

**HÔPITAL NOTRE-DAME HOSPITAL (HEARST)**

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

**MARCH 31, 2021**

# **HÔPITAL NOTRE-DAME HOSPITAL (HEARST)**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2021**

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# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## HOSPITAL OFFICIALS

MARCH 31, 2021

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### BOARD OF DIRECTORS

#### ELECTED OFFICIALS

Board Chair  
Board Vice-Chair  
Treasurer  
Directors

Mr. M. Brière  
Mrs. J. Zorzetto  
Mrs. J. Dallaire  
Mrs. N. Boissonneault-Alary  
Mrs. I. Chouinard-Roy  
Mr. L. Corbeil  
Mrs. E. Howe  
Mrs. J. Ringuette

Chief Executive Officer  
Chief Nursing Officer  
Chief Medical Staff  
President of Medical Staff

Mrs. L. Fortier (non-voting member)  
Mrs. M. Therrien-Pinto (non-voting member)  
Dr. R. Claveau (non-voting member)  
Dr. L. Gauvin (non-voting member)

#### ADMINISTRATIVE PERSONNEL AND CONSULTANTS

Chief Financial Officer  
Director of Ancillary Services  
Auditor

Mrs. M. Gauvin  
Mrs. S. Bélanger  
Baker Tilly HKC,  
Chartered Professional Accountants

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2021

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
<b>REVENUES</b>			
North East LHIN, schedule 1	\$ 14,323,661	\$ 14,759,893	\$ 14,141,658
One-time funding	780,630	1,998,426	779,694
Cancer Care Ontario	295,000	256,946	272,019
Amortization of deferred capital contribution - equipment	209,235	244,962	239,697
Recoveries and miscellaneous	1,471,763	1,502,138	1,677,473
Patient related	641,800	591,837	644,746
Differential and co-payment	540,000	484,839	661,937
	<u>18,262,089</u>	<u>19,839,041</u>	<u>18,417,224</u>
<b>EXPENSES</b>			
Salaries and wages	9,638,953	9,842,847	9,459,225
Medical staff remuneration	795,100	864,120	794,409
Employee benefits, schedule 2	2,866,620	2,976,296	2,633,208
Supplies and other expenses	3,202,505	3,730,081	3,509,108
Drugs, medical and surgical supplies	971,800	930,292	932,608
Interest on long-term debt	12,653	12,653	14,595
Amortization of equipment	753,954	579,397	665,811
CLFN - Aging at Home	20,504	18,000	20,504
Amortization of building - net, schedule 3	38,276	20,820	21,810
	<u>18,300,365</u>	<u>18,974,506</u>	<u>18,051,278</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS, BEFORE OTHER PROGRAMS</b>	<u>(38,276)</u>	<u>864,535</u>	<u>365,946</u>
<b>OTHER PROGRAMS, schedule 4</b>			
Revenues	758,381	763,914	760,613
Expenses	<u>(758,381)</u>	<u>(763,914)</u>	<u>(760,613)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)</b>	<u>\$ (38,276)</u>	<u>\$ 864,535</u>	<u>\$ 365,946</u>

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

**HÔPITAL NOTRE-DAME HOSPITAL (HEARST)****STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED MARCH 31, 2021**

	Invested in Capital Assets (Note 14)	Unrestricted Surplus	Total 2021	Total 2020
NET ASSETS, BEGINNING OF YEAR	\$ 2,535,960	\$ 1,530,240	\$ 4,066,200	\$ 3,700,254
EXCESS OF REVENUES OVER EXPENSES	-	864,535	864,535	365,946
NET CHANGES IN INVESTED IN CAPITAL ASSETS (Note 14)	(211,510)	211,510	-	-
<b>NET ASSET, END OF YEAR</b>	<b>\$ 2,324,450</b>	<b>\$ 2,606,285</b>	<b>\$ 4,930,735</b>	<b>\$ 4,066,200</b>

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

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## STATEMENT OF FINANCIAL POSITION

