

Financial Statements of

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

And Independent Auditor's Report

thereon Year ended March 31, 2023



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## INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

### ***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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.



Page 3

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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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

June 30, 2023

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
		(restated)
<b>Assets</b>		
Current assets:		
Cash	\$ 2,057,765	\$ 2,048,046
Accounts receivable (note 3)	3,559,659	4,526,389
Inventories	659,864	662,307
Prepaid expenses	563,582	535,877
	<u>6,840,870</u>	<u>7,772,619</u>
Restricted funds (note 4)	28,489	27,842
Portfolio investments (note 5)	11,242,689	11,187,030
Capital assets (note 6)	21,106,452	18,397,925
	<u>\$ 39,218,500</u>	<u>\$ 37,385,416</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 11,219,231	\$ 8,718,877
Current portion of long-term obligations (note 8)	1,729,334	1,069,956
	<u>12,948,565</u>	<u>9,788,833</u>
Restricted funds (note 4)	28,489	27,842
Long-term obligations (note 8)	3,197,023	2,067,522
Deferred capital contributions (note 9)	10,042,846	9,940,312
Employee post-retirement benefits obligation (note 10)	1,980,599	2,002,651
Asset retirement obligation (note 11)	2,433,900	2,483,900
	<u>30,631,422</u>	<u>26,311,060</u>
Net assets:		
Invested in capital assets	4,274,703	3,397,180
Unrestricted	4,233,858	7,384,101
	<u>8,508,561</u>	<u>10,781,281</u>
Accumulated remeasurement gains	78,517	293,075
	<u>8,587,078</u>	<u>11,074,356</u>
Commitments and contingencies (note 12)		
	<u>\$ 39,218,500</u>	<u>\$ 37,385,416</u>

See accompanying notes to financial statements.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

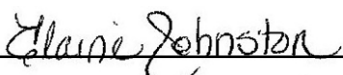
## Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022 (restated)
Revenue:		
Ontario Health North		
Ministry of Health and Ministry of Long-Term Care	\$ 26,804,652	\$ 24,125,296
Ministry of Health pandemic funding	-	1,809,149
Cancer Care Ontario	1,449,596	1,319,070
Specifically funded programs	10,567,308	12,158,255
Patient services	3,331,802	3,064,252
Preferred accommodations	769,605	714,421
Other	920,605	921,048
Amortization - deferred capital contributions for equipment	385,938	364,476
	44,229,506	44,475,967
Expenses:		
Salaries and wages	15,716,764	15,867,646
Employee benefits	4,560,521	3,891,067
Medical staff remuneration	3,630,945	3,270,960
Supplies and other	4,569,020	4,064,016
Drugs	2,321,867	2,044,022
Medical and surgical	859,952	801,598
Specifically funded programs	10,453,548	10,402,754
Amortization - equipment	1,093,974	1,034,816
Bad debts	400,139	100,088
	43,606,730	41,476,967
Excess of revenue over expenses before undernoted items	622,776	2,999,000
Amortization - buildings	(1,180,073)	(1,190,894)
Amortization - deferred capital contributions for buildings	779,824	792,505
Interest on long-term debt	(154,733)	(57,227)
Employee related expenses	(2,486,849)	-
Ministry of Long-term Care - capital per diem	146,335	241,776
Excess (deficiency) of revenue over expenses	\$ (2,272,720)	\$ 2,785,160

See accompanying notes to financial statements

On behalf of the Board:

 Chair

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

## Statement of Change in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Invested in capital assets	Unrestricted	2023	2022
Net assets, beginning of year (restated - see note 2)	\$ 3,397,180	\$ 7,384,101	\$ 10,781,281	\$ 7,996,121
Excess (deficiency) of revenue over expenses	(1,108,285)	(1,164,435)	(2,272,720)	2,785,160
Net investment in capital assets	1,985,808	(1,985,808)	-	-
Net assets, end of year	\$ 4,274,703	\$ 4,233,858	\$ 8,508,561	\$ 10,781,281

See accompanying notes to financial statements.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

## Statement of Remeasurement Gains

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 293,075	\$ 369,618
Net remeasurement losses on portfolio investments	(214,558)	(76,543)
Accumulated remeasurement gains, end of year	\$ 78,517	\$ 293,075

See accompanying notes to financial statements.



# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (2,272,720)	\$ 2,785,160
Item not involving cash:		
Amortization of capital assets	2,274,047	2,225,710
Unrealized losses on portfolio investments	214,558	76,543
Amortization of deferred capital contributions	(1,165,762)	(1,156,981)
Employee post-retirement benefits expense	119,048	124,773
Accrued interest on long-term obligations	47,916	45,656
	(782,913)	4,100,861
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	916,730	(988,709)
Decrease (increase) in inventories	2,443	(14,587)
Increase in prepaid expenses	(27,705)	(77,266)
Increase (decrease) in accounts payable	2,500,354	(819,328)
Contributions to employee post-retirement benefits	(141,100)	(124,400)
	2,467,809	2,076,571
Cash flows from capital activities:		
Increase in deferred capital contributions	1,268,296	1,340,337
Purchase of capital assets	(4,970,945)	(3,062,541)
	(3,702,649)	(1,722,204)
Cash flows from investing activities:		
Increase in portfolio investments	(484,775)	(4,017,781)
Cash flows from financing activities:		
Principal payments on long-term obligations	-	(210,859)
Proceeds on issuance of long-term obligations	1,729,334	975,925
	1,729,334	765,066
Net increase (decrease) in cash	9,719	(2,898,348)
Cash, beginning of year	2,048,046	4,946,394
Cash, end of year	\$ 2,057,765	\$ 2,048,046

See accompanying notes to financial statements.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements

Year ended March 31, 2023

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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 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, 2023

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## 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 assets or facilities come into use.

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

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

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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 financial statements in conformity with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations, requires management to make estimates and 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of fair value for investments, allowance for doubtful accounts, amortization of capital assets and deferred capital contributions, estimated costs and timing of asset retirement obligations and actuarial estimation of employee future benefits and sick leave benefit entitlement liabilities.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (e) Use of estimates (continued):

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

- Level 1 – Fair value measurements are those derived from unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements are those derived from observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Fair value measurements are those derived from unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

### (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 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.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (h) 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:

#### Fair Value

This category includes equity instruments and mutual funds quoted in an active market. The Hospital has designated its portfolio investments which include fixed income and mutual funds as fair value as the Hospital manages and reports performance of it on a fair value basis.

Financial instruments classified as fair value 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 classified as fair value 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 and recognized in the Statement of Operations.

#### Amortized cost

This category includes accounts receivable and accounts payable and accrued liabilities.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

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

Write-downs on financial assets classified as amortized cost 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 write-down being recognized in the Statement of Operations.

### (i) Asset retirement obligations:

The Hospital recognizes the fair value of an Asset Retirement Obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 1. Significant accounting policies (continued):

### (i) Asset retirement obligations (continued):

A liability for the removal of asbestos-containing materials in certain Hospital facilities has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the consolidated financial statements is recognized in the Statement of Operations at the time of remediation occurs

## 2. Change in accounting policies:

On April 1, 2022, the Hospital adopted Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in certain Hospital facilities and remediation associated with underground fuel tanks owned by the Hospital. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On April 1, 2022, the Hospital recognized an asset retirement obligation relating to facilities owned by the Hospital that contain asbestos as well as underground fuel tanks on properties owned by the Hospital. The building was originally constructed in 1958, and the liability was measured as of the date of purchase of the building, when the liability was created. The building had an expected useful life of 40 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Hospital reflected the following adjustments at April 1, 2022:

- An increase of \$2,483,900 to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of the same amount to accumulated amortization, representing forty years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of \$2,483,900, representing the estimated cost of remediation as at that date; and
- A decrease to the opening investment in capital assets of \$2,483,900 to reflect the increased amortization of the asset retirement obligation

## 3. Accounts receivable:

		2023		2022
Patients	\$	1,488,424	\$	1,293,882
Ministry of Health		1,718,666		2,888,518
Cancer Care Ontario		152,687		122,400
Other		434,703		520,919
Allowance for doubtful accounts		(234,821)		(299,330)
	\$	3,559,659	\$	4,526,389

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 4. Restricted funds:

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

## 5. Portfolio investments:

The Hospital's portfolio investments are comprised of:

		2023		2022	
		Cost	Fair Market Value	Fair Cost	Market Value
Cash and cash equivalents	Level 1	\$ 201,545	\$ 200,691	\$ 123,843	\$ 123,221
Canadian equities	Level 1	979,271	1,171,306	986,305	1,300,532
International equities	Level 1	564,735	591,558	461,272	508,165
Fixed income	Level 2	4,600,817	4,326,470	3,547,757	3,349,677
Mutual funds	Level 2	4,817,803	4,952,664	5,774,778	5,905,435
		\$ 11,164,171	\$11,242,689	\$10,893,955	\$11,187,030

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

## 6. Capital assets:

2023	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 14,681,189	\$ 8,788,703	\$ 5,892,486
Equipment	17,437,321	12,615,915	4,821,406
Building services equipment	13,350,226	6,660,318	6,689,908
Construction in progress	3,702,652	-	3,702,652
	\$ 49,171,388	\$28,064,936	\$21,106,452

