

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

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, 2024
- 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, 2024, 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.



Page 2

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.

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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
July 15, 2024

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Ontario Health North		
Ministry of Health and Ministry of Long-Term Care	\$ 27,535,716	\$ 26,804,652
One-time arbitration award	2,210,800	-
Cancer Care Ontario	1,742,986	1,449,596
Specifically funded programs	10,904,830	10,567,308
Patient services	3,386,822	3,331,802
Preferred accommodations	420,436	769,605
Other	1,180,634	920,605
Amortization - deferred capital contributions for equipment	426,808	385,938
	<u>47,809,032</u>	<u>44,229,506</u>
Expenses:		
Salaries and wages	18,905,878	15,716,764
Employee benefits	4,668,099	4,560,521
Medical staff remuneration	4,061,126	3,630,945
Supplies and other	5,176,092	4,569,020
Drugs	2,418,508	2,321,867
Medical and surgical	850,266	859,952
Specifically funded programs	12,370,267	10,453,548
Amortization - equipment	1,137,633	1,093,974
Bad debts	237,255	400,139
	<u>49,825,124</u>	<u>43,606,730</u>
Excess (deficiency) of revenue over expenses before undernoted items	(2,016,092)	622,776
Amortization - buildings	(1,200,373)	(1,180,073)
Amortization - deferred capital contributions for buildings	789,931	779,824
Interest on long-term debt	(224,952)	(154,733)
Employee related expenses	-	(2,486,849)
Ministry of Long-term Care - capital per diem	542,413	146,335
Deficiency of revenue over expenses	<u>\$ (2,109,073)</u>	<u>\$ (2,272,720)</u>

See accompanying notes to financial statements

On behalf of the Board:



Chair

Elaine Johnston

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 2,384,825	\$ 2,057,765
Accounts receivable (note 3)	3,193,347	3,559,659
Inventories	763,266	659,864
Prepaid expenses	540,666	563,582
	<u>6,882,104</u>	<u>6,840,870</u>
Restricted funds (note 4)	25,046	28,489
Portfolio investments (note 5)	8,281,536	11,242,689
Capital assets (note 6)	23,298,185	21,106,452
	<u>\$ 38,486,871</u>	<u>\$ 39,218,500</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 9,807,256	\$ 11,219,231
Current portion of long-term obligations (note 8)	3,561,810	1,729,334
Current portion of obligations under capital lease (note 9)	63,252	-
	<u>13,432,318</u>	<u>12,948,565</u>
Restricted funds (note 4)	25,046	28,489
Long-term obligations (note 8)	2,162,984	3,197,023
Obligations under capital lease (note 9)	122,032	-
Deferred capital contributions (note 10)	11,161,056	10,042,846
Employee post-retirement benefits obligation (note 11)	2,022,913	1,980,599
Asset retirement obligation (note 12)	2,866,893	2,433,900
	<u>31,793,242</u>	<u>30,631,422</u>
Net assets:		
Invested in capital assets	3,360,158	4,274,703
Unrestricted	3,039,330	4,233,858
	<u>6,399,488</u>	<u>8,508,561</u>
Accumulated remeasurement gains	294,141	78,517
	<u>6,693,629</u>	<u>8,587,078</u>
Commitments and contingencies (note 13)		
	<u>\$ 38,486,871</u>	<u>\$ 39,218,500</u>

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Change in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Invested in capital assets	Unrestricted	2024	2023
Net assets, beginning of year	\$ 4,274,703	\$ 4,233,858	\$ 8,508,561	\$ 10,781,281
Deficiency of revenue over expenses	(1,121,267)	(987,806)	(2,109,073)	(2,272,720)
Net investment in capital assets	206,722	(206,722)	-	-
Net assets, end of year	\$ 3,360,158	\$ 3,039,330	\$ 6,399,488	\$ 8,508,561

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Remeasurement Gains

Year ended March 31, 2024, with comparative information for 2023

	2024		2023	
Accumulated remeasurement gains, beginning of year	\$	78,517	\$	293,075
Net remeasurement gains (losses) on portfolio investments		215,624		(214,558)
Accumulated remeasurement gains, end of year	\$	294,141	\$	78,517

