

Financial Statements of

**ST. JOSEPH'S GENERAL
HOSPITAL ELLIOT LAKE**

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of St. Joseph's General Hospital Elliot Lake

Opinion

We have audited the financial statements of St. Joseph's General Hospital Elliot Lake (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of remeasurement gains for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations, its remeasurement gains and its cash flows 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 auditors' report.

We are independent of the Entity 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 these 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 Entity'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 Entity'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 Entity's 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 26, 2021

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
North East Local Health Integration Network, Ministry of Health and Ministry of Long-Term Care	\$ 23,567,066	\$ 23,489,833
Ministry of Health pandemic funding (note 17)	2,535,379	-
Cancer Care Ontario	818,699	678,287
Specifically funded programs	8,646,774	9,504,978
Patient services	2,492,001	2,257,503
Preferred accommodations	612,277	676,833
Other	1,019,854	757,489
Amortization - deferred capital contributions for equipment	122,125	93,789
	<u>39,814,175</u>	<u>37,458,712</u>
Expenses:		
Salaries and wages	14,584,837	13,940,086
Employee benefits	4,315,254	3,840,392
Medical staff remuneration	2,870,503	2,630,737
Supplies and other	4,346,917	3,122,952
Drugs	1,500,537	1,399,997
Medical and surgical	677,444	673,864
Specifically funded programs	8,498,154	9,490,869
Amortization - equipment	796,949	587,446
Bad debts	16,614	114,562
Loss on disposal of capital assets	3,005	40,529
	<u>37,610,214</u>	<u>35,841,434</u>
Excess of revenue over expenses before undernoted items	2,203,961	1,617,278
Amortization - buildings	(1,063,184)	(970,255)
Amortization - deferred capital contributions for buildings	671,757	599,522
Interest on long-term debt	(59,253)	(64,793)
Ministry of Long-term Care - capital per diem	241,776	241,776
Ministry of Health - Working Funds Initiative (note 18)	446,100	-
Excess of revenue over expenses	<u>\$ 2,441,157</u>	<u>\$ 1,423,528</u>

See accompanying notes to financial statements

On behalf of the Board:



Chair

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 4,946,394	\$ 3,734,480
Accounts receivable (note 2)	3,537,680	940,541
Inventories	647,720	615,908
Prepaid expenses	458,611	426,954
	<u>9,590,405</u>	<u>5,717,883</u>
Restricted funds (note 3)	28,157	28,431
Portfolio investments (note 4)	7,322,335	5,490,810
Capital assets (note 5)	17,561,094	14,535,196
	<u>\$ 34,501,991</u>	<u>\$ 25,772,320</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 9,538,205	\$ 6,009,229
Current portion of long-term obligations (note 7)	211,520	204,336
	<u>9,749,725</u>	<u>6,213,565</u>
Restricted funds (note 3)	28,157	28,431
Long-term obligations (note 7)	2,115,236	2,281,794
Deferred capital contributions (note 8)	9,756,956	7,124,536
Employee post-retirement benefits obligation (note 9)	2,002,278	2,014,941
	<u>23,652,352</u>	<u>17,663,267</u>
Net assets:		
Invested in capital assets	5,477,382	4,924,530
Unrestricted	5,002,639	3,114,334
	<u>10,480,021</u>	<u>8,038,864</u>
Accumulated remeasurement gains	369,618	70,189
	<u>10,849,639</u>	<u>8,109,053</u>
Commitments (note 14)		
Ministry of Health pandemic funding (note 17)		
COVID-19 impacts (note 19)		
	<u>\$ 34,501,991</u>	<u>\$ 25,772,320</u>

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Remeasurement Gains

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 70,189	\$ 254,287
Net remeasurement gains (losses) on portfolio investments	299,429	(184,098)
Accumulated remeasurement gains, end of year	\$ 369,618	\$ 70,189

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Change in Net Assets

Year ended March 31, 2021, with comparative information for 2020

		Invested in capital assets	Unrestricted	2021	2020
Net assets, beginning of year	\$	4,924,530	3,114,334	8,038,864	6,615,336
Excess (deficiency) of revenue over expenses		(1,066,251)	3,507,408	2,441,157	1,423,528
Net investment in capital assets		1,619,103	(1,619,103)	-	-
Net assets, end of year	\$	5,477,382	5,002,639	10,480,021	8,038,864

