

Timmins and District Hospital
Financial Statements
March 31, 2023

Timmins and District Hospital
Contents

For the year ended March 31, 2023

	<i>Page</i>
Management's Responsibility	
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Remeasurement Gains and Losses.....	10
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6

Management's Responsibility

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

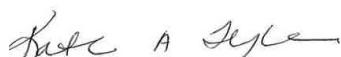
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is 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 13, 2023



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, 2023, 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, 2023, 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.

Timmins, Ontario
June 13, 2023

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Timmins and District Hospital Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	7,208,446	10,583,118
Accounts receivable (Note 4)	10,359,630	12,027,454
Inventory (Note 5)	1,148,401	1,040,997
Prepaid expenses	756,858	1,103,321
	19,473,335	24,754,890
Capital assets (Note 6)	62,714,601	54,115,495
	82,187,936	78,870,385
Liabilities		
Current		
Accounts payable and accruals (Note 8)	28,881,497	21,968,096
Deferred contributions (Note 9)	97,639	108,026
Current portion of long-term debt (Note 10)	1,668,865	2,234,837
Current portion of capital lease obligations (Note 12)	959,011	561,527
	31,607,012	24,872,486
Long-term debt (Note 10)	7,078,268	8,882,865
Capital lease obligations (Note 12)	1,561,443	1,812,882
Deferred contributions related to capital assets (Note 13)	41,462,842	38,864,116
Employee future benefit liabilities (Note 14)	5,098,550	5,055,886
	86,808,115	79,488,235
Contingencies (Note 15)		
Net Assets		
Deficiency in net assets, end of year	(5,032,326)	(894,265)
Remeasurement gains	412,147	276,415
	(4,620,179)	(617,850)
	82,187,936	78,870,385

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital
Statement of Operations
For the year ended March 31, 2023

	2023	2022
Revenue		
MOHLTC/OHN (Note 22)	108,530,048	96,550,796
Cancer Care Ontario	5,848,785	5,392,939
Amortization of deferred contributions - equipment (Note 13)	1,613,125	1,895,340
Ministry of Health - Paymaster/Flow Through	334,705	324,960
Other revenue (Note 17)	23,244,085	19,437,806
	139,570,748	123,601,841
Expenses		
Amortization of equipment and other	3,063,404	2,781,047
Bad debts	101,310	65,549
Drugs	4,716,383	4,629,815
Employee benefits (Note 16)	16,507,452	16,473,507
Interest on operating line	69,378	28,978
Medical and surgical supplies	6,091,996	5,869,911
Medical staff remuneration	15,855,075	14,787,076
Salaries and wages	74,242,476	57,832,162
Supplies and other expenses	22,062,944	20,083,083
	142,710,418	122,551,128
Excess (deficiency) of revenue over expenses from operations	(3,139,670)	1,050,713
Amortization of deferred contributions and buildings		
Amortization of deferred contributions - buildings (Note 13)	(2,523,678)	(2,479,232)
Amortization of buildings	3,222,826	3,190,876
	699,148	711,644
Excess (deficiency) of revenue over expenses before other funds	(3,838,818)	339,069
Other funds (Note 18)		
Other fund revenue	(7,021,425)	(5,403,088)
Other fund expenses	7,021,425	5,403,088
	-	-
Excess (deficiency) of revenue over expenses before interest on long term debt	(3,838,818)	339,069
Interest on long term debt	299,243	328,569
Excess (deficiency) of revenue over expenses	(4,138,061)	10,500

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, 2023

	2023	2022
Deficiency in net assets, beginning of year	(894,265)	(904,765)
Excess (deficiency) of revenue over expenses	(4,138,061)	10,500
Deficiency in net assets, end of year	(5,032,326)	(894,265)

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, 2023

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	276,415	(208,360)
Unrealized remeasurement gains		
Derivatives	135,732	484,775
Accumulated remeasurement gains, end of year	412,147	276,415

