

**NORTH OF SUPERIOR HEALTHCARE GROUP**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2021**

**Contents**

---

<b>Independent Auditor's Report</b>	<b>1-2</b>
<b>Financial Statements</b>	
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Operations</b>	<b>4</b>
<b>Statement of Changes in Net Assets</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7-19</b>



•ROSSI

ANTHONY S. ROSSI, CPA, CA

369 QUEEN ST. EAST, SUITE 302 • SAULT STE. MARIE, ON • P6A 1Z4  
Tel: 705-253-0110 • Fax: 705-253-1771

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors of North of Superior Healthcare Group

### **Opinion**

I have audited the accompanying financial statements of North of Superior Healthcare Group (the "Hospital"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2021, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements.

I am independent of the Hospital in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada and I have fulfilled my other responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Responsibility for the Audit of the Financial Statements***

My 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 my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

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 I identify during my audit.

Chartered Professional Accountant, Licensed Public Accountant  
Sault Ste. Marie, Canada  
July 7, 2021

# North of Superior Healthcare Group

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021 2020

### ASSETS

#### Current

Cash - Restricted	\$ 1,502,177	\$ 660,264
Accounts receivable [note 3]	2,294,501	1,044,223
Inventory of supplies [note 4]	310,897	247,047
Prepaid expenses	118,257	152,418
	<u>4,225,832</u>	<u>2,103,952</u>

Recoverable employee benefits	356,305	299,605
-------------------------------	---------	---------

#### Capital assets [note 6]

Land, buildings and equipment	43,085,008	41,775,874
Less accumulated amortization	27,247,263	26,081,809
	<u>15,837,745</u>	<u>15,694,065</u>

\$ 20,419,882 \$ 18,097,622

### LIABILITIES

#### Current

Unrestricted cash overdraft [note 2]	\$ 1,685,036	\$ 402,210
Accounts payable and accrued liabilities [note 7]	1,691,394	1,965,241
Deferred operating contributions - Province of Ontario	679,922	540,384
Deferred operating contributions - HIRF [note 10]	-	204,491
Current portion of long term debt [note 9]	107,183	103,387
	<u>4,163,535</u>	<u>3,215,713</u>

Long term debt [note 9]	1,636,997	1,744,180
-------------------------	-----------	-----------

Deferred contributions related to capital assets [note 10]	12,905,435	12,731,490
--	------------	------------

Employee future benefits [note 14]	694,500	647,500
	<u>19,400,467</u>	<u>18,338,883</u>

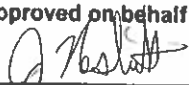
### NET ASSETS

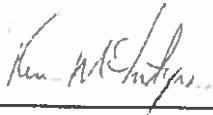
Investment in capital assets [note 8]	1,188,130	1,115,008
Unrestricted	(168,715)	(1,356,269)
	<u>1,019,415</u>	<u>(241,261)</u>

\$ 20,419,882 \$ 18,097,622

### Contingencies & Commitments [notes 13 & 15]

Approved on behalf of the Board

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**North of Superior Healthcare Group**  
**STATEMENT OF OPERATIONS**

<b>YEAR ENDED MARCH 31,</b>	<b>2021</b>	<b>2020</b>
<b>REVENUE</b>		
Ministry of Health and Long-Term Care		
Current base allocation	\$12,521,614	\$12,016,794
One-time funding [note 21]	1,070,135	586,001
COVID-19 One time funding - Pandemic Funding [note 20]	1,334,029	-
HOCC funding	339,569	327,945
Cancer Care Ontario	62,850	61,173
Long Term Care Revenue [note 17]	2,321,969	1,832,473
Other programs - MOHLTC	115,622	123,008
Community Support Services Revenue [note 11]	516,155	488,997
Interest	6,314	16,213
Patient services	806,601	827,923
Other service program funding and other revenue [note12]	1,503,285	1,223,847
Amortization of deferred capital contribution - equipment and Information systems	309,104	266,440
	<b>20,907,247</b>	<b>17,770,814</b>
<b>EXPENDITURES</b>		
Amortization of major equipment/software	302,107	301,203
Bad debts	24,625	14,145
Drugs	421,042	151,096
Community support services expenditures [note11]	552,721	562,746
HOCC remuneration	339,569	327,945
Long Term Care [note 17]	2,362,245	1,985,930
Medical staff remuneration	321,574	173,913
Other service program expenditures [note12]	85,314	115,752
Other supplies and expenses		
Administrative supplies and services	1,196,035	1,108,152
Maintenance supplies and services	314,494	257,188
Medical and surgical supplies	303,383	287,812
Medical service supplies/expense	571,308	524,616
Nursing and other patient care supplies	429,291	344,437
Nutrition food and supplies	174,611	173,108
Supportive services	216,559	160,441
Utilities	535,407	597,847
Wages and benefits		
Administrative	1,609,423	1,364,125
Employee benefits	2,315,153	2,063,836
Medical services	1,628,508	1,640,969
Nursing & other patient care	3,928,324	3,493,480
Support services	1,779,439	1,644,835
	<b>19,411,132</b>	<b>17,293,576</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED</b>	<b>1,496,115</b>	<b>477,238</b>
<b>AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTION LAND IMPROVEMENT &amp; BUILDING</b>	<b>627,907</b>	<b>605,217</b>
<b>AMORTIZATION OF LAND IMPROVEMENT &amp; BUILDING</b>	<b>(863,346)</b>	<b>(828,586)</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 1,260,676</b>	<b>\$ 253,869</b>

