

**Timmins and District Hospital**  
**Financial Statements**  
*March 31, 2021*

**Timmins and District Hospital  
Contents**

*For the year ended March 31, 2021*

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	<i>Page</i>
<b>Management's Responsibility</b>	
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Remeasurement Gains and Losses.....	4
Statement of Cash Flows.....	5
<b>Notes to the Financial Statements.....</b>	<b>6</b>

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## **Management's Responsibility**

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

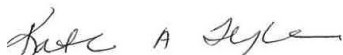
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is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

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

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

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

June 15, 2021



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Ms. Kate Fyfe  
President and Chief Executive Officer



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Mr. Bryan Bennetts  
Chief Financial Officer

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

## Opinion

We have audited the financial statements of Timmins and District Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

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

## Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes the uncertainty related to the application of the going concern concept by the Hospital due to existing and future obligations regarding long-term debt and increasing operating expenses.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Timmins, Ontario

June 15, 2021

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Timmins and District Hospital Statement of Financial Position

*As at March 31, 2021*

	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash	749,833	1,921,310
Accounts receivable (Note 4)	25,947,922	4,424,651
Inventory (Note 5)	1,107,242	724,080
Prepaid expenses	753,499	608,444
	<b>28,558,496</b>	7,678,485
<b>Capital assets (Note 6)</b>	<b>51,162,121</b>	55,336,928
	<b>79,720,617</b>	63,015,413
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 7)	4,700,000	-
Accounts payable and accruals (Note 8)	17,102,835	16,263,727
Deferred contributions (Note 9)	226,566	118,489
Demand loans (Note 10)	-	10,908,187
Current portion of long-term debt (Note 11)	2,187,094	1,818,000
	<b>24,216,495</b>	29,108,403
<b>Long-term debt (Note 11)</b>	<b>11,602,477</b>	7,963,692
<b>Employee future benefit liabilities (Note 13)</b>	<b>5,005,888</b>	4,901,217
<b>Deferred contributions related to capital assets (Note 14)</b>	<b>40,008,882</b>	42,709,579
	<b>80,833,742</b>	84,682,891
<b>Contingencies (Note 15)</b>		
<b>Net Assets</b>		
Deficiency in net assets	(904,765)	(21,499,786)
Remeasurement losses	(208,360)	(167,692)
	<b>(1,113,125)</b>	(21,667,478)
	<b>79,720,617</b>	63,015,413

Approved on behalf of the Board

*Scott McCall*

Director



Director

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

**Timmins and District Hospital**  
**Statement of Operations**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
MOHLTC/NELHIN (Note 23)	87,768,088	76,692,640
Cancer Care Ontario	5,901,059	5,528,829
Amortization of deferred contributions - equipment (Note 14)	1,990,516	1,981,262
Ministry of Health - Paymaster/Flow Through	291,430	391,023
Other revenue (Note 17)	17,541,829	22,019,098
	<b>113,492,922</b>	<b>106,612,852</b>
<b>Expenses</b>		
Salaries and wages	52,097,366	49,163,212
Employee benefits (Note 16)	16,584,981	15,301,605
Supplies and other expenses	15,819,905	14,692,015
Medical staff remuneration	12,981,082	14,318,759
Medical and surgical supplies	5,060,804	5,669,261
Drugs	4,455,342	4,193,293
Amortization of equipment and other	3,165,938	3,272,632
Bad debts	276,408	105,828
Interest on operating line	27,275	163,930
	<b>110,469,101</b>	<b>106,880,535</b>
<b>Excess (deficiency) of revenue over expenses from operations</b>	<b>3,023,821</b>	<b>(267,683)</b>
<b>Amortization of deferred contributions and buildings</b>		
Amortization of deferred contributions - buildings (Note 14)	(2,445,751)	(2,411,775)
Amortization of buildings	3,061,977	2,827,653
	<b>616,226</b>	<b>415,878</b>
<b>Excess (deficiency) of revenue over expenses before other funds</b>	<b>2,407,595</b>	<b>(683,561)</b>
<b>Other funds (Note 18)</b>		
Other fund revenues	(4,231,766)	(3,495,942)
Other fund expenses	4,231,766	3,495,942
	-	-
<b>Excess (deficiency) of revenue over expenses before interest on long term debt</b>	<b>2,407,595</b>	<b>(683,561)</b>
<b>Interest on long term debt</b>	<b>286,427</b>	<b>206,680</b>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>2,121,168</b>	<b>(890,241)</b>
<b>Other items</b>		
Loss on disposal of capital assets	(813,047)	-
MOHLTC/NELHIN Working Funds Initiative (Note 22)	19,286,900	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>20,595,021</b>	<b>(890,241)</b>