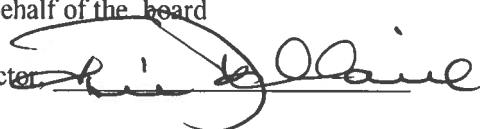
MARCH 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,542,244	\$ 4,370,378
Short-term investment (Note 6)	665,320	216,871
Accounts receivable (Note 4)	1,010,887	990,577
Inventories	271,196	259,857
Prepaid expenses	226,623	210,237
	<u>7,716,270</u>	<u>6,047,920</u>
NOTES RECEIVABLE (Note 5)	97,276	37,648
INVESTMENTS (Note 6)	461,194	878,100
CAPITAL ASSETS (Note 7)	10,643,296	11,011,927
PROJECTS IN PROGRESS (Note 8)	207,563	427,665
	<u>\$ 19,125,599</u>	<u>\$ 18,403,260</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 2,744,265	\$ 2,430,883
Deferred revenue	497,569	480,004
Current portion of long-term debt	42,000	40,000
	<u>3,283,834</u>	<u>2,950,887</u>
DEFERRED CONTRIBUTIONS AND CAPITAL GRANTS (Note 10)	311,595	667,816
DEFERRED CAPITAL CONTRIBUTIONS (Note 11)	8,087,557	8,204,783
LONG-TERM DEBT (Note 12)	189,289	231,184
POST-EMPLOYMENT BENEFITS PAYABLE (Note 13)	2,322,589	2,282,390
	<u>14,194,864</u>	<u>14,337,060</u>
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS (Note 14)	2,324,450	2,535,960
UNRESTRICTED SURPLUS	2,606,285	1,530,240
	<u>4,930,735</u>	<u>4,066,200</u>
	<u>\$ 19,125,599</u>	<u>\$ 18,403,260</u>

COMMITMENTS AND CONTINGENCIES (Note 18)

On behalf of the board

Director



Director



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

**HÔPITAL NOTRE-DAME HOSPITAL (HEARST)****STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 864,535	\$ 365,946
Items not involving cash:		
Amortization of buildings	658,426	647,733
Amortization of equipment	579,397	665,811
Amortization of other programs	-	216
Amortization of notes receivable	5,833	4,000
Amortization of deferred capital contribution - equipment	(244,962)	(239,697)
Amortization of deferred capital contributions - buildings	(611,110)	(599,427)
Loss on disposal of capital assets	-	1,528
Accrual for post-employment benefits payable	40,199	34,396
	<u>1,292,318</u>	<u>880,506</u>
Change in:		
Accounts receivable	(20,310)	(473,071)
Inventories	(11,339)	12,893
Prepaid expenses	(16,386)	(20,192)
Accounts payable and accrued liabilities	313,382	140,853
Deferred revenue	17,565	(85,358)
	<u>1,575,230</u>	<u>455,631</u>
<b>INVESTING ACTIVITIES</b>		
Increase in investments	(31,543)	(28,642)
Notes receivable advances	(70,000)	(10,000)
Reimbursement of notes receivable	4,539	28,276
	<u>(97,004)</u>	<u>(10,366)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long-term debt	(39,895)	(37,954)
<b>CAPITAL ACTIVITIES</b>		
Capital grants and contributions received	382,625	2,417,982
Capital assets additions	(869,192)	(2,618,068)
Projects in progress additions	(159,496)	(260,303)
Transfer of capital projects in progress	379,598	-
	<u>(266,465)</u>	<u>(460,389)</u>
<b>CHANGE IN CASH POSITION</b>	1,171,866	(53,078)
<b>CASH POSITION, BEGINNING OF YEAR</b>	4,370,378	4,423,456
<b>CASH POSITION, END OF YEAR</b>	<u>\$ 5,542,244</u>	<u>\$ 4,370,378</u>

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

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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### 1. STATUS AND NATURE OF OPERATIONS

The Hospital without share capital, incorporated under the Ontario Business Corporation Act, operates a Hospital under the Charitable Institutions Act in Hearst, 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 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 (NE 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 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.

Investment income is recognized as revenue when earned.



# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## 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 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.

#### INVESTMENTS

The Hospital follows the cost method of accounting for its investments, written down for any permanent impairment in value.

Investments consist of Guaranteed Investment Certificates (G.I.C.).

Interest revenue is accrued on an annual basis.

#### 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	8 - 15 years
Buildings	5 - 40 years
Equipment includes:	
Equipment	5 - 20 years
Building services equipment	5 - 20 years
Information technology	5 - 12 years
Software	2 - 5 years

The cost of capital projects in progress is recorded separately 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.

