

**Services De Santé De Chapleau Health Services**

**Financial Statements**

**Year ended March 31, 2020**

## MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Services De Santé De Chapleau Health Services (“the Hospital”) are the responsibility of the Hospital’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for government not-for-profit organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Hospital. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital’s financial statements.

Chief Executive Officer

  
\_\_\_\_\_

Chair

  
\_\_\_\_\_

June 10, 2020

## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of  
**Services De Santé De Chapleau Health Services**

### *Opinion*

We have audited the financial statements of **Services De Santé De Chapleau Health Services**, which comprise the statement of financial position as at **March 31, 2020**, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at **March 31, 2020**, 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT, continued

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

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

We also:

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

**INDEPENDENT AUDITOR'S REPORT, continued**

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.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
June 10, 2020

**Services De Santé De Chapleau Health Services**  
**Statement of Financial Position**  
**March 31, 2020 with comparative figures for 2019**

|  | 2020         | 2019         |
|--|--------------|--------------|
| <b>Assets</b>  |              |              |
| <b>Current</b>   |              |              |
| Cash and cash equivalents (note 3)                                   | \$ 1,112,560 | \$ 897,958   |
| Investments (note 4)   | 68,716       | 78,404       |
| Accounts receivable (note 5)   | 241,424      | 167,356      |
| Inventory  | 201,597      | 164,289      |
| Prepaid expenses (note 6)  | 173,055      | 71,126       |
|  | 1,797,352    | 1,379,133    |
| <b>Receivable from Chapleau General Hospital Foundation (note 7)</b> | 88,099       | 185,041      |
| <b>Capital assets (note 8)</b>                                       | 7,333,834    | 7,593,671    |
|  | \$ 9,219,285 | \$ 9,157,845 |
| <b>Liabilities and net assets (deficit)</b>                          |              |              |
| <b>Current</b>   |              |              |
| Accounts payable and accrued liabilities (note 9)                    | \$ 1,799,873 | \$ 1,725,162 |
| Deferred contributions   | 296,705      | 296,705      |
| Current portion of long-term debt                                    | 96,955       | 70,560       |
|  | 2,193,533    | 2,092,427    |
| <b>Long-term debt (note 10)</b>                                      | 506,528      | 446,965      |
| <b>Liability for post-retirement benefits (note 11)</b>              | 764,400      | 713,400      |
| <b>Deferred capital contributions (note 12)</b>                      | 6,443,307    | 6,701,919    |
|  | 9,907,768    | 9,954,711    |
| <b>Net assets (deficit)</b>  |              |              |
| Unrestricted net assets (deficit)                                    | (986,663)    | (1,182,229)  |
| Equity in capital assets (note 13)                                   | 298,180      | 385,363      |
|  | (688,483)    | (796,866)    |
|  | \$ 9,219,285 | \$ 9,157,845 |

**Contingent liabilities (note 14)**

Approved on behalf of the Board of Directors:

Director   
 Director 

**Services De Santé De Chapleau Health Services**  
**Statement of Operations**  
**Year ended March 31, 2020 with comparative figures for 2019**

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Revenues</b>   |                   |                   |
| Chapleau General Hospital (Schedule 1 - Schedule of Operations)     | \$ 10,801,957     | \$ 10,260,173     |
| Other Votes (Schedule 2)  | 1,262,875         | 1,095,425         |
| Cedar Grove (Schedule 3)  | 275,814           | 272,133           |
|   | <b>12,340,646</b> | <b>11,627,731</b> |
| <b>Expenditures</b>   |                   |                   |
| Chapleau General Hospital (Schedule 1 - Schedule of Operations)     | 10,639,483        | 10,048,912        |
| Other Votes (Schedule 2)  | 1,288,992         | 1,179,165         |
| Cedar Grove (Schedule 3)  | 309,921           | 286,427           |
|   | <b>12,238,396</b> | <b>11,514,504</b> |
| <b>Excess of revenues over expenditures before undernoted items</b> | <b>102,250</b>    | <b>113,227</b>    |
| Investment income and interest                                      | 15,821            | 16,236            |
| Unrealized gain (loss) in market value of investments               | (9,688)           | 850               |
| <b>Excess of revenues over expenditures</b>                         | <b>\$ 108,383</b> | <b>\$ 130,313</b> |

