

LADY MINTO HOSPITAL

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

MARCH 31, 2024

Baker Tilly HKC
2 Ash Street, Suite 2
Kapusking, ON
Canada P5N 3H4

T: 705.337.6411
F: 705.335.6563

kapuskasing@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lady Minto Hospital

Opinion

We have audited the financial statements of Lady Minto Hospital, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets 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 organization as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

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 organization 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 for Government Not-for-Profit Organizations, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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 organization'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 organization'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 organization 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.

Baker Tilly HKC

Chartered Professional Accountants
Licenced Public Accountants
June 13, 2024

LADY MINTO HOSPITAL
FINANCIAL STATEMENTS

MARCH 31, 2024

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LADY MINTO HOSPITAL

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2024

	2024 Budget (Unaudited)	2024 Actual	2023 Actual
REVENUES			
Ministry funding, schedule 1	\$ 13,743,632	\$ 17,153,593	\$ 14,437,953
Cancer Care Ontario	700,000	1,197,559	714,019
Ontario Health Insurance	250,114	216,260	224,317
Other patient care revenues	278,978	213,985	231,925
Recoveries and other revenues	1,121,618	1,297,238	1,165,338
Amortization of deferred capital contributions - equipment and software	120,000	106,546	145,356
Other votes	-	4,350	4,350
	<u>16,214,342</u>	<u>20,189,531</u>	<u>16,923,258</u>
EXPENSES			
Salaries and wages, schedule 2	7,738,084	7,619,234	7,119,708
Purchased services	-	1,286,219	472,306
Employee benefits	2,393,033	2,187,407	2,027,636
Medical staff remuneration	1,970,108	2,935,120	2,403,972
Supplies and other expenses, schedule 3	3,998,014	3,869,016	3,388,572
Medical and surgical	360,000	422,987	416,578
Drugs and medical gases	897,500	1,439,303	1,169,181
Loss on disposition of capital assets	-	208	25,292
Amortization of equipment and software	352,500	327,333	313,949
Other votes	-	4,350	4,350
	<u>17,709,239</u>	<u>20,091,177</u>	<u>17,341,544</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS	<u>(1,494,897)</u>	<u>98,354</u>	<u>(418,286)</u>
AMORTIZATION OF BUILDINGS			
Amortization of deferred capital contributions - buildings	225,000	472,947	399,135
Amortization of capital assets - buildings	(500,000)	(1,252,812)	(764,225)
	<u>(275,000)</u>	<u>(779,865)</u>	<u>(365,090)</u>
EXCESS OF EXPENSES OVER REVENUES BEFORE OTHER PROGRAM	<u>(1,769,897)</u>	<u>(681,511)</u>	<u>(783,376)</u>
OTHER PROGRAM			
Villa Minto Nursing Home, schedule 4	-	(66,187)	(54,709)
EXCESS OF EXPENSES OVER REVENUES	<u>\$ (1,769,897)</u>	<u>\$ (747,698)</u>	<u>\$ (838,085)</u>

The accompanying notes are an integral part of these financial statements.

LADY MINTO HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024

	Invested in Capital Assets (note 13)	Unrestricted	Endowment (note 7)	Total 2024	Total 2023
BALANCE, BEGINNING OF YEAR	\$ 9,868,467	\$ (98,752)	-	\$ 9,769,715	\$ 10,607,800
EXCESS OF EXPENSES OVER REVENUES	-	(747,698)	-	(747,698)	(838,085)
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 13)	(1,092,425)	1,092,425	-	-	-
ENDOWMENT DONATION RECEIVED	-	-	87,433	87,433	-
BALANCE, END OF YEAR	\$ 8,776,042	\$ 245,975	\$ 87,433	\$ 9,109,450	\$ 9,769,715

The accompanying notes are an integral part of these financial statements.