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

#### CONTRIBUTED MATERIALS AND SERVICES

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

#### 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 revenue over expenses derived from its operations and, conversely, retains responsibility for any deficit it may incur.

#### PENSION PLANS AND OTHER RETIREMENT BENEFIT PLANS

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

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

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

##### *Post employment benefits*

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.

Past service costs, if any, arising from plan amendments are immediately recognized.

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.

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

#### FINANCIAL INSTRUMENTS

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

##### *Fair Value*

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

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

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

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

##### *Amortized cost*

This category includes accounts receivable, notes receivable, investments, accounts payable and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

#### MEASUREMENT UNCERTAINTY

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

### 3. FINANCIAL INSTRUMENT CLASSIFICATION

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

	<b>2021</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash and cash equivalents	\$ 5,542,244	\$ -	\$ 5,542,244
Accounts receivable	\$ -	\$ 1,010,887	\$ 1,010,887
Notes receivable	\$ -	\$ 97,276	\$ 97,276
Investments	\$ -	\$ 1,126,514	\$ 1,126,514
Accounts payable and accrued liabilities	\$ -	\$ (2,744,265)	\$ (2,744,265)
Long-term debt	\$ -	\$ (231,289)	\$ (231,289)
	<b>2020</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash and cash equivalents	\$ 4,370,378	\$ -	\$ 4,370,378
Accounts receivable	\$ -	\$ 990,577	\$ 990,577
Notes receivable	\$ -	\$ 37,648	\$ 37,648
Investments	\$ -	\$ 1,094,971	\$ 1,094,971
Accounts payable and accrued liabilities	\$ -	\$ (2,430,883)	\$ (2,430,883)
Long-term debt	\$ -	\$ (271,184)	\$ (271,184)

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 5,542,244	\$ -	\$ -	\$ 5,542,244

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

### 4. ACCOUNTS RECEIVABLE

	2021	2020
Notre-Dame Hospital Hearst Foundation	\$ 569	\$ 411,997
Grants and others	551,168	84,141
Health services	287,353	278,388
HST rebate	183,705	229,492
Allowance for doubtful accounts	(11,908)	(13,441)
	<u>\$ 1,010,887</u>	<u>\$ 990,577</u>

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 5. NOTES RECEIVABLE

These notes are receivable from doctors and medical students with no interest and no specific terms of repayments. A portion of the loans are forgiven and amortized over a period of five years. The remaining balance should be repaid after the fifth year, once their medical practice is established in Hearst, and will bear interest at prime plus 2%. If a doctor chooses not to establish his medical practice in Hearst, interest is charged on the amount, starting on the date it was lent and specific repayment terms will be established.

### 6. INVESTMENTS

	2021	2020
Caisse populaire Alliance Limitée, G.I.C., earning interest at a rate of 2.6%, maturing in October 2021. Market value on March 31, 2021 approximates the carrying value.	\$ 227,835	\$ 222,061
Caisse populaire Alliance Limitée, G.I.C., earning interest at a rate of 2.45%, maturing in April 2021. Market value on March 31, 2021 approximates the carrying value.	221,167	215,892
Caisse populaire Alliance Limitée, G.I.C., earning interest at a rate of 2.7%, maturing in August 2024. Market value on March 31, 2021 approximates the carrying value.	225,922	220,015
Caisse populaire Alliance Limitée, G.I.C., earning interest at a rate of 1%, maturing in October 2021. Market value on March 31, 2021 approximates the carrying value.	225,461	216,871
Caisse populaire Alliance Limitée, G.I.C., earning interest at a rate of 2.7%, maturing in July 2024. Market value on March 31, 2021 approximates the carrying value.	226,129	220,132
	1,126,514	1,094,971
Short-term portion	(665,320)	(216,871)
	\$ 461,194	\$ 878,100

**HÔPITAL NOTRE-DAME HOSPITAL (HEARST)****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021****7. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2021 Net	2020 Net
Land	\$ 700,000	\$ -	\$ 700,000	\$ 700,000
Buildings	15,983,476	8,881,901	7,101,575	7,589,281
Equipment	9,891,925	7,050,204	2,841,721	2,722,646
	<u>\$ 26,575,401</u>	<u>\$ 15,932,105</u>	<u>\$ 10,643,296</u>	<u>\$ 11,011,927</u>

During the year, the Hospital wrote-off of \$113,409 (2020 - \$309,265) in equipment that was obsolete or damaged and fully amortized.