See accompanying notes to the financial statements

**North of Superior Healthcare Group**  
**STATEMENT OF CHANGES IN NET ASSETS**

YEAR ENDED MARCH 31,			2021	2020
	Investment in Capital Assets \$	Unrestricted \$	Total \$	Total \$
Balance at beginning of year	1,115,008	(1,356,269)	(241,261)	(495,130)
Excess (deficiency) of revenue over (under) expenditures	(228,442)	1,489,118	1,260,676	253,869
Net change in investment in capital assets [note 8]	301,564	(301,564)	-	-
	1,188,130	(168,715)	1,019,415	(241,261)

**North of Superior Healthcare Group**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31,	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 1,260,676	\$ 253,869
Items not requiring cash from operations		
Amortization	1,165,453	1,129,789
Amortization of deferred capital contributions	(937,011)	(871,657)
Recoverable employee benefits	(56,700)	(40,699)
Employee future benefits	47,000	43,400
Change in non-cash operational balances [Note 5]	(1,618,767)	202,228
<b>Cash provided by (used in) operating activities</b>	<b>(139,349)</b>	<b>716,930</b>
<b>CAPITAL ACTIVITIES</b>		
Additions to capital assets	(1,309,133)	(1,479,606)
Funding for property plant and equipment		
Ministry of Health and Long Term Care and other government funding	920,682	819,848
Other funding sources	190,274	453,864
<b>Cash provided by (used in) capital activities</b>	<b>(198,177)</b>	<b>(205,894)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(103,387)	(99,455)
<b>Cash provided by (used in) financing activities</b>	<b>(103,387)</b>	<b>(99,455)</b>
<b>Increase (Decrease) in cash during year</b>	<b>(440,913)</b>	<b>411,581</b>
Cash (Cash overdraft), beginning of year	258,054	(153,527)
<b>Cash (Cash overdraft), end of year</b>	<b>\$ (182,859)</b>	<b>\$ 258,054</b>
Cash, end of year is represented by:		
Cash - restricted	\$ 1,502,177	\$ 660,264
Unrestricted cash overdraft	1,685,036	402,210
	<b>\$ (182,859)</b>	<b>\$ 258,054</b>

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

---

### Purpose of the organization

The North of Superior Healthcare Group (the Group) was created upon the amalgamation of The McCausland Hospital and the Wilson Memorial General Hospital.

The McCausland Hospital is principally involved in providing health care services to the Townships of Terrace Bay, Schreiber and surrounding region of Northwestern Ontario. The Wilson Memorial General Hospital is principally involved in providing health care services to the Town of Marathon and surrounding region of Northwestern Ontario.

The Hospital is incorporated under the *Public Hospitals Act* as a government not-for-profit organization and is a registered charity under the Income Tax Act. Accordingly, the Hospital is not subject to income taxes provided certain conditions are met.

### 1. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. The more significant accounting policies are summarized as follows:

#### Financial instruments

Financial Instruments are recorded at fair market value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair market value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Group has elected to carry any such financial instruments at fair market value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the hospital determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Hospital expects to realize by exercising its right to any collateral. If the events and circumstances reverse in the future period, an impairment loss will be reversed to the extent of the impairment, not exceeding the initial carrying value.

#### Revenue

The Group follows the deferral method of accounting for revenue received. Under this method, externally restricted contributions for operations are recognized as revenue in the year in which the related expenses are incurred. Funds externally restricted for the purchase of capital assets are recognized as revenue in an amount equal to the annual amortization of the related assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services are recognized when the goods are sold or the service is provided.



# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

---

### 1. Summary of significant accounting policies (continued)

#### Capital assets and amortization

Purchased capital assets are recorded at acquisition cost and contributed assets are valued at their fair market value at the time of contribution. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

The amortization of the capital assets is recorded annually with a corresponding reduction in investment in capital assets. All assets are amortized over their estimated useful lives using the straight-line basis at the following annual rates:

Buildings		
Ambulance, ancillary and hospital	-	2.5% - 5%
Service equipment	-	5%
Equipment		
Ancillary	-	5%
Hospital	-	5% - 33%
Information systems	-	10% - 20%
Paving	-	4%
Land improvements	-	10%

The Hospital monitors events and changes in circumstances which may require an assessment of the recoverability of its long-lived assets. If required, the Hospital would assess recoverability using estimated undiscounted future operating cash flows. If the carrying amount of an asset is not recoverable, an impairment loss is recognized in operations, measured by comparing the carrying amount of the asset to its fair value.

#### Inventory

Inventory is valued at the lower of cost and net realizable value. Cost of supplies inventory is determined on a first-in, first-out basis. Cost of pharmacy inventory is determined on a weighted average cost-basis.

#### Contributed materials and services

A number of volunteers contribute their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

#### Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the benefit plans of the Hospital.

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 1. Summary of significant accounting policies (continued)

#### Employee future benefits

The Group provides extended health care, dental and life insurance benefits to substantially all employees and accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the project benefit method pro-rated on service from management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

#### 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 amounts reported in the financial statements. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts and the actuarial estimation of the liability for post-retirement benefits. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

The revenue recognized from the Ministry of Health ("MOH") requires some estimation. The Hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect to the funding provided to the Hospital by the MOH for the year ended March 31, 2021. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the MOH has the right to adjust funding received by the Hospital. The MOH is not required to communicate certain funding adjustments until after submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOH funding received during a year may be increased or decreased subsequent to year end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

### 2. Cash

The Group has an overall credit limit facility not to exceed at any time \$2,000,000. This is secured by a general Security Agreement. The interest rate is payable monthly at the bank's prime lending rate less 0.5%.

At the 2021 fiscal year end, the unrestricted cash balance was in overdraft position because of outstanding cheques.

### 3. Accounts receivable

	2021	2020
Account receivables - patient services	\$ 291,113	\$ 308,893
Ministry of Health and Long-Term Care	1,794,479	459,688
Harmonized sales tax	197,642	212,256
Account receivables - other	35,880	77,530
Less: allowance for doubtful accounts	(24,613)	(14,144)
	<u>\$ 2,294,501</u>	<u>\$ 1,044,223</u>

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 4. Inventory

	2021	2020
Pharmacy inventory	\$ 92,009	\$ 86,619
Supplies inventory	218,888	160,428
	<u>\$ 310,897</u>	<u>\$ 247,047</u>

### 5. Change in non-cash operational balances

	2021	2020
Accounts Receivable	\$ (1,250,278)	\$ (192,605)
Inventory	(63,850)	(51,058)
Prepaid Expenses	34,161	33,312
Accounts Payable and Accrued liabilities	(273,847)	155,479
Deferred Operating Contributions	139,538	52,609
Deferred Operating Contributions - HIRF	(204,491)	204,491
	<u>\$ (1,618,767)</u>	<u>\$ 202,228</u>

### 6. Capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 35,724	\$ -	\$ 35,724	\$ 35,724
Land Improvements	986,078	924,040	62,038	67,563
Buildings				
Hospital	23,689,416	13,576,585	10,112,831	10,667,000
Service equipment	5,939,527	2,163,211	3,776,316	2,991,980
Major equipment				
Hospital	11,189,342	9,500,890	1,688,452	1,598,130
Information systems	1,099,760	1,082,537	17,223	16,417
	<u>42,939,847</u>	<u>27,247,263</u>	<u>15,692,584</u>	<u>15,376,814</u>
Construction in Progress	145,161	-	145,161	317,251
	<u>\$ 43,085,008</u>	<u>\$ 27,247,263</u>	<u>\$ 15,837,745</u>	<u>\$ 15,694,065</u>

### 7. Accounts payable and accrued liabilities

	2021	2020
Accounts payable trade and other	\$ 99,175	\$ 596,199
Statutory payroll deductions payable	222,022	252,276
Accrued salaries and benefits	1,370,197	1,116,766
	<u>\$ 1,691,394</u>	<u>\$ 1,965,241</u>

