</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 1,923,843	\$ 1,923,843
Accounts payable and accrued liabilities	\$ -	\$ 412,992	\$ 412,992
Due to MICs Group of Health Services	\$ -	\$ 885,566	\$ 885,566
Mortgage payable	\$ -	\$ 38,200	\$ 38,200
Capital contribution repayable	\$ -	\$ 168,000	\$ 168,000
	<b>2020</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 623,919	\$ 623,919
Accounts payable and accrued liabilities	\$ -	\$ 952,855	\$ 952,855
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

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 unadjusted quoted prices 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.

Cash is considered Level 1 fair value.

There were no transfers between levels for the year ended March 31, 2021.

**ANSON GENERAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021****4. ACCOUNTS RECEIVABLE**

	<b>2021</b>	<b>2020</b>
Insurers and patients	\$ 288,392	\$ 436,102
Ministry of Health / North East LHIN	1,467,571	-
HST rebates receivable	256,474	240,514
Other receivables	6,102	40,570
	<u>2,018,539</u>	<u>717,186</u>
Less: Allowance for doubtful accounts	94,696	93,267
	<u>\$ 1,923,843</u>	<u>\$ 623,919</u>

Included in the Ministry of Health / North East LHIN is an estimated contribution receivable of \$1,152,800 for working funds deficits. The contribution is based on the March 31, 2020 working capital deficit and is subject to decrease following a review by the funder. The decrease cannot be reasonably estimated at this time and the amount could be significant and material. The decrease, if any, will be recognized in the year it is made known by the funder.

**5. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2021 Net</b>	<b>2020 Net</b>
Land	\$ 72,707	\$ -	\$ 72,707	\$ 72,707
Land improvements	74,959	36,000	38,959	38,959
Buildings	28,543,086	14,431,658	14,111,428	13,652,017
Equipment	4,742,593	3,366,305	1,376,288	1,278,801
Software	60,533	60,533	-	-
	<u>\$ 33,493,878</u>	<u>\$ 17,894,496</u>	<u>\$ 15,599,382</u>	<u>\$ 15,042,484</u>

As at March 31, 2021, there were \$1,129,223 (2020 - \$973,066) of capital projects in progress. These assets were not amortized.

During the year, the Hospital wrote-off \$68,885 (2020 - \$1,048,058) in equipment that was no longer in use, disposed of or fully amortized.

## ANSON GENERAL HOSPITAL

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trades payable and accrued liabilities	\$ 180,011	\$ 584,927
Ministry of Health / North East LHIN	167,890	313,799
Iroquois Falls Family Health Team	65,091	54,129
	<u>\$ 412,992</u>	<u>\$ 952,855</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 \$11,967,024 (2020 - \$11,302,912) 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:

	2021	2020
Due to MICs Group of Health Services	\$ 885,566	\$ 1,074,661

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, 2021****8. MORTGAGE PAYABLE**

	<b>2021</b>	<b>2020</b>
Mortgage payable with no specific terms of repayment, bearing no interest, secured by a first mortgage on real property (mortgage paid and discharged subsequent to year end - see note 20)	\$ 38,200	\$ 41,800

**9. CAPITAL CONTRIBUTION REPAYABLE**

	<b>2021</b>	<b>2020</b>
Capital contribution repayable, bearing no interest, unsecured, repayable at \$ 12,000 per year, due in 2035	\$ 168,000	\$ 180,000
Current portion	12,000	12,000
	<u>\$ 156,000</u>	<u>\$ 168,000</u>

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

2022	\$ 12,000
2023	12,000
2024	12,000
2025	12,000
2026	12,000
Subsequent years	<u>108,000</u>
	<u>\$ 168,000</u>

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.

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, 2021****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**

	<b>Hospital</b>	<b>Share of MICS</b>	<b>2021 Total</b>	<b>2020 Total</b>
Accrued benefit obligation	\$ 1,212,677	\$ 120,801	\$ 1,333,478	\$ 1,382,805
Unamortized actuarial loss (gain)	125,229	3,635	128,864	27,199
Accrued benefit liability	<u>\$ 1,337,906</u>	<u>\$ 124,436</u>	<u>\$ 1,462,342</u>	<u>\$ 1,410,004</u>