2022	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 14,368,609	\$ 8,335,134	\$ 6,033,475
Equipment	15,627,381	11,638,138	3,989,243
Building services equipment	12,207,377	5,829,245	6,378,132
Construction in progress	1,997,075	-	1,997,075
	\$ 44,200,442	\$25,802,517	\$18,397,925

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 7. Accounts payable and accrued liabilities:

		2023	2022
Accounts payable and accrued liabilities:			
- operating and capital	\$	3,661,785	\$ 4,320,019
- NEHLIN, MOH and MOLTC		1,351,499	752,805
Payroll accruals:			
- salaries, wages and benefits		5,028,316	2,382,633
- vacation pay and other entitlements		1,177,631	1,263,420
	\$	11,219,231	\$ 8,718,877

## 8. Long-term obligations:

		2023	2022
The Sisters of St. Joseph of Sault Ste. Marie (a, b)	\$	2,114,547	\$ 2,067,522
Mortgage payable (c)		-	94,031
Demand instalment term loan (d)		2,811,810	975,925
		4,926,357	3,137,478
Less: current portion of long-term obligations		(1,729,334)	(1,069,956)
	\$	3,197,023	\$ 2,067,522

(a) A balance of \$1,614,548 (2022 - \$1,567,522) 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 (2022 - \$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 \$Nil (2022 - \$94,031) was repayable in blended monthly payments of \$18,219 at an interest rate of 3.46% and matured in August 2022. The mortgage was previously secured by a corporate guarantee.

(d) The Canadian Imperial Bank of Commerce ("CIBC") has agreed to make unsecured financing available to the Hospital up to a maximum of \$5,000,000 for the Hospital Information System ("HIS") upgrade. 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 April 30, 2024 under the HIS Loan ("Term Out Date"). The Hospital is required to make interest only payments at prime less 0.87%, paid on a monthly basis until the Term Out Date. At March 31, 2023, a total of \$2,811,810 has been drawn on this facility. On the Term Out Date, the Hospital will repay the term of the loan in regular monthly payments of principal plus interest, or regular monthly blended payments of principal and interest over a 15-year amortization period.



# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 8. Long-term obligations (continued):

(d) (Continued):

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

2024	\$ 1,729,335
Thereafter	3,197,023

## 9. 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:

		2023	2022
Balance, beginning of year	\$	9,940,312	\$ 9,756,956
Contributions received during the year		1,268,296	1,340,337
Less: amounts amortized to revenue		(1,165,762)	(1,156,981)
Balance, end of year	\$	10,042,846	\$ 9,940,312

The balance of unamortized and unspent funds consists of the following:

		2023	2022
Unamortized	\$	9,471,492	\$ 9,379,367
Unspent:			
Hospital Infrastructure Renewal Fund		571,354	560,945
	\$	10,042,846	\$ 9,940,312

## 10. 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.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 10. Employee post-employment benefits obligation (continued): The accrued

benefit obligation is recorded in the financial statements as follows:

	2023	2022
Balance, beginning of year	\$	\$ 2,002,278
Add: benefits costs	2,002,65	124,773
	2,121,699	2,127,051
Less: benefit contributions	(141,100)	(124,400)
Accrued benefit obligation, end of year	\$ 1,980,599	\$ 2,002,651

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:

	2023	2022
Discount rate	4.04%	3.89%
Dental cost trend rates	3.50%	3.50%
Extended health care trend rates	6.00%	6.00%

## 0. Asset retirement obligation:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in the building owned by the Hospital. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2023	2022
Balance, beginning of year	\$ 2,483,900	\$ -
Adjustment on adoption of PS 3280 asset retirement obligation standard	-	2,483,900
Opening balance, as restated	2,483,900	2,483,900
Less: current portion reported in accounts payable and accrued liabilities	(50,000)	-
Balance, end of year	\$ 2,433,900	\$ 2,483,900

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 12. 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, 2023, no assessments have been received by the Hospital.

(e) Lease and service agreements:

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

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2024	\$	17,767
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## 13. 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.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 13. Pension plan (continued):

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, 2023 were \$1,508,185 (2022 - \$1,450,804) and are reflected in employee benefits on the statement of operations.

## 14. 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, 2023, total \$28,154 (2022 - \$11,733) 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 \$1,000 (2022 - \$14,745) 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 \$277,871 (2022 - \$83,937) from the St. Joseph's Foundation of Elliot Lake.

## 15. 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, 2023 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 2022.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 15. Financial risks and concentration of risk (continued):

### (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 2022.

### (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 2022.

### (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 2022.

### (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 2022.

## 16. 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, 2023, \$Nil (2022 - \$Nil) has been drawn on the credit facility.

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 17. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.