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 8. (a) Investment in capital assets

	2021	2020
<b>Capital assets at net book value</b>	\$ 15,837,745	\$ 15,694,065
<b>Amounts financed by -</b>		
Deferred capital contributions	(12,905,435)	(12,731,490)
Long-term debt	(1,744,180)	(1,847,567)
	<b>\$ 1,188,130</b>	<b>\$ 1,115,008</b>

### (b) Change in net assets invested in capital assets

	2021	2020
<b>Deficiency of revenues under expenditures</b>		
Amortization of deferred contributions	\$ 937,011	\$ 871,657
Amortization of capital assets	(1,165,453)	(1,129,789)
	<b>(228,442)</b>	<b>(258,132)</b>
<b>Net change in capital assets</b>		
Purchase of capital assets	1,309,133	1,479,606
Amounts funded by -		
Deferred capital contributions		
Utilized to purchase capital assets during the year	(906,465)	(1,273,712)
Utilized to purchase capital asset during the year (2020 - HIRF Funds)	(204,491)	-
Long-term debt repayment	103,387	99,455
	<b>\$ 301,564</b>	<b>\$ 305,349</b>

### 9. Long term debt

	2021	2020
<b>3.70 % Mortgage, 8 year fixed rate</b>		
Secured by Wilkes Terrace LTC wing		
Monthly blended payments of principal and interest of \$14,168 amortized over 20 years, rate term maturing February 28, 2022	\$ 1,744,180	\$ 1,847,567
Current portion	(107,183)	(103,387)
	<b>\$ 1,636,997</b>	<b>\$ 1,744,180</b>

The approximate principal repayments for each of the next five years assuming mortgage renewal under similar terms and conditions would be as follows:

2022	-	\$ 107,183
2023	-	\$ 111,315
2024	-	\$ 117,455
2025	-	\$ 124,095
2026	-	\$ 132,065
Thereafter	-	\$ 1,152,067

The Hospital will repay the Mortgage in full in the 2021-22 fiscal year using the \$1,000,600 in one-time funding from the Ministry, along with the net balance remaining in temporary investment certificates once final approval is obtained for HSP working funds initiative.

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 10. Deferred capital contributions

Deferred capital contributions represent current and prior fiscal years' funding expended for the purchase of capital assets. These capital contributions are realized as the related capital assets are amortized.

				2021	2020
	Donations	Government	Provincial Grants	Net	Net
Balance at beginning of year	\$ 1,630,928	\$ 9,905,143	\$ 1,195,419	\$ 12,731,490	\$ 12,329,435
Received during the year	190,274	411,995	304,196	906,465	1,273,712
Deferred from prior year	-	204,491	-	204,491	-
Amortized during the year	(223,976)	(627,907)	(85,128)	(937,011)	(871,657)
	\$ 1,597,226	\$ 9,893,722	\$ 1,414,487	\$ 12,905,435	\$ 12,731,490

Deferred capital contributions			2021	2020
	Donations	Governments	Total	Total
Unamortized portion	\$ 1,456,817	\$ 11,308,209	\$ 12,765,026	\$ 12,556,047
Unexpended portion	140,409	-	140,409	175,443
	\$ 1,597,226	\$ 11,308,209	\$ 12,905,435	\$ 12,731,490

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 11. Community support services funding

	2021	2020
Assisted Living - Marathon	\$ 314,724	\$ 285,943
Assisted Living - Terrace Bay	5,016	10,000
Opioid Program - Marathon	75,026	44,360
Home Maintenance - Terrace Bay	12,614	12,614
Meals on Wheels - Marathon	32,613	32,228
Meals on Wheels - Terrace Bay	46,663	48,590
Seniors Day Away - Terrace Bay	-	26,000
Seniors Transportation Van - Marathon	29,499	29,262
	<u>\$ 516,155</u>	<u>\$ 488,997</u>

### Community support services expenditures

	2021	2020
Assisted Living - Marathon	\$ 352,068	\$ 352,406
Assisted Living - Terrace Bay	5,076	-
Opioid Program - Marathon	75,026	44,360
Home Maintenance - Terrace Bay	12,614	12,614
Meals on Wheels - Marathon	30,993	42,344
Meals on Wheels - Terrace Bay	44,025	53,398
Seniors Day Away - Terrace Bay	-	26,284
Seniors Transportation Van - Marathon	32,919	31,340
	<u>\$ 552,721</u>	<u>\$ 562,746</u>