**BENEFIT EXPENSE**

	<b>Hospital</b>	<b>Share of MICS</b>	<b>2021 Total</b>	<b>2020 Total</b>
Accrued benefit obligation, beginning of year	\$ 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, beginning of year	<u>1,292,967</u>	<u>117,037</u>	<u>1,410,004</u>	<u>1,345,169</u>
Current service cost	61,043	6,619	67,662	72,331
Interest on obligation	41,485	4,134	45,619	45,729
Amortization of actuarial loss (gain)	(4,058)	844	(3,214)	9,567
Benefit expense	<u>98,470</u>	<u>11,597</u>	<u>110,067</u>	<u>127,627</u>
Benefit payment	<u>(53,531)</u>	<u>(4,198)</u>	<u>(57,729)</u>	<u>(62,792)</u>
Accrued benefit liability, end of year	<u>\$ 1,337,906</u>	<u>\$ 124,436</u>	<u>\$ 1,462,342</u>	<u>\$ 1,410,004</u>

**ANSON GENERAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021**

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**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 3.21% (2020 - 3.29%) 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 (2020 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2020 - 4.5%).

*Dental costs*

Dental costs is assumed to increase at 4% per annum (2020 - 4%).

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**ANSON GENERAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021****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:

	<b>2021</b>	<b>2020</b>
<b>CAPITAL CONTRIBUTIONS</b>		
Balance, beginning of year	\$ 21,512,526	\$ 21,509,385
Funding received during the year	1,177,477	468,720
Write off of capital contributions	-	(465,579)
	<u>22,690,003</u>	<u>21,512,526</u>
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	(12,725,169)	(12,597,415)
Amortization - buildings	(503,129)	(439,143)
Amortization - equipment and software	(36,227)	(31,224)
Amortization - South Centennial Manor	(124,760)	(122,968)
Write off of accumulated amortization	-	465,581
	<u>(13,389,285)</u>	<u>(12,725,169)</u>
<b>NET DEFERRED CAPITAL CONTRIBUTIONS</b>	<u>\$ 9,300,718</u>	<u>\$ 8,787,357</u>

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:

	<b>2021</b>	<b>2020</b>
Donations	\$ 38,296	\$ 29,516
Ministry of Health / North East LHIN - Minor Capital Funding	12,123	-
	<u>\$ 50,419</u>	<u>\$ 29,516</u>

Due to the ongoing COVID-19 pandemic restrictions and circumstances (see further details in note 18), some of the minor capital funding received was not fully spent on March 31, 2021. The hospital obtained approval from the funder to defer this unspent contribution.

**ANSON GENERAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021****12. INVESTED IN CAPITAL ASSETS**

Invested in capital assets is calculated as follows:

	<b>2021</b>	<b>2020</b>
Capital assets	\$ 15,599,382	\$ 15,042,484
Deferred capital contributions	(9,300,718)	(8,787,357)
Unspent deferred capital contributions (note 11)	50,419	29,516
Mortgage payable	(38,200)	(41,800)
Capital contribution repayable	(168,000)	(180,000)
	<u>\$ 6,142,883</u>	<u>\$ 6,062,843</u>

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

	<b>2021</b>	<b>2020</b>
<b>CAPITAL ASSET ACTIVITIES</b>		
Purchase of capital assets	\$ 1,720,757	\$ 1,450,021
Amortization of capital assets - buildings	(689,432)	(608,985)
Amortization of capital assets - equipment and software	(219,182)	(206,088)
Amortization of capital assets - South Centennial Manor	(248,299)	(254,452)
Loss on disposition of capital assets	(6,946)	-
Repayment of mortgage payable	3,600	3,600
	<u>560,498</u>	<u>384,096</u>
<b>DEFERRED CAPITAL CONTRIBUTION ACTIVITIES</b>		
Capital contributions received during the year	(1,177,477)	(468,720)
Repayment of capital contribution repayable	12,000	12,000
Transfer to unspent deferred capital contributions	20,903	11,345
Amortization of deferred capital contributions - buildings	503,129	439,143
Amortization of deferred capital contributions- equipment and software	36,227	31,224
Amortization of deferred capital contributions - South Centennial Manor	124,760	122,968
	<u>(480,458)</u>	<u>147,960</u>
	<u>\$ 80,040</u>	<u>\$ 532,056</u>

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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### 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 \$685,216 (2020 - \$697,748) 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, 2020 indicated that the Plan is fully funded on a solvency basis.

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### 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 are not consolidated in the financial statements of the Hospital.

During the year, the Foundation provided a contribution of \$500,000 (2020 - \$nil) for the SCM redevelopment project. This amount has been included in deferred capital contributions.

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### 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, 2021, 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.

## **ANSON GENERAL HOSPITAL**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2021**

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#### **15. CONTINGENCIES AND COMMITMENTS, (CONT'D)**

c) As at March 31, 2021, the Hospital has a further commitment of \$751,590 in relation to current capital projects in progress.