**8. PROJECTS IN PROGRESS**

	2021	2020
Automatic dispenser unit	\$ -	\$ 379,598
EMR upgrade project	47,593	47,593
Main floor renovations	49,799	474
Pharmacy biological safety cabinets	32,055	-
Mammography equipment	78,116	-
	<u>\$ 207,563</u>	<u>\$ 427,665</u>

Projects in progress are transferred into capital assets when the project is substantially completed and ready for productive use.

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade	\$ 1,033,043	\$ 749,242
Payroll related	1,548,302	1,525,697
Accrued liabilities	23,747	19,196
Due to Ministry of Health and Long-term Care	42,749	8,036
Accrual for deemed offset HOODIP LTD benefits	96,424	128,712
	<u>\$ 2,744,265</u>	<u>\$ 2,430,883</u>

An accrual of \$96,424 (2020 - \$128,712) was made based on an estimate provided by an actuary for the 'deemed offset applied to HOODIP LTD benefits'. The estimate is based on two employees that qualify and could elect to receive the difference between the full eligible long-term disability amount and their eligible pension amount up to the age of 65 years old. The estimate will be revised on a yearly basis and an adjustment will be made accordingly.

### 10. DEFERRED CONTRIBUTIONS AND CAPITAL GRANTS

	2021	2020
Foundation Centre Claude Giroux	\$ 76,096	\$ 52,717
Foundation first floor renovation	212,717	212,717
MOH - Capacity Funding	-	379,600
Sterilization project	22,782	22,782
	<u>\$ 311,595</u>	<u>\$ 667,816</u>



# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## 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 amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balances are as follows:

	2021	2020
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>		
Balance, beginning of year	\$ 16,583,202	\$ 14,503,149
Received in current year	382,625	2,417,982
Transfer from deferred contributions and capital grants	379,600	94,388
Deferred to future year	<u>(23,379)</u>	<u>(432,317)</u>
Balance, end of year	<u>17,322,048</u>	<u>16,583,202</u>
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	(8,378,419)	(7,539,295)
Amortization for the year	<u>(856,072)</u>	<u>(839,124)</u>
Balance, end of year	<u>(9,234,491)</u>	<u>(8,378,419)</u>
<b>NET DEFERRED CAPITAL CONTRIBUTIONS</b>	<u>\$ 8,087,557</u>	<u>\$ 8,204,783</u>

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 12. LONG-TERM DEBT

	2021	2020
Cochrane District Social Services Administration Board (CDSSAB) loan, bearing interest at 5%, repayable in blended monthly payments of \$4,379, secured by a general security agreement.	\$ 231,289	\$ 271,184
Less current portion	42,000	40,000
	<u>\$ 189,289</u>	<u>\$ 231,184</u>

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

2022	\$ 42,000
2023	44,100
2024	46,300
2025	48,700
2026	<u>50,189</u>
	<u>\$ 231,289</u>

### 13. POST-EMPLOYMENT BENEFITS PAYABLE

The Hospital extends post employment life insurance, extended health and dental benefits to employees subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation performed on May 8, 2019.

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

	2021	2020
Accrued employee future benefits obligation	\$ 2,209,099	\$ 2,153,353
Unamortized actuarial gain	113,490	129,037
Accrued employee future benefits liability	<u>\$ 2,322,589</u>	<u>\$ 2,282,390</u>

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

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

	2021	2020
Expected obligation, beginning of year	\$ 2,153,353	\$ 2,101,979
Unamortized actuarial gain	129,037	146,015
Accrued benefit liability, beginning of year	<u>2,282,390</u>	<u>2,247,994</u>
Current service cost	87,469	84,774
Interest on accrued benefit obligation	68,277	66,601
Amortization of actuarial gain	(15,547)	(16,979)
Benefit payment	<u>(100,000)</u>	<u>(100,000)</u>
Benefit expense and payment	<u>40,199</u>	<u>34,396</u>
	<u>\$ 2,322,589</u>	<u>\$ 2,282,390</u>

The above amounts exclude contributions to the Hospitals of Ontario Pension Plan, a multi-employer plan, described in note 15.