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 2,441,157	\$ 1,423,528
Item not involving cash:		
Amortization of capital assets	1,860,133	1,557,701
Loss on disposal of capital assets	3,005	40,529
Unrealized losses (gains) on portfolio investments	(299,429)	184,098
Amortization of deferred capital contributions	(793,882)	(693,311)
Employee post-retirement benefits expense	113,437	185,361
	<u>3,324,421</u>	<u>2,697,906</u>
Change in non-cash working capital:		
Increase in accounts receivable	(2,597,139)	(110,673)
Increase in inventories	(31,812)	(83,562)
Increase in prepaid expenses	(31,657)	(66,521)
Increase in accounts payable	3,528,976	714,786
	<u>4,192,789</u>	<u>3,151,936</u>
Cash flows from capital activities:		
Increase in deferred capital contributions	3,426,302	1,204,454
Purchase of capital assets	(4,889,036)	(2,260,226)
	<u>(1,462,734)</u>	<u>(1,055,772)</u>
Cash flows from investing activities:		
Increase in portfolio investments	(1,232,667)	(1,243,912)
Cash flows from financing activities:		
Principal payments on long-term obligations	(203,703)	(196,872)
Increase in long-term obligations	44,329	43,035
Contributions to employee post-retirement benefits	(126,100)	(111,200)
	<u>(285,474)</u>	<u>(265,037)</u>
Net increase in cash	1,211,914	587,215
Cash, beginning of year	3,734,480	3,147,265
Cash, end of year	<u>\$ 4,946,394</u>	<u>\$ 3,734,480</u>

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements

Year ended March 31, 2021

St. Joseph's General Hospital Elliot Lake (the "Hospital") is incorporated without share capital under the laws of Ontario. The Hospital is principally involved in providing health care services to the residents of the Elliot Lake area. 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. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

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 Ministry of Long-Term Care (the "Ministries") and the North East Local Health Integration Network ("NELHIN"). Effective April 1, 2021, the health system planning and funding functions from the NELHIN were transferred to Ontario Health North. 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.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis at rates corresponding to those of the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from patient, preferred accommodations and other services is recognized when the service is provided.

(b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Given the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

(c) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. Minor equipment replacements are expensed in the year of replacement.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

Buildings	40 years
Building services equipment	3 to 25 years
Equipment	5 to 20 years

In the year of acquisition, amortization is pro-rated based on the date of service.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Employee post-retirement benefits:

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 8 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

The Hospital is an employer member of the Healthcare of Ontario Pension Plan (the "Plan"), 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. See note 12 for additional information.

(g) Funding adjustments:

The Hospital receives grants from the North East Local Health Integration Network ("NELHIN") (subsequent to April 1, 2021 Ontario Health North ("OHN")), Ontario Ministry of Health and Ministry of Long-Term Care ("MOH and MOLTC") and Cancer Care Ontario ("CCO") for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the NELHIN, OHN, MOH, MOLTC or CCO are entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon in the period in which collection is received.

(h) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured 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 incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

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 operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
- 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

2. Accounts receivable:

	2021	2020
Patients	\$ 482,579	596,542
Ministry of Health	2,886,444	–
Cancer Care Ontario	107,906	56,496
Canada Revenue Agency (HST)	157,480	218,757
Other	218,381	336,376
Allowance for doubtful accounts	(315,110)	(267,630)
	<u>\$ 3,537,680</u>	<u>940,541</u>

3. Restricted funds:

Restricted funds are amounts held by the Hospital in trust for patients.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Portfolio investments:

The Hospital's portfolio investments are comprised of:

	2021		2020	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash and cash equivalents	\$ 204,122	203,574	251,561	250,865
Bonds and bond funds	2,215,352	2,214,654	1,551,579	1,566,843
Equities and equity funds (Canadian)	780,734	942,967	700,712	667,894
Equities and equity funds (International)	3,752,509	3,961,140	2,916,767	3,005,208
	\$ 6,952,717	7,322,335	5,420,619	5,490,810

Fair value of the Hospital's portfolio investments have been determined using Level 1 measures in the fair value hierarchy.

