

**THE MICS GROUP OF HEALTH SERVICES**

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

**MARCH 31, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The MICs Group of Health Services

### *Opinion*

We have audited the financial statements of The MICs Group of Health Services, 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

# **THE MICS GROUP OF HEALTH SERVICES**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2024**

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# THE MICS GROUP OF HEALTH SERVICES

## STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2024

	2024	2023
<b>REVENUES</b>		
Recoveries of shared costs and direct charges (note 9)	\$ 32,102,698	\$ 29,498,661
Interest income	179,892	128,449
Dividends and other investment income	141,489	154,070
Gain on disposition of investments	49,815	208,795
Management and administration	137,431	177,221
Diabetes program revenues	325,575	341,580
Diabetes program - write off of prior periods repayable surplus	183,694	-
Under serviced area program revenues	25,689	57,750
Lifeline program revenues	2,475	3,410
Other recoveries	447,781	349,475
Amortization of deferred capital contributions	201	32,454
	33,596,740	30,951,865
<b>SALARIES AND BENEFITS</b>		
Management and financial administration	1,708,466	1,690,515
Human resources	580,943	537,529
Education	130,139	43,117
Support services	5,704,048	4,989,061
Clinical nutrition	144,803	175,445
Nursing services	9,751,702	9,346,449
Paramedical	3,621,795	3,210,989
Physiotherapy services	480,375	453,624
Physician clinics	242,230	267,605
Nursing homes	9,012,496	8,246,323
Unallocated employee future benefits	13,189	13,152
	31,390,186	28,973,809
<b>SUPPLIES, SERVICES AND OTHER EXPENSES</b>		
Office, recruiting, travel and other	592,196	608,957
Information technology	739,284	663,752
Professional and other fees	153,665	133,641
Education	50,379	66,285
Diabetes program	325,575	341,580
Underserviced Area program	36,240	57,750
Amortization of capital assets	123,046	90,504
Loss on disposition of capital assets	-	12,177
	2,020,385	1,974,646
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 186,169</b>	<b>\$ 3,410</b>

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

## THE MICS GROUP OF HEALTH SERVICES

### STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2024

	<b>Bingham Memorial Hospital</b>	<b>Anson General Hospital</b>	<b>Lady Minto Hospital</b>	<b>Total 2024</b>	<b>Total 2023</b>
BALANCE, BEGINNING OF YEAR	\$ 12,035	\$ 12,270	\$ 12,270	\$ 36,575	\$ 33,165
EXCESS OF REVENUES OVER EXPENSES	48,403	68,883	68,883	186,169	3,410
BALANCE, END OF YEAR	\$ 60,438	\$ 81,153	\$ 81,153	\$ 222,744	\$ 36,575

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

# THE MICS GROUP OF HEALTH SERVICES

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2024


	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,879,647	\$ 4,386,117
Accounts receivable	96,995	30,614
Prepaid expenses	86,739	80,885
	<u>4,063,381</u>	<u>4,497,616</u>
INVESTMENTS (note 4)	4,226,499	4,352,983
POST-EMPLOYMENT BENEFITS RECOVERABLE (note 5)	378,465	365,276
CAPITAL ASSETS (note 6)	4,295,726	3,168,107
	<u>\$ 12,964,071</u>	<u>\$ 12,383,982</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 7)	\$ 6,324,809	\$ 4,987,101
Funding advances repayable (note 8)	2,324,049	-
Due to participating hospitals (note 9)	3,552,088	7,121,741
	<u>12,200,946</u>	<u>12,108,842</u>
POST-EMPLOYMENT BENEFITS PAYABLE (note 10)	378,465	365,276
DEFERRED CAPITAL CONTRIBUTIONS	106,616	201
	<u>12,686,027</u>	<u>12,474,319</u>
<b>NET ASSETS</b>		
UNRESTRICTED	222,744	36,575
ACCUMULATED REMEASUREMENT GAINS (LOSSES) ON INVESTMENTS (note 4)	55,300	(126,912)
	<u>278,044</u>	<u>(90,337)</u>
	<u>\$ 12,964,071</u>	<u>\$ 12,383,982</u>

