

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2024

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The preparation of the financial statements necessarily involves management's judgment and estimates of the expected outcomes of current events and transactions with appropriate consideration to materiality.


Nipigon District Memorial Hospital maintains systems of internal accounting and financial controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, accurate, and that assets are properly accounted for and safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the financial statements and the external independent auditor's report before approving the financial statements.

The financial statements have been audited by Suraci & Olszewski LLP, the external auditors, in accordance with Canadian generally accepted auditing standards.


SCormier (Jun 26, 2024 12:46 EDT)

Shannon Cormier
Chief Executive Officer


Lauren Gilbert, CPA
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nipigon District Memorial Hospital

Opinion

We have audited the accompanying financial statements of Nipigon District Memorial Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2024, the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at **March 31, 2024**, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 & 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility 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 auditors' 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 the 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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.

Other Matter

The prior year figures were audited by another public accounting firm who expressed an unmodified opinion on July 11, 2023.



Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
June 25, 2024

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2024	2023
	\$	\$
ASSETS		
Current		
Cash	986,576	-
Term deposits [note 2]	100,000	100,000
Accounts receivable [note 3]	1,358,303	1,235,102
Inventory [note 4]	131,212	179,698
Prepaid expenses	286,635	257,974
	2,862,726	1,772,774
Restricted cash	57,000	54,048
Capital assets, net [note 5]	7,027,333	7,677,908
	9,947,059	9,504,730
LIABILITIES		
Current		
Bank indebtedness	-	304,602
Accounts payable and accrued liabilities [note 7]	3,244,284	1,848,894
Current portion of long-term debt [note 6]	91,551	88,742
Deferred operating contributions	18,478	-
	3,354,313	2,242,238
Long-term		
Long-term debt [note 6]	449,247	540,798
Deferred capital contributions [note 8]	5,019,935	5,482,923
Employee future benefits [note 9]	462,100	456,200
	5,931,282	6,479,921
NET ASSETS		
Investment in capital assets [note 10]	1,945,263	1,953,157
Internally restricted	401,569	359,912
Externally restricted	57,000	54,048
Unrestricted	(1,742,368)	(1,584,546)
	661,464	782,571
	9,947,059	9,504,730

Commitments [note 11], Contingent liabilities [note 12]

Approved on behalf of the Board of Directors:


Jay Lucas (Jun 26, 2024 12:49 EDT)

Director


Ashley Davis (Jun 26, 2024 16:50 EDT)

Director

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF OPERATIONS

Year ended March 31	2024	2023
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and Ontario Health North [note 13]	10,645,073	8,813,202
Patient services	192,958	192,613
Preferred accommodation and co-payments	569,585	573,521
Other revenue [note 14]	1,215,964	948,882
Beardmore Regional Health Centre [schedule 1]	313,616	305,782
Fundraising [schedule 2]	62	53
Assisted Living Program [schedule 3]	261,674	216,529
Opioid Addiction Program [schedule 4]	70,586	67,186
Meals on Wheels [schedule 5]	21,428	20,400
Hospital On-Call Coverage	112,734	113,839
Municipal taxes funding	2,775	5,550
	13,406,455	11,257,557
EXPENSES		
Salaries and wages	7,654,940	6,875,632
Medical staff remuneration	364,705	358,905
Employee benefits	1,677,866	1,551,891
Supplies and expenses	2,507,739	2,135,687
Medical and surgical supplies	102,085	66,956
Drugs and medical gases	103,739	87,250
Provision for bad debts	4,834	2,882
Amortization of major equipment and information systems	189,227	201,543
Beardmore Regional Health Centre [schedule 1]	330,578	305,782
Fundraising [schedule 2]	21,628	17,674
Assisted Living Program [schedule 3]	262,853	216,529
Opioid Addiction Program [schedule 4]	70,586	67,186
Meals on Wheels [schedule 5]	21,428	20,400
Hospital On-Call Coverage	112,734	113,839
Municipal taxes expense	2,775	5,550
	13,427,717	12,027,706
Excess (shortfall) of revenue over expenses before the following	(21,262)	(770,149)
Amortization of land improvements, buildings and building service equipment	(578,924)	(579,648)
Amortization of deferred capital contributions	479,079	468,590
SHORTFALL OF REVENUE OVER EXPENSES	(121,107)	(881,207)