Unrealized gains (losses) are reflected in the statement of remeasurement gains.

5. Capital assets:

2021	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 11,680,491	5,414,901	6,265,590
Equipment	15,017,165	10,692,823	4,324,342
Building services equipment	11,952,677	4,985,183	6,967,494
Construction in progress	3,668	–	3,668
	\$ 38,654,001	21,092,907	17,561,094

2020	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 11,155,043	5,032,155	6,122,888
Equipment	13,014,332	10,654,449	2,359,883
Building services equipment	10,083,870	4,254,649	5,829,221
Construction in progress	223,204	–	223,204
	\$ 34,476,449	19,941,253	14,535,196

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable and accrued liabilities:		
- operating and capital	\$ 3,469,207	2,594,074
- NEHLIN, MOH and MOLTC	2,281,850	265,513
Payroll accruals:		
- salaries, wages and benefits	2,439,154	826,689
- vacation pay and other entitlements	1,347,994	2,322,953
	\$ 9,538,205	6,009,229

7. Long-term obligations:

	2021	2020
The Sisters of St. Joseph of Sault Ste. Marie (a, b)	\$ 2,021,866	1,977,539
Mortgage payable (c)	304,890	508,591
	2,326,756	2,486,130
Less: current portion of long-term obligations	(211,520)	(204,336)
	\$ 2,115,236	2,281,794

- a) A balance of \$1,521,866 (2020 - \$1,477,539) due to The Sisters of St. Joseph of Sault Ste. Marie increases by interest of 3% per annum, which is capitalized and added to the debt. The capitalized amount together with all interest earned thereon shall be due and payable on December 31, 2030. The balance due is secured by a promissory note.
- b) A balance of \$500,000 (2020 - \$500,000) due to The Sisters of St. Joseph of Sault Ste. Marie is non-interest bearing and is due on December 31, 2030. The balance due is secured by a promissory note.
- c) A mortgage payable to Scotiabank in the amount of \$304,890 (2020 - \$508,592) is repayable in blended monthly payments of \$18,219 at an interest rate of 3.46%, maturing August 2022. The mortgage is secured by a corporate guarantee.

Principal payments due in the next three years and thereafter are as follows:

2022	\$ 211,520
2023	93,370
Thereafter	2,021,866

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

7. Long-term obligations (continued):

The Board of Trustees approved a motion on March 31, 2021 for the Hospital to obtain a demand installment term loan. On May 6, 2021 the Hospital entered into an agreement with CIBC for a demand instalment term loan ("HIS Loan") for \$5,000,000 to fulfill financing requirements for the installation and implementation of a new Hospital Information System ("HIS"). The Hospital will receive the instalment in multiple draws until the earlier of the date on which the implementation and installation of the HIS is completed and 18 months from the date of the initial drawdown ("Term Out Date"). Payments will be interest-only, at a rate of prime less 0.87%, paid on a monthly basis until the Term Out Date. Thereafter, the Hospital will repay the term loan in regular monthly payments of principal plus interest, or regular monthly blended payments of principal and interest over a 15-year amortization period.

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for the purchase of capital assets. Details of the continuity of these funds are as follows:

	2021	2020
Balance, beginning of year	\$ 7,124,536	6,613,393
Contributions received during the year	3,426,302	1,204,454
Less: amounts amortized to revenue	(793,882)	(693,311)
Balance, end of year	\$ 9,756,956	7,124,536

All deferred capital contributions represent unamortized funds which have been spent.

9. Employee post-employment benefits obligation:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all unionized full time employees with various cost-sharing arrangements as determined by their collective agreements. The most recent valuation of the employee future benefits was completed as at March 31, 2020.

