

Financial Statements of

**DEEP RIVER AND DISTRICT  
HOSPITAL**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Deep River and District Hospital

We have audited the accompanying financial statements of Deep River & District Hospital (the Entity), which comprise:

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

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Deep River & District Hospital as at March 31, 2021, and its results of operations, its changes in net assets and its cash flows for the period 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

### ***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.



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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.

### ***Auditors' Responsibility 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 auditors' 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.

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 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
June 23, 2021

# DEEP RIVER AND DISTRICT HOSPITAL

## Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Ministry of Health	\$ 7,895,092	\$ 8,307,583
Patient services	785,058	950,122
Differential and co-payment revenue	244,871	362,677
Other income and recoveries	1,036,064	1,320,255
Specifically funded programs (note 8)	3,619,905	3,377,392
Amortization of deferred capital contributions	584,872	383,266
	14,165,862	14,701,295
Expenses:		
Salaries, wages and benefits	5,840,301	5,919,867
Medical staff remuneration	1,808,279	1,791,866
Medical and surgical supplies	146,514	118,130
Drugs and medical gases	134,634	149,668
Other supplies and expenses	3,073,504	2,857,343
Specifically funded programs (note 8)	3,735,886	3,493,932
Amortization - equipment	406,498	239,870
	15,145,616	14,570,676
Excess (deficiency) of revenue over expenses before undernoted items	(979,754)	130,619
Ministry of Health pandemic funding (note 16)	1,250,747	-
Excess of revenue over expenses from operations	270,993	130,619
Amortization - buildings	(296,098)	(234,858)
Amortization - deferred capital contributions for buildings	45,254	35,482
Interest on long-term debt	(12,132)	(16,485)
Excess (deficiency) of revenue over expenses before undernoted items	8,017	(85,242)
Ministry of Health working capital funding (note 18)	860,700	-
Excess (deficiency) of revenue over expenses	\$ 868,717	\$ (85,242)

See accompanying notes to financial statements

# DEEP RIVER AND DISTRICT HOSPITAL

## Statement of Financial Position

March 31, 2021, with comparative information for 2020


	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,907,544	\$ 1,296,425
Accounts receivable (note 2)	2,729,944	1,055,924
Inventory	45,850	46,770
Prepaid expenses	57,554	92,529
	<u>4,740,892</u>	<u>2,491,648</u>
Other receivables (note 3)	82,782	82,782
Capital assets (note 4)	7,626,020	6,222,328
	<u>\$ 12,449,694</u>	<u>\$ 8,796,758</u>


## Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 3,601,179	\$ 3,312,564
Deferred revenue	158,927	110,157
Current portion of long-term debt (note 6)	403,189	25,289
	<u>4,163,295</u>	<u>3,448,010</u>
Long-term debt (note 6)	-	403,384
Deferred capital contributions (note 7)	7,074,209	4,601,891
	<u>11,237,504</u>	<u>8,453,285</u>
Net assets	1,212,190	343,473
Commitments and contingencies (note 10)		
Impacts of COVID-19 (note 19)		
	<u>\$ 12,449,694</u>	<u>\$ 8,796,758</u>

See accompanying notes to financial statements

On behalf of the Board:

  
\_\_\_\_\_  
Member of the Board

  
\_\_\_\_\_  
Member of the Board

# DEEP RIVER AND DISTRICT HOSPITAL

## Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Net assets, beginning of year	\$ 343,473	\$ 428,715
Excess (deficiency) of revenue over expenses	868,717	(85,242)
Net assets, end of year	\$ 1,212,190	\$ 343,473

See accompanying notes to financial statements

# DEEP RIVER AND DISTRICT HOSPITAL

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 868,717	\$ (85,242)
Adjustments for:		
Amortization of capital assets	738,389	509,654
Amortization of deferred capital contributions	(640,438)	(441,233)
Loss on disposal of capital assets	3,871	5,049
	<u>970,539</u>	<u>(11,772)</u>
Change in non-cash working capital (note 9)	<u>(1,300,740)</u>	<u>700,013</u>
	(330,201)	688,241
Cash flows from investing activities:		
Purchase of capital assets	(2,145,952)	(1,684,451)
Donations and grants received for purchases of capital assets	3,112,756	1,426,987
	<u>966,804</u>	<u>(257,464)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(25,484)	(17,742)
	<u>(25,484)</u>	<u>(17,742)</u>
Net increase in cash	611,119	413,035
Cash and cash equivalents, beginning of year	1,296,425	883,390
Cash and cash equivalents, end of year	<u>\$ 1,907,544</u>	<u>\$ 1,296,425</u>

See accompanying notes to financial statements



# DEEP RIVER AND DISTRICT HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2021

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Deep River and District Hospital (the "Organization") is incorporated without share capital under the laws of the Province of Ontario and is a registered charity under the Income Tax Act. The Organization provides health care for the Deep River, Ontario area. These financial statements include the operational activities of the Deep River and District Hospital, the North Renfrew Family Health Team, and the Four Seasons Lodge Long-Term Care Home.