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

					2024	2023
	Investment in Capital Assets	Externally Restricted Fund	Internally Restricted Fund	Unrestricted	Total	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	1,953,157	54,048	359,912	(1,584,546)	782,571	1,663,778
Shortfall of revenue over expenses [note 10 (a)]	(114,214)			(6,893)	(121,107)	(881,207)
Net change in externally restricted funds		2,952		(2,952)	-	-
Net change in internally restricted funds			41,657	(41,657)	-	-
Net change in investment in capital assets [note 10 (b)]	106,320			(106,320)	-	-
BALANCE AT END OF YEAR	1,945,263	57,000	401,569	(1,742,368)	661,464	782,571

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Shortfall of revenue over expenses for year	(121,107)	(881,207)
Add charges (deduct credits) to excess of revenue over expenses not involving a current payment (receipt) of cash		
Amortization of capital assets and deferred charges	769,104	782,155
Amortization of deferred capital contributions	(563,939)	(564,519)
Gain on disposal of capital assets	(436)	(215)
Employee future benefits	5,900	(10,600)
Changes in non-cash operational balances [note 15]	1,310,492	241,053
Net cash provided by (used in) operating activities	1,400,014	(433,333)
CAPITAL ACTIVITIES		
Purchase of capital assets	(118,529)	(272,708)
Proceeds from sale of capital assets	436	215
Net cash used in capital activities	(118,093)	(272,493)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	10,000	111,938
Private and other donations	90,951	31,990
Repayment of long-term debt	(88,742)	(86,020)
Net cash provided by financing activities	12,209	57,908
INCREASE (DECREASE) IN CASH	1,294,130	(647,918)
Cash (bank indebtedness), beginning of year	(250,554)	397,364
CASH (BANK INDEBTEDNESS), END OF YEAR	1,043,576	(250,554)
Represented by		
Cash	986,576	-
Bank indebtedness	-	(304,602)
Restricted cash	57,000	54,048
	1,043,576	(250,554)

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

General

Nipigon District Memorial Hospital (the “Hospital”) was incorporated under the Corporations Act in January, 1956. The Hospital is principally involved in providing health care services to the Nipigon-Red Rock region of Northwestern Ontario. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of presentation

The financial statements of the Hospital have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Standards Board (“PSAB for Government NPOs”).

[b] Fund accounting

The funds of the Hospital are maintained in accordance with the principles of fund accounting whereby separate accounts are maintained for each fund, as explained below, to ensure observance of the limitations and restrictions placed on the use of particular assets.

Unrestricted fund

This fund is used to account for operational and administrative revenue and expenses.

Externally restricted fund

Restricted cash of \$57,000 [2023 - \$54,048] represents endowments where the principal contribution is restricted for various time intervals which upon expiry is to be used for capital purchases.

Internally restricted fund

Each year the Hospital sets aside 25% of rental income to be used for capital equipment and repairs for the premises which the Hospital acts as a landlord.

[c] Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (“MOHLTC”), and Ontario Health North (“OHN”). Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of an accounting period, are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the MOHLTC and OHN with respect to the year ended March 31, 2024.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

Revenue from patient services is recognized when the services are provided.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of for the related capital assets.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital. As these assets become unrestricted they may be used for such purposes that the Board approves including current operations and capital purchases. Unrestricted investment income is recognized as revenue when earned.

[d] Contributed services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The Fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

[e] Financial instruments

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

i) Fair Value

Financial instruments are initially recognized at cost subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met. Transaction costs related to financial instruments in the fair value category are expensed as incurred. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses is removed from net assets and recognized in the statement of operations.

ii) Amortized cost

This category includes cash, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, and short-term borrowing. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on the financial assets. Transaction costs related to the financial instruments in amortized cost category are added to the carrying value of the instrument. Write-downs on financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

[f] Inventory

Inventory of general, medical and surgical supplies is valued at the lower of average cost and replacement value, whereas drugs and medical gases are carried at cost on a first-in, first-out basis.