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, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(4,138,061)	10,500
Amortization	6,286,230	5,971,923
Amortization of deferred capital contributions	(4,136,803)	(4,374,572)
Increase in employee future benefits liability	42,664	49,998
	(1,945,970)	1,657,849
Changes in working capital accounts		
Accounts receivable	1,667,824	13,920,468
Inventory	(107,404)	66,245
Prepaid expenses	346,463	(349,822)
Accounts payable and accruals	6,913,401	4,865,264
Deferred contributions	(10,387)	(118,540)
	6,863,927	20,041,464
Financing		
Net repayments of bank indebtedness	-	(4,700,000)
Repayment of long-term debt	(2,234,837)	(2,187,094)
Cash contributions received for capital assets	6,735,529	3,229,806
Repayments of capital lease obligations	(959,011)	(433,230)
	3,541,681	(4,090,518)
Capital activities		
Purchases of tangible capital assets	(13,780,280)	(6,117,661)
Increase (decrease) in cash resources	(3,374,672)	9,833,285
Cash resources, beginning of year	10,583,118	749,833
Cash resources, end of year	7,208,446	10,583,118

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital Notes to the Financial Statements

For the year ended March 31, 2023

1. Incorporation and nature of the organization

Timmins and District Hospital (the "Hospital") is principally involved in providing health care services to the City of Timmins and surrounding regions 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)

The Hospital's operations were impacted by COVID-19 since March 2020 due to reduced surgical capabilities, additional personal protective equipment requirements, added cleaning costs, and additional funding allotments. During the current year, most restrictions have been lifted and pandemic funding has ceased.

2. Change in accounting policies

Asset retirement obligations

Effective April 1, 2022, the Hospital adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, the Hospital did not recognize any liability for obligations to retire capital assets from service. Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

3. 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 operations and not for resale purposes.

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

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

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.

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.

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

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 Ontario Health North (OHN) which is an agency of the Ministry of Health and Long-Term Care (MOHLTC). 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 when the specific expenditures are made. 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.

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.

Funding adjustments

The Hospital receives grants from funders for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the funders 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.

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 operations of the Hospital are 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.

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

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 not 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.

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.

Timmins and District Hospital

Notes to the Financial Statements

For the year ended March 31, 2023

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

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.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Hospital to incur retirement costs in relation to a capital asset (or component thereof), 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. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Hospital reviews the carrying amount of the liability. The Hospital recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related capital asset.

The Hospital continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

4. Accounts receivable

	2023	2022
Client and patient receivables	3,149,880	2,073,638
Other receivables <i>(Note 19)</i>	1,376,796	222,357
MOHLTC/OHN <i>(Note 22)</i>	5,158,403	8,655,928
HST receivable	749,551	1,150,531
	10,434,630	12,102,454
Allowance for doubtful accounts	(75,000)	(75,000)
	10,359,630	12,027,454

5. Inventory

	2023	2022
Other	23,234	13,161
Medical and surgical	709,651	665,047
Drugs	415,516	362,789
	1,148,401	1,040,997

Timmins and District Hospital Notes to the Financial Statements

For the year ended March 31, 2023

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Buildings	88,637,510	59,496,598	29,140,912	31,245,031
Building service equipment	20,221,561	8,374,712	11,846,849	11,575,185
Land	490,002	-	490,002	490,002
Equipment	79,646,434	61,491,117	18,155,317	8,183,169
Land improvements	363,047	281,734	81,313	93,069
	189,358,554	129,644,161	59,714,393	51,586,456
Assets under capital lease				
Equipment under capital lease	3,912,693	912,485	3,000,208	2,529,039
	193,271,247	130,556,646	62,714,601	54,115,495

Equipment includes costs of \$8,036,020 (2022 - \$539,546) 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 \$14,885,356 (2022 - \$8,925,298) of which \$1,105,056 (2022 - \$2,807,637) were acquired by means of capital leases and \$13,780,280 (2022 - \$6,117,661) were acquired in cash.