The accompanying notes are an integral part of these financial statements

## Timmins and District Hospital Statement of Changes in Net Assets

*For the year ended March 31, 2021*

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	<b>2021</b>	<b>2020</b>
Deficiency in net assets, beginning of year	<b>(21,499,786)</b>	(20,609,545)
Excess (deficiency) of revenue over expenses	<b>20,595,021</b>	(890,241)
Deficiency in net assets, end of year	<b>(904,765)</b>	(21,499,786)

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



**Timmins and District Hospital**  
**Statement of Remeasurement Gains and Losses**

*For the year ended March 31, 2021*

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	<b>2021</b>	<b>2020</b>
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<b>(167,692)</b>	118,664
<b>Unrealized remeasurement losses</b>		
Derivatives	<b>(40,668)</b>	(286,356)
<b>Accumulated remeasurement losses, end of year</b>	<b>(208,360)</b>	(167,692)

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

**Timmins and District Hospital**  
**Statement of Cash Flows**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	20,595,021	(890,241)
Amortization	6,227,915	6,100,285
Amortization of deferred capital contributions	(4,436,267)	(4,393,037)
Increase in employee future benefit liability	104,671	167,498
Loss on disposal of capital assets	813,047	-
	<b>23,304,387</b>	<b>984,505</b>
Changes in working capital accounts		
Accounts receivable	(21,523,271)	(670,851)
Inventory	(383,162)	(72,099)
Prepaid expenses	(145,055)	56,201
Accounts payable and accruals	839,106	2,334,031
Deferred contributions	108,077	(26,812)
	<b>2,200,082</b>	<b>2,604,975</b>
<b>Financing</b>		
Net advances (repayments) of demand loans	(10,908,187)	10,908,187
Net advances (repayments) of bank indebtedness	4,700,000	(5,275,000)
Advances of long-term debt	6,000,000	-
Repayment of long-term debt	(2,032,789)	(1,780,000)
Cash contributions received for capital assets	1,735,570	1,726,928
	<b>(505,406)</b>	<b>5,580,115</b>
<b>Capital activities</b>		
Purchases of capital assets	(2,866,153)	(7,042,372)
<b>Investing</b>		
Forgiveness/repayment of long term receivables	-	34,866
<b>Increase (decrease) in cash resources</b>	<b>(1,171,477)</b>	<b>1,177,584</b>
<b>Cash resources, beginning of year</b>	<b>1,921,310</b>	<b>743,726</b>
<b>Cash resources, end of year</b>	<b>749,833</b>	<b>1,921,310</b>

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

**1. Incorporation and operations**

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

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

**Impact of COVID-19 (coronavirus)**

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

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

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

**2. Continuing operations**

These financial statements have been prepared on a going concern basis which presumes that the Hospital will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

The Hospital has incurred an excess of revenue over expenses of \$20,595,021 (2020 deficiency of revenue over expenses - \$890,241) during the year ended March 31, 2021 and, as of that date, the Hospital's current assets exceeded its current liabilities by \$4,342,001 (2020 current liabilities exceed current assets - \$21,429,918).

In fiscal 2020, the Hospital underwent an optimization review that identified opportunities for revenue generation and cost savings initiatives to assist in improving the Hospital's annual operating position. During fiscal 2021, these initiatives continued to be developed and implemented and going into fiscal 2022, the Hospital is budgeting to achieve cost savings in excess of those originally identified in the optimization review. While there continues to be some minor impediments to carrying out the plans due to the pandemic, the Hospital continues to remain steadfast in their efforts to overachieve their savings targets. During fiscal 2021, the increased efforts of the Medium Sized Hospital Group to have the Ministry of Health recognize the unique situation of medium sized hospitals in the province led to a provincial strategy to address working capital deficits of most hospitals in the province. It should be noted that the combination of the optimization review, the Medium Sized Hospital Group efforts on working capital and the Ministry's extraordinary base funding adjustments during fiscal 2021 led the Hospital to a significantly stronger financial position for the year ended March 31, 2021 and should create a stronger financial position in future years.