[g] Capital assets and amortization

Purchased capital assets are valued at cost and contributed assets are valued at their fair market value at the time of contribution. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

The amortization of the capital assets is recorded annually with a corresponding reduction in investment in capital assets. All assets are amortized over their expected useful lives using the straight-line basis, at the following annual rates:

Buildings	20 to 40 years
Building service equipment	10 to 20 years
Computer software	3 years
Major equipment	5 to 20 years
Land improvements	10 to 20 years

[h] Employee future benefits

The Hospital provides extended health care, dental and life insurance benefits to substantially all employees and accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service from management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

The cost of post-employment benefits future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

The Hospital is an employer member of the Health Care of Ontario Pension, which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

[i] Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the benefit plans of the Hospital.

[j] Management estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of allowance for doubtful accounts and actuarial estimation of post-employment benefits, estimated useful lives of capital assets and compensated absences.

[k] Related party transactions

Financial assets or liabilities obtained in related party transactions are measured at exchange, which is in accordance with the accounting policy for related party transactions.

[l] Asset Retirement Obligation

An Asset Retirement Obligation (ARO) is a legal obligation that is associated with the retirement of a tangible, long-term asset. It is generally applicable when a company is responsible for removing equipment or cleaning up hazardous materials at some agreed-upon future date. Management has reviewed its obligation and has determined that there is no impact to the financial statements.

2. TERM DEPOSITS

The term deposits consists of guaranteed investment certificates in the amount \$100,000 [2023 - \$100,000]. The term deposit carries interest rates of 4.75% and matures in March 2025.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2024	2023
	\$	\$
Ontario Ministry of Health and Long-Term Care /		
Ontario Health North	1,029,275	1,018,789
Other non-patient accounts receivable	219,851	106,768
Patient accounts receivable	116,349	97,548
Provincial Insurance Plan	22,211	20,595
	1,387,686	1,243,700
Less allowance for doubtful accounts	29,382	8,598
	1,358,304	1,235,102

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

4. INVENTORY

	2024	2023
	\$	\$
Pharmacy inventory	12,363	30,263
Supplies inventory	118,849	149,435
	131,212	179,698

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2024 Net
	\$	\$	\$
Land	171,092	-	171,092
Land improvements	1,263,570	993,789	269,781
Buildings and building service equipment	17,522,764	11,906,586	5,616,178
Major equipment and computer systems	6,582,782	5,612,500	970,282
	25,540,208	18,512,875	7,027,333

	Cost	Accumulated Amortization	2023 Net
	\$	\$	\$
Land	171,092	-	171,092
Land improvements	1,263,570	959,209	304,361
Buildings and building service equipment	17,500,566	11,362,243	6,138,323
Major equipment and computer systems	6,486,452	5,422,320	1,064,132
	25,421,680	17,743,772	7,677,908

6. LONG-TERM DEBT

The Hospital has a single loan outstanding with RBC equal to \$540,798 at March 31, 2024 [2023 - \$629,540], of which \$91,551 represents the current portion and \$449,247 represents the long-term portion. This loan was used to finance an energy retrofit project relating to Hospital facilities. The unsecured loan is repayable to RBC in monthly installments of \$8,927, including interest of at 3.12%, maturing in December 2029. The five year repayment schedule is as follows:

Year	Principal
2025	91,551
2026	94,449
2027	97,438
2028	100,522
2029	103,703
Thereafter	53,135
	540,798

The Hospital has available an operating loan of \$600,000 of which \$nil [2023- nil] was borrowed at year-end. Interest on line of credit is calculated at Royal Bank Prime [7.2% at year end].

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2024	2023
	\$	\$
Accounts payable and accrued liabilities	2,265,137	467,012
Accrued salaries and wages	738,405	1,104,692
Ontario Ministry of Health and Long-Term Care / Ontario Health North	238,671	240,932
Government remittances payable	2,075	36,260
	3,244,288	1,848,896

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2024	2023
	\$	\$
Balance, beginning of year	5,482,923	5,903,514
Receipts	100,951	143,928
Amortization	(563,939)	(564,519)
	5,019,935	5,482,923
Represented by		
Unamortized portion	4,541,272	5,095,211
Unexpended portion	478,663	387,712
	5,019,935	5,482,923

9. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health care, dental and life insurance benefits to substantially all full-time employees. Under the terms of employee contracts, some employee groups, who elect to retire early, are entitled to continue to receive health and dental benefits from the date of early retirement until they reach the age 65. The Hospital is required to fund either 50% or 75% of the costs of these post employment benefits on behalf of the retired employee groups.