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (2,109,073)	\$ (2,272,720)
Item not involving cash:		
Amortization of capital assets	2,338,006	2,274,047
Amortization of deferred capital contributions	(1,216,739)	(1,165,762)
Employee post-retirement benefits expense	193,514	119,048
Inflationary adjustment on asset retirement obligation	432,992	-
Accrued interest on long-term obligations	48,436	47,916
	(312,864)	(997,471)
Change in non-cash working capital:		
Decrease in accounts receivable	366,312	916,730
Decrease (increase) in inventories	(103,402)	2,443
Decrease (increase) in prepaid expenses	22,916	(27,705)
Increase (decrease) in accounts payable	(1,411,973)	2,500,354
Contributions to employee post-retirement benefits	(151,200)	(141,100)
	(1,590,211)	2,253,251
Cash flows from capital activities:		
Increase in deferred capital contributions	2,334,949	1,268,296
Purchase of capital assets	(4,304,641)	(4,970,945)
	(1,969,692)	(3,702,649)
Cash flows from investing activities:		
Increase (decrease) in portfolio investments	3,392,401	(484,775)
Unrealized losses (gains) on portfolio investments	(215,624)	214,558
	3,176,777	(270,217)
Cash flows from financing activities:		
Repayment of obligations under capital lease	(39,814)	-
Proceeds on issuance of long-term obligations	750,000	1,729,334
	710,186	1,729,334
Net increase in cash	327,060	9,719
Cash, beginning of year	2,057,765	2,048,046
Cash, end of year	\$ 2,384,825	\$ 2,057,765

See accompanying notes to financial statements.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements

Year ended March 31, 2024

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 performance obligations are met.

(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, 2024

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:

Buildings	40 years
Building services equipment	3 to 25 years
Equipment	5 to 20 years
Equipment under capital lease	5 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 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, 2024

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 14 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 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, 2024

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 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 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, 2024

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, 2023, the Hospital adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024 the Hospital determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

3. Accounts receivable:

	2024	2023
Patients	\$ 1,256,081	\$ 1,488,424
Ministry of Health	1,273,006	1,718,666
Cancer Care Ontario	9,492	152,687
Other	923,318	434,703
Allowance for doubtful accounts	(268,550)	(234,821)
	\$ 3,193,347	\$ 3,559,659

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:

		2024		2023	
		Cost	Fair Market Value	Cost	Market Value
Cash and cash equivalents	Level 1	\$ 191,370	\$ 190,904	\$ 201,545	\$ 200,691
Canadian equities	Level 1	826,020	1,032,605	979,271	1,171,306
International equities	Level 1	1,152,771	1,502,435	564,735	591,558
Fixed income	Level 2	5,817,234	5,555,592	4,600,817	4,326,470
Mutual funds	Level 2	-	-	4,817,803	4,952,664
		\$ 7,987,395	\$ 8,281,536	\$11,164,171	\$11,242,689

Unrealized gains relating to these portfolio investments are reflected in the statement of remeasurement gains.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Capital assets:

2024	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 10,861,090	\$ 6,975,055	\$ 3,886,035
Equipment	20,394,331	15,570,328	4,824,003
Building services equipment	17,596,483	7,835,050	9,761,433
Equipment under capital lease	225,098	22,510	202,588
Construction in progress	4,624,126	-	4,624,126
	\$ 53,701,128	\$30,402,943	\$23,298,185

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

During the year, capital assets were acquired at a cost of \$225,098 by means of a capital lease.

7. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable and accrued liabilities:		
- operating and capital	\$ 5,076,195	\$ 3,661,785
- OHN, MOH and MOLTC	1,124,881	1,351,499
Payroll accruals:		
- salaries, wages and benefits	2,265,004	5,028,316
- vacation pay and other entitlements	1,341,176	1,177,631
	\$ 9,807,256	\$11,219,231

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Long-term obligations:

	2024	2023
The Sisters of St. Joseph of Sault Ste. Marie (a, b)	\$ 2,162,984	\$ 2,114,547
Demand instalment term loan (c)	3,561,810	2,811,810
	5,724,794	4,926,357
Less: current portion of long-term obligations	(3,561,810)	(1,729,334)
	\$ 2,162,984	\$ 3,197,023

(a) A balance of \$1,662,984 (2023 - \$1,614,548) 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 (2023 - \$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) 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 June 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, 2024, a total of \$3,561,810 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.