The accrued benefit obligation is recorded in the financial statements as follows:

	2021	2020
Balance, beginning of year	\$ 2,014,941	1,940,780
Add: benefits costs	113,437	185,361
	2,128,378	2,126,141
Less: benefit contributions	(126,100)	(111,200)
Accrued benefit obligation, end of year	\$ 2,002,278	2,014,941

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

9. Employee post-employment benefits obligation (continued):

Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligations are as follows:

	2021	2020
Discount rate	3.21%	3.29%
Dental cost trend rates	3.50%	3.50%
Extended health care trend rates	6.00%	6.00%

10. Commitments and contingencies:

(a) Lease commitment:

The Hospital has entered into a lease agreement with AVILA Foundation covering the land, buildings and land improvements at 70 Spine Road, Elliot Lake (the Hospital) and 9 Oakland Blvd., Elliot Lake (the Oaks Centre). The lease calls for annual rent of \$12 plus any costs incurred by the landlord to run or maintain the leased premises. The Tenant has primary responsibility for all operating, maintenance or improvement costs for the leased premises. The lease expires on March 31, 2026.

(b) Legal matters and litigation:

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(c) Employment matters:

During the normal course of operation, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

(d) HealthCare Insurance Reciprocal of Canada:

The Hospital is a member of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2021, no assessments have been received by the Hospital.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

11. Pension plan:

All full-time and certain part-time employees of the hospital are members of the Healthcare of Ontario Pension 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 receive benefits based on the length of service and on the average annualize 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 Healthcare of Ontario Pension Plan by placing assets in trust and through the plan investment policy.

Pension expense is based on Plan managements' best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employees' contributions.

Contributions made to the Ontario Pension Plan for the year ending March 31, 2021 were \$1,437,765 (2020 – \$1,384,708)

12. Related entities:

(a) Hospital Auxiliary Association of St. Joseph's General Hospital:

The Hospital exercises significant influence over the Hospital Auxiliary Association of St. Joseph's General Hospital, an unincorporated entity, whose primary function is to raise funds for the improvement of the Hospital. The Hospital and the Auxiliary Association have some common Board members and the Auxiliary Association reports to the CEO of the Hospital.

The net assets of the Auxiliary Association at March 31, 2021, total \$39,760 (2020 - \$54,182) and are available for use at the discretion of the Board. The net assets and results from operations of the Auxiliary Association are not included in the statements of the Hospital. Separate financial statements for the Auxiliary Association are available upon request. Related party transactions not separately disclosed are donations from the Auxiliary Association to the Hospital in the amount of \$14,745 (2020 - \$29,404) to assist in the purchase of capital assets and other minor expenses.

(b) St. Joseph's Foundation of Elliot Lake:

The Hospital has an economic interest in the St. Joseph's Foundation of Elliot Lake. The St. Joseph's Foundation of Elliot Lake was created for the purpose of promoting and participating in fundraising programs in order to raise money for capital projects, training and medical research. During the year, the Hospital received donations amounting to \$1,570,163 (2020 – \$356,886) from the St. Joseph's Foundation of Elliot Lake.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

13. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to accounts receivable and other investments.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2021 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2020.

(b) Liquidity risk

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2020.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Hospital is exposed to market risk relating to its portfolio investments.

There have been no significant changes to the market risk exposure from 2020.

(d) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Hospital is exposed to currency risk through its portfolio investments denominated in U.S. dollars.

There have been no significant changes to the currency risk exposure from 2020.

(e) 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 interest bearing investments and long-term debt.

The Hospital's bond portfolio has variable interest rates. The Hospital does not use derivative instruments to reduce its exposure to interest rate risk.

The Hospital has minimal interest rate exposure on its long-term debt.

There have been no significant changes to the interest rate risk exposure from 2020.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

14. Commitments:

Lease and service agreements:

The Hospital has entered into various lease and service agreements. Minimum payments (including taxes excluding tax rebates) for the next two years are approximately as follows:

2022	\$	23,689
2023		17,767

15. Demand line of credit:

Pursuant to an agreement approved by the Board of Trustees of March 31, 2021, the Hospital has access to a demand credit facility for operating purposes. The credit facility, authorized to a maximum of \$2,000,000, is payable on demand with no fixed terms of repayment and bears interest at the rate of prime less 0.87% per annum. As at March 31, 2021, \$NIL has been drawn on the credit facility.

16. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2020 financial statements.