**Services De Santé De Chapleau Health Services**  
**Statement of Changes in Net Assets**  
**Year ended March 31, 2020 with comparative figures for 2019**

|   | Unrestricted<br>net assets<br>(deficit) | Equity in<br>capital<br>assets | Total<br>2020       | Total<br>2019    |
|---|---|--------------------------------|---------------------|------------------|
| <b>Balance, beginning of year</b>                 | \$ (1,182,229) \$                       | 385,363 \$                     | (796,866) \$        | (927,179)        |
| Excess (deficiency) of revenues over expenditures | 305,330                                 | (196,947)                      | 108,383             | 130,313          |
| Invested in capital assets                        | (109,764)                               | 109,764                        | -                   | -                |
| <b>Balance, end of year</b>                       | <b>\$ (986,663) \$</b>                  | <b>298,180 \$</b>              | <b>(688,483) \$</b> | <b>(796,866)</b> |



## Services De Santé De Chapleau Health Services

### Cash Flows Statement

Year ended March 31, 2020 with comparative figures for 2019

|  | 2020         | 2019       |
|--|--------------|------------|
| <b>Cash flows from operating activities</b>                                  |              |            |
| Excess of revenues over expenditures   | \$ 108,383   | \$ 130,313 |
| Adjustments for non-cash items   |              |            |
| Amortization of capital assets   | 716,887      | 676,837    |
| Amortization of deferred capital contributions                               | (519,940)    | (513,026)  |
| Increase in post-retirement benefits liability                               | 51,000       | 47,900     |
| Unrealized loss (gain) on market value of investments                        | 9,688        | (850)      |
|  | 366,018      | 341,174    |
| Change in non-cash working capital items                                     |              |            |
| Accounts receivable  | (74,068)     | 42,427     |
| Inventory  | (37,308)     | (1,149)    |
| Prepaid expenses   | (101,929)    | 14,230     |
| Accounts payable and accrued liabilities                                     | 74,711       | 14,553     |
|  | 227,424      | 411,235    |
| <b>Cash flows from investing activities</b>                                  |              |            |
| Purchase of investments  | -            | (2,709)    |
|  | -            | (2,709)    |
| <b>Cash flows from financing activities</b>                                  |              |            |
| Recovery of advances to (advances to)Chapleau General Hospital<br>Foundation | 96,942       | (59,423)   |
| Principal payments on long-term debt   | (76,836)     | (67,506)   |
| Proceeds of long-term debt   | 162,794      | -          |
|  | 182,900      | (126,929)  |
| <b>Cash flows from capital activities</b>                                    |              |            |
| Deferred capital contributions received                                      | 261,329      | 286,551    |
| Purchase of capital assets   | (457,051)    | (401,301)  |
|  | (195,722)    | (114,750)  |
| <b>Increase in cash</b>  | 214,602      | 166,847    |
| <b>Cash, beginning of year</b>   | 897,958      | 731,111    |
| <b>Cash, end of year</b>   | \$ 1,112,560 | \$ 897,958 |

Other information:

Cash is comprised of cash and cash equivalents. Refer to notes 2(b) and 3 for additional information.

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

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1. **Nature of operations**

Services De Santé De Chapleau Health Services ("the Hospital") is principally involved in providing health care services to the residents of the Chapleau area. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. **Significant accounting policies**

These financial statements are prepared using Canadian public sector accounting standards for government not-for-profit organizations including PS 4200 series of standards as issued by the Public Sector Accounting Board. The significant policies are detailed as follows:

(a) **Revenue recognition**

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

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 and Long-Term Care ("MOHLTC") and the North East Local Health Integration Network. 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 that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount 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. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial insurance plan, preferred accommodation, and marketed services are recognized in the period in which the goods are sold or the service is provided.

(b) **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

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#### 2. Significant accounting policies, continued

##### (c) Investments

The organization records its investments at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations.

##### (d) Inventory

Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined using the purchase cost method.

##### (e) Related entity

The notes to the accompanying financial statements include information of Chapleau General Hospital Foundation. This entity is not consolidated in these statements. The Hospital has an economic interest in the entity.