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

2025	\$ 3,561,810
Thereafter	2,162,984

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Obligations under capital lease:

The Hospital has financed certain equipment by entering into a capital leasing arrangement expiring September 30, 2026. Capital lease repayments are due as follows:

	2024	2023
Year ending March 31, 2024		
2025	\$ 70,121	\$ –
2026	70,121	–
2027	58,434	–
Total minimum lease payments	198,675	–
Less amount representing interest at 18.31%	(13,391)	–
Present value of net minimum capital lease payments	185,284	–
Current portion of obligations under capital lease	(63,252)	–
Balance, end of year	\$ 122,032	\$ –

The Hospital has entered into a capital lease agreement for the acquisition of various medical equipment. The lease has a term of 42 months with an option to purchase the leased asset for a nominal fee of \$1 at the end of the lease term. In accordance with the Public Sector Accounting Standards (PSAS), this lease is classified as a capital lease due to the bargain purchase option. The obligation under the capital lease will be reduced by lease payments over the lease term, with the balance of the payments being charged to interest expense.

Interest of \$6,933 (2023 - \$Nil) relating to capital lease obligations has been included in interest on long-term debt. The total amount of amount of equipment under capital lease is \$225,098 with related accumulated amortization of \$22,510.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. 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:

	2024	2023
Balance, beginning of year	\$ 10,042,846	\$ 9,940,312
Contributions received during the year	2,334,949	1,268,296
Less: amounts amortized to revenue	(1,216,739)	(1,165,762)
Balance, end of year	\$ 11,161,056	\$10,042,846

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

	2024	2023
Unamortized	\$ 11,161,056	\$ 9,471,492
Unspent:		
Hospital Infrastructure Renewal Fund	-	571,354
	\$ 11,161,056	\$10,042,846

11. 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, 2023.

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

	2024	2023
Balance, beginning of year	\$ 1,980,599	\$ 2,002,651
Add: benefits costs	193,514	119,048
	2,174,113	2,121,699
Less: benefit contributions	(151,200)	(141,100)
Accrued benefit obligation, end of year	\$ 2,022,913	\$ 1,980,599

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.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

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

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

	2024	2023
Discount rate	3.95%	4.04%
Dental cost trend rates	3.50%	3.50%
Extended health care trend rates	6.00%	6.00%

12. 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:

	2024	2023
Balance, beginning of year	\$ 2,483,900	\$ 2,483,900
Adjustment on adoption of PS 3280 asset retirement obligation standard	—	—
Opening balance, as restated	2,483,900	2,483,900
Plus: inflationary impact	432,993	—
Less: obligations settled during the year	(38,996)	—
Total obligation at March 31	2,877,897	2,483,900
Less: current portion reported in accounts payable and accrued liabilities	(11,004)	(50,000)
Balance, end of year	\$ 2,866,893	\$ 2,433,900

13. 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, 2028.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Commitments and contingencies (continued):

(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, 2024, no assessments have been received by the Hospital.

14. 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, 2024 were \$1,947,951 (2023 - \$1,508,185) and are reflected in employee benefits on the statement of operations.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

15. 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, 2024, total \$38,422 (2023 - \$28,154) 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 \$30,475 (2023 - \$1,000) 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 \$20,000 (2023 - \$277,871) from the St. Joseph's Foundation of Elliot Lake.

16. 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, 2024 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 2023.

(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 2023.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

16. Financial risks and concentration of risk (continued):

(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 2023.

(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 2023.

(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 2023.

17. 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 with CIBC, 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, 2024, \$387,937 (2023 - \$Nil) has been drawn on the credit facility. As this credit facility is drawn at the same financial institution as the cash accounts are held, this amount has been netted within the cash balance on the statement of financial position.

18. Bill 124:

On November 29, 2022, the Ontario Superior Court rendered a decision to declare the Protecting a Sustainable Public Sector for Future Generations Act, 2019, known as Bill 124, to be void and of no effect. This ruling has triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for years that were previously capped by the legislation. Ongoing impacts of the reopener provisions are reflected in the Hospital's current wage rates and are included in the reported amount of salaries and wages.