LADY MINTO HOSPITAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,145	\$ 1,145
Accounts receivable (note 4)	2,135,788	1,637,864
Prepaid expenses	101,955	101,955
Inventories	558,784	553,826
Due from MICs Group of Health Services (note 5)	1,243,343	2,028,809
	<u>4,041,015</u>	<u>4,323,599</u>
LONG-TERM RECEIVABLES (note 6)	118,870	127,836
RESTRICTED INVESTMENT (note 7)	87,433	-
CAPITAL ASSETS (note 8)	19,272,998	18,686,452
INTANGIBLE ASSET (note 9)	231,402	269,970
	<u>\$ 23,751,718</u>	<u>\$ 23,407,857</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 10)	\$ 2,200,787	\$ 2,105,683
Deferred revenue	50,000	-
	<u>2,250,787</u>	<u>2,105,683</u>
POST-EMPLOYMENT BENEFITS (note 11)	1,602,043	1,588,810
DEFERRED CAPITAL CONTRIBUTIONS (note 12)	10,789,438	9,943,649
	<u>14,642,268</u>	<u>13,638,142</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS (note 13)	8,776,042	9,868,467
UNRESTRICTED	245,975	(98,752)
ENDOWMENT (note 7)	87,433	-
	<u>9,109,450</u>	<u>9,769,715</u>
	<u>\$ 23,751,718</u>	<u>\$ 23,407,857</u>

CONTINGENCIES AND COMMITMENTS - note 16 and 17

The accompanying notes are an integral part of these financial statements.

On behalf of the board

Patricia Dorff Director

Denis Clement Director

LADY MINTO HOSPITAL**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (747,698)	\$ (838,085)
Items not involving cash:		
Amortization of capital assets - buildings	1,252,812	764,225
Amortization of capital assets - equipment and software	327,333	313,949
Amortization of capital assets - Villa Minto Nursing Home	42,619	30,425
Amortization of intangible asset - Villa Minto Nursing Home	38,568	38,568
Amortization of deferred capital contributions - buildings	(472,947)	(399,135)
Amortization of deferred capital contributions - equipment and software	(106,546)	(145,356)
Amortization of deferred capital contributions - Villa Minto Nursing Home	(34,572)	(5,365)
Loss on disposition of capital assets	208	25,292
	<u>299,777</u>	<u>(215,482)</u>
Changes in:		
Accounts receivable	(497,924)	(654,944)
Inventories	(4,958)	(92,092)
Long-term receivables	8,966	(92,121)
Accounts payable and accrued liabilities	95,105	1,001,093
Deferred revenue	50,000	-
Post-employment benefits	13,233	15,119
	<u>(35,801)</u>	<u>(38,427)</u>
INVESTING ACTIVITIES		
Purchase of investments	(87,433)	-
Net advances from MICs Group of Health Services	785,466	1,518,090
	<u>698,033</u>	<u>1,518,090</u>
FINANCING ACTIVITY		
Endowment donation received	87,433	-
CAPITAL ACTIVITIES		
Purchase of capital assets	(2,209,519)	(2,313,159)
Capital contributions received	1,459,854	884,021
Transfer of capital contributions to accounts payable	-	(50,525)
	<u>(749,665)</u>	<u>(1,479,663)</u>
CHANGE IN CASH POSITION	<u>-</u>	<u>-</u>
CASH POSITION, BEGINNING OF YEAR	<u>1,145</u>	<u>1,145</u>
CASH POSITION, END OF YEAR	<u>\$ 1,145</u>	<u>\$ 1,145</u>

The accompanying notes are an integral part of these financial statements.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. STATUS AND NATURE OF OPERATIONS

The Hospital, incorporated under the Ontario Business Corporation Act, without share capital, operates a Hospital under the Charitable Institutions Act, at 58 Anson Drive, Iroquois Falls, Ontario. The Hospital is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for Profit Organizations including the 4200 series of standards as issued by the Public Sector Accounting Board and includes the following significant accounting policies:

BASIS OF PRESENTATION

The financial statements include the assets, liabilities and activities of the Hospital.

The notes to the financial statements include information on the following related parties:

The MICs Group of Health Services
MICs Healthcare Foundation
ONE Health Information Technology Services

The revenues, expenses, assets and liabilities with respect to the operations of the related parties are not reflected in these financial statements except to the extent that the funds have been received from or disbursed to them. The financial statements of the related parties are not consolidated in the financial statements of the Hospital.

REVENUE RECOGNITION

The financial statements have been prepared using the deferral method of accounting. Under the deferral method, revenues are recorded in the period to which they relate.

Under the Health Insurance Act and the regulations thereto, the Hospital is funded primarily by the Ministry of Health and Long-Term Care and Ontario Health North East in accordance with the terms and conditions in the Hospital Service Accountability Agreement.

Unrestricted contributions, including operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of the year are accrued.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Grants, donations and other contributions received for the acquisition of specific capital assets are recorded as deferred capital contributions and recognized into revenue at a rate corresponding with the amortization rate for the related capital assets.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

REVENUE RECOGNITION, (CONT'D)

Restricted endowment donations are recognized as direct increases in net assets. Investment income earned on the restricted investments is recognized when earned in the endowment fund.

