Timmins and District Hospital
Financial Statements
March 31, 2022

Contents

For the year ended March 31, 2022

Management's Responsibility

To the Members and Board of Directors of Timmins and District Hospital:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Hospital. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Hospital's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 14, 2022

Kate A Fyfe

Ms. Kate Fyfe
President and Chief Executive Officer

Mr. Marc Demers
Chief Financial Officer

To the Members and Board of Directors of Timmins and District Hospital:

Opinion

We have audited the financial statements of Timmins and District Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2022, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Timmins, Ontario
June 14, 2022

Chartered Professional Accountants
Licensed Public Accountants

MNP

Timmins and District Hospital
Statement of Financial Position
As at March 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**10,583,118**	749,833
Accounts receivable *(Note 3)*	**12,027,454**	25,947,922
Inventory *(Note 4)*	**1,040,997**	1,107,242
Prepaid expenses	**1,103,321**	753,499
	24,754,890	28,558,496
Capital assets *(Note 5)*	**54,115,495**	51,162,121
	78,870,385	79,720,617
Liabilities		
Current		
Bank indebtedness *(Note 6)*	**-**	4,700,000
Accounts payable and accruals *(Note 7)*	**21,968,096**	17,102,835
Deferred contributions *(Note 8)*	**108,026**	226,566
Current portion of long-term debt *(Note 9)*	**2,234,837**	2,187,094
Current portion of capital lease obligations *(Note 11)*	**561,527**	-
	24,872,486	24,216,495
Long-term debt *(Note 9)*	**8,882,865**	11,602,477
Capital lease obligations *(Note 11)*	**1,812,882**	-
Employee future benefit liabilities *(Note 12)*	**5,055,886**	5,005,888
Deferred contributions related to capital assets *(Note 13)*	**38,864,116**	40,008,882
	79,488,235	80,833,742
Contingencies *(Note 14)*		
Net Assets		
Deficiency in net assets, end of year	**(894,265)**	(904,765)
Remeasurement gains (losses)	**276,415**	(208,360)
	(617,850)	(1,113,125)
	78,870,385	79,720,617

Approved on behalf of the Board

Gaetan Malette, Board Chair | **Kraymr Grenke, Vice-Chair**

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital
Statement of Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
MOHLTC/NELHIN *(Note 22)*	**96,550,796**	87,768,088
Cancer Care Ontario	**5,392,939**	5,901,059
Amortization of deferred contributions - equipment *(Note 13)*	**1,895,340**	1,990,516
Ministry of Health - Paymaster/Flow Through	**324,960**	291,430
Other revenue *(Note 16)*	**19,437,806**	17,541,829
	123,601,841	113,492,922
Expenses		
Salaries and wages	**57,832,162**	52,097,366
Supplies and other expenses	**20,083,083**	15,819,905
Employee benefits *(Note 15)*	**16,473,507**	16,584,981
Medical staff remuneration	**14,787,076**	12,981,082
Medical and surgical supplies	**5,869,911**	5,060,804
Drugs	**4,629,815**	4,455,342
Amortization of equipment and other	**2,781,047**	3,165,938
Bad debts	**65,549**	276,408
Interest on operating line	**28,978**	27,275
	122,551,128	110,469,101
Excess of revenue over expenses from operations	**1,050,713**	3,023,821
Amortization of deferred contributions and buildings		
Amortization of deferred contributions - buildings *(Note 13)*	**(2,479,232)**	(2,445,751)
Amortization of buildings	**3,190,876**	3,061,977
	711,644	616,226
Excess of revenue over expenses before other funds	**339,069**	2,407,595
Other funds *(Note 17)*		
Other fund revenues	**(5,403,088)**	(4,231,766)
Other fund expenses	**5,403,088**	4,231,766
	-	-
Excess of revenue over expenses before interest on long term debt	**339,069**	2,407,595
Interest on long term debt	**328,569**	286,427
Excess of revenue over expenses before other items	**10,500**	2,121,168
Other items		
Loss on disposal of capital asset	**-**	(813,047)
MOH Working Funds Initiative *(Note 21)*	**-**	19,286,900
Excess of revenue over expenses	**10,500**	20,595,021

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital
Statement of Changes in Net Assets
For the year ended March 31, 2022

	2022	*2021*
Deficiency in net assets, beginning of year	**(904,765)**	(21,499,786)
Excess of revenue over expenses	**10,500**	20,595,021
Deficiency in net assets, end of year	**(894,265)**	(904,765)