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

#### *Discount rate*

The present value as at March 31, 2021 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 decrease by 0.5% per year to an ultimate rate of 4.5%. As of March 31, 2021 the rate is assumed to be 6% (2020 - 6.5%).

#### *Dental costs*

Dental costs remained stable at 4% per annum (2020 - 4%).

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 14. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 10,643,296	\$ 11,011,927
Deferred capital contributions	(8,087,557)	(8,204,783)
Long-term debt	(231,289)	(271,184)
	<u>\$ 2,324,450</u>	<u>\$ 2,535,960</u>

Change in invested in capital assets is calculated as follows:

	2021	2020
Purchase of capital assets	\$ 869,192	\$ 2,618,068
Amounts funded by deferred capital contributions	(738,846)	(2,080,053)
Amortization of deferred capital contributions	856,072	839,124
Amortization of capital assets	(1,237,823)	(1,313,760)
Repayment of long-term debt	39,895	37,954
Loss on disposal of capital assets	-	(1,528)
	<u>\$ (211,510)</u>	<u>\$ 99,805</u>

### 15. 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 \$756,199 (2020 - \$761,382) and are included in the statement of operations. As this is a multi-employer pension plan, these contributions are the Hospital's pension benefit expenses. No pension liability for this type of plan is included in the Hospital's financial statements as no contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to this pension plan policies. The most recent actuarial valuation of the Plan at December 31, 2020 indicated that the Plan is fully funded on a solvency basis.

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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### 16. FOUNDATION AND AUXILIARIES

- (a) The Notre-Dame Hospital Hearst Foundation (the Foundation), is an independent corporation without share capital which has its own Board of Directors. The Foundation holds funds to be used primarily to support capital investments at the Hospital. The Foundation is responsible for fundraising activities carried out on behalf of the Hospital and donations or bequests made to the Hospital are recorded as Foundation revenue. During the current year, the Foundation granted \$105,679 (2020 - \$1,465,179) to the Hospital for operation and capital expenses.

As of March 31, 2021, the Foundation owed the Hospital an amount of \$569 (2020 - \$411,997).

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

During the year, the Auxiliaries didn't contribute any amounts to the Hospital.

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

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### 17. RELATED PARTY DISCLOSURES AND INTER-ENTITY TRANSACTIONS

In the normal course of its operations, the Hospital has entered in service or purchase agreements with related parties and/or inter-entities.

Transactions carried out by the Hospital with related parties and/or inter-entities are carried out at their fair value. Following the analysis of Standard PS2200 and PS3420, no additional disclosure is required.

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# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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### 18. COMMITMENTS AND CONTINGENCIES

- (a) The Hospital participates in the Healthcare Insurance Reciprocal of Canada (“HIROC”). HIROC is a pooling of the public liability insurance risks of its Hospital's members. All members of the HIROC pool pay actuarially determined annual premiums. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members.
  - (b) 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. In the unlikely event any claims are successful, such claims are not expected to have a material effect on the Hospital's financial position.
  - (c) The Hospital signed a contract for architect's services for a total amount of \$228,000.
  - (d) As of March 31, 2021, the Hospital has further commitment of \$230,003 in relation to current capital projects in progress.
  - (e) As of March 31, 2021, the Hospital has entered into a service agreement with a company for equipment services for a 5 year term at an estimated cost of \$24,525 for 3 years and \$32,796 for the last two years.
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### 19. ECONOMIC DEPENDENCE

The Hospital receives the majority of its revenue through a funding agreement with the North East Local Health 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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# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 20. FINANCIAL INSTRUMENTS

#### (a) 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. The Hospital is exposed to this risk relating to its cash, notes receivable, investments and accounts receivable. The Hospital holds its cash accounts with an Ontario Provincial Agency who are insured by the Deposit Insurance Corporation of Ontario DICO. In the event of default, the Hospital's cash accounts are insured up to \$100,000 (2020 - \$100,000).