At March 31, 2024, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$462,100 [2023 - \$456,200]. The most recent actuarial estimate was provided as at March 31, 2024 along with estimates for 2025 and 2026. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.95%
Dental benefits cost escalation	4.00%
Medical benefits cost escalation – extended health care	5.50%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

9. EMPLOYEE FUTURE BENEFITS (CONTINUED)

Included in employee benefits on the statement of operations is an amount of \$5,900 [2023 – (\$10,600)] regarding employee future benefits. This amount is comprised of:

	2024	2023
	\$	\$
Additional benefit expense	37,100	38,200
Estimated payments made by the Hospital during the year	(31,200)	(48,800)
	5,900	(10,600)

10. INVESTMENT IN CAPITAL ASSETS

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

	2024	2023
	\$	\$
Capital assets at net book value	7,027,333	7,677,908
Amounts financed by deferred capital contributions	(4,541,272)	(5,095,211)
Long-term debt	(540,798)	(629,540)
	1,945,263	1,953,157

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

	2024	2023
	\$	\$
Shortfall of revenue over expenses		
Amortization of deferred capital contributions	563,939	564,519
Amortization of capital assets	(769,104)	(782,155)
Donation funding designated for capital	90,951	31,990
	(114,214)	(185,646)
Net change in capital assets		
Purchase of capital assets	118,529	272,708
Deferred capital contributions applied	(100,951)	(143,928)
Repayment of long-term debt	88,742	86,020
	106,320	214,800
Change in investment in capital assets	(7,894)	29,154

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

11. COMMITMENTS

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

2025	\$	48,757
2026	\$	29,963
2027	\$	24,423
2028	\$	1,211

The lease expiry dates are between January 2026 - October 2027

12. CONTINGENT LIABILITIES

Insurance

A group of hospitals, including Nipigon District Memorial Hospital, have formed the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2024.

Employee benefits

The Hospital, together with five other regional hospitals, has entered into a self insured employee benefit plan for semi-private, dental and extended health care benefits. Under the terms of the plan, the Hospital will pay for certain employee benefit claims not exceeding \$10,000 per employee per year. Any excess claims would be insured.

13. MINISTRY OF HEALTH AND LONG-TERM CARE AND ONTARIO HEALTH NORTH

Under the Health Insurance Act, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC) and Ontario Health North (OHN).

During the year, the Hospital was approved for \$10,000 (2023 - \$111,938) one-time funding by the MOHLTC for the Health Infrastructure Renewal Fund (HIRF).

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

14. OTHER REVENUE

	2024	2023
	\$	\$
Amortization of deferred capital contributions for major equipment	84,860	95,929
Donations - other	9,892	8,060
Gain on disposal of capital assets	436	215
Interest	26,731	12,504
Recoveries:		
Administrative and support services	769,684	460,320
Diagnostic and therapeutic services	19,995	28,515
Food services	55,966	41,773
Meals	40,080	47,646
Patient service	636	285
Residences	5,520	8,760
Television	4,195	4,032
Union secondment	31,342	67,079
Rentals	166,627	173,764
	1,215,964	948,882

15. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2024	2023
	\$	\$
Accounts receivable	(123,201)	(329,976)
Inventory	48,486	7,009
Prepaid expenses	(28,661)	(10,625)
Accounts payable and accrued liabilities	1,395,390	574,645
	1,310,492	241,053

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

16. PENSION PLAN

Most of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management’s best estimates, in consultation with its actuaries, of the amount require to provide a high level of assurance that benefits will be fully represented by fund assets at retirements, as provided by the Plan. On January 1, 2023 the contribution rates were 6.9% [2023 – 6.9%] up to the year’s maximum pensionable earnings (YMPE) and 9.2% [2023 – 9.2%] above the YMPE. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees’ contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is 115% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$493,909 [2023 - \$451,327] and are included in the statement of operations.

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Hospital’s main financial instrument risk exposure is detailed as follows:

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. Hospital is exposed to this risk relating to its cash, investments, and accounts receivable.

Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population. An allowance for doubtful patient accounts is set up based on historical experience regarding collections.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Investments consist of guaranteed investment certificates (“GICs”).