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2022

	2022	*2021*
Accumulated remeasurement losses, beginning of year	**(208,360)**	(167,692)
Unrealized remeasurement gains (losses)		
Derivatives	**484,775**	(40,668)
Accumulated remeasurement gains (losses), end of year	**276,415**	(208,360)

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital
Statement of Cash Flows
For the year ended March 31, 2022

	2022	*2021*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**10,500**	20,595,021
Amortization	**5,971,923**	6,227,915
Amortization of deferred capital contributions	**(4,374,572)**	(4,436,267)
Loss on disposal of capital assets	**-**	813,047
Increase in employee future benefits liability	**49,998**	104,671
	1,657,849	23,304,387
Changes in working capital accounts		
Accounts receivable	**13,920,468**	(21,523,271)
Inventory	**66,245**	(383,162)
Prepaid expenses	**(349,822)**	(145,055)
Accounts payable and accruals	**4,865,264**	839,106
Deferred contributions	**(118,540)**	108,077
	20,041,464	2,200,082
Financing		
Net advances (repayments) of bank indebtedness	**(4,700,000)**	4,700,000
Net repayments of demand loans	**-**	(10,908,187)
Advances of long-term debt	**-**	6,000,000
Repayment of long-term debt	**(2,187,094)**	(2,032,789)
Cash contributions received for capital assets	**3,229,806**	1,735,570
Repayments of capital lease obligations	**(433,230)**	-
	(4,090,518)	(505,406)
Capital activities		
Purchases of tangible capital assets	**(6,117,661)**	(2,866,153)
Increase (decrease) in cash resources	**9,833,285**	(1,171,477)
Cash resources, beginning of year	**749,833**	1,921,310
Cash resources, end of year	**10,583,118**	749,833

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

The Timmins and District Hospital (the “Hospital”) is principally involved in providing health care services to the City of Timmins and surrounding region of Northern Ontario.

The Hospital is incorporated without share capital by Letters Patent issued by the Province of Ontario and is regulated by the Public Hospitals Act. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt for income taxes, provided certain requirements of the Income Tax Act are met.

Impact of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Hospital's operations were impacted by COVID-19 due to reduced surgical capabilities, additional personal protective equipment, added cleaning costs, and additional funding allotments.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Hospital as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause increased government regulations which may negatively impact the Hospital's business and financial condition.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards, using the standards applicable to government not-for-profit organizations, including the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory is valued at the lower of cost and net realizable value, less a provision for any obsolete or unusable inventory on hand. Cost is determined on a average cost basis with the exception of drugs, which are determined on a first in, first out basis. Inventory consists of medical and general supplies that are used in the Hospital's operation and not for resale purposes.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Capital assets acquired during the year but not placed into use are not amortized until they are place into use.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Land improvements	10 - 20 years
Buildings	10 - 40 years
Building service equipment	5 - 20 years
Equipment	3 - 20 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Hospital determines that a long-lived asset no longer has any long-term service potential to the Hospital, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Deferred revenue

Deferred revenue is received from contributors who have restricted use of the funds for specific purposes. Recognition of these amounts as revenue is deferred to periods when the specific expenditures are made.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Hospital's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Employee future 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. The attribution period for such cost begins the date of hire of the employee to the date of first payment. The discount rate used to determine accrued benefit obligations is reflective of the Hospital's long-term cost of borrowing.

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 on a straight line basis over the average remaining service period of active employees.

Adjustments arising from plan amendments, including past service costs, 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.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions which include donations and government transfers or grants.

The Hospital funding is based on the Hospital Service Accountability Agreement (H-SAA) between the Hospital and the North East Local Health Integration Network (NELHIN) which is an agency of the Ministry of Health and Long-Term Care. Operating transfers or grants are recorded as revenue in the period to which they relate. Transfers or grants approved but not received at the end of an accounting period are accrued. Where a portion of a transfer or grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended.

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

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

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

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Hospital’s capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Pledges to donate funds to the Hospital are not included in revenues until such time as funds are received.

Revenue for medical and other services are recognized when the services are provided.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Hospital's operations and would otherwise have been purchased. The work of the Hospital Board is dependent on the voluntary services of many individuals including the members of the Board. Since these services are not normally purchased by the Hospital and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Deferred contributions related to capital assets and capital asset amortization are based on the estimated useful lives of capital assets. Accrued liabilities are estimated based on expected charges for unbilled goods and services at year-end. Employee future benefits are based on actuarial valuations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Hospital recognizes its financial instruments when the Hospital becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Hospital may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital has made such an election during the year.