17. Ministry of Health pandemic funding:

In connection with the ongoing coronavirus pandemic ("COVID-19"), the MOH has announced a number of funding programs intended to assist hospitals with incremental operating and capital costs and revenue decreases resulting from COVID-19. In addition to these funding programs, the MOH is also permitting hospitals to redirect unused funding from certain programs towards COVID-19 costs, revenue losses and other budgetary pressures through a broad-based funding reconciliation.

While the MOH has provided guidance with respect to the maximum amount of funding potentially available to the Hospital, as well as criteria for eligibility and revenue recognition, this guidance continues to evolve and is subject to revision and clarification subsequent to the time of approval of these financial statements. The MOH has also indicated that all funding related to COVID-19 is subject to review and reconciliation, with the potential for adjustments during the subsequent fiscal year.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

17. Ministry of Health pandemic funding (continued):

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. As a result of Management's estimation process, the Hospital has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the MOH. However, given the potential for future changes to funding programs that could be announced by the MOH, the Hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

Details of the MOH funding for COVID-19 recognized as revenue in the current year are summarized below:

Funding for incremental COVID-19 operating expenses	\$	1,867,027
Funding for revenue losses resulting from COVID-19		1,880,587
Funding for temporary pandemic pay to healthcare workers		915,537
Prevention and containment funding		490,304
Canadian Mental Health COVID-19 emergency funding		211,000
Funding for all other COVID-19 related expenditures		153,546
Less: COVID-19 funding transferred to Elliot Lake Family Health Team		(278,562)
	\$	5,239,439

In addition to the above, the Hospital has also recognized \$325,930 in MOH funding for COVID-19 related capital expenditures, which has been recorded as an addition to deferred capital contributions during the year.

18. Ministry of Health working capital funding:

In March 2021, the Hospital was advised that it was eligible for one-time funding to address its working capital deficit. The Hospital is eligible to receive this funding based on defined eligibility criteria with the stipulation that the funding will only be used to reduce the Hospital's working capital deficit and is not to be used for operating purposes.

As at the date of approval of these financial statements, the MOH has provided a preliminary estimate of working capital funding and has indicated that the final amount of funding is subject to further analysis and validation by the MOH. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2021

19. COVID-19 impacts:

In response to COVID-19 and consistent with guidance provided by the MOH and other government agencies, the Hospital has implemented a number of measures to protect patients and staff from COVID-19. In addition, the Hospital has actively contributed towards the care of COVID-19 patients and the delivery of programs that protect public health.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2022 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.

20. Segmented information:

The Hospital provides a wide range of services its patients, operating multiple facilities and programs in the course of its operations.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1. Certain facilities and programs that have been separately disclosed in their segmented information, along with the service they provide, are as follows:

Hospital Operations

Hospital Operations consist of a 54-bed hospital providing care for the residents of Elliot Lake and North Shore.

Oaks Centre

Oaks Centre consists of a 53-bed treatment facility providing withdrawal management (Detox) and residential treatment (Camillus) services.

St. Joseph's Manor

St. Joseph's Manor consists of a 64-bed long-term care facility providing care for the residents of Elliot Lake and North Shore.

Diabetes

The Hospital operates a diabetes program, funded by the Ministries, which provides support for individuals living with forms of diabetes.

Other

Other programming includes a geriatric nurse practitioner program, municipal tax funding and Northern Ontario School of Medicine programming.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Schedule to Note 20 - Segmented Information