### 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 Organization follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health/Ministry of Long-Term Care ("MOH" and "MOLTC") and the Champlain Local Health Integration Network ("LHIN"). 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.

Revenue from provincial insurance plans and preferred accommodations, including patient services, differential and co-payment revenue, specifically funded programs, and other income and recoveries, are recognized when the goods are sold or the service is provided.

#### (b) Allocation of expenses:

The Deep River and District Hospital results include the operation of the North Renfrew Family Health Team (the "Family Health Team") and Four Seasons Lodge Long Term Care Home ("Four Seasons Lodge").

Departmental expenses are allocated to the Family Health Team and Four Seasons Lodge on the following bases:

Dietary Department - based on meal days for food costs and inpatient day ratio for dietary supplies.

Laundry Department - based on pounds of laundry processed.

General and Administration departments - based on a proration of paid departmental hours over total paid Hospital hours for Four Seasons Lodge and estimated FTE (full time equivalent) for the Family Health Team. Housekeeping supplies, plant operation supplies and security costs are allocated based on estimated percentage utilization.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (c) Inventories:

Inventories consisting of drugs and various radiology and medical supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

### (d) Cash and cash equivalents:

Cash and cash equivalents consist of cash deposits with chartered banks and cashable guaranteed investment certificates.

### (e) Capital assets and amortization:

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 Organization's ability to provide services, its carrying amount is written down to its residual value.

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

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Land improvements	20 years
Buildings	20 - 40 years
Equipment	2.5 to 20 years

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Capital expenditures for construction projects in progress are not amortized until construction is complete and the asset is put into service. Land is not amortized.

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 Organization 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.

### (f) Funding adjustments:

The Organization receives grants from the Champlain Local Health Integration Network ("LHIN"), Ontario Ministry of Health/Ministry of Long-Term Care ("MOH" and "MOLTC") for specific services. Should any amounts be repayable, the funding adjustment would be charged to operations in the period in which it is determined to be payable. Should programs and activities incur a deficit, the Organization records any recoveries thereon in the period in which collection is received.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 1. Significant accounting policies (continued):

### (g) 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.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, deferred revenue and long-term debt.

### (h) Use of estimates:

The preparation of financial statements in accordance with PSAB for Government NPOs 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. Amounts affected by significant estimates include allowance for uncollectible accounts receivable, and estimated useful lives of capital assets.

## 2. Accounts receivable:

	2021	2020
Deep River District Hospital Foundation	\$ 37,099	\$ 37,316
Deep River and District Physiotherapy Centre	215,592	211,801
Ministry of Health	1,762,252	—
Insurers, patients and other	1,057,177	1,119,634
	3,072,120	1,368,751
Less allowance for doubtful accounts	(342,176)	(312,827)
	\$ 2,729,944	\$ 1,055,924

## 3. Other receivables:

Amounts included within other receivables are advances to two physicians for recruitment purposes. The advances are non-interest bearing with no specified terms of repayment.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 4. Capital assets:

2021	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1	—	1
Land improvements	186,304	179,513	6,791
Buildings	9,080,243	4,851,782	4,228,461
Equipment	8,070,068	5,468,883	2,601,185
Construction in progress	789,582	—	789,582
	<u>\$ 18,126,198</u>	<u>10,500,178</u>	<u>7,626,020</u>

2020	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1	—	1
Land improvements	186,304	165,960	20,344
Buildings	8,977,178	4,535,058	4,442,120
Equipment	6,400,501	5,069,121	1,331,380
Construction in progress	428,483	—	428,483
	<u>\$ 15,992,467</u>	<u>9,770,139</u>	<u>6,222,328</u>

Land was purchased for a nominal value of \$1 from the Town of Deep River in 1974.

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities, are government remittances payable of \$98,937 (2020 - \$87,473), which include amounts for payroll related matters.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 6. Long-term debt:

	2021	2020
The terms of the arrangement require principal monthly blended repayments of \$2,601 at an interest rate of 2.07%, maturing March 2022	\$ 403,189	\$ 428,673
Less: current portion of long-term debt	(403,189)	(25,289)
	\$ —	\$ 403,384

The loan for solar project is secured by an assignment of the Ontario Power Authority (OPA) Feed In-Tariff Program (FIT) annual incentive.