The Hospital subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, while interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Fair Value Measurements

The Hospital classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Hospital to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

Derivative financial instruments

Derivative financial instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument, commodity price, or foreign exchange rate. The Hospital enters into derivative contracts to manage its exposure to interest rate risks associated with its long-term debt.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) attributable to financial instruments in the fair value category do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Hospital's net assets in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

3. Accounts receivable

	2022	*2021*
Client and patient receivables	**2,073,638**	2,036,412
Other receivables	**222,357**	85,361
MOHLTC/NELHIN *(Note 21, 22)*	**8,655,928**	23,730,523
HST receivable	**1,150,531**	170,626
	12,102,454	26,022,922
Allowance for doubtful accounts	**(75,000)**	(75,000)
	12,027,454	25,947,922

4. Inventory

	2022	2021
Drugs	**362,789**	355,250
Medical and surgical	**665,047**	735,291
Other	**13,161**	16,701
	1,040,997	1,107,242

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	**490,002**	**-**	**490,002**	490,002
Land improvements	**363,047**	**269,978**	**93,069**	104,825
Buildings	**88,406,492**	**57,161,461**	**31,245,031**	33,505,788
Building service equipment	**19,073,919**	**7,498,734**	**11,575,185**	11,656,960
Equipment	**67,233,183**	**59,050,014**	**8,183,169**	5,404,546
	175,566,643	**123,980,187**	**51,586,456**	51,162,121
Assets under capital lease				
Equipment under capital lease	**2,807,637**	**278,598**	**2,529,039**	-
	178,374,280	**124,258,785**	**54,115,495**	51,162,121

Equipment includes costs of $539,546 (2021 - $598,180) for which no amortization has been recorded during the current year because it is currently not in use or is under construction.

During the year, capital assets were acquired at an aggregate cost of $8,925,298, (2021 - $2,866,153) of which $2,807,637 (2021 - $nil) were acquired by means of capital leases and $6,117,661 (2021 - $2,866,153) were acquired in cash.

6. Bank indebtedness

The Hospital has a credit facility to be used for general operating purposes. The allowable limit is $7,500,000 (2021 - $7,500,000). The credit facility bears interest at a rate equal to the lender's prime rate (2022 - 2.70%, 2021 - 2.45%) less 0.65% for a year end rate of 2.05% (2021 - 1.8%) and is secured by a general security agreement. As at March 31, 2022 $nil had been drawn on this facility (2021 - $2,800,000 remained unused).

7. Accounts payable and accrued liabilities

	2022	2021
MOHLTC/NELHIN	**2,681,729**	905,998
Other payables	**10,037,481**	7,643,239
Payroll remittances	**1,840,498**	1,770,405
Accrued vacation pay and other entitlements	**5,199,091**	4,970,732
Accrued salaries and wages	**1,741,113**	1,469,455
Other accruals	**468,184**	343,006
	21,968,096	17,102,835

8. Deferred contributions

Deferred contributions consist of unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the deferred contribution balance are as follows:

	2022	*2021*
Balance, beginning of year	**226,566**	118,489
Contributions received during the year	**53,889**	137,458
Contributions utilized during the year	**(172,429)**	(29,381)
Balance, end of year	**108,026**	226,566

9. Long-term debt

	2022	*2021*
RBC Loan 1 bearing interest as noted below, repayable in variable quarterly payments of principal plus interest. The loan matures in March 2026. See Note 10.	**5,232,513**	6,664,909
RBC Loan 2 bearing interest as noted below, repayable in variable quarterly payments of principal plus interest. The loan matures in March 2023. See Note 10.	**601,548**	1,204,152
TD Single Draw Facility bearing interest as noted below, repayable in variable monthly payments of principal plus interest. The loan matures in July 2035. See Note 10.	**5,283,641**	5,920,510
	11,117,702	13,789,571
Less: Current portion	**2,234,837**	2,187,094
	8,882,865	11,602,477

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

	Total
2023	2,234,837
2024	1,668,865
2025	1,708,160
2026	1,747,820
2027	381,764
Total	7,741,446