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flow of financial instruments because of changes in market interest rates. Currently, there is minimal interest rate risk for investments as the majority of them are held at fixed rates. There is minor interest rate risk on short term borrowings as the interest rate contains a floating component.

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

Liquidity risk

Liquidity risk is the risk that Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise.

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

18. CAPITAL MANAGEMENT

In managing capital, the Hospital considers its capital to be its net assets, consisting of investment in property and equipment, unrestricted, and capital expenditure reserve funds. The amounts invested in property and equipment ensure that the physical facility is able to provide services. The Hospital's objectives when managing its property and equipment are to safeguard its ability to continue as a going concern so it can continue to provide services and to allow for future expansion. Annual budgets are developed and monitored to ensure the Hospital's capital is maintained to meet these objectives.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

19. IMPACTS OF BILL 124

On November 29, 2022, the Ontario Superior Court rendered a decision to declare the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, known as Bill 124, to be void and of no effect. On December 29, 2022, the Province of Ontario appealed the Superior Court's decision, but the Government has not sought a stay of decision. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for the years that were previously capped by the legislation. The Hospital has recorded liabilities based on subsequent settlement amounts and management's estimate of potential settlement amounts.

20. ADOPTION OF NEW ACCOUNTING STANDARDS

The Hospital adopted the following accounting standards applicable for fiscal years beginning April 1, 2023:

- (i) PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- (ii) PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- (iii) PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on the financial statements of the Hospital as a result of the adoption of these standards.

21. COMPARATIVE FIGURES

The comparative figures were audited by another public accounting firm and certain figures have been reclassified to conform to the presentation adopted in the current year.

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 1****BEARDMORE REGIONAL HEALTH CENTRE**

Year ended March 31

	2024	2023
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	313,394	313,394
Other one time funding from MOHLTC	-	-
Repayable to Ministries and other agencies	-	(8,093)
Amortization of deferred capital contributions for equipment	-	-
Other revenue and recoveries	222	481
	313,616	305,782
EXPENSES		
Salaries and employee benefits	273,293	229,048
Supplies and expenses	47,453	58,419
Medical supplies and drugs	9,737	18,209
Amortization of major equipment and information systems	95	106
	330,578	305,782
REVENUE OVER EXPENSES	(16,962)	-

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

Year ended March 31	2024	2023
	\$	\$
<hr/>		
REVENUE		
Donations	31,990	31,990
Transferred to deferred capital contributions	(31,990)	(31,990)
Other revenue and recoveries	62	53
	62	53
<hr/>		
EXPENSES		
Salaries and employee benefits	20,770	16,816
Amortization of major equipment and information systems	858	858
	21,628	17,674
SHORTFALL OF REVENUE OVER EXPENSES	(21,566)	(17,621)

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

Year ended March 31	2024	2023
	\$	\$
<hr/>		
REVENUE		
Ontario Health North	251,299	208,876
Patient services	10,375	16,219
Repayable to Ministries and other agencies	-	(8,566)
	261,674	216,529
<hr/>		
EXPENSES		
Salaries and employee benefits	219,591	161,659
Supplies and expenses	43,262	54,870
	262,853	216,529
<hr/>		
REVENUE OVER EXPENSES	(1,179)	-
<hr/> <hr/>		

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 4****OPIOID ADDICTION PROGRAM**

Year ended March 31	2024	2023
	\$	\$
<hr/>		
REVENUE		
Ontario Health North	70,586	67,186
	70,586	67,186
<hr/>		
EXPENSES		
Salaries and employee benefits	70,586	67,186
	70,586	67,186
<hr/>		
REVENUE OVER EXPENSES	-	-
<hr/> <hr/>		

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 5****MEALS ON WHEELS**

Year ended March 31	2024	2023
	\$	\$
<hr/>		
REVENUE		
Ontario Health North	21,428	20,400
Repayable to Ministries and other agencies	-	-
	<hr/> 21,428	<hr/> 20,400
<hr/>		
EXPENSES		
Salaries and employee benefits	15,694	12,827
Supplies and expenses	5,734	7,573
	<hr/> 21,428	<hr/> 20,400
<hr/>		
REVENUE OVER EXPENSES	-	-
<hr/> <hr/>		












1. Financial Statements 23-24 Final


Final Audit Report

2024-06-26

Created:	2024-06-26
By:	Lauren Gilbert (cfo@ndmh.ca)
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