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

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

The Hospital measures its exposure to credit based on how long the amounts have been outstanding. An impairment allowance is set-up based on the Hospital's historical experience regarding collections. The amounts outstanding at year-end are as follows:

	Current	31-60 days	61-90 days	90+ days	Total
Foundation	\$ -	\$ -	\$ -	\$ 569	\$ 569
Grants and others	436,445	53,092	59,578	2,053	551,168
Health services	191,530	72,403	3,207	20,213	287,353
HST rebate	183,705	-	-	-	183,705
Allowance for doubtful accounts	-	-	-	(11,908)	(11,908)
	<u>\$ 811,680</u>	<u>\$ 125,495</u>	<u>\$ 62,785</u>	<u>\$ 10,927</u>	<u>\$ 1,010,887</u>

#### (b) INTEREST RATE RISK

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to this risk through its investments and long-term debt.

The Hospital mitigates interest rate risk on its investments and long-term debt by having fixed interest rates. Therefore, fluctuations in market interest rates would not impact future cash flows and operations.

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

**HÔPITAL NOTRE-DAME HOSPITAL (HEARST)****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2021**

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**20. FINANCIAL INSTRUMENTS, (CONT'D)****(c) LIQUIDITY RISK**

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations 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. All of the Hospital's accounts payable have contractual maturities under one year.

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.

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# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

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

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

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### 22. SUBSEQUENT EVENT

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 \$2,200,000 over the next two years, excluding operating costs.

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# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## SCHEDULES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

### SCHEDULE OF NORTH EAST LHIN

Schedule 1

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Base allocation	\$ 14,303,157	\$ 14,741,893	\$ 14,121,154
Base allocation - CLFN Aging at Home	20,504	18,000	20,504
	<u>\$ 14,323,661</u>	<u>\$ 14,759,893</u>	<u>\$ 14,141,658</u>

### SCHEDULE OF EMPLOYEE BENEFITS

Schedule 2

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Other employee benefits	\$ 2,866,620	\$ 2,255,884	\$ 1,909,194
Pension benefit - HOOPP	-	720,412	724,014
	<u>\$ 2,866,620</u>	<u>\$ 2,976,296</u>	<u>\$ 2,633,208</u>

### SCHEDULE OF AMORTIZATION OF BUILDING - NET

Schedule 3

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Funding for garage project from DCSSAB	\$ -	\$ (26,496)	\$ (26,496)
Amortization of deferred capital contributions - buildings	(599,487)	(611,110)	(599,427)
Amortization of buildings	637,763	658,426	647,733
	<u>\$ 38,276</u>	<u>\$ 20,820</u>	<u>\$ 21,810</u>

# HÔPITAL NOTRE-DAME HOSPITAL (HEARST)

## SCHEDULE OF OTHER PROGRAMS

YEAR ENDED MARCH 31, 2021

	Mattice Clinic	Nord-Aski Diabetes Education Centre	Municipal Taxes	Aging at Home	Total 2021	Total 2020
<b>REVENUES</b>						
Provincial subsidies	\$ 400,313	\$ 150,559	\$ 5,250	\$ -	\$ 556,122	\$ 546,622
Other revenues	-	728	-	207,064	207,792	213,991
<b>TOTAL REVENUES</b>	<b>400,313</b>	<b>151,287</b>	<b>5,250</b>	<b>207,064</b>	<b>763,914</b>	<b>760,613</b>
<b>EXPENSES</b>						
Accounting fees	-	1,500	-	3,600	5,100	5,100
Administration fees	30,939	-	-	-	30,939	30,939
Amortization	-	-	-	-	-	216
Drugs and medical supplies	1,995	4,313	-	-	6,308	1,692
Education and books	897	1,218	-	581	2,696	3,091
Housekeeping	1,207	-	-	-	1,207	2,593
Insurance	2,572	-	-	-	2,572	2,106
Minor equipment	6,038	4,653	-	7,029	17,720	11,834
Municipal taxes	-	-	5,250	-	5,250	5,250
Office and other supplies	3,320	944	-	20,230	24,494	15,759
One time funding	-	-	-	-	-	960
Rent	9,619	11,860	-	10,685	32,164	31,233
Telephone	3,390	2,078	-	2,876	8,344	8,126
Travelling	8,139	182	-	11,691	20,012	35,051
Wages and benefits	332,197	124,539	-	150,372	607,108	606,663
<b>TOTAL EXPENSES</b>	<b>400,313</b>	<b>151,287</b>	<b>5,250</b>	<b>207,064</b>	<b>763,914</b>	<b>760,613</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Schedule 4