10. Long-term debt agreements

RBC

The loans from RBC are swap rate takeout loan agreements on long term capital (Loan 1) and IT upgrades (Loan 2). The original loans were converted to these agreements in September 2016. The swap agreement exchanges the Hospital's Banker's Acceptance variable loan payments for an established fixed rate payment. The exchange of interest payments result in an effective interest rate of 1.53% plus a 0.75% stamping fee for an all-in interest rate of 2.28% for the 9.5 year term for Loan 1 and an effective interest rate of 1.41% plus a 0.60% stamping fee for an all-in interest rate of 2.01% for the 6.5 year term for Loan 2. The approximate cost of breaking the swap rate loan agreement prior to maturation, given the market interest rates as at March 31, 2022 is estimated to be a gain of $104,939 (2021 - a loss of $73,061).

TD

The TD loan stems from the Demand Interim Construction Facility ("Operating Facility") that converted in prior year to the committed reducing term facility ("Single Draw Facility"). This loan was converted in August 2020. The swap agreement exchanges the Hospital's Banker's Acceptance variable loan payments for an established fixed rate payment. The exchange of interest payments result in an effective interest rate of 2.292% plus a 0.62% stamping fee for an all-in interest rate of 2.912% for the 15 year term. The approximate cost of breaking the swap rate loan agreement prior to maturation, given the market interest rates as at March 31, 2022 is estimated to be a gain of $171,476 (2021 - a loss of $135,299).

	2022	*2021*
RBC Loan 1	**5,336,000**	6,601,000
Fair value adjustment of derivative	**(103,487)**	63,909
	5,232,513	6,664,909
RBC Loan 2	**603,000**	1,195,000
Fair value adjustment of derivative	**(1,452)**	9,152
	601,548	1,204,152
TD Single Draw Facility	**5,455,117**	5,785,211
Fair value adjustment of derivative	**(171,476)**	135,299
	5,283,641	5,920,510
	11,117,702	13,789,571

11. Capital lease obligations

	2022	*2021*
Dell Financial Service capital lease obligation repayable in monthly installments of $29,253, including interest at 1.98%, due June 2026, secured by capital assets having a net book value of $1,444,453.	**1,345,391**	-
CISCO capital lease obligation repayable in monthly installments of $19,055, including interest at 1.975%, due August 2026, secured by capital assets having a net book value of $1,084,586.	**1,029,018**	-
	2,374,409	-
Less: Current portion	**561,527**	-
	1,812,882	-

11. Capital lease obligations *(Continued from previous page)*

Future minimum lease payments related to the obligations under capital lease are as follows:

2023	561,527
2024	579,702
2025	579,702
2026	579,702
2027	73,776
	2,374,409

12. Employee future benefit liabilities

The Hospital provides extended health care, dental and life insurance benefits (as applicable) to eligible employees upon retirement. An independent actuarial study of the post-retirement and post-employment benefits was prepared as at March 31, 2022.

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

Discount rate for calculation of March 31, 2022 disclosures	3.89% (2021 - 3.21%)
Dental benefits - trend rates	4.00% (2021 - 4.00%)
Health benefits - trend rates	5.00% (2021 - 5.00%)

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

Information with respect to the Hospital's post-retirement and post-employment benefit liabilities are as follows:

	2022	*2021*
Retirement and Other Employee Future Benefit Liability		
Liability for post-retirement benefits, beginning of year	**4,946,893**	4,901,217
Expense related to post-retirement benefits	**366,768**	327,090
Funding contributions	**(257,775)**	(222,419)
Liability for post-retirement benefits, end of year	**5,055,886**	5,005,888
Accrued benefit liabilities at March 31 include the following components:		
Accrued benefit obligation	**4,601,044**	4,821,716
Unamortized experience gains	**454,842**	184,172
	5,055,886	5,005,888

13. Deferred capital asset contributions

Deferred capital asset contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of contributions is recorded as revenue in the statement of operations. The changes in the deferred capital asset contributions balances are as follows:

	Grants	***Donations***	***2022 Total***	*2021 Total*
Balance beginning of year	**26,287,027**	**13,721,855**	**40,008,882**	42,709,579
Add amounts received during the year	**1,591,653**	**1,638,153**	**3,229,806**	1,735,570
Less amounts amortized to revenue	**(1,889,068)**	**(2,485,504)**	**(4,374,572)**	(4,436,267)
Balance, end of year	**25,989,612**	**12,874,504**	**38,864,116**	40,008,882

13. Deferred capital asset contributions *(Continued from previous page)*

Included in the amounts received during the year is $946,197 (2021 - $492,116) received for assets not yet placed in use and therefore has not been amortized.