While the Hospital's statement of financial position has shown significant improvement in the deficiency in net assets, it must be noted that the majority of this improvement was made possible with special one-time funding (see Note 22) that is subject to review and possible adjustment subsequent to March 31, 2021, which may not occur until the second half of the 2022 fiscal year. This possible adjustment, along with others, may have a detrimental impact to the Hospital's financial situation in the next or future fiscal years. Even with the injection of one-time funding, it is also noteworthy that existing and future obligations regarding long-term debt and increasing operating expenses may not be fully supported by adequate base funding which may result in new cash flow and working capital erosions. Until such time that these concerns have been resolved or mitigated to a significant extent, the stability of the Hospital's March 31, 2021 year end financial position remains uncertain. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Hospital's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

**2. Continuing operations** *(Continued from previous page)*

Management believes that the going concern assumption is appropriate for these financial statements based on the above reasons. If the Hospital were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

**3. Significant accounting policies**

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

***Cash and cash equivalents***

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

***Inventory***

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

***Capital assets***

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

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

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

***Long-lived assets***

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

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

***Deferred revenue***

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

***Deferred contributions related to capital assets***

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

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

***Employee future benefits***

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs. The attribution period for such cost begins the date of hire of the employee to the date of first payment. The discount rate used to determine accrued benefit obligations is reflective of the Hospital's long-term cost of borrowing.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized on a straight line basis over the average remaining service period of active employees.

Adjustments arising from plan amendments, including past service costs, are recognized immediately in the period the plan amendments occur.

The Hospital is an employer member of the Health Care of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

***Revenue recognition***

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

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

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

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

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

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

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

***Contributed materials and services***

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

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

***Measurement uncertainty (use of estimates)***

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

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

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

***Financial instruments***

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

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

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

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

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

# Timmins and District Hospital

## Notes to the Financial Statements

*For the year ended March 31, 2021*

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

#### **Fair Value Measurements**

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

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

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

#### **Derivative financial instruments**

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

#### **Statement of Remeasurement Gains and Losses**

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

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

### 4. Accounts receivable

	2021	2020
Client and patient receivables	2,036,412	2,266,735
Other receivables	85,361	371,085
MOHLTC/NELHIN <i>(Note 22, 23)</i>	23,730,523	727,124
HST receivable	170,626	1,114,707
	26,022,922	4,479,651
Allowance for doubtful accounts	(75,000)	(55,000)
	25,947,922	4,424,651

### 5. Inventory

	2021	2020
Drugs	355,250	337,714
Medical and surgical	735,291	377,240
Other	16,701	9,126
	1,107,242	724,080

## Timmins and District Hospital Notes to the Financial Statements

*For the year ended March 31, 2021*

### 6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Land	490,002	-	490,002	490,002
Land improvements	363,047	258,222	104,825	116,581
Buildings	88,340,446	54,834,658	33,505,788	35,727,810
Building service equipment	18,303,377	6,646,417	11,656,960	6,322,074
Equipment	61,952,110	56,547,564	5,404,546	12,680,461
	<b>169,448,982</b>	<b>118,286,861</b>	<b>51,162,121</b>	<b>55,336,928</b>

Equipment includes costs of \$598,180 (2020 - \$347,638) and building service equipment \$nil (2020 - \$4,722,385) for which no amortization has been recorded during the current year because it is currently not in use or is under construction.

### 7. Bank indebtedness

The Hospital has a credit facility to be used for general operating purposes. The allowable limit is \$7,500,000 (2020 - \$7,500,000). The credit facility bears interest at a rate equal to the lender's prime rate (2020 - 2.45%, 2021 - 2.45%) less 0.65% for a year end rate of 1.8% (2020 - 1.8%) and is secured by a general security agreement. As at March 31, 2021 \$2,800,000 remained unused (2020 - \$nil has been drawn on this facility).

