

ANSON GENERAL HOSPITAL

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

MARCH 31, 2023

Baker Tilly HKC
2 Ash Street, Suite 2
Kapusking, 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, 2023, 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, 2023, 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 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, (CONT'D)

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 13, 2023

ANSON GENERAL HOSPITAL
FINANCIAL STATEMENTS

MARCH 31, 2023

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ANSON GENERAL HOSPITAL

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
REVENUES			
Ministry funding, schedule 1	\$ 11,156,737	\$ 11,932,784	\$ 11,535,432
Ontario Health Insurance	175,500	224,852	221,461
Other patient care revenues	318,530	317,564	289,048
Recoveries and other revenues	692,400	785,201	611,908
Gain on disposition of capital assets	-	204,019	229,988
Amortization of deferred capital contributions - equipment and software	35,000	58,762	35,426
Other votes, schedule 2	3,150	3,150	3,150
	12,381,317	13,526,332	12,926,413
EXPENSES			
Salaries and wages, schedule 3	6,014,746	6,535,183	5,500,965
Employee benefits	2,049,603	1,395,666	1,533,376
Medical staff remuneration	1,365,905	1,774,818	935,605
Supplies and other expenses, schedule 4	3,248,575	2,892,248	2,796,903
Medical and surgical	196,000	191,157	248,185
Drugs and medical gases	171,900	130,897	152,703
Amortization of equipment and software	180,000	255,223	237,980
Other votes, schedule 2	3,150	3,150	3,150
	13,229,879	13,178,342	11,408,867
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS	(848,562)	347,990	1,517,546
AMORTIZATION OF BUILDINGS			
Amortization of deferred capital contributions - buildings	450,000	512,966	462,616
Amortization of buildings	(510,000)	(819,752)	(758,780)
	(60,000)	(306,786)	(296,164)
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE OTHER PROGRAM	(908,562)	41,204	1,221,382
OTHER PROGRAM			
South Centennial Manor, schedule 5	-	(300,239)	28,281
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	\$ (908,562)	\$ (259,035)	\$ 1,249,663

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

ANSON GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023

	Invested in Capital Assets (note 11)		Unrestricted	Total 2023	Total 2022
BALANCE, BEGINNING OF YEAR	\$ 6,967,833	\$	(313,707)	\$ 6,654,126	\$ 5,404,463
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	-		(259,035)	(259,035)	1,249,663
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 11)	420,331		(420,331)	-	-
BALANCE, END OF YEAR	\$ 7,388,164	\$	(993,073)	\$ 6,395,091	\$ 6,654,126

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

ANSON GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 500	\$ 500
Accounts receivable (note 4)	829,394	897,074
Inventories	268,677	278,844
Due from MICs Group of Health Services (note 5)	2,788,156	2,039,209
	<u>3,886,727</u>	<u>3,215,627</u>
CAPITAL ASSETS (note 6)	<u>16,257,472</u>	<u>15,938,615</u>
	<u>\$ 20,144,199</u>	<u>\$ 19,154,242</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	\$ 2,422,530	\$ 1,041,543
Deferred revenue	105,028	105,028
Current portion of capital contribution repayable	12,000	12,000
	<u>2,539,558</u>	<u>1,158,571</u>
CAPITAL CONTRIBUTION REPAYABLE (note 8)	132,000	144,000
POST-EMPLOYMENT BENEFITS (note 9)	1,547,516	1,513,159
DEFERRED CAPITAL CONTRIBUTIONS (note 10)	9,530,034	9,684,386
	<u>13,749,108</u>	<u>12,500,116</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS (note 11)	7,388,164	6,967,833
UNRESTRICTED	<u>(993,073)</u>	<u>(313,707)</u>
	<u>6,395,091</u>	<u>6,654,126</u>
	<u>\$ 20,144,199</u>	<u>\$ 19,154,242</u>