14. Contingent liabilities

Healthcare Insurance Reciprocal of Canada

A group of healthcare institutions, including the Hospital, are members of the Health Care 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, 2022, no assessments have been received.

Legal matters and litigation

Due to the nature of the Hospital's operations, the Hospital is periodically subject to litigation. In the opinion of management, the resolution of any current litigation would not have a material effect on the financial position or results of operations, as the Hospital has valid defences and appropriate insurance coverages in place.

15. Pension plan

Substantially all of the employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit plan. Employer contributions made to the plan during the year by the Hospital amounted to $4,333,510 (2021 - $4,084,028). These amounts are included in employee benefits in the statement of operations.

16. Other revenue

	2022	*2021*
Patient revenue		
In patient	**1,052,147**	958,435
Out patients - OHIP	**6,240,572**	5,060,226
Out patients - other	**837,577**	713,606
Preferred accommodation	**272,410**	453,781
	8,402,706	7,186,048
Recoveries		
Recoveries - other services	**2,842,263**	2,608,414
Recoveries - all other	**2,417,205**	2,315,222
	5,259,468	4,923,636
Other revenue		
Ambulance	**100,506**	83,210
Cafeteria and coffee shop	**495,736**	424,089
Investment income	**51,134**	4,580
Ministry of Health - Emergency Physician Funding	**4,089,876**	3,972,534
Other revenue	**906,728**	669,193
Undistributed income	**131,652**	278,539
	5,775,632	5,432,145
	19,437,806	17,541,829

17. Other funds

The Hospital administers a number of programs which are separately funded. The revenues and expenses related to these programs are recorded separately from the base funding operations of the Hospital and any excess or deficiency of revenue over expenses is settled with the funding agencies on an annual basis.

	2022	*2021*
Revenue		
Adult Community Mental Health	**3,002,577**	1,832,049
Ambulance offload	**22,003**	43,380
Mental Health Out-Patient Sessional fees	**312,263**	312,263
Municipal taxation	**12,300**	12,300
Partnerships and projects	**2,053,945**	2,031,774
	5,403,088	4,231,766
Expenses		
Adult Community Mental Health	**3,002,577**	1,832,049
Ambulance offload	**22,003**	43,380
Mental Health Out-Patient Sessional fees	**312,263**	312,263
Municipal taxation	**12,300**	12,300
Partnerships and projects	**2,053,945**	2,031,774
	5,403,088	4,231,766
Excess of revenue over expenses	**-**	-

18. Related party transactions

The financial statements do not include the assets, liabilities and activities of any organizations such as the Timmins and District Hospital Foundation or the Timmins and District Hospital Auxiliary which, although related to the Hospital, are not controlled by it.

The Hospital has an economic interest in the Timmins and District Hospital Foundation, whose mandate is to raise funds for the Hospital. The transactions during the year not separately disclosed in the statements include the following:

An amount of $1,611,366 (2021 - $704,470) has been received from the Foundation and recorded as deferred contributions related to capital assets.

19. Economic dependence

The Hospital's primary source of revenue is funding from the Ministry of Health and Long Term Care. The grant funding can be cancelled if the Hospital does not observe certain established guidelines. The Hospital's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within Ministry guidelines. As at the date of these financial statements the Hospital believes that it is in compliance with the guidelines.

20. Financial instruments

The Hospital, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 rate. The Hospital is exposed to this risk through the line of credit and long term debt due to variable rates of interest ranging from prime less 0.65% to 2.91%.

Liquidity risk

Liquidity risk is the risk that the Hospital will encounter difficulty in meeting obligations associated with financial liabilities. The Hospital is exposed to this risk mainly in respect of its bank indebtedness, accounts payable and accrued liabilities, long-term debt and capital lease obligations.

21. MOHLTC/NELHIN Working Capital Funding

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

As at the date of approval of these financial statements, the Ministry had approved the working capital funding and funds were received during the current year. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

22. MOHLTC/NELHIN Pandemic Funding

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

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

Management's estimate of Ministry revenue for COVID-19 is based on the most recent guidance provided by the Ministry and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. As a result of Management's estimation process, the Hospital has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the Ministry. The Hospital has estimated that it is eligible for the maximum eligible amount. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.