Revenue from the provincial insurance plans, and uninsured patients, operational revenue and other services and recoveries are recognized as revenue when received or receivable if the amount to be recorded can be reasonably estimated and the collection is reasonably assured.

INVENTORIES

Inventories of all hospital supplies are valued at the lower of average cost and replacement value and include only those supplies located in central storage areas and not supplies that have been issued to departments for direct patient care.

CAPITAL ASSETS

The acquisition of capital assets are recorded at their historical cost less amortization. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying amount is reduced to reflect the decline in the asset's value. The writedown is recorded in the statement of operations.

Amortization is calculated on a straight line basis using rates as set out in the Ontario Health Care Reporting System Guidelines. The estimated useful lives of the assets are as follows:

Land improvements	20 years
Buildings	20-40 years
Equipment and software	3-20 years

The cost of capital projects in progress is recorded as capital assets and no amortization is taken until the project is substantially completed and the asset is ready for productive use. The Hospital allocates salary and benefit costs when personnel work directly in managing or implementing the capital project.

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute significant hours of their time each year to assist the Hospital in carrying out certain charitable activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FUNDING

Under the current funding policy, the Hospital is essentially funded by using a budget base approved by the Ministry of Health / Ontario Health North East. The Hospital is allowed to retain any excess of revenues over expenses derived from its operations and, conversely, retains responsibility for any deficit it may occur.

RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS

The Hospital provides defined retirement and post-employment benefits for certain employee groups. These benefits include pension, extended health care, dental and life insurance. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

Multi-employer defined benefit pension

Substantially all of the employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan ("HOOPP"), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to HOOPP, whereby contributions are expensed when due, as the Hospital has insufficient information to apply defined benefit accounting.

Post-employment benefits

i) The costs of post-employment future benefits are actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages, health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

ii) Past service costs (if any) arising from plan amendments are immediately recognized.

iii) The discount rate used in the determination of the above-mentioned liability is the discount rate recommended by the Ministry of Health and Long-Term Care.

FINANCIAL INSTRUMENTS

The Hospital records its financial instruments at either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

Fair Value

This category includes derivatives and equity instruments quoted in an active market. The Hospital has designated its cash at fair value as it's managed and evaluated on a fair value basis.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized cost

This category includes accounts receivable, due from MICs Group of Health Services, long-term receivables, investments and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

Writedowns on financial assets in the amortized cost category 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 writedown being recognized in the statement of operations.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: the revenue recognition of certain restricted contributions, the allowance for doubtful accounts receivable, the useful life of capital assets, accrued liabilities, the actuarial estimation of post-employment benefits and contingencies. Actual results may differ from management's best estimates as additional information becomes available in the future.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

3. FINANCIAL INSTRUMENT CLASSIFICATION

The table below provides the cost and fair value information of financial instruments by category. The maximum exposure to credit risk and liquidity risk would be the carrying value as shown below:

	2024		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,145	\$ -	\$ 1,145
Accounts receivable	\$ -	\$ 2,135,788	\$ 2,135,788
Due from MICs Group of Health Services	\$ -	\$ 1,243,343	\$ 1,243,343
Long-term receivables	\$ -	\$ 118,870	\$ 118,870
Restricted investment	\$ -	\$ 87,433	\$ 87,433
Accounts payable and accrued liabilities	\$ -	\$ 2,200,787	\$ 2,200,787
	2023		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,145	\$ -	\$ 1,145
Accounts receivable	\$ -	\$ 1,637,864	\$ 1,637,864
Due from MICs Group of Health Services	\$ -	\$ 2,028,809	\$ 2,028,809
Long-term receivables	\$ -	\$ 127,836	\$ 127,836
Accounts payable and accrued liabilities	\$ -	\$ 2,105,683	\$ 2,105,683

The following provides details of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities using the last bid price;

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Cash is considered Level 1 fair value.