CONTINGENCIES AND COMMITMENTS - note 8, 14 and 15

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

On behalf of the board

Danielle Delaurier

Director

Fern Morrissette

Director

ANSON GENERAL HOSPITAL**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ (259,035)	\$ 1,249,663
Items not involving cash:		
Amortization of capital assets - buildings	819,752	758,780
Amortization of capital assets - equipment and software	255,223	237,980
Amortization of capital assets - South Centennial Manor	261,890	256,950
Amortization of deferred capital contributions - buildings	(512,966)	(462,616)
Amortization of deferred capital contributions - equipment and software	(58,762)	(35,426)
Amortization of deferred capital contributions - South Centennial Manor	(103,476)	(110,341)
Accrual for post-employment benefits	34,357	50,817
Gain on disposition of capital assets	(204,019)	(229,988)
	<u>232,964</u>	<u>1,715,819</u>
Changes in:		
Accounts receivable	67,680	1,026,769
Inventories	10,167	(25,260)
Accounts payable and accrued liabilities	1,380,987	628,551
	<u>1,691,798</u>	<u>3,345,879</u>
INVESTING ACTIVITY		
Net advances to MICs Group of Health Services	(748,947)	(2,924,775)
FINANCING ACTIVITIES		
Repayment of mortgage payable	-	(38,200)
Repayment of capital contribution repayable	(12,000)	(12,000)
	<u>(12,000)</u>	<u>(50,200)</u>
CAPITAL ACTIVITIES		
Purchase of capital assets	(1,689,160)	(1,725,578)
Proceeds of disposition of capital assets	237,457	362,623
Capital contributions received	914,949	992,051
Transfer of deferred capital contributions to accounts payable	(394,097)	-
	<u>(930,851)</u>	<u>(370,904)</u>
CHANGE IN CASH POSITION	-	-
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, 2023

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 Ministry of Health and Long-Term Care and 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 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, 2023

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 and software	3-20 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 Ministry of Health / Ontario Health North. 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, 2023

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 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, 2023

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, due from MICs Group of Health Services, accounts payable and accrued liabilities 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 receivable, the useful life of capital assets, accrued liabilities, the actuarial estimation of post-employment benefits and contingencies. Actual results may differ from management's best estimates as additional information becomes available in the future.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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:

	2023		
	Fair Value	Amortized Cost	Total
Cash	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 829,394	\$ 829,394
Due from MICs Group of Health Services	\$ -	\$ 2,788,156	\$ 2,788,156
Accounts payable and accrued liabilities	\$ -	\$ 2,422,530	\$ 2,422,530
Capital contribution repayable	\$ -	\$ 144,000	\$ 144,000
	2022		
	Fair Value	Amortized Cost	Total
Cash	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 897,074	\$ 897,074
Accounts payable and accrued liabilities	\$ -	\$ 2,039,209	\$ 2,039,209
Due to MICs Group of Health Services	\$ -	\$ 1,041,543	\$ 1,041,543
Capital contribution repayable	\$ -	\$ 156,000	\$ 156,000

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, 2023.

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023****4. ACCOUNTS RECEIVABLE**

	2023	2022
Insurers and patients	\$ 323,588	\$ 307,074
Ministry of Health / Ontario Health North	177,896	382,588
HST rebates receivable	377,231	256,620
	878,715	946,282
Less: Allowance for doubtful accounts	49,321	49,208
	<u>\$ 829,394</u>	<u>\$ 897,074</u>

5. DUE FROM 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 the Hospital's share of various cost functions primarily salaries and benefits and administration and support services. 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. The share of costs to participating hospitals are set by a methodology agreed to by the Board on a cost recovery basis.

The balance due represents the excess between the amounts received and paid by the Partnership. The balance due from/to MICs Group of Health Services is unsecured, non-interest bearing with no specific terms of repayment.

	2023	2022
Due from MICS Group of Health Services	<u>\$ 2,788,156</u>	<u>\$ 2,039,209</u>

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023****5. DUE FROM MICS GROUP OF HEALTH SERVICES, (CONT'D)**

The Hospital's share of these costs are as follows:

	2023	2022
Salaries, wages and employee benefits	\$ 11,836,503	\$ 12,062,648
Administration and support services	324,787	322,285
	<u>\$ 12,161,290</u>	<u>\$ 12,384,933</u>

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net	2022 Net
Land	\$ 72,707	\$ -	\$ 72,707	\$ 72,707
Land improvements	74,959	43,496	31,463	35,211
Buildings	30,029,961	16,187,164	13,842,797	14,230,270
Equipment and software	6,278,447	3,967,942	2,310,505	1,600,427
	<u>\$ 36,456,074</u>	<u>\$ 20,198,602</u>	<u>\$ 16,257,472</u>	<u>\$ 15,938,615</u>

As at March 31, 2023, there were \$93,007 (2022 - \$175,535) of capital projects in progress. These assets were not amortized.

During the year, the Hospital wrote-off \$50,012 (2022 - \$18,026) in equipment that was no longer in use, disposed of or fully amortized.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trades payable and accrued liabilities	\$ 1,121,922	\$ 528,540
Ministry of Health / Ontario Health North	1,090,688	365,716
Iroquois Falls Family Health Team	209,920	147,287
	<u>\$ 2,422,530</u>	<u>\$ 1,041,543</u>