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#### **16. COVID-19 CONTRIBUTIONS**

The Hospital has recognized COVID-19 related contributions in the amount of \$2,062,199 in revenues and \$225,923 in deferred capital contributions. These contributions were provided to the Hospital to assist with the increased operating and capital costs and lost of revenues 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 and Long Term Care and the North East Local Integration Network. 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. 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 at the time these financial statements were approved.

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#### **17. 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.

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#### **18. 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 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, 2021 are as follows:

**ANSON GENERAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021****18. FINANCIAL INSTRUMENTS RISK MANAGEMENT, (CONT'D)**

	<b>Total</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>90+ days</b>
Insurers and patients	\$ 288,392	\$ 186,684	\$ 32,448	\$ 1,377	\$ 67,883
MOH/LHIN	1,467,571	1,467,571	-	-	-
HST rebates	256,474	256,474	-	-	-
Other	6,102	-	-	-	6,102
	<u>2,018,539</u>	<u>1,910,729</u>	<u>32,448</u>	<u>1,377</u>	<u>73,985</u>
Allowance	<u>(94,696)</u>	<u>-</u>	<u>(19,334)</u>	<u>(1,377)</u>	<u>(73,985)</u>
	<u>\$ 1,923,843</u>	<u>\$ 1,910,729</u>	<u>\$ 13,114</u>	<u>\$ -</u>	<u>\$ -</u>

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.

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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### 19. 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.

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### 20. SUBSEQUENT EVENTS

a) Subsequent to year end, the Hospital signed a memorandum of understanding regarding a large capital project to upgrade IT equipment, systems and software. The cost will be shared amongst other hospitals in the region. The Hospital's estimated share of the cost will be approximately \$2,090,000, excluding operating costs.

b) Subsequent to year end, the Hospital sold a property for \$380,000 less commission, legal fees and the payment and discharge of the related mortgage of \$38,200 (note 8). The property had an original cost of \$279,663 and a net book value of \$133,293.

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**ANSON GENERAL HOSPITAL**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2021**

**SCHEDULE OF MINISTRY OF HEALTH AND LONG-TERM CARE** **Schedule 1**

	<b>2021 Budget (Unaudited)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
North East LHIN - Base allocation	\$ 8,650,619	\$ 9,125,346	\$ 8,650,945
Ministry of Health - Physician specific	83,374	44,883	42,794
Ministry of Health/North East LHIN - One-time funding	105,000	2,197,478	737,512
	<b>\$ 8,838,993</b>	<b>\$ 11,367,707</b>	<b>\$ 9,431,251</b>

**SCHEDULE OF PATIENT CARE** **Schedule 2**

	<b>2021 Budget (Unaudited)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
Ontario Health Insurance	\$ 205,500	\$ 170,364	\$ 211,526
Other patient care revenue	347,030	265,089	289,242
	<b>\$ 552,530</b>	<b>\$ 435,453</b>	<b>\$ 500,768</b>

**SCHEDULE OF SALARIES AND WAGES** **Schedule 3**

	<b>2021 Budget (Unaudited)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
Nursing services	\$ 2,530,807	\$ 2,343,347	\$ 2,375,315
Diagnostic and therapeutic	928,848	835,046	817,273
Education	29,221	31,218	18,648
Administration and other	1,475,268	1,727,012	1,562,080
	<b>\$ 4,964,144</b>	<b>\$ 4,936,623</b>	<b>\$ 4,773,316</b>

**ANSON GENERAL HOSPITAL**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2021**

**SCHEDULE OF SUPPLIES AND OTHER EXPENSES**

**Schedule 4**

	<b>2021 Budget (Unaudited)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
Nursing services	\$ 160,850	\$ 190,377	\$ 230,287
Diagnostic and therapeutic	1,151,900	920,528	1,012,287
Education	51,640	10,087	26,194
Administration and other	1,743,014	1,612,195	1,595,911
	<b>\$ 3,107,404</b>	<b>\$ 2,733,187</b>	<b>\$ 2,864,679</b>

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

**Schedule 5**

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Provincial subsidies	\$ 4,920,718	\$ 3,855,624
Charges to residents	1,408,402	1,458,063
Other revenue	20,368	24,236
Amortization of deferred capital contributions	124,760	122,968
	<b>6,474,248</b>	<b>5,460,891</b>
<b>EXPENSES</b>		
Salaries and benefits	5,261,955	4,945,946
Supplies and other expenses	1,083,351	970,735
Amortization of capital assets	248,299	254,452
Loss on disposition of capital assets	6,946	-
	<b>6,600,551</b>	<b>6,171,133</b>
<b>LOSS FOR THE YEAR</b>	<b>\$ (126,303)</b>	<b>\$ (710,242)</b>