There were no transfers between levels for the year ended March 31, 2024 and March 31, 2023.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

4. ACCOUNTS RECEIVABLE

	2024	2023
Insurers and patients	\$ 329,697	\$ 281,328
Ministry of Health / Ontario Health North East	1,464,432	974,880
HST rebates receivable	341,659	381,656
	<u>\$ 2,135,788</u>	<u>\$ 1,637,864</u>

5. DUE FROM MICS GROUP OF HEALTH SERVICES

The Hospital exercises significant influence over the MICs Group of Health Services (MICs Partnership) by virtue of it being a member of the partnership and its ability to appoint some of the members of the Board of Directors. The MICs Partnership was established to increase opportunities for collaboration between its member hospitals (Bingham Memorial Hospital, Anson General Hospital and Lady Minto Hospital) in the sharing of costs and provision of health services. The MICs Group of Health Services is a non-profit organization.

Included in the Hospital's expenses for the year is the Hospital's share of various cost functions primarily salaries and benefits and administration and support services. Information systems network, software and hardware, as well as office equipment shared by the three participating hospitals are recorded as capital assets and the respective Hospital's share of the related costs are recorded when the capital assets are amortized. Any capital contributions, grants or donations received for the acquisition of capital assets are deferred and the respective Hospital's share of the related revenue is recorded when the contribution is amortized. The share of costs to participating hospitals are set by a methodology agreed to by the Board on a cost recovery basis.

The financial statements of the MICs Group of Health Services are not consolidated in the financial statements of the Hospital. Separate audited financial statements are prepared and are available from management.

The balance due represents the excess between the amounts received and paid by the MICs Partnership. The balance due from MICs Group of Health Services is unsecured, non-interest bearing with no specific terms of repayment.

	2024	2023
Due from MICS Group of Health Services	<u>\$ 1,243,343</u>	<u>\$ 2,028,809</u>

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

5. DUE FROM MICS GROUP OF HEALTH SERVICES, (CONT'D)

The Hospital's share of costs are as follows:

	2024	2023
Salaries, wages and employee benefits	\$ 12,827,477	\$ 12,042,686
Administration and support services	221,401	94,853
	<u>\$ 13,048,878</u>	<u>\$ 12,137,539</u>

6. LONG-TERM RECEIVABLES

	2024	2023
Nursing recruitment incentive agreements, interest free, unsecured, due over varying terms	\$ 18,870	\$ 27,836
Physician recruitment incentive agreement, interest free, unsecured, due in July 2025	100,000	100,000
	<u>\$ 118,870</u>	<u>\$ 127,836</u>

7. RESTRICTED INVESTMENT

	2024		2023	
	Cost	Fair Market Value	Cost	Fair Market Value
BMO Exchange Traded Fund	\$ 87,433	\$ 94,881	-	-

The above restricted investment consist of the endowment donation received during the year of \$87,433. All of the net asset restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact in perpetuity and that the investment income earned be restricted for patient care services of the Hospital.

LADY MINTO HOSPITAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

8. CAPITAL ASSETS

	Cost	Accumulated Amortization	2024 Net	2023 Net
Land	\$ 86,514	\$ -	\$ 86,514	\$ 86,514
Land improvements	272,058	195,007	77,051	67,035
Buildings	33,458,140	16,493,812	16,964,328	16,611,243
Equipment and software	5,554,660	3,409,555	2,145,105	1,921,660
	\$ 39,371,372	\$ 20,098,374	\$ 19,272,998	\$ 18,686,452

As at March 31, 2024, there were \$535,079 (2023 - \$205,612) of capital projects in progress. These assets were not amortized.

9. INTANGIBLE ASSET

	Cost	Accumulated Amortization	2024 Net	2023 Net
Nursing Home Licence	\$ 771,354	\$ 539,952	\$ 231,402	\$ 269,970

In 1998, the Hospital acquired a Nursing Home Licence to operate a 33 bed Nursing Home pursuant to the Nursing Home Act (Ontario). The Nursing Home Licence was recorded at cost and was not amortized considering that the licence was not issued for a specified period of time. Later, under the Long-Term Care Homes Act (Ontario) which became in effect July 1, 2010, a replacement licence for 33 beds was issued for a period of 20 years expiring June 30, 2030. The cost of licence is now being amortized on a straight line basis over the term of this agreement.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trades payable and accrued liabilities	\$ 1,020,318	\$ 1,282,947
Ministry of Health / Ontario Health North East	955,015	543,426
Salaries and benefits	225,454	279,310
	\$ 2,200,787	\$ 2,105,683

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

11. POST-EMPLOYMENT BENEFITS PAYABLE

The Hospital extends post employment extended health coverage, dental benefits and life insurance to certain employee groups subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related liability was determined by an actuarial valuation. The following tables outlines the components of the Hospital's accrued post-employment benefit liability and benefit expense:

ACCRUED BENEFIT LIABILITY

	Hospital	Share of MICS	2024 Total	2023 Total
Accrued benefit obligation	\$ 1,393,439	\$ 97,303	\$ 1,490,742	\$ 1,234,500
Unamortized actuarial loss	68,572	42,729	111,301	354,310
Accrued benefit liability	<u>\$ 1,462,011</u>	<u>\$ 140,032</u>	<u>\$ 1,602,043</u>	<u>\$ 1,588,810</u>

BENEFIT EXPENSE

	Hospital	Share of MICS	2024 Total	2023 Total
Accrued benefit obligation, beginning of year	\$ 1,117,617	\$ 116,883	\$ 1,234,500	\$ 1,214,062
Unamortized actuarial loss	336,041	18,269	354,310	359,629
Accrued benefit liability, beginning of year	<u>1,453,658</u>	<u>135,152</u>	<u>1,588,810</u>	<u>1,573,691</u>
Current service cost	61,581	4,932	66,513	66,025
Interest on obligation	45,303	4,689	49,992	47,182
Amortization of actuarial loss	<u>(38,187)</u>	<u>(2,095)</u>	<u>(40,282)</u>	<u>(39,108)</u>
Benefit expense	<u>68,697</u>	<u>7,526</u>	<u>76,223</u>	<u>74,099</u>
Benefit payment	<u>(60,344)</u>	<u>(2,646)</u>	<u>(62,990)</u>	<u>(58,980)</u>
Accrued benefit liability, end of year	<u>\$ 1,462,011</u>	<u>\$ 140,032</u>	<u>\$ 1,602,043</u>	<u>\$ 1,588,810</u>

LADY MINTO HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2024**

11. POST-EMPLOYMENT BENEFITS PAYABLE, (CONT'D)

The above amounts exclude contributions to the Hospitals of Ontario Pension Plan, a multi-employer plan, described in note 14.

The major actuarial assumptions employed for the valuations are as follows:

Discount rate

The present value of the future benefits was determined using a discount rate of 3.95% (2023 - 4.04%) which is the discount rate recommended by the Ministry of Health and Long-Term Care.

Extended Health Coverage

Extended Health Coverage is assumed to increase at a rate of 8% per annum (2023 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2023 - 4.5%).

Dental costs

Dental costs is assumed to increase at 4% per annum (2023 - 4%).

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The changes in the deferred capital contributions balances are as follows:

	2024	2023
CAPITAL CONTRIBUTIONS		
Balance, beginning of year	\$ 20,397,333	\$ 19,563,837
Funding received during the year	1,459,854	884,021
Transfer of capital contributions to accounts payable	-	(50,525)
	<u>21,857,187</u>	<u>20,397,333</u>
ACCUMULATED AMORTIZATION		
Balance, beginning of year	(10,453,684)	(9,903,828)
Amortization of deferred capital contributions - buildings	(472,947)	(399,135)
Amortization of deferred capital contributions - equipment and software	(106,546)	(145,356)
Amortization of deferred capital contributions - Villa Minto Nursing Home	(34,572)	(5,365)
	<u>(11,067,749)</u>	<u>(10,453,684)</u>
	<u>\$ 10,789,438</u>	<u>\$ 9,943,649</u>

Included in deferred capital contributions are donations and grants reserved for the purchase of capital assets that are unspent. Unspent contributions are subject to recovery by the funder. These contributions are comprised of:

	2024	2023
Donations	\$ 61,080	\$ 64,079
Ministry of Health - Minor Capital Funding	-	18,833
Health Infrastructure Renewal Fund	-	772,782
	<u>\$ 61,080</u>	<u>\$ 855,694</u>

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

13. INVESTED IN CAPITAL ASSETS

	2024	2023
Capital assets	\$ 19,272,998	\$ 18,686,452
Intangible assets	231,402	269,970
Deferred capital contributions	(10,789,438)	(9,943,649)
Unspent deferred capital contributions (note 12)	61,080	855,694
	<u>\$ 8,776,042</u>	<u>\$ 9,868,467</u>

The interfund transfer and the change in invested in capital assets is calculated as follows:

	2024	2023
CAPITAL ASSET ACTIVITIES		
Purchase of capital assets	\$ 2,209,519	\$ 2,313,159
Amortization of capital assets - buildings	(1,252,812)	(764,225)
Amortization of capital assets - equipment and software	(327,333)	(313,949)
Amortization of capital assets - Villa Minto Nursing Home	(42,619)	(30,425)
Amortization of intangible asset - Villa Minto Nursing Home	(38,568)	(38,568)
Loss on disposition of capital assets	(208)	(25,292)
	<u>547,979</u>	<u>1,140,700</u>
DEFERRED CAPITAL CONTRIBUTION ACTIVITIES		
Capital contributions received	(1,459,854)	(884,021)
Change in unspent deferred capital contributions	(794,615)	219,253
Transfer of deferred capital contributions to accounts payable	-	50,525
Amortization of deferred capital contributions - buildings	472,947	399,135
Amortization of deferred capital contributions - equipment and software	106,546	145,356
Amortization of deferred capital contributions - Villa Minto Nursing Home	34,572	5,365
	<u>\$ (1,092,425)</u>	<u>\$ 1,076,313</u>

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

14. RETIREMENT BENEFITS

Substantially all of the Hospital's employees are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association.

Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$762,594 (2023 - \$684,639) and are included in the statement of operations.

As this is a multi-employer pension plan, these contributions are the Hospital's pension benefit expenses. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the Plan's surplus or deficit. No contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to the Plan policies. The most recent actuarial valuation of the Plan at December 31, 2023 indicated that the Plan is fully funded on a solvency basis.

15. OTHER RELATED PARTIES

MICs Healthcare Foundation

MICs Healthcare Foundation (Foundation) was incorporated primarily for the purpose of raising funds for the use by the three hospitals under the MICS Partnership (Bingham Memorial Hospital, Anson General Hospital and Lady Minto Hospital). During the year, the Hospital received \$405,595 (2023 - \$nil) from the Foundation for the purchase of equipment.

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 support services on a non-profit basis to participating hospitals in Northeastern Ontario on a full cost recovery basis. As such, ONE Health Information Technology Services' net assets and surplus for the year are nil. The MICS Group of Healthcare Services partnership has a 2.71% proportionate share in the costs. All operating and capital costs incurred in the year have been expensed or capitalized according to the allocation provided.

Transactions are valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

16. CONTINGENCIES AND COMMITMENTS

a) The nature of the Hospital's activities are such that there is usually litigation pending or in progress at any one time. With respect to claims as at March 31, 2024, it is management's position that the Hospital has valid defences and appropriate insurance coverage in place. No provision has been made in these financial statements to reflect any of these claims. Any settlements which may arise will be reflected in the financial statements in the year the amount is determined.

b) The Hospital participates in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay actuarially determined annual premiums. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2024.

c) The MICs Group of Health Services is part of a collective group of employers participating in the process of formulating a central pay equity plan for a particular employee group. The possible ultimate liability arising to the Hospital on completion of the plan is currently not determinable.

d) As at March 31, 2024, the Hospital has a further commitment of \$519,848 in relation to current capital projects in progress.

e) Further to note 15, the Hospital is part of a capital project to upgrade IT equipment, systems and software, namely the Meditech Expanse, through ONE HITS. The Hospital's estimated share of the cost will be approximately \$2,090,000, excluding operating costs. A total cost of \$1,063,047 has been incurred as of March 31, 2024, leaving a remaining estimated commitment of \$1,026,953. This cost has been recorded in the MICS Partnership under capital projects in progress.

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

17. COVID-19 CONTRIBUTIONS

The Hospital has recognized COVID-19 related contributions in the amount of \$123,185 (2023 - \$1,523,916) in revenues. These contributions were provided to the Hospital to assist with the increased operating and capital costs resulting from COVID-19 implications.

These restricted contributions are subject to meeting certain eligibility requirements based on agreements and guidelines provided by the funders, the Ministry of Health and Long Term Care and Ontario Health North East. The funders have provided guidelines in respect to the amount of funding potentially available to the Hospital, as well as criteria for eligibility and revenue recognition. These contributions are subject to review and reconciliation by the funders and the adjustments, if any, will be repayable to the funders. The adjustments will be recognized in the year in which they become known.

Management believes that the Hospital is currently in compliance with all the terms and conditions of these COVID-19 related contributions based on the guidelines provided.