##### (f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its estimated realizable value.

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

|                   |                |
|-------------------|----------------|
| Land improvements | 5 to 15 years  |
| Buildings         | 20 to 30 years |
| Equipment         | 5 to 15 years  |

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

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**2. Significant accounting policies, continued**

**(g) Pension plans and other retirement benefit plans**

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 12 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 Healthcare 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 the past employee service.

**(h) Funding Adjustments**

The Hospital receives grants from the Local Health Integration Network ("LHIN") and the Ministry of Health and Long-Term Care ("MOHLTC") for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the LHIN or MOHLTC are 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 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.

**(i) Contributed services**

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

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**2. Significant accounting policies, continued**

**(j) Financial instruments**

**(i) Measurement of financial instruments**

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Hospital subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include investments.

**(ii) Impairment**

Financial assets measured at other than fair value cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations, in the period it is identified and measurable, to the amount of the previously recognized impairment.

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

2. **Significant accounting policies, continued**

(k) **Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates used in the preparation of the accompanying financial statements include estimated allowances for uncollectible accounts receivable, realizable value of inventory, estimated useful lives of capital assets, certain accrued liabilities, and post-employment benefits liability.

3. **Cash and cash equivalents**

Included in cash and cash equivalents is cash and guaranteed investment certificates.

4. **Investments**

Investments are recorded at market value and consist of a cash balance with a market and cost value of \$14,803, and an investment balance with a market value of \$53,913 (cost - \$62,571).

5. **Accounts receivable**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Grants and other                         | \$ 126,833        | \$ 14,762         |
| HST rebates                              | 71,471            | 90,191            |
| Patients, tenants and service recipients | 43,120            | 62,403            |
|  | <b>\$ 241,424</b> | <b>\$ 167,356</b> |

6. **Prepaid expenses**

Included in prepaid expenses at March 31, 2020 is a payment to the contractor for a flooring contract in the amount \$124,310. These funds were received as part of the HIRF funding and included in deferred capital contributions. See note 12.

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

**7. Receivable from Chapleau General Hospital Foundation**

The advances to Chapleau General Hospital Foundation, a related entity (notes 2(e) and 17), are unsecured, non-interest bearing and without fixed terms of repayment.

**8. Capital assets**

|                   | 2020                 |                          | 2019                |                     |
|-------------------|----------------------|--------------------------|---------------------|---------------------|
|                   | Cost                 | Accumulated amortization | Net                 | Net                 |
| Land              | \$ 82,133            | \$ -                     | \$ 82,133           | \$ 82,133           |
| Land improvements | 278,804              | 243,108                  | 35,696              | 42,835              |
| Buildings         | 17,302,411           | 10,832,976               | 6,469,435           | 6,948,122           |
| Equipment         | 6,929,265            | 6,182,695                | 746,570             | 520,581             |
|                   | <b>\$ 24,592,613</b> | <b>\$ 17,258,779</b>     | <b>\$ 7,333,834</b> | <b>\$ 7,593,671</b> |

Cost and accumulated amortization at March 31, 2019 amounted to \$24,135,562 and \$16,541,891 respectively.

**9. Accounts payable and accrued liabilities**

|   | 2020                |                     | 2019 |  |
|---|---------------------|---------------------|------|--|
| Local Health Integration Network/ Ministry of Health and Long-Term Care | \$ 659,101          | \$ 470,045          |      |  |
| Payroll related   | 530,223             | 380,555             |      |  |
| General accounts payable and other                                      | 610,549             | 874,562             |      |  |
|   | <b>\$ 1,799,873</b> | <b>\$ 1,725,162</b> |      |  |

Included in accounts payable and accrued liabilities are government remittances payable of \$93,764 (2019 - \$16,635).