CONTINGENCIES - note 13

COMMITMENTS - note 6 and 14

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

On behalf of the board

  
 Patricia Dorff  
 LMH Chair

BMH Chair

  
 Danielle Delawier  
 AGH Chair

# THE MICS GROUP OF HEALTH SERVICES

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2024

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 186,169	\$ 3,410
Items not involving cash:		
Amortization of capital assets	123,046	90,504
Amortization of deferred capital contributions	(201)	(32,454)
Gain on disposition of investments	(49,815)	(208,795)
Change in accumulated remeasurement gains on investments	232,027	(411,201)
Loss on disposition of capital assets	-	12,177
	491,226	(546,359)
Changes in:		
Accounts receivable	(66,381)	(13,673)
Prepaid expenses	(5,854)	(24,741)
Accounts payable and accrued liabilities	1,337,709	(1,013,677)
Post-employment benefits recoverable	(13,189)	(13,152)
Post-employment benefits payable	13,189	13,152
	1,756,700	(1,598,450)
<b>INVESTING ACTIVITY</b>		
Net investment transfers, purchases and dispositions within portfolio	126,484	1,657,130
<b>FINANCING ACTIVITIES</b>		
Net advances to participating hospitals	(3,569,653)	(2,327,850)
Advances from line of credit	365,466	-
Repayments of line of credit	(365,466)	-
Funding advances received	5,724,049	-
Repayments of funding advances	(3,400,000)	-
	(1,245,604)	(2,327,850)
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(1,250,666)	(1,361,857)
Capital contributions received	106,616	-
	(1,144,050)	(1,361,857)
<b>CHANGE IN CASH POSITION</b>	(506,470)	(3,631,027)
<b>CASH POSITION, BEGINNING OF YEAR</b>	4,386,117	8,017,144
<b>CASH POSITION, END OF YEAR</b>	\$ 3,879,647	\$ 4,386,117

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



# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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### 1. STATUS AND NATURE OF OPERATIONS

The MICs Group of Health Services (MICs) partnership was established to increase opportunities for collaboration between its member hospitals in the sharing of costs and provision of health services. The present participating hospitals are Bingham Memorial Hospital in Matheson Ontario, Anson General Hospital in Iroquois Falls Ontario and Lady Minto Hospital in Cochrane Ontario.

Separate audited financial statements are prepared by each hospital and are not consolidated with the partnership.

The partnership is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

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### 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

These financial statements reflect only the assets, liabilities, revenues and expenses of the partnership, and do not include the assets, liabilities, revenues or expenses of the participating hospitals.

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

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.

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### PARTNERSHIP SHARE OF REVENUES AND EXPENSES

Other than direct charges for specific salaries and benefits at actual cost, the share of revenues and expenses to participating hospitals is determined by a percentage agreed to by the Board on a net-cost recovery basis. The agreed percentage is as follows:

	<b>2024</b>	<b>2023</b>
Bingham Memorial Hospital	26 %	26 %
Anson General Hospital	37 %	37 %
Lady Minto Hospital	37 %	37 %

In addition, the share of dividends and investment income and gains or losses resulting from dispositions within the investment portfolio are also determined by a percentage agreed to by the Board and is based on the original proportion of the hospitals investments transferred to the partnership. The agreed percentage is as follows:

	<b>2024</b>	<b>2023</b>
Bingham Memorial Hospital	18 %	18 %
Anson General Hospital	12 %	12 %
Lady Minto Hospital	70 %	70 %

#### 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.

Contributions from participating hospitals are recognized as revenue when the related expenses are incurred.

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 and donations 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.

Investment income is recognized as revenue when earned.

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits with a maturity of less than three months and temporary bank overdrafts which forms an integral part of the partnerships's cash management.

#### 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 partnership'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 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:

Equipment	3-20 years
Software	3 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 partnership 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 partnership 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.

#### RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS

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

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS, (CONT'D)

##### *Multi-employer defined benefit pension*

Substantially all of the employees of the partnership 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 partnership 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 partnership records its financial instruments at either fair value or amortized cost. The partnership's accounting policy for each category is as follows:

##### *Fair Value*

This category includes derivatives and equity instruments quoted in an active market. The partnership has designated its cash and cash equivalents and investments at fair value.

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.

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### FINANCIAL INSTRUMENTS, (CONT'D)

##### *Amortized cost*

This category includes accounts receivable, accounts payable and accrued liabilities, funding advances repayable and due to participating hospitals. 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 conformity 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 and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the revenue recognition of certain restricted contributions, the allowance for doubtful accounts receivable, the useful life of capital assets, the actuarial estimation of post-employment benefits, accrued liabilities and contingencies. Actual results could differ from those estimates.

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# THE MICS GROUP OF HEALTH SERVICES

## 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:

	<b>2024</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash and cash equivalents	\$ 3,879,647	\$ -	\$ 3,879,647
Accounts receivable	\$ -	\$ 96,995	\$ 96,995
Investments	\$ 4,226,499	\$ -	\$ 4,226,499
Accounts payable and accrued liabilities	\$ -	\$ 6,324,809	\$ 6,324,809
Funding advances repayable	\$ -	\$ 2,324,049	\$ 2,324,049
Due to participating hospitals	\$ -	\$ 3,552,088	\$ 3,552,088
	<b>2023</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash and cash equivalents	\$ 4,386,117	\$ -	\$ 4,386,117
Accounts receivable	\$ -	\$ 30,614	\$ 30,614
Investments	\$ 4,352,983	\$ -	\$ 4,352,983
Accounts payable and accrued liabilities	\$ -	\$ 4,987,101	\$ 4,987,101
Due to participating hospitals	\$ -	\$ 7,121,741	\$ 7,121,741

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 and cash equivalents and investments are considered Level 1 fair value.

