

Financial Statements of

TEMISKAMING HOSPITAL

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury ON P3E 3Z8
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITOR'S REPORT

To the Directors of Temiskaming Hospital

Opinion

We have audited the financial statements of Temiskaming Hospital (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of statement of changes in net assets for the year then ended
- the statement of remeasurement gains (loss) for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations 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 responsibility under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibility 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 Entity’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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 the 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.



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We also:

- Identify and assess the risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the events or conditions that may cast significant doubt on the Entity'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 Entity's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 13, 2023

TEMISKAMING HOSPITAL

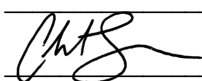
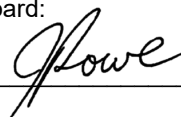
Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Ontario Health North and Ministry of Health	\$ 31,627,568	\$ 28,997,680
Cancer Care Ontario	1,902,826	1,258,434
Patient services	2,808,510	2,984,818
Other	2,626,166	2,252,729
Amortization - deferred capital contributions for equipment	664,476	775,582
	<u>39,629,546</u>	<u>36,269,243</u>
Expenses:		
Salaries and wages	23,888,986	18,097,666
Supplies and other	6,137,595	6,121,121
Employee benefits	5,341,473	5,266,783
Medical staff remunerations	2,435,045	2,338,801
Drugs	2,655,384	2,017,701
Medical and surgical supplies	1,269,830	1,219,900
Amortization - equipment	1,194,622	1,189,077
	<u>42,922,935</u>	<u>36,251,049</u>
Excess (deficiency) of revenue over expenses from Hospital operations	(3,293,389)	18,194
Amortization - deferred capital contributions for buildings, land improvements and building service equipment	312,114	288,015
Amortization - buildings, land improvements and building service equipment	(691,911)	(689,855)
Deficiency of revenue over expenses	<u>\$ (3,673,186)</u>	<u>\$ (383,646)</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

TEMISKAMING HOSPITAL

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
		(restated - note 2)
Assets		
Current assets:		
Investments (note 3)	\$ 3,313,941	\$ 3,338,913
Accounts receivable (note 4)	3,178,790	4,957,568
Inventories	495,971	709,036
Prepaid expenses	440,566	459,569
Note receivable (note 5)	1,480,000	1,480,000
	<u>8,909,268</u>	<u>10,945,086</u>
Capital assets (note 6)	17,838,026	16,408,020
	<u>\$ 26,747,294</u>	<u>\$ 27,353,106</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Bank indebtedness	\$ 221,185	\$ 2,754,606
Accounts payable and accrued liabilities (note 8)	7,059,431	5,695,066
Construction credit facility (note 9)	2,813,295	-
	<u>10,093,911</u>	<u>8,449,672</u>
Deferred capital contributions (note 10)	7,206,741	5,697,262
Employee post-retirement benefits (note 11)	2,164,771	2,100,038
Asset retirement obligation (note 12)	3,843,700	3,843,700
	<u>23,309,123</u>	<u>20,090,672</u>
Net assets	3,483,353	7,156,539
Remeasurement gains (loss)	(45,182)	105,895
Contingencies (note 16)		
	<u>\$ 26,747,294</u>	<u>\$ 27,353,106</u>

See accompanying notes to financial statements.

TEMISKAMING HOSPITAL

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
		(restated note 2)
Net assets, beginning of year:		
As previously stated	\$ 7,156,539	\$ 11,383,885
Adjustment for change in accounting policy (note 2)	-	(3,843,700)
As restated	7,156,539	7,540,185
Deficiency of revenue over expenses	(3,673,186)	(383,646)
Net assets, end of year	\$ 3,483,353	\$ 7,156,539

See accompanying notes to financial statements

TEMISKAMING HOSPITAL

Statement of Remeasurement Gains (Loss)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Remeasurement gains, beginning of year	\$ 105,895	\$ 226,296
Amounts reclassified to statement of operations - realized investment gain	(28,145)	(105,896)
Unrealized investment loss	(122,932)	(14,505)
Remeasurement gains (loss), end of year	\$ (45,182)	\$ 105,895

See accompanying notes to financial statements.