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

10. **Long-term debt**

|  | 2020       | 2019       |
|--|------------|------------|
| 4.7% GE equipment loan, payable \$3,590 monthly including interest, maturing May 2022, secured by specified equipment with a net book value of \$119,477.          | \$ 87,810  | \$ 125,795 |
| 4.01% IBM software loan, payable \$278 monthly including interest, maturing September 2022, secured by specified equipment with a net book value of \$6,236.       | 7,920      | 10,872     |
| 3.55% RBC mortgage, payable \$2,951 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing June 2022.              | 351,234    | 373,744    |
| 3.58% RBC mortgage, payable \$2,242 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing November 2024           | 117,357    | -          |
| 1.99% Ford Credit vehicle loan, payable \$698 monthly including interest, maturing February 2025, secured by specified equipment with a net book value of \$34,697 | 39,162     | -          |
| 5.99% RBC vehicle loan, payable \$612 monthly including interest, matured March 2020   | -          | 7,114      |
|  | 603,483    | 517,525    |
| Less current portion   | 96,955     | 70,560     |
|  | \$ 506,528 | \$ 446,965 |
| Estimated principal repayments are as follows:   |            |            |
| 2021   | \$ 96,955  |            |
| 2022   | 100,828    |            |
| 2023   | 65,736     |            |
| 2024   | 59,773     |            |
| 2025   | 54,295     |            |
| Subsequent years   | 225,896    |            |
|  | \$ 603,483 |            |



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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

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**11. Liability for post-retirement benefits**

The Hospital provides for the reimbursement of dental and extended health care expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these financial statements.

The most recent valuation of the employee future benefits was completed as at March 31, 2020.

|                             | 2020              | 2019              |
|-----------------------------|-------------------|-------------------|
| Balance, beginning of year  | \$ 713,400        | \$ 665,500        |
| Add: Benefit costs          | 86,700            | 81,800            |
| Less: Benefit contributions | (35,700)          | (33,900)          |
|                             | <b>\$ 764,400</b> | <b>\$ 713,400</b> |

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

The main assumptions employed for the valuations are as follows:

Interest (discount) rate:

The obligation as at March 31, 2020 of the present value of future liabilities and the expense for the period ended March 31, 2020 was determined using an annual discount rate of 3.18% (2019 - 3.37%). This corresponds to the provincial cost of borrowing rate recommended by the MOHLTC.

Dental cost trend rates: 3.00% per annum (2019 - 2.75%).

Extended Health Care trend rates: 5.37% per annum (2019 - 6.00%).

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

**12. Deferred capital contributions**

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| Balance, beginning of year                            | \$ 6,701,919        | \$ 6,928,394        |
| Additional capital contributions received in the year | 261,328             | 286,551             |
| Less amounts amortized to revenue                     | (519,940)           | (513,026)           |
| <b>Balance, end of year</b>                           | <b>\$ 6,443,307</b> | <b>\$ 6,701,919</b> |

Included in deferred capital contributions are unspent capital contributions received from the Ontario Ministry of Health and Long-term Care of \$11,136, (2019 - \$11,136) that are not being amortized.

Included in the capital contributions received in the year was \$124,310 of HIRF Funding that was not spent at March 31, 2020 due to COVID-19. This funding was approved by the Ministry of Health to be carried over to the 2020/2021 year to be used for the same purpose as the original funding.

**13. Equity in capital assets**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Capital assets, net book value             | \$ 7,333,834      | \$ 7,593,671      |
| Amounts financed by long-term debt         | (603,483)         | (517,525)         |
| Unamortized deferred capital contributions | (6,432,171)       | (6,690,783)       |
| <b>Ending equity in capital assets</b>     | <b>\$ 298,180</b> | <b>\$ 385,363</b> |

The change in equity in capital assets is calculated as follows:

|  | 2020               | 2019             |
|--|--------------------|------------------|
| Purchase of capital assets                     | \$ 457,051         | \$ 401,301       |
| Amounts of capital contributions received      | (261,329)          | (286,551)        |
| Amounts funded by long-term debt               | (162,794)          | -                |
| Principal payments on long-term debt           | 76,836             | 67,506           |
| Amortization of deferred capital contributions | 519,940            | 513,026          |
| Amortization of capital assets                 | (716,887)          | (676,837)        |
|  | <b>\$ (87,183)</b> | <b>\$ 18,445</b> |

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

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#### 14. **Contingent liabilities**

The nature of the Hospital's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2020, management believes the Hospital has valid defences and appropriate insurance in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

#### 15. **Credit facilities**

The Hospital has available to it, an RBC demand loan to a maximum of \$200,000 with interest payable at prime plus 0.4%. As at March 31, 2020 there is a balance of \$Nil owing on this loan (2019 - \$Nil).