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

## THE MICS GROUP OF HEALTH SERVICES

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

#### 4. INVESTMENTS

	2024		2023	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash and cash equivalents	\$ 10,697	\$ 10,697	\$ 9,609	\$ 9,609
Equity investments	4,021,682	4,076,982	4,434,491	4,307,579
Mutual funds	138,820	138,820	35,795	35,795
	<u>\$ 4,171,199</u>	<u>\$ 4,226,499</u>	<u>\$ 4,479,895</u>	<u>\$ 4,352,983</u>

	2024	2023
Accumulated remeasurement gains (losses), beginning of year	\$ (126,912)	\$ 493,084
Realized gains on disposition of investments	(49,815)	(208,795)
Change in unrealized gains (losses) on investments	232,027	(411,201)
Accumulated remeasurement gains (losses), end of year	<u>\$ 55,300</u>	<u>\$ (126,912)</u>

#### 5. POST-EMPLOYMENT BENEFITS RECOVERABLE

The post-employment benefits recoverable and the corresponding post-employment benefits payable reflected on the MICs statement of financial position relates only to those MICs employees whose costs are shared according to the predetermined cost sharing formula. Details of the post-employment benefits payable is presented in note 10. The amounts recoverable from the participating hospitals in relation to post-employment benefits payable is as follows:

	%	2024	2023
Bingham Memorial Hospital	26	\$ 98,401	\$ 94,972
Anson General Hospital	37	140,032	135,152
Lady Minto Hospital	37	140,032	135,152
	<u>100</u>	<u>\$ 378,465</u>	<u>\$ 365,276</u>

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

### 6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2024 Net	2023 Net
Equipment	\$ 1,654,766	\$ 886,469	\$ 768,297	\$ 719,681
Software	1,718,646	1,718,646	-	-
Capital projects in progress	3,527,429	-	3,527,429	2,448,426
	<u>\$ 6,900,841</u>	<u>\$ 2,605,115</u>	<u>\$ 4,295,726</u>	<u>\$ 3,168,107</u>

The partnership on behalf of the participating hospitals signed a memorandum of understanding regarding a capital project to upgrade IT equipment, systems and software, namely the Meditech Expanse, through ONE Health Information Technology Services (note 15). The cost will be shared amongst other hospitals in the region. The estimated cost and remaining cost for each participating Hospitals is noted below:

	Estimated cost	Cost incurred to March 31, 2024	Remaining cost
Bingham Memorial Hospital	\$ 2,090,000	\$ 804,877	\$ 1,285,123
Anson General Hospital	2,090,000	1,031,003	1,058,997
Lady Minto Hospital	2,090,000	1,063,047	1,026,953
	<u>\$ 6,270,000</u>	<u>\$ 2,898,927</u>	<u>\$ 3,371,073</u>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable and accrued liabilities	\$ 2,812,539	\$ 2,499,789
Payroll remittances payable	714,630	115,888
Salaries and benefits payable	2,797,640	2,371,424
	<u>\$ 6,324,809</u>	<u>\$ 4,987,101</u>



# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

### 8. FUNDING ADVANCES REPAYABLE

	2024	2023
Cash flow advance from Ontario Health North East, interest free, unsecured, due by June 2024	\$ 2,324,049	\$ -

### 9. DUE TO PARTICIPATING HOSPITALS

In addition to sharing of particular revenues and expenses through the partnership, accounts payable and accrued liabilities include amounts to be paid by MICs on behalf of the participating hospitals. Considering the number of transactions involved, it is not considered practical to identify the amounts by hospital.