The MOH has provided the Hospital with funding to offset a portion the cost of the retroactive wage adjustments, as well as ongoing impacts up to March 31, 2024.

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

19. ONE Health Information Technology Services:

ONE Health Information Technology Services (ONE HITS) is a shared service organization established for the purposes of providing technology, information systems and related capital implementation and support services to participating hospitals in Northeastern Ontario on a full cost recovery basis. The Hospital has a 2.43% proportionate share of voting rights and financing requirements. Included in the Hospital's reported balance of accounts payable at March 31, 2024 are amounts owing to ONE HITS of \$127,984 (2023 - \$Nil).

A summary of the financial information of ONE HITS is as follows:

	2024	2023
Financial position:		
Total assets	\$ 46,592,434	\$ 46,561,825
Total liabilities	\$ 46,592,434	\$ 46,561,825
Net assets	–	–
	\$ 46,592,434	\$ 46,561,825
Results of operations:		
Total revenue	\$ 12,019,379	\$ 6,311,613
Total expenses	12,019,379	6,311,613
Excess of revenue over expenses	\$ –	\$ –
	2023	2022
Cash flows:		
Cash from operations	\$ 6,039,319	\$ 4,908,679
Cash from financing and investing activities	(3,506,942)	(1,753,472)
Increase in cash	\$ 2,532,377	\$ 3,155,207

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:

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Notes to Financial Statements (continued)

Year ended March 31, 2024

20. Segmented information (continued):

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, 2024

	Hospital Operations	Oaks Centre	St. Joseph's Manor	Diabetes	Other	Total 2024
Revenue:						
Ontario Health North:						
Ministry of Health and Ministry of Long-Term Care	\$ 27,535,716	\$ 2,244,567	\$ 4,802,077	\$ 194,104	\$ 138,091	\$ 34,914,555
One-time arbitration award	1,853,100	-	357,700	-	-	2,210,800
Cancer Care Ontario	1,742,986	-	-	-	-	1,742,986
Patient services	3,386,822	-	-	-	-	3,386,822
Preferred accommodations	420,436	1,389,602	-	-	-	1,810,038
Residents	-	-	1,677,356	-	-	1,677,356
Other	1,180,634	351,587	72,893	421	34,132	1,639,667
Amortization - deferred capital contributions for equipment	313,945	92,409	20,454	-	-	426,808
	36,433,639	4,078,165	6,930,480	194,525	172,223	47,809,032
Expenses:						
Salaries and wages	18,905,878	1,889,394	4,788,416	175,983	346,839	26,106,510
Employee benefits	4,668,099	532,969	1,486,585	56,103	24,646	6,768,402
Medical staff remuneration	4,061,126	50,379	22,907	-	43,904	4,178,316
Supplies and other	5,176,092	1,510,891	1,217,175	8,161	11,109	7,923,428
Drugs	2,418,508	1,276	652	-	-	2,420,436
Medical and surgical	850,266	11,681	72,436	-	-	934,383
Amortization of equipment	1,028,331	4,657	104,645	-	-	1,137,633
Bad debts	237,255	118,761	-	-	-	356,016
	37,345,555	4,120,008	7,692,816	240,247	426,498	49,825,124
Deficiency of revenue over expenses before undernoted items	(911,916)	(41,843)	(762,336)	(45,722)	(254,275)	(2,016,092)
Amortization - buildings	(842,293)	(114,763)	(243,317)	-	-	(1,200,373)
Amortization - deferred capital contributions for buildings	735,791	-	54,140	-	-	789,931
Interest on long-term debt	(224,952)	-	-	-	-	(224,952)
Ministry of Long-term Care - capital per diem	-	-	542,413	-	-	542,413
Deficiency of revenue over expenses	\$ (1,243,370)	\$ (156,606)	\$ (409,100)	\$ (45,722)	\$ (254,275)	\$ (2,109,073)

ST. JOSEPH'S GENERAL HOSPITAL ELLIOT LAKE

Schedule to Note 20 - Segmented Information

Year ended March 31, 2024

	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)