#### 16. **Pension plan**

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. 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 of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

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 indicates the plan is fully funded. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$425,994 (2019 - \$438,972) and are included in the statement of operations.

At December 31, 2019, the HOOPP had total assets of \$180.8 billion (2018 - \$172.9 billion) and an accumulated surplus of \$20.6 billion (2018 - \$13.9 billion).

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

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#### 17. Related entity

The Chapleau General Hospital Foundation was created with the purpose of promoting and participating in fundraising initiatives for programs and capital projects. Pertinent financial information of the Foundation is as follows:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| <b>Assets</b>                                       | <b>\$ 877,629</b>   | <b>\$ 1,262,330</b> |
| Liabilities   | \$ 88,100           | \$ 190,040          |
| Fund balance  | 789,529             | 1,072,290           |
|   | <b>\$ 877,629</b>   | <b>\$ 1,262,330</b> |
| <b>Results of Operations:</b>                       |                     |                     |
|   | 2020                | 2019                |
| <b>Revenues:</b>                                    |                     |                     |
| Donations   | \$ 72,045           | \$ 82,884           |
| Investment income                                   | 36,287              | 43,778              |
| Fundraising   | 9,740               | 45,649              |
| <b>Total revenue</b>                                | <b>\$ 118,072</b>   | <b>\$ 172,311</b>   |
| <b>Expenses:</b>                                    |                     |                     |
| Charitable contributions                            | \$ 157,019          | \$ 67,046           |
| Other costs   | 116,425             | 54,566              |
| <b>Total expenses</b>                               | <b>\$ 273,444</b>   | <b>\$ 121,612</b>   |
| <b>Other income (expense):</b>                      |                     |                     |
| Gain on sale of investments                         | \$ 17,266           | \$ 70,489           |
| Unrealized loss on market value of investments      | (144,655)           | (65,749)            |
|   | <b>\$ (127,389)</b> | <b>\$ 4,740</b>     |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>\$ (282,761)</b> | <b>\$ 55,439</b>    |

All charitable contributions were directed to the Hospital, of which the Chapleau General Hospital Foundation approved contributions of \$157,019 (2019 - \$67,046) to be used for capital acquisitions.

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2020 with comparative figures for 2019

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#### 18. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The organization is exposed to the following risks associated with financial instruments and transactions it is a party to:

##### (a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause another party to incur a financial loss. The organization is exposed to credit risk associated with its cash and cash equivalents, investments, accounts receivable, and receivable from Chapleau General Hospital Foundation.

The organization minimizes risk associated with cash and cash equivalents, and investments by holding these financial assets with large reputable financial institutions with high credit ratings.

The organization has credit risk associated with its accounts receivable balances of \$241,424 (2019 - \$167,356). The organization manages its exposure to this credit risk through managements on-going monitoring of accounts receivable balances and collections including performing credit valuations on a regular basis. An allowance for bad debts is recorded when applicable.

Refer to note 2(k)(ii) regarding the organizations policies for assessing impairment of financial assets measured at other than fair value, which includes its receivable from Chapleau General Hospital Foundation.

##### (b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization has liquidity risk exposure associated with its accounts payable and accrued liabilities of \$1,799,873 (2019 - \$1,725,162). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and through extensive budgeting and monitoring cash requirements to ensure adequate cash resources or arrangements exist repay creditors including long-term debt interest and principal payments as those liabilities become due.

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2020 with comparative figures for 2019**

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**19. COVID-19 Pandemic**

The COVID-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada and its provinces, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at March 31, 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date. Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption to the Hospital cannot be reasonably estimated and the full financial impact of COVID-19 on the Hospital's financial position is not known at this time.

**20. Comparative figures**

Certain 2019 comparative figures have been reclassified from those previously presented to conform to the presentation of the 2020 financial statements. The changes do not affect prior year excess of revenues over expenditures.