18. ECONOMIC DEPENDENCE

The Hospital receives the majority of its revenue through a funding agreement with the Ministry of Health and Long-Term Care and Ontario Health North East. The Hospital's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

The Hospital is exposed to credit risk in the event of non-payment by their debtors. Credit risk arises from the possibility that these individuals may experience financial difficulty and be unable to fulfill their obligations. The Hospital is exposed to this risk relating to its accounts receivable of \$2,135,788 (2023 - \$1,637,864), its amounts due from MICs Group of Health Services of \$1,243,343 (2023 - \$2,028,809) and its long-term receivables of \$118,870 (2023 - \$127,836).

Accounts receivable are generally due from government agencies, insurers and patients and other. The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is recorded based on the Hospital's historical experience regarding collections. The amounts outstanding as at March 31, 2024 are as follows:

LADY MINTO HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT, (CONT'D)

	Total	Current	31-60 days	61-90 days	90+ days
Insurers and patients	\$ 329,697	\$ 249,190	\$ 6,805	\$ 13,291	\$ 60,411
MOH / OHNE	1,464,432	1,464,432	-	-	-
HST rebates	341,659	341,659	-	-	-
	<u>\$ 2,135,788</u>	<u>\$ 2,055,281</u>	<u>\$ 6,805</u>	<u>\$ 13,291</u>	<u>\$ 60,411</u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

LIQUIDITY RISK

Liquidity risk results from the Hospital's potential inability to meet its obligations associated with the financial liabilities as they become due. The Hospital is exposed to this risk relating to its accounts payable and accrued liabilities of \$2,200,787 (2023 - \$2,105,683). The Hospital mitigates this risk by monitoring its operations and cash flows to ensure that current and future obligations will be met. The Hospital believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. Market risk for the Hospital lies mostly in the potential loss related to the volatility of market price fluctuations of its equity instruments. The Hospital does not use derivative instruments to reduce its exposure market risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

20. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. Purchased services are presented separately from salaries and wages. The change did not have an effect on the excess of revenues over expenses and net assets.

LADY MINTO HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

SCHEDULE OF MINISTRY FUNDING

Schedule 1

	2024 Budget (Unaudited)	2024 Actual	2023 Actual
Ontario Health North East - Base allocation	\$ 12,168,516	\$ 11,789,706	\$ 11,547,413
Ministry of Health / Ontario Health North East - Other	(267,492)	3,170,824	1,174,566
Ministry of Health - Physician specific	1,842,608	2,193,063	1,715,974
	\$ 13,743,632	\$ 17,153,593	\$ 14,437,953

SCHEDULE OF SALARIES AND WAGES

Schedule 2

	2024 Budget (Unaudited)	2024 Actual	2023 Actual
Nursing services	\$ 3,384,843	\$ 3,013,755	\$ 2,854,012
Diagnostic and therapeutic	1,648,099	1,570,210	1,492,970
Education	33,860	48,162	14,865
Administration and other	2,671,282	2,987,107	2,757,861
	\$ 7,738,084	\$ 7,619,234	\$ 7,119,708

SCHEDULE OF SUPPLIES AND OTHER EXPENSES

Schedule 3

	2024 Budget (Unaudited)	2024 Actual	2023 Actual
Nursing services	\$ 280,700	\$ 274,450	\$ 253,992
Diagnostic and therapeutic	1,073,900	1,226,750	1,169,668
Education	82,640	27,567	41,697
Administration and other	2,560,774	2,340,249	1,923,215
	\$ 3,998,014	\$ 3,869,016	\$ 3,388,572

LADY MINTO HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

SCHEDULE OF STATEMENT OF OPERATIONS - VILLA MINTO NURSING HOME **Schedule 4**

	2024 Budget (Unaudited)	2024 Actual	2023 Actual
REVENUES			
Ministry of Health subsidies	\$ -	\$ 3,020,630	\$ 2,957,913
Accommodation charges to residents	-	810,624	726,208
Other revenues	-	9,304	6,735
Amortization of deferred capital contributions	-	34,572	5,365
	-	3,875,130	3,696,221
EXPENSES			
Salaries and benefits	-	2,326,253	2,122,352
Purchased services	-	282,863	230,716
Employee benefits	-	707,816	788,109
Supplies and other expenses	-	543,198	540,760
Amortization of capital assets	-	42,619	30,425
Amortization of intangible asset - nursing home licence	-	38,568	38,568
	-	3,941,317	3,750,930
EXCESS OF EXPENSES OVER REVENUES	\$ -	\$ (66,187)	\$ (54,709)