7. Bank indebtedness

The Hospital has a credit facility to be used for general operating purposes. The allowable limit is \$7,500,000 (2022 - \$7,500,000). The credit facility bears interest at a rate equal to the lender's prime rate (2023 - 6.70%, 2022 - 2.70%) less 0.65% for a year end rate of 6.05% (2022 - 2.05%) and is secured by a general security agreement. As at March 31, 2023 \$Nil (2022 - \$Nil) had been drawn on this facility.

8. Accounts payable and accrued liabilities

	<i>2023</i>	<i>2022</i>
MOHLTC/OHN	3,286,644	2,681,729
Trade payables	13,371,123	10,037,481
Payroll remittances	1,342,410	1,840,498
Accrued vacation pay and other entitlements	5,294,122	5,199,091
Accrued salaries and wages	5,081,732	1,741,113
Other accruals	505,466	468,184
	28,881,497	21,968,096

Included in accrued salaries and wages is an estimated \$2,285,000 of accrued wages for bargaining, non-bargaining and management employees for retroactive wage adjustments back to April 2020 as a result of wage reopening clauses related Bill 124 being declared unconstitutional. Also included is an estimated \$885,000 of retroactive wages for pay equity related to gender inequities for certain OPSEU job classifications back to April 2007. The Hospital has estimated these liabilities based on the information available and the guidance provided by bargaining parties. The actual payouts of these amounts is expected to be made in fiscal 2024. Any adjustments to management's estimate of the wages owing will be reflected in the Hospital's financial statements in the year of payment.

Timmins and District Hospital
Notes to the Financial Statements
For the year ended March 31, 2023

9. 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:

	2023	2022
Balance, beginning of year	108,026	226,566
Contributions received during the year	33,432	53,889
Contributions utilized during the year	(43,819)	(172,429)
Balance, end of year	97,639	108,026

10. Long-term debt

	2023	2022
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 11.	3,917,893	5,232,513
RBC Loan 2 repaid during the year.	-	601,548
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 11.	4,829,240	5,283,641
	8,747,133	11,117,702
Less: Current portion	1,668,865	2,234,837
	7,078,268	8,882,865

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

2024		1,668,865
2025		1,708,160
2026		1,747,820
2027		381,764
2028		393,031
Total		5,899,640
Thereafter		2,847,493

Timmins and District Hospital Notes to the Financial Statements

For the year ended March 31, 2023

11. 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, 2023 is estimated to be a gain of \$126,107 (2022 - a gain of \$104,939).

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 \$286,040 (2022 - a gain of \$171,476).

	2023	2022
RBC Loan 1	4,044,000	5,336,000
Fair value adjustment of derivative	(126,107)	(103,487)
	3,917,893	5,232,513
RBC Loan 2	-	603,000
Fair value adjustment of derivative	-	(1,452)
	-	601,548
TD Single Draw Facility	5,115,280	5,455,117
Fair value adjustment of derivative	(286,040)	(171,476)
	4,829,240	5,283,641
	8,747,133	11,117,702

Timmins and District Hospital
Notes to the Financial Statements
For the year ended March 31, 2023

12. Capital lease obligations

	2023	2022
Dell Financial Service capital lease obligation repayable in monthly instalments of \$29,253, including interest at 1.98%, due June 2026, secured by capital assets having a net book value of \$1,215,396 (2022 - 1,444,543)	987,717	1,345,391
CISCO capital lease obligation repayable in monthly instalments of \$19,055, including interest at 2.0%, due August 2026, secured by capital assets having a net book value of \$843,567 (2022 - 1,084,586).	796,033	1,029,018
CISCO capital lease obligation repayable in monthly instalments of \$30,126, including interest at 2.27%, due March 2025 secured by capital assets having a net book value of \$1,057,174.	736,704	-
	2,520,454	2,374,409
Less: Current portion	959,011	561,527
	1,561,443	1,812,882

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

2024	959,011
2025	948,054
2026	579,702
2027	33,687
	2,520,454

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	2023 Total	2022 Total
Balance beginning of year	25,989,612	12,874,504	38,864,116	40,008,882
Add amounts received during the year	3,744,228	2,991,301	6,735,529	3,229,806
Less amounts amortized to revenue	(1,948,324)	(2,188,479)	(4,136,803)	(4,374,572)
Balance, end of year	27,785,516	13,677,326	41,462,842	38,864,116

Included in the amounts received during the year is \$2,595,064 (2022 - \$946,197) received for assets not yet placed in use and therefore have not been amortized.