### 12. Other service program funding and other revenue

	2021	2020
LTC Internal Recoveries	\$ 528,115	\$ 384,866
Laundry Internal Recoveries	208,289	176,767
Donations	29,381	14,897
Ancillary Rental Income	110,087	117,279
Handi-Transit Revenue	27,658	63,004
Dietary Recoveries	48,559	54,751
Stroke Program Funding	26,000	25,992
New Horizons - SSH	29,797	19,603
External Recoveries - Programs	213,395	209,165
Sundry Recoveries	284,004	157,523
	<u>\$ 1,503,285</u>	<u>\$ 1,223,847</u>

### Other service programs expenditures

	2021	2020
Ancillary Rental Expenses	\$ 8,941	\$ 12,797
Handi-Transit	20,969	57,013
New Horizons - SSH	29,944	19,597
Dietary Supplies	25,460	26,345
	<u>\$ 85,314</u>	<u>\$ 115,752</u>

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

---

### 13. Contingent liabilities

#### Employee fringe benefits

The Hospital, together with other regional hospitals, has a self-insured employee benefit plan for semi-private, dental and extended health care benefits. Under the terms of the plan, the Hospital will pay for certain employee benefit claims not exceeding \$10,000 per employee per year. Any excess claims would be insured.

### 14. Employee future benefits

At March 31, 2021, the Hospital's total accrued benefit obligation related to post retirement benefits plans (other than pension) is \$694,500.

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

Discount rate	3.75%
Dental benefits cost escalation	4.0%
Medical benefits cost escalation - extended health care	6.50%
decreasing by 0.25% per annum to an ultimate rate of	5.0%

Included in employee benefits on the statement of operations is an amount of \$43,400 for employee future benefits. This amount is comprised of:

	<u>2021</u>	<u>2020</u>
Additional benefit expenses	\$ 91,600	\$ 93,500
Estimated payments made by the Hospital during the year	<u>(44,600)</u>	<u>(50,100)</u>
	<u>\$ 47,000</u>	<u>\$ 43,400</u>

### 15. Commitments

Under the terms of equipment and maintenance leases, the Corporation is committed to make minimum monthly lease payments totaling \$32,564 per annum. The lease expiry dates range from November 2023 to June 2025.

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

---

### 16. Pension Plan

Most of the employees of the Hospital are members of the Hospitals of Ontario Pension Plan (the Plan), Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. On January 1, 2021, the contribution rates were 6.9% up to the year's maximum pensionable earnings (YMPE) and 9.2% above the YMPE. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employees' contributions. (The Hospital's portion of 1.26 of the employees' contribution).

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2020 indicates the Plan is 119% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$691,542 and are included in the statement of operations.



# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

### 17. Long-Term Care

	2021	2020
<b>FUNDING PROV LHINS-LTCH Nursing &amp; PC Envelope</b>		
Nursing envelope revenues	\$ 1,625,465	\$ 1,132,016
Nursing envelope expenses	1,384,068	1,172,680
	<u>241,397</u>	<u>(40,664)</u>
<b>FUNDING PROV LHINS-LTCH PSS Envelope</b>		
PSS envelope revenues	97,908	98,176
PSS envelope expenses	110,634	133,501
	<u>(12,726)</u>	<u>(35,325)</u>
<b>FUNDING PROV LHINS-LTCH Raw Food Envelope</b>		
Raw Food envelope revenues	76,605	76,814
Raw Food envelope expenses	79,606	79,815
	<u>(3,001)</u>	<u>(3,001)</u>
<b>FUNDING PROV LHINS-LTCH OA Envelope</b>		
OA envelope revenues	462,434	469,838
OA envelope expenses	787,937	599,934
	<u>(325,503)</u>	<u>(130,096)</u>
<b>Premium Income</b>	<u>59,557</u>	<u>55,629</u>
<b>Total LTC Revenues</b>	2,321,969	1,832,473
<b>Total LTC Expenses</b>	2,362,245	1,985,930
<b>Subtotal</b>	<u>(40,276)</u>	<u>(153,457)</u>
<b>Deferred Revenue Amortization</b>	253,983	259,319
<b>Depreciation</b>	368,704	368,523
<b>LONG TERM CARE DEFICIT</b>	<u>\$ (154,997)</u>	<u>\$ (262,661)</u>

# North of Superior Healthcare Group

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

---

### 18. Financial Instruments and Risk Management

The Hospital's financial instruments consist of cash and cash equivalents, capital expenditure reserve fund, accounts receivable, accounts payable and accrued liabilities.