### 8. Accounts payable and accrued liabilities

	<i>2021</i>	<i>2020</i>
MOHLTC/NELHIN	905,998	1,355,600
Other payables	7,643,239	7,578,967
Payroll remittances	1,770,405	1,621,276
Accrued vacation pay and other entitlements	4,584,443	3,761,985
Accrued salaries and wages	1,469,455	1,302,774
Other accruals	729,295	643,125
	<b>17,102,835</b>	<b>16,263,727</b>

### 9. Deferred contributions

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

	<i>2021</i>	<i>2020</i>
Balance, beginning of year	118,489	145,301
Contributions received during the year	137,458	46,669
Contributions utilized during the year	(29,381)	(73,481)
Balance, end of year	<b>226,566</b>	<b>118,489</b>



**Timmins and District Hospital**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**10. Term loans due on demand**

	<b>2021</b>	<b>2020</b>
TD unsecured demand loan bearing interest at prime plus 0.5%, payable in one lump sum of \$6,000,000 due May 2020. The Hospital made the repayment in April 2020.	-	6,000,000
TD demand construction loan not to exceed \$6,000,000, bearing interest only at prime plus 0.75%, convertible to a long-term debt financing in August 2020 (see note 11) when the construction of the co-generation power plant was completed.	-	4,908,187
<b>Current portion of demand loans</b>	<b>-</b>	<b>(10,908,187)</b>
	<b>-</b>	<b>-</b>

**11. Long-term debt**

	<b>2021</b>	<b>2020</b>
RBC Loan 1 bearing interest as noted below, repayable in variable quarterly payments of principal plus interest. The loan matures in March 2026. See note 12.	<b>6,664,909</b>	7,989,197
RBC Loan 2 bearing interest as noted below, repayable in variable quarterly payments of principal plus interest. The loan matures in March 2023. See note 12.	<b>1,204,152</b>	1,792,495
TD Single Draw Facility bearing interest as noted below, repayable in variable monthly payments of principal plus interest. The loan matures in July 2035. See note 12.	<b>5,920,510</b>	-
	<b>13,789,571</b>	9,781,692
<b>Less: Current portion</b>	<b>2,187,094</b>	1,818,000
	<b>11,602,477</b>	7,963,692

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

	<b>Total</b>
2021	2,187,094
2022	2,234,837
2023	1,668,865
2024	1,708,190
2025	1,747,820
<b>Total</b>	<b>9,546,806</b>

# Timmins and District Hospital Notes to the Financial Statements

*For the year ended March 31, 2021*

## 12. Long-term debt agreements

### RBC

The loans from RBC are swap rate takeout loan agreements on long term capital (Loan 1) and IT upgrades (Loan 2). The original loans were converted to these agreements in September 2016. The swap agreement exchanges the Hospital's Banker's Acceptance variable loan payments for an established fixed rate payment. The exchange of interest payments result in an effective interest rate of 1.53% plus a 0.75% stamping fee for an all-in interest rate of 2.28% for the 9.5 year term for Loan 1 and an effective interest rate of 1.41% plus a 0.60% stamping fee for an all-in interest rate of 2.01% for the 6.5 year term for Loan 2. The approximate loss (gain) on breaking the swap rate loan agreement prior to maturation, given the market interest rates as at March 31, 2021 is estimated to be \$73,061 (2020 - \$167,692).

### TD

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

	2021	2020
RBC Loan 1	6,601,000	7,839,000
Fair value adjustment of derivative	63,909	150,197
	6,664,909	7,989,197
RBC Loan 2	1,195,000	1,775,000
Fair value adjustment of derivative	9,152	17,495
	1,204,152	1,792,495
TD Single Draw Facility	5,785,211	-
Fair value adjustment of derivative	135,299	-
	5,920,510	-
	13,789,571	9,781,692

## 13. Employee future benefit liabilities

The Hospital provides extended health care, dental and life insurance benefits (as applicable) to eligible employees upon retirement. An independent actuarial study of the post-retirement and post-employment benefits was prepared as at March 31, 2021.