**Services De Santé De Chapleau Health Services**  
**Chapleau General Hospital Operations**  
**Schedule Of Operations**  
**Year ended March 31, 2020 with comparative figures for 2019**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Revenue</b>   |                   |                   |
| Ministry of Health and Long-Term Care                  | \$ 8,156,017      | \$ 7,715,487      |
| Physician funding                                      | 852,227           | 814,150           |
| Patient accommodation                                  | 640,020           | 602,029           |
| Amortization of deferred capital contributions         | 519,940           | 513,026           |
| Recoveries and miscellaneous                           | 498,658           | 478,555           |
| Patient services                                       | 135,095           | 136,926           |
|  | <u>10,801,957</u> | <u>10,260,173</u> |
| <b>Expenditures</b>                                    |                   |                   |
| Salaries and wages                                     | 5,142,647         | 4,709,727         |
| Supplies and other (including amortization of \$8,847) | 2,316,856         | 2,261,749         |
| Employee benefits                                      | 1,453,648         | 1,427,800         |
| Physician remuneration                                 | 1,003,504         | 958,525           |
| Amortization of capital assets                         | 646,461           | 612,035           |
| Employee future benefits                               | 57,743            | 58,656            |
| Interest and bank charges                              | 18,624            | 20,420            |
|  | <u>10,639,483</u> | <u>10,048,912</u> |
| <b>Excess of revenue over expenditures</b>             | <u>\$ 162,474</u> | <u>\$ 211,261</u> |

## Services De Santé De Chapleau Health Services

### Other Votes

### Schedule Of Operations

Year ended March 31, 2020 with comparative figures for 2019

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| <b>Revenue</b>                                      |                    |                    |
| Turning Point Mental Health                         | \$ 364,326         | \$ 387,303         |
| Home Support Program                                | 256,918            | 184,324            |
| Assisted Living                                     | 218,842            | 204,089            |
| Nursing Station                                     | 210,251            | 130,796            |
| Nurse Practitioner                                  | 91,255             | 69,920             |
| Medical Clinic                                      | 65,024             | 70,447             |
| Turning Point Addictions                            | 35,515             | 35,515             |
| Foundation salaries and benefits                    | 18,494             | 10,781             |
| Municipal taxes                                     | 2,250              | 2,250              |
|   | 1,262,875          | 1,095,425          |
| <b>Expenditures</b>                                 |                    |                    |
| Turning Point Mental Health                         | 364,338            | 387,305            |
| Home Support Program                                | 256,918            | 184,323            |
| Assisted Living                                     | 218,842            | 204,089            |
| Nursing Station (including amortization of \$1,198) | 210,251            | 130,796            |
| Nurse Practitioner                                  | 91,255             | 69,920             |
| Medical Clinic (including amortization of \$3,445)  | 91,129             | 154,186            |
| Turning Point Addictions                            | 35,515             | 35,515             |
| Foundation salaries and benefits                    | 18,494             | 10,781             |
| Municipal taxes                                     | 2,250              | 2,250              |
|   | 1,288,992          | 1,179,165          |
| <b>Deficiency of revenue over expenditures</b>      | <b>\$ (26,117)</b> | <b>\$ (83,740)</b> |



**Services De Santé De Chapleau Health Services**

Cedar Grove

**Schedule Of Operations**

Year ended March 31, 2020 with comparative figures for 2019

|  | 2020               | 2019               |
|--|--------------------|--------------------|
| <b>Revenue</b>                                 |                    |                    |
| Rent and accommodation charges                 | \$ 182,390         | \$ 175,423         |
| Elderly Person Centre                          | 66,506             | 70,250             |
| Provincial subsidy - Apartments                | 25,958             | 25,400             |
| Other income                                   | 960                | 1,060              |
|  | 275,814            | 272,133            |
| <b>Expenditures</b>                            |                    |                    |
| Building operations                            | 112,472            | 103,825            |
| General and administrative                     | 74,007             | 58,150             |
| Elderly Person Centre                          | 66,507             | 70,250             |
| Amortization - Buildings                       | 56,935             | 54,202             |
|  | 309,921            | 286,427            |
| <b>Deficiency of revenue over expenditures</b> | <b>\$ (34,107)</b> | <b>\$ (14,294)</b> |