Year ended March 31, 2021

	Hospital Operations	Oaks Centre	St. Joseph's Manor	Diabetes	Other	Total 2021
Revenue:						
North East Local Health Integration Network, Ministry of Health and Ministry of Long-Term Care	\$ 23,567,066	163,946	3,652,554	194,104	8,550	27,586,220
Ministry of Health pandemic funding	2,535,379	1,897,914	806,146	-	-	5,239,439
Cancer Care Ontario	818,699	-	-	-	-	818,699
Patient services	2,492,001	-	4,374	-	-	2,496,375
Preferred accommodations	612,277	260,007	-	-	-	872,284
Residents	-	-	1,474,088	-	-	1,474,088
Other	1,019,854	132,249	43,433	449	8,960	1,204,945
Amortization - deferred capital contributions for equipment	44,814	75,231	2,080	-	-	122,125
	31,090,090	2,529,347	5,982,675	194,553	17,510	39,814,175
Expenses:						
Salaries and wages	14,584,837	1,309,329	3,343,435	149,023	-	19,386,624
Employee benefits	4,315,254	368,356	1,210,552	42,088	-	5,936,250
Medical staff remuneration	2,870,503	16,742	23,621	-	8,960	2,919,826
Supplies and other	4,346,917	785,121	1,111,036	12,465	9,954	6,265,493
Drugs	1,500,537	653	1,144	-	-	1,502,334
Medical and surgical	677,444	3,013	41,732	-	-	722,189
Amortization of equipment	724,993	3,938	68,018	-	-	796,949
Bad debts	16,614	60,930	-	-	-	77,544
Loss on disposal of capital assets	3,005	-	-	-	-	3,005
	29,040,104	2,548,082	5,799,538	203,576	18,914	37,610,214
Excess (deficiency) of revenue over expenses before undernoted items	2,049,986	(18,735)	183,137	(9,023)	(1,404)	2,203,961
Amortization - buildings	(731,166)	(97,657)	(234,361)	-	-	(1,063,184)
Amortization - deferred capital contributions for buildings	617,617	-	54,140	-	-	671,757
Interest on long-term debt	(44,326)	-	(14,927)	-	-	(59,253)
Ministry of Long-term Care - capital per diem	-	-	241,776	-	-	241,776
Ministry of Health - Working Funds Initiative (note 18)	446,100	-	-	-	-	446,100
Excess (deficiency) of revenue over expenses	\$ 2,338,211	(116,392)	229,765	(9,023)	(1,404)	2,441,157

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Schedule to Note 20 - Segmented Information

Year ended March 31, 2020

	Hospital Operations	Oaks Centre	St. Joseph's Manor	Diabetes	Other	Total 2020
Revenue:						
North East Local Health Integration Network, Ministry of Health and Ministry of Long-Term Care	\$ 23,489,833	1,994,658	3,627,401	194,104	8,550	29,314,546
Cancer Care Ontario	678,287	-	-	-	-	678,287
Patient services	2,257,503	-	-	-	-	2,257,503
Preferred accommodations	676,833	1,972,387	-	-	-	2,649,220
Residents	-	-	1,549,498	(359)	-	1,549,139
Other	757,489	86,074	42,512	115	30,038	916,228
Amortization - deferred capital contributions for equipment	25,666	66,601	1,522	-	-	93,789
	27,885,611	4,119,720	5,220,933	193,860	38,588	37,458,712
Expenses:						
Salaries and wages	13,940,086	1,759,785	3,075,067	143,648	226	18,918,812
Employee benefits	3,840,392	505,666	942,947	43,168	23	5,332,196
Medical staff remuneration	2,630,737	57,285	22,223	-	13,440	2,723,685
Supplies and other	3,122,952	1,604,883	1,142,758	7,789	38,085	5,916,467
Drugs	1,399,997	5,445	134	-	-	1,405,576
Medical and surgical	673,864	5,611	26,731	-	-	706,206
Amortization of equipment	525,409	3,432	58,605	-	-	587,446
Bad debts	114,562	95,955	-	-	-	210,517
Loss on disposal of capital assets	40,529	-	-	-	-	40,529
	26,288,528	4,038,062	5,268,465	194,605	51,774	35,841,434
Excess (deficiency) of revenue over expenses before undernoted items	1,597,083	81,658	(47,532)	(745)	(13,186)	1,617,278
Amortization - buildings	(662,593)	(81,438)	(226,224)	-	-	(970,255)
Amortization - deferred capital contributions for buildings	545,382	-	54,140	-	-	599,522
Interest on long-term debt	(43,035)	-	(21,758)	-	-	(64,793)
Ministry of Long-term Care - capital per diem	-	-	241,776	-	-	241,776
Excess (deficiency) of revenue over expenses	\$ 1,436,837	220	402	(745)	(13,186)	1,423,528