## 18. 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 18 - Segmented Information

Year ended March 31, 2023

	Hospital Operations	Oaks Centre	St. Joseph's Manor	Diabetes	Other	Total 2023
Revenue:						
North East Local Health Integration Network, Ministry of Health and Ministry of Long-Term Care	\$ 26,804,652	\$ 2,153,997	\$ 5,076,766	\$ 194,104	\$ 170,703	\$ 34,400,222
Cancer Care Ontario	1,449,596	-	-	-	-	1,449,596
Patient services	3,331,802	-	-	-	-	3,331,802
Preferred accommodations	769,605	957,720	-	-	-	1,727,325
Residents	-	-	1,671,569	(24)	-	1,671,545
Other	920,605	281,887	42,047	2,028	16,511	1,263,078
Amortization - deferred capital contributions for equipment	290,569	84,206	11,163	-	-	385,938
	33,566,829	3,477,810	6,801,545	196,108	187,214	44,229,506
Expenses:						
Salaries and wages	15,716,764	1,656,924	4,017,090	156,392	27,224	21,574,394
Employee benefits	4,560,521	450,269	1,338,184	54,900	137,462	6,541,336
Medical staff remuneration	3,630,945	46,982	23,082	-	-	3,701,009
Supplies and other	4,569,020	1,338,005	1,217,384	7,181	28,111	7,159,701
Drugs	2,321,867	10,795	723	-	-	2,333,385
Medical and surgical	859,952	12,168	81,352	-	-	953,472
Amortization of equipment	989,405	4,904	99,665	-	-	1,093,974
Bad debts	400,139	(150,680)	-	-	-	249,459
	33,048,613	3,369,367	6,777,480	218,473	192,797	43,606,730
Excess (deficiency) of revenue over expenses before undernoted items	518,216	108,443	24,065	(22,365)	(5,583)	622,776
Amortization - buildings	(831,073)	(108,442)	(240,558)	-	-	(1,180,073)
Amortization - deferred capital contributions for buildings	725,684	-	54,140	-	-	779,824
Interest on long-term debt	(135,153)	-	(19,580)	-	-	(154,733)
Employee related expenses	(2,486,849)	-	-	-	-	(2,486,849)
Ministry of Long-term Care - capital per diem	-	-	146,335	-	-	146,335
Excess (deficiency) of revenue over expenses	\$ (2,209,175)	\$ 1	\$ (35,598)	\$ (22,365)	\$ (5,583)	\$ (2,272,720)

# ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Schedule to Note 18 - Segmented Information

Year ended March 31, 2023

	Hospital Operations	Oaks Centre	St. Joseph's Manor	Diabetes	Other	Total 2022
Revenue:						
North East Local Health Integration Network, Ministry of Health and Ministry of Long-Term Care	\$ 24,125,296	\$ 3,580,421	\$ 4,012,560	\$ 191,343	\$ 8,550	\$ 31,918,170
Ministry of Health pandemic funding	1,809,149	-	1,053,952	-	-	2,863,101
Cancer Care Ontario	1,319,070	-	-	-	-	1,319,070
Patient services	3,064,252	-	-	-	-	3,064,252
Preferred accommodations	714,421	1,171,204	-	-	-	1,885,625
Residents	-	-	1,525,497	-	-	1,525,497
Other	921,048	559,881	32,601	(269)	22,515	1,535,776
Amortization - deferred capital contributions for equipment	275,133	83,675	5,668	-	-	364,476
	32,228,369	5,395,181	6,630,278	191,074	31,065	44,475,967
Expenses:						
Salaries and wages	15,867,646	1,811,295	3,674,324	148,023	60,000	21,561,288
Employee benefits	3,891,067	498,799	1,282,034	41,109	-	5,713,009
Medical staff remuneration	3,270,960	58,630	22,607	-	30,000	3,382,197
Supplies and other	4,064,016	1,253,741	1,396,312	4,946	23,271	6,742,286
Drugs	2,044,022	3,470	498	-	-	2,047,990
Medical and surgical	801,598	8,990	84,705	-	-	895,293
Amortization of equipment	945,315	4,572	84,929	-	-	1,034,816
Bad debts	100,088	-	-	-	-	100,088
	30,984,712	3,639,497	6,545,409	194,078	113,271	41,476,967
Excess (deficiency) of revenue over expenses before undernoted items	1,243,657	1,755,684	84,869	(3,004)	(82,206)	2,999,000
Amortization - buildings	(844,270)	(107,902)	(238,722)	-	-	(1,190,894)
Amortization - deferred capital contributions for buildings	738,365	-	54,140	-	-	792,505
Interest on long-term debt	(49,455)	-	(7,772)	-	-	(57,227)
Ministry of Long-term Care - capital per diem	-	-	241,776	-	-	241,776
Excess (deficiency) of revenue over expenses	\$ 1,088,297	\$ 1,647,782	\$ 134,291	\$(3,004)	\$(82,206)	\$ 2,785,160