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

Discount rate for calculation of March 31, 2021 disclosures	3.21% (2020 - 3.29%)
Dental benefits - trend rates	4.00% (same as previous period)
Health benefits - trend rates	5.00% (2020 - 4.50%)

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

**Timmins and District Hospital**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**13. Employee future benefit liabilities** (Continued from previous page)

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

	2021	2020
<b>Retirement and Other Employee Future Benefit Liability</b>		
Liability for post-retirement benefits, beginning of year	4,901,217	4,733,719
Expense related to post-retirement benefits	327,090	375,034
Funding contributions	(222,419)	(207,536)
Liability for post-retirement benefits, end of year	5,005,888	4,901,217
<b>Accrued benefit liabilities at March 31 include the following components:</b>		
Accrued benefit obligation	4,821,716	4,610,932
Unamortized experience gains	184,172	290,285
	5,005,888	4,901,217

**14. Deferred capital asset contributions**

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

	Grants	Donations	2021 Total	2020 Total
Balance beginning of year	27,102,394	15,607,185	42,709,579	45,375,688
Add amounts received during the year	1,001,388	734,182	1,735,570	1,726,928
Less amounts amortized to revenue	(1,816,755)	(2,619,512)	(4,436,267)	(4,393,037)
Balance, end of year	26,287,027	13,721,855	40,008,882	42,709,579

Included in the amounts received during the year is \$492,116 (2020 - \$267,766) received for assets not yet placed in use and therefore has not been amortized.

**15. Contingent liabilities**

**Healthcare Insurance Reciprocal of Canada**

A group of healthcare institutions, including the Hospital, are members of the Health Care Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2021, no assessments have been received.

**Legal matters and litigation**

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

# Timmins and District Hospital

## Notes to the Financial Statements

*For the year ended March 31, 2021*

### 16. Pension plan

Substantially all of the employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit plan. Employer contributions made to the plan during the year by the Hospital amounted to \$4,048,028 (2020 - \$4,195,046). These amounts are included in employee benefits in the statement of operations.

### 17. Other revenue

	2021	2020
<b>Patient revenue</b>		
In patient	958,435	888,539
Out patients - OHIP	5,060,226	7,194,701
Out patients - other	713,606	1,235,829
Preferred accommodation	453,781	928,491
	7,186,048	10,247,560
<b>Recoveries</b>		
Recoveries - other services	2,608,414	3,148,671
Recoveries - all other	2,315,222	2,430,724
	4,923,636	5,579,395
<b>Other revenue</b>		
Ambulance	83,210	85,235
Cafeteria and coffee shop	424,089	912,268
Investment income	4,580	7,886
Ministry of Health - Emergency Physician Funding	3,972,534	3,515,338
Other revenue	669,193	1,643,254
Undistributed income	278,539	28,162
	5,432,145	6,192,143
	17,541,829	22,019,098

**Timmins and District Hospital**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**18. Other funds**

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

	2021	2020
<b>Revenue</b>		
Adult Community Mental Health	1,832,049	1,174,608
Ambulance offload	43,380	55,820
Mental Health Out-Patient Sessional fees	312,263	304,562
Municipal taxation	12,300	24,600
Partnerships and projects	2,031,774	1,936,352
	4,231,766	3,495,942
<b>Expenses</b>		
Adult Community Mental Health	1,832,049	1,174,608
Ambulance offload	43,380	55,820
Mental Health Out-Patient Sessional fees	312,263	304,562
Municipal taxation	12,300	24,600
Partnerships and projects	2,031,774	1,936,352
	4,231,766	3,495,942
Excess of revenue over expenses	-	-

**19. Related party transactions**

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

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

An amount of \$704,470 (2020 - \$1,190,628) has been received from the Foundation and recorded as deferred contributions related to capital assets. Included in accounts receivable at year end was \$nil (2020 - \$nil) from the Foundation .

**20. Economic dependence**

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

**21. Financial instruments**

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

***Interest rate risk***

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rate. The Hospital is exposed to this risk through the line of credit and long term debt due to variable rates of interest ranging from prime less 0.65% to 2.91%.

***Liquidity risk***

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

**22. MOHLTC/NELHIN Working Capital Funding**

In March 2021, the Hospital was advised that it was eligible for one-time funding to address its working capital deficit. The Hospital 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 Ministry 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 Ministry. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

**23. MOHLTC/NELHIN Pandemic Funding**

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

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

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

**24. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.