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

8. CAPITAL CONTRIBUTION REPAYABLE

	2023	2022
Capital contribution repayable, bearing no interest, unsecured, repayable at \$ 12,000 per year, due in 2035	\$ 144,000	\$ 156,000
Current portion	12,000	12,000
	<u>\$ 132,000</u>	<u>\$ 144,000</u>
The principal installments to be paid over the next five fiscal years are as follows:		
2024	\$ 12,000	
2025	12,000	
2026	12,000	
2027	12,000	
2028	12,000	
Subsequent years	<u>84,000</u>	
	<u>\$ 144,000</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, 2023****9. 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	2023 Total	2022 Total
Accrued benefit obligation	\$ 1,196,622	\$ 116,883	\$ 1,313,505	\$ 1,275,789
Unamortized actuarial loss	215,742	18,269	234,011	237,370
Accrued benefit liability	<u>\$ 1,412,364</u>	<u>\$ 135,152</u>	<u>\$ 1,547,516</u>	<u>\$ 1,513,159</u>

BENEFIT EXPENSE

	Hospital	Share of MICS	2023 Total	2022 Total
Accrued benefit obligation, beginning of year	\$ 1,161,097	\$ 114,692	\$ 1,275,789	\$ 1,333,478
Unamortized actuarial loss	221,776	15,594	237,370	128,864
Accrued benefit liability, beginning of year	<u>1,382,873</u>	<u>130,286</u>	<u>1,513,159</u>	<u>1,462,342</u>
Current service cost	68,607	5,517	74,124	81,181
Interest on obligation	45,282	4,450	49,732	43,069
Amortization of actuarial loss (gain)	<u>(24,110)</u>	<u>(1,713)</u>	<u>(25,823)</u>	<u>(13,586)</u>
Benefit expense	<u>89,779</u>	<u>8,254</u>	<u>98,033</u>	<u>110,664</u>
Benefit payment	<u>(60,288)</u>	<u>(3,388)</u>	<u>(63,676)</u>	<u>(59,847)</u>
Accrued benefit liability, end of year	<u>\$ 1,412,364</u>	<u>\$ 135,152</u>	<u>\$ 1,547,516</u>	<u>\$ 1,513,159</u>

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023**

9. 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 12.

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 4.04% (2022 - 3.89%) 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 (2022 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2022 - 4.5%).

Dental costs

Dental costs is assumed to increase at 4% per annum (2022 - 4%).

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023****10. 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:

	2023	2022
CAPITAL CONTRIBUTIONS		
Balance, beginning of year	\$ 23,682,054	\$ 22,690,003
Funding received during the year	914,949	992,051
Transfer of deferred capital contributions to accounts payable	(394,097)	-
Balance, end of year	<u>24,202,906</u>	<u>23,682,054</u>
ACCUMULATED AMORTIZATION		
Balance, beginning of year	(13,997,668)	(13,389,285)
Amortization of deferred capital contributions - buildings	(512,966)	(462,616)
Amortization of deferred capital contributions - equipment and software	(58,762)	(35,426)
Amortization of deferred capital contributions - South Centennial Manor	(103,476)	(110,341)
Balance, end of year	<u>(14,672,872)</u>	<u>(13,997,668)</u>
NET DEFERRED CAPITAL CONTRIBUTIONS	<u>\$ 9,530,034</u>	<u>\$ 9,684,386</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:

	2023	2022
Donations	\$ 46,456	\$ 29,517
Health Infrastructure Renewal Fund	758,270	840,087
	<u>\$ 804,726</u>	<u>\$ 869,604</u>

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2023****11. INVESTED IN CAPITAL ASSETS**

Invested in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 16,257,472	\$ 15,938,615
Deferred capital contributions	(9,530,034)	(9,684,386)
Unspent deferred capital contributions (note 10)	804,726	869,604
Capital contribution repayable	(144,000)	(156,000)
	<u>\$ 7,388,164</u>	<u>\$ 6,967,833</u>

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

	2023	2022
CAPITAL ASSET ACTIVITIES		
Purchase of capital assets	\$ 1,689,160	\$ 1,725,578
Amortization of capital assets - buildings	(819,752)	(758,780)
Amortization of capital assets - equipment and software	(255,223)	(237,980)
Amortization of capital assets - South Centennial Manor	(261,890)	(256,950)
Gain on disposition of capital assets	204,019	229,988
Proceeds of disposition of capital assets	(237,457)	(362,623)
Repayment of mortgage payable	-	38,200
	<u>318,857</u>	<u>377,433</u>
DEFERRED CAPITAL CONTRIBUTION ACTIVITIES		
Capital contributions received	(914,949)	(992,051)
Repayment of capital contribution repayable	12,000	12,000
Transfer to unspent deferred capital contributions	(64,878)	819,185
Transfer of deferred capital contributions to accounts payable	394,097	-
Amortization of deferred capital contributions - buildings	512,966	462,616
Amortization of deferred capital contributions - equipment and software	58,762	35,426
Amortization of deferred capital contributions - South Centennial Manor	103,476	110,341
	<u>\$ 420,331</u>	<u>\$ 824,950</u>

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

12. 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 \$679,571 (2022 - \$710,745) 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, 2022 indicated that the Plan is fully funded on a solvency basis.