The Hospital's financial instruments are generally classified and measured as follows:

Assets/liabilities	Measurement Category	Fair Value Level
Cash and cash equivalents - Restricted	fair value	Level 1
Cash and cash equivalents - Unrestricted	fair value	Level 1
Accounts receivable	amortized cost	
Accounts payable and accrued liabilities	amortized cost	
Long term debt	amortized cost	

#### Fair value measurement:

The following classification system is used to describe the basis of the inputs used to measure the fair value of the financial instruments.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 – market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – inputs for the assets or liabilities that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate, based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

#### Risk and concentration:

The Hospital is exposed to various risks through its financial instruments. The following analysis provides a measure of the company's risk exposure and concentrations as at March 31, 2021.

#### Credit risk:

The Hospital's exposure to credit risk relates to its accounts receivable and arises from the possibility that debtors will not fulfill their obligations under their agreements. This risk is minimized through continuous monitoring of aged receivable balances, providing for an adequate allowance for doubtful accounts, monitoring patient receivables, WSIB and government amounts receivable.

#### Liquidity risk:

Liquidity risk is the risk that the Hospital will encounter difficulty raising liquid funds to meet commitments as they arise. In meeting its liquidity requirements the organization monitors its working capital, cash flow requirements and obligations. The organization maintains a target level of available cash to meet liquidity requirement as they come due and has adequate borrowing facilities.

#### Interest rate risk:

Interest rate risk is the risk for potential financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its long term debt. The Hospital's exposure to interest rate risk is minimal.

Interest on long term debt for 2021 \$66,630 (2020 - \$78,076)

**North of Superior Healthcare Group**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**19. Impact of COVID-19**

Prior to March 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of the approval of these financial statements, the Hospital has experienced the following indicators of financial implications and under took the following activities related to the COVID-19 pandemic:

- i) The closure of certain facilities to the general public with certain areas opened to deal with screening and testing.
- ii) The implementation of working from home option for certain hospital employees.
- iii) Revision to the delivery of a number of services in order to create capacity for the pandemic response and limit the potential for transmission within the Hospital including the cancellation of elective surgeries and transfer of alternative levels of care patients to other facilities.

As per Ministry direction, the Hospital has submitted an incremental expenditure claim in the amount of \$606,714 for operating costs and \$218,696 related to COVID-19 capital expenditures for the year ended March 31, 2021. Adjustments to the revenues associated with these expenditures will be realized by the Hospital when the Ministry of Health confirms the expenditure submission(s).

**20. Ministry of Health pandemic funding**

In connection with the ongoing coronavirus pandemic ("COVID-19"), the MOH has announced a number of funding programs intended to assist hospitals with incremental operating and capital costs and revenue decreases resulting from COVID-19. In addition to these funding programs, the MOH 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 MOH has provided guidance with respect to the maximum amount of funding potentially available to the Hospital, as well as criteria for eligibility and revenue recognition, this guidance continues to evolve and is subject to revision and clarification subsequent to the time of approval of these financial statements. The MOH 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 MOH revenue for COVID-19 is based on the most recent guidance provided by MOH 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 MOH. However, given the potential for future changes to funding programs that could be announced by the MOH, the hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

Details of the MOH funding for COVID-19 recognized as revenue in the current year are summarized below:

Assessment center funding Oct-Dec	\$	191,102
COVID-19 Expense reimbursement Mar - Sept		291,300
Pandemic Pay		294,021
Physician Compensation - Pandemic		77,344
PSW Wage Enhancement		12,537
COVID-19 Incremental Expense reimbursement		315,698
COVID-19 Lost Rev impact letter accrual Mar 17 Step 3		152,027
	<b>\$</b>	<b>1,334,029</b>

North of Superior Healthcare Group  
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

---

**21. Ministry of Health working capital funding**

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

As at the date of approval of these financial statements, the MOH has provided a preliminary estimate of working capital funding and has indicated that the final amount of funding is subject to further analysis and validation by the MOH. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

Details of the MOH one-time funding, including working capital funding in the current year are summarized below:

---

Physio BoC Funding	\$	4,800
2019-20 Cataract Addtl carry-forward		9,688
HaCC		55,047
HSP Working funds initiative - Mar 17 memo		1,000,600
	\$	<u>1,070,135</u>

---

**22. Comparable figures**

Certain prior year comparative figures have been reclassified to conform with the presentation adopted in the current year.