The amounts due to participating hospitals represent the excess of amounts advanced to MICs by or on behalf of the hospitals over the hospitals' share of MIC's expenses and amounts payable by MICs on behalf of the hospital. The amounts are unsecured, non-interest bearing with no specific terms of repayment. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The amounts due from the participating hospital is as follows:

	2024	2023
Bingham Memorial Hospital	\$ 1,067,689	\$ 2,304,776
Anson General Hospital	1,241,056	2,788,156
Lady Minto Hospital	1,243,343	2,028,809
	<u>\$ 3,552,088</u>	<u>\$ 7,121,741</u>

The total recoveries of shared net-costs and direct charges from the participating hospitals are as follows:

	2024	2023
Bingham Memorial Hospital	\$ 5,976,956	\$ 5,410,925
Anson General Hospital	13,071,984	12,166,156
Lady Minto Hospital	13,053,758	11,921,580
	<u>\$ 32,102,698</u>	<u>\$ 29,498,661</u>

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

### 10. POST-EMPLOYMENT BENEFITS PAYABLE

The MICs Group of Health Services and participating hospitals provides post employment extended health coverage, dental benefits and life insurance to certain employee groups subsequent to their retirement. The partnership recognizes these benefits as they are earned during the employees' tenure of service. Expenses are allocated to the respective participating hospitals according to where services are provided by the employee. The related liability was determined by an actuarial valuation.

The following table outlines the components of the partnership's post-employment benefits payable and the related expenses. The liability and corresponding amount recoverable reflected on the MICs statement of financial position relates only to those MICs employees whose costs are shared according to the predetermined cost sharing formula.

The MICs shared accrued benefit liability is determined as follows:

	<b>2024</b>	<b>2023</b>
Accrued benefit obligation	\$ 262,979	\$ 315,899
Unamortized actuarial loss	115,486	49,377
Accrued benefit liability	<u>\$ 378,465</u>	<u>\$ 365,276</u>

The MICs shared accrued benefit expense is determined as follows:

	<b>2024</b>	<b>2023</b>
Accrued benefit obligation, beginning of year	\$ 315,899	\$ 309,978
Unamortized actuarial loss	49,377	42,146
Accrued benefit liability, beginning of year	<u>365,276</u>	<u>352,124</u>
Current service cost	13,329	14,912
Interest on obligation	12,674	12,027
Amortization of actuarial loss	(5,662)	(4,630)
Benefit expense	<u>20,341</u>	<u>22,309</u>
Benefit payment	<u>(7,152)</u>	<u>(9,157)</u>
Accrued benefit liability, end of year	<u>\$ 378,465</u>	<u>\$ 365,276</u>

# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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### 10. 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 12.

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%).

The post-employment benefits payable related to those MICs employees whose costs are charged directly to participating hospitals are reflected on the statement of financial position of the respective hospitals as follows:

	<b>2024</b>	<b>2023</b>
Bingham Memorial Hospital	\$ 710,047	\$ 689,592
Anson General Hospital	1,414,390	1,412,364
Lady Minto Hospital	1,462,011	1,453,658
	<u>\$ 3,586,448</u>	<u>\$ 3,555,614</u>

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### 11. LINE OF CREDIT

The partnership has an authorized line of credit of \$500,000 bearing interest at prime, secured by a general security agreement.

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# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 12. RETIREMENT BENEFITS

Substantially all of the partnership'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 partnership on behalf of its employees amounted to \$1,862,172 (2023 - \$1,681,730) and are included in the statement of operations.

As this is a multi-employer pension plan, these contributions are the partnership's pension benefit expenses. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the partnership 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.

Contributions by participating hospitals are as follows:

	2024	2023
Bingham Memorial Hospital	\$ 350,125	\$ 317,520
Anson General Hospital	749,453	679,571
Lady Minto Hospital	762,594	684,639
	<u>\$ 1,862,172</u>	<u>\$ 1,681,730</u>

### 13. CONTINGENCIES

a) The nature of the partnership'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 partnership 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 partnership 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 partnership on completion of the plan is currently not determinable.

# THE MICS GROUP OF HEALTH SERVICES

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### 14. COMMITMENTS

As participants in the regional NEON information systems network, the partnership is required to pay monthly fees for on-going systems support on behalf of the MICs partners. During the year, the partnership paid \$264,596 in total for such fees (2023 - \$264,596). Fees are determined on a cost-recovery basis and are subject to annual review and possible adjustment to reflect inflationary and other operational increases or decreases. Fee rates are also subject to negotiated changes which may arise to reflect changes to the shared costs of the information system.

During the year, the partnership also paid \$141,253 (2023 - \$125,141) for ongoing information system support services.

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### 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).

#### *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 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.

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# THE MICS GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

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### 16. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The financial instruments of the partnership and the nature of the risks to which it may be subject are as follows:

#### CREDIT RISK

The partnership 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 partnership believes there is a minimal risk associated with these amounts.

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 partnership's potential inability to meet its obligations associated with the financial liabilities as they become due. The partnership mitigates this risk by monitoring its operations and cash flows to ensure that current and future obligations will be met. The partnership 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 interest rates and foreign exchange rates as well market price fluctuations of its equity instruments. The Hospital does not use derivative instruments to reduce its exposure market risk. Conservative management is exercised to minimize the impact of any eventual fluctuation of interest rates.

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.

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