14. 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, 2023.

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

Discount rate for calculation of March 31, 2023 disclosures	4.04% (2022 - 3.89%)
Dental benefits - trend rates	4.00% (2022 - 4.00%)
Health benefits - trend rates	5.00% (2022 - 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:

	2023	2022
Retirement and Other Employee Future Benefit Liability		
Liability for post-retirement benefits, beginning of year	5,055,886	4,946,893
Expense related to post-retirement benefits	352,477	366,768
Funding contributions	(309,813)	(257,775)
Liability for post-retirement benefits, end of year	5,098,550	5,055,886
Accrued benefit liabilities at March 31 include the following components:		
Accrued benefit obligation	4,627,326	4,601,044
Unamortized experience gains	471,224	454,842
	5,098,550	5,055,886

15. 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, 2023, 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.

16. 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 \$4,445,451 (2022 - \$4,333,510). These amounts are included in employee benefits in the statement of operations.

Timmins and District Hospital
Notes to the Financial Statements
For the year ended March 31, 2023

17. Other revenue

	2023	2022
Patient revenue		
In patient	1,959,482	1,052,147
Out patients - OHIP	7,203,582	6,240,572
Out patients - other	1,153,805	837,577
Preferred accommodation	160,551	272,410
	10,477,420	8,402,706
Recoveries		
Recoveries - other services	3,113,026	2,842,263
Recoveries - all other	2,503,346	2,417,205
	5,616,372	5,259,468
Other revenue		
Ambulance	109,807	100,506
Cafeteria and coffee shop	664,237	495,736
Investment income	116,538	51,134
Ministry of Health - Emergency Physician Funding	4,947,662	4,089,876
Other revenue	967,844	906,728
Undistributed income	344,205	131,652
	7,150,293	5,775,632
	23,244,085	19,437,806

18. 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.

	2023	2022
Revenue		
Adult Community Mental Health	3,900,837	3,002,577
Ambulance offload	223,401	22,003
Mental Health Out-Patient Sessional fees	387,538	312,263
Municipal taxation	12,300	12,300
Partnerships and projects	2,497,349	2,053,945
	7,021,425	5,403,088
Expenses		
Adult Community Mental Health	3,900,837	3,002,577
Ambulance offload	223,401	22,003
Mental Health Out-Patient Sessional fees	387,538	312,263
Municipal taxation	12,300	12,300
Partnerships and projects	2,497,349	2,053,945
	7,021,425	5,403,088
Excess of revenue over expenses	-	-

19. 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 \$3,195,301 (2022 - \$1,611,366) has been received from the Foundation and recorded as deferred contributions related to capital assets. Included in accounts receivable at year end is \$798,096 (2022 - \$42,913) owing from the Foundation in the normal course of operations.

The Hospital is a member of ONE Health Information Technology Services (ONE HITS), a separately incorporated organization, along with 23 other hospitals in Northern Ontario. The Hospital contributes to the operations based on their proportionate share of the costs which is 7.1%.

20. 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.

21. 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% (2022 - 0.65% to 2.91%). During the year, the Hospital's exposure to interest rate risk increased because the bank prime rate steadily increased over the period. The Hospital is also exposed to risk on its capital lease obligations as they are at fixed rates ranging from 1.98% - 2.27% (2022 - 1.98% - 2%).

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.

22. MOHLTC/OHN Pandemic Funding

In connection with ongoing coronavirus pandemic (COVID-19), the Ministry had 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 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.

There are no current year receivables related to this funding as the eligibility for these programs ended during the year.