13. 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.

14. 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, 2023, 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, 2023

14. CONTINGENCIES AND COMMITMENTS, (CONT'D)

c) As at March 31, 2023, the Hospital has a further commitment of \$101,993 in relation to current capital projects in progress.

d) The Hospital is part of a capital project to upgrade IT equipment, systems and software, namely the Meditech Expanse (ONE Health Information Technology System). The cost will be shared amongst other hospitals in Northern Ontario. The Hospital's estimated share of the cost will be approximately \$2,090,000, excluding operating costs. A total cost of \$880,836 has been incurred as of March 31, 2023, leaving a remaining estimated commitment of \$1,209,164. This cost has been recorded in the MICS partnership under capital projects in progress. The project is expected to be financed by a loan. The terms and conditions of this loan are yet to be determined.

15. COVID-19 CONTRIBUTIONS

The Hospital has recognized COVID-19 related contributions in the amount of \$1,213,685 (2022 - \$2,057,240) in revenues. 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 and Long Term Care and Ontario Health North. 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. These 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.

16. ECONOMIC DEPENDENCE

The Hospital receives the majority of its revenue through a funding agreement with Ontario Health North 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.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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, accounts receivable and amounts due from MICs Group of Health Services.

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, 2023 are as follows:

	Total	Current	31-60 days	61-90 days	90+ days
Insurers and patients	\$ 323,588	\$ 237,034	\$ 36,552	\$ 5,469	\$ 44,533
MOH / OHN	177,896	177,896	-	-	-
HST rebates	377,231	377,231	-	-	-
	878,715	792,161	36,552	5,469	44,533
Allowance	(49,321)	-	-	-	(49,321)
	\$ 829,394	\$ 792,161	\$ 36,552	\$ 5,469	(4,788)

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, 2023**

18. NEW ACCOUNTING STANDARDS

Section PS 1201, Financial Statement Presentation, PS 3041, Portfolio Investments and PS 3450, Financial Instruments, have been adopted on April 1, 2022. Adoption of these new standards had no change on the presentation of these financial statements.

PS 3280, Asset Retirement Obligations, was also adopted. Asset retirement obligations are legal financial obligations associated with the retirement of capital assets in which a duty or responsibility exists to properly remove or dispose of the capital assets at some future date in time. Management has determined that there are currently no material asset retirement obligations.

ANSON GENERAL HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

SCHEDULE OF MINISTRY FUNDING

Schedule 1

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Ontario Health North - Base allocation	\$ 9,906,832	\$ 10,004,945	\$ 9,808,745
Ministry of Health - Physician specific	1,249,905	1,549,461	755,195
Ministry of Health / Ontario Health North - One-time funding	-	378,378	971,492
	<u>\$ 11,156,737</u>	<u>\$ 11,932,784</u>	<u>\$ 11,535,432</u>

SCHEDULE OF OTHER VOTES

Schedule 2

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
REVENUES			
Ontario Health North - Municipal taxes	\$ 3,150	\$ 3,150	\$ 3,150
EXPENSES			
Municipal taxes	3,150	3,150	3,150
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF SALARIES AND WAGES

Schedule 3

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Nursing services	\$ 3,058,068	\$ 3,671,884	\$ 2,585,616
Diagnostic and therapeutic	1,134,020	1,014,243	954,501
Education	32,464	9,232	28,379
Administration and other	1,790,194	1,839,824	1,932,469
	<u>\$ 6,014,746</u>	<u>\$ 6,535,183</u>	<u>\$ 5,500,965</u>

ANSON GENERAL HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

SCHEDULE OF SUPPLIES AND OTHER EXPENSES

Schedule 4

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Nursing services	\$ 213,800	\$ 268,506	\$ 167,706
Diagnostic and therapeutic	1,003,650	973,536	992,432
Education	54,140	28,242	47,254
Administration and other	1,976,985	1,621,964	1,589,511
	\$ 3,248,575	\$ 2,892,248	\$ 2,796,903

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

Schedule 5

	2023 Budget (unaudited)	2023 Actual	2022 Actual
REVENUES			
Ministry of Health subsidies	\$ -	\$ 5,475,215	\$ 5,391,681
Accommodation charges to residents	-	1,461,628	1,468,194
Other revenues	-	13,389	28,668
Amortization of deferred capital contributions	-	103,476	110,341
	-	7,053,708	6,998,884
EXPENSES			
Salaries and benefits	-	5,906,209	5,536,875
Supplies and other expenses	-	1,185,848	1,176,778
Amortization of capital assets - South Centennial	-	261,890	256,950
	-	7,353,947	6,970,603
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	\$ -	\$ (300,239)	\$ 28,281