TEMISKAMING HOSPITAL

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (3,673,186)	\$ (383,646)
Adjustments for:		
Amortization of capital assets	1,886,533	1,878,932
Amortization of deferred capital contributions	(976,590)	(1,063,597)
Unrealized loss on investments	(122,932)	(14,505)
Realized loss on investments	(28,145)	(105,896)
Increase in employee post-retirement benefits	64,733	88,975
	<u>(2,849,587)</u>	<u>400,263</u>
Change in non-cash working capital (note 13)	3,375,211	279,609
	<u>525,624</u>	<u>679,872</u>
Cash flows from capital activities:		
Net additions to capital assets	(3,316,539)	(2,638,514)
Increase in deferred capital contributions	2,486,069	1,117,705
	<u>(830,470)</u>	<u>(1,520,809)</u>
Cash flows from investing activities:		
Decrease (increase) in investments	24,972	(229,266)
	<u>24,972</u>	<u>(229,266)</u>
Cash flows from financing activities:		
Proceeds from issuance of construction credit facility	2,813,295	-
	<u>2,813,295</u>	<u>-</u>
Net increase (decrease) in cash	2,533,421	(1,070,203)
Bank indebtedness, beginning of year	(2,754,606)	(1,684,403)
Bank indebtedness, end of year	<u>\$ (221,185)</u>	<u>\$ (2,754,606)</u>

See accompanying notes to financial statements.

TEMISKAMING HOSPITAL

Notes to Financial Statements

Year ended March 31, 2023

Temiskaming Hospital (the "Hospital") was incorporated under the laws of Ontario. The Hospital is principally involved in providing health care services to Temiskaming Shores and the surrounding area. The Hospital is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. 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.

(a) Revenue recognition:

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (the "Ministry") and the Ontario Health North ("OHN"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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

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

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis, at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized when the service is provided.

(b) Funding adjustments:

The Hospital receives grants from the OHN and the Ministry for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the Ministry or OHN may be entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Given the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Inventories:

Inventories are stated at the lower of average cost and net realizable value.

(e) Capital assets:

Capital assets are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis over their estimated useful lives as follows:

Plant and property	10 to 40 years
Equipment and furnishings	3 to 20 years
Computer software	3 to 5 years

In the year of acquisition, amortization is pro-rated based on the date of service.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(f) Employee post-retirement 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.

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 over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 9.9 years.

Past service costs arising from plan amendments 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.

(g) Asset retirement obligations:

The Hospital recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos-containing materials in certain Hospital has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the consolidated financial statements are recognized in the Statement of Operations at the time of remediation occurs.

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(h) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains. On sale, the statement of remeasurement gains associated with that instrument are reversed and recognized in the statement of operations.

(i) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; accounts payable and accrued liabilities; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Change in accounting policy:

On April 1, 2022, the Hospital adopted Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in certain Hospital facilities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On April 1, 2021, the Hospital recognized an asset retirement obligation relating to facilities owned by the Hospital that contain asbestos. The building was originally purchased in 1979, and the liability was measured as of the date of purchase of the building, when the liability was created. The building had an expected useful life of 40 years, and the estimate has not been changed since purchase.

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Change in accounting policy (continued):

In accordance with the provisions of this new standard, the Hospital reflected the following adjustments at April 1, 2021:

- An increase of \$3,843,700 to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase and an accompanying increase of \$3,843,700 to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of \$3,843,700, representing an estimate of the current obligations.
- A decrease to Opening Accumulated Surplus of \$3,843,700, as a result of the recognition of the liability and accompanying increase in depreciation expense.

3. Investments:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Pooled investment funds	\$ 3,359,123	\$ 3,313,941	\$ 3,233,018	\$ 3,338,913

4. Accounts receivable:

	2023	2022
Patients and clients	\$ 1,866,226	\$ 1,115,639
Harmonized Sales Tax	151,494	407,199
Ministry of Health	1,161,070	3,434,730
	\$ 3,178,790	\$ 4,957,568

5. Note receivable:

	2023	2022
Temiskaming Hospital Foundation	\$ 1,480,000	\$ 1,480,000

The note receivable is non-interest bearing, has no specified terms of repayment and is due on demand. The advance was made to assist the Temiskaming Hospital Foundation in fulfilling its core mandate.

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Capital assets:

2023	Cost	Accumulated Amortization	Net book Value
Land improvements	\$ 956,652	\$ 943,379	\$ 13,273
Buildings	21,098,389	14,797,372	6,301,017
Building service equipment	10,261,941	6,182,331	4,079,610
Furniture and equipment	20,538,392	15,882,620	4,655,772
Construction in Progress	2,788,354	–	2,788,354
	<u>\$ 55,643,728</u>	<u>\$ 37,805,702</u>	<u>\$ 17,838,026</u>

2022	Cost	Accumulated Amortization	Net book Value
Land improvements	\$ 956,651	\$ 941,504	\$ 15,147
Buildings	21,256,992	14,445,649	6,811,343
Building service equipment	10,419,245	5,770,561	4,648,684
Furniture and equipment	18,580,812	14,761,279	3,819,533
Construction in Progress	1,113,313	–	1,113,313
	<u>\$ 52,327,013</u>	<u>\$ 35,918,993</u>	<u>\$ 16,408,020</u>

7. Credit facilities:

The Hospital has arranged for a demand operating line of \$2,600,000, which includes a temporary increase of \$1,850,000, bearing interest at banker's prime rate less 0.25%. As at March 31, 2023, \$1,971,436 is outstanding under the demand operating line (2022 - \$1,236,995).

8. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable	\$ 5,532,313	\$ 4,236,895
Payroll accruals:		
Salaries and wages	549,419	522,900
Vacation pay and other entitlements	716,326	700,569
Deferred revenue	261,373	234,702
	<u>\$ 7,059,431</u>	<u>\$ 5,695,066</u>

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Construction credit facility:

The construction credit facility is authorized to a maximum of \$6,500,000 (2022 - \$Nil), is repayable on demand, has interest calculated at bank prime minus 0.85% and is secured by a borrowing resolution. At March 31, 2023, the amount drawn against the facility is \$2,813,295 (2022 - \$Nil). The Hospital intends to convert the facility to a term loan, not exceed 20 years, upon completion of the related capital project.

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balance of donations and grants received for the purchase of capital assets. Details of the continuity of these funds are as follows:

	2023	2022
Balance, beginning of year	\$ 5,697,262	\$ 5,643,154
Additional contributions received	2,486,069	1,117,705
Less amounts amortized to revenue	(976,590)	(1,063,597)
Balance, end of year	\$ 7,206,741	\$ 5,697,262

The deferred contributions related to capital assets consist of the following:

	2023	2022
Unamortized	\$ 6,094,925	\$ 5,659,142
Unspent	1,111,816	38,120
	\$ 7,206,741	\$ 5,697,262

11. Employee post-retirement benefits:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all unionized full time employees with various cost-sharing arrangements as determined by their collective agreements. The most recent valuation of the employee future benefits was completed as at March 31, 2021.

The accrued benefit obligation is recorded in the financial statements as follows:

	2023	2022
Balance, beginning of year	\$ 2,100,038	\$ 2,011,063
Add: benefit costs	127,804	145,799
	2,227,842	2,156,862
Less: benefit contributions	(63,071)	(56,824)
Balance, end of year	\$ 2,164,771	\$ 2,100,038

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Employee post-retirement benefits (continued):

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

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

	2023	2022
Discount rate	4.04%	3.89%
Dental cost trend rates	4.00%	4.00%
Extended health care trend rates	8.00%	8.00%
	Decreasing 0.5% annually to an ultimate rate of 4.5%	

12. Asset retirement obligation:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities as well as underground fuel tanks on properties owned by the Hospital. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material and any soil contaminants in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2023	2022
Balance, beginning of year	\$ 3,843,700	\$ –
Adjustment on adoption of PS 3280 asset retirement obligation standard	–	3,843,700
Opening balance, as restated	3,843,700	3,843,700
Less: obligations settled during the year	–	–
Total obligation at March 31	3,843,700	3,843,700
Less: current portion reported in accounts payable and accrued liabilities	–	–
Balance, end of year	\$ 3,843,700	\$ 3,843,700

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

13. Change in non-cash working capital:

	2023	2022
Accounts receivable	\$ 1,778,778	\$ (1,138,057)
Inventories	213,065	(77,178)
Prepaid expenses	19,003	45,847
Accounts payable and accrued liabilities	1,364,365	1,448,997
	<hr/>	<hr/>
	\$ 3,375,211	\$ 279,609

14. Pension plan:

Substantially all of the employees of the Hospital are members of the Health Care of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit plan. Contributions made to the plan during the year by the Hospital on behalf of its employees amounted to \$ 1,299,758 (2022 - \$1,315,087) and are included in employee benefits in the statement of operations.

15. Related entities:

The Hospital has an economic interest in the Temiskaming Hospital Foundation and Temiskaming Hospital CAT Scan Foundation.

The Temiskaming Hospital Foundation was created for the purposes of promoting and participating in fundraising programs in order to raise money for capital equipment. During the year, the Hospital received donations amounting to \$282,873 (2022 - \$508,129) from the Temiskaming Hospital Foundation.

The Temiskaming Hospital CAT Scan Foundation was created for the purposes of raising funds to support the operation of a CAT scanner. During the year, the Hospital received donations amounting to \$180,000 (2022 - \$175,000) from the Temiskaming Hospital CAT Scan Foundation.

16. Contingencies:

(a) Legal matters and litigation:

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(b) Employment matters:

During the normal course of business, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

TEMISKAMING HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2023

16. Contingencies (continued):

(c) Insurance:

A group of healthcare institutions, including the Hospital, are members of the Health Care Insurance Reciprocal of Canada (“HIROC”). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2023, no assessments have been received.

17. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to accounts receivable and other investments.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2023 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

The Hospital follows an investment policy approved by the Board of Directors. The maximum exposure to credit risk of the Hospital at March 31, 2023 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2022.

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2022.

18. Comparative information:

Certain comparative figures have been reclassified to conform with the presentation adopted in 2023.