Principal repayments required on long-term debt are as follows:

2022	\$	403,189
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## 7. Deferred capital contributions:

	2021	2019
Balance, beginning of year	\$ 4,601,891	\$ 3,616,137
Contributions received	3,112,755	1,426,987
	7,714,646	5,043,124
Less: amounts amortized to revenue	(640,437)	(441,233)
Balance, end of year	\$ 7,074,209	\$ 4,601,891

Included in contributions is an approved carryover of unspent Health Infrastructure Renewal Funds (HIRF) funding of \$450,000 which is to be used by March 31, 2022.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 8. Specifically funded programs:

	Four Seasons Lodge	Family Health Team	2021
Ministry of Health/Ministry of Long-Term Care	\$ 933,099	\$ 1,995,208	\$ 2,928,307
Ministry of Long-Term Care pandemic (note 17)	359,774	–	359,774
Resident revenue	319,687	–	319,687
Amortization of deferred contributions	10,312	–	10,312
Other income and recoveries	1,270	555	1,825
	<b>\$ 1,624,142</b>	<b>\$ 1,995,763</b>	<b>\$ 3,619,905</b>
Salaries, wages and employee benefits	\$ 1,417,637	\$ 933,731	\$ 2,351,368
Medical staff remuneration	17,328	707,588	724,916
Medical and surgical supplies	24,491	52,458	76,949
Other supplies and expenses	245,415	301,445	546,860
Amortization of building and equipment	35,793	–	35,793
	<b>\$ 1,740,664</b>	<b>\$ 1,995,222</b>	<b>\$ 3,735,886</b>
	Four Seasons Lodge	Family Health Team	2020
Ministry of Health/Ministry of Long-Term Care	\$ 953,046	\$ 2,063,535	\$ 3,016,581
Resident revenue	336,359	–	336,359
Amortization of deferred contributions	21,506	979	22,485
Other income and recoveries	1,512	455	1,967
	<b>\$ 1,312,423</b>	<b>\$ 2,064,969</b>	<b>\$ 3,377,392</b>
Salaries, wages and employee benefits	\$ 1,108,260	\$ 903,735	\$ 2,011,995
Medical staff remuneration	12,120	840,275	852,395
Medical and surgical supplies	27,109	45,406	72,515
Other supplies and expenses	247,112	275,112	522,224
Amortization of building and equipment	34,803	–	34,803
	<b>\$ 1,429,404</b>	<b>\$ 2,064,528</b>	<b>\$ 3,493,932</b>

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 9. Change in non-cash working capital items:

	2021	2021
Increase in accounts receivable	\$ (1,674,020)	\$ (70,146)
Decrease (increase) in inventory	920	(1,968)
Decrease in prepaid expenses	34,975	10,009
Increase in accounts payable and accrued liabilities	288,615	748,354
Increase in deferred revenue	48,770	13,764
	\$ (1,300,740)	\$ 700,013

## 10. Commitments and contingencies:

### (a) Legal matters and litigation:

The Organization 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 operation, the Organization 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.

### (c) HealthCare Insurance Reciprocal of Canada:

The Organization is a member of the HealthCare 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 by the Organization.

## 11. Pension plan:

All full-time and certain part-time employees of the Organization are members of the Healthcare of Ontario Pension 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 receive benefits based on the length of service and on the average annualize 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 Healthcare of Ontario Pension Plan by placing assets in trust and through the plan investment policy.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 11. Pension plan (continued):

Pension expense is based on Plan managements' best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary 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 the employer contributions to the Plan to remain a constant percentage of employees' contributions.

The most recent actuarial valuation filed with pension regulators as at December 31, 2020 indicated an actuarial surplus of \$24.13 billion. The Organization made contributions to the Ontario Pension Plan for the year ending March 31, 2021 of \$490,368 (2020 - \$477,273) which are included as an expenditure in the statement of operations.

## 12. Related entities:

(a) The objective of the Deep River and District Hospital Auxiliary is to raise and receive funds to be distributed towards various programs and capital projects of the Organization. The Auxiliary is a non-profit organization created under the laws of Ontario and is a registered charity under the Income Tax Act.

(b) The Deep River and District Hospital Foundation was established to raise, receive, maintain and manage funds to be distributed towards various programs and capital projects of the Organization. The Foundation is a non-profit organization incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act.

Included in deferred contributions relating to capital assets are donations from the Deep River and District Hospital Foundation in the amount of \$1,188,205 (2020 - \$600,000).

Included in other income and recoveries are administrative fees charged to the Deep River and District Hospital Foundation in the amount of \$24,873 (2020 - \$25,000).

Included in accounts receivable is an amount of \$37,099 (2020 - \$37,316) relating to administrative fees and expense recoveries.

(c) The Deep River and District Physiotherapy Centre was established to provide Physiotherapy services to the community. The Deep River and District Physiotherapy Centre is a nonprofit organization incorporated under the Ontario Corporations Act.

Included in salaries, wages and employee benefits expense is purchased physiotherapy services from the Deep River and District Physiotherapy Centre in the amount of \$Nil (2020 - \$35,922).

Included in accounts receivable is an amount to the Physiotherapy Centre of \$215,592 (2020 - \$211,801) relating to administrative fees and expense recoveries.

## 13. Demand line of credit:

The Organization has an unutilized demand operating line of credit with the Bank of Nova Scotia authorized to a maximum of \$500,000, which bears interest at the bank's prime lending rate. The line of credit is secured by a general security agreement. As of March 31, 2021 there was \$Nil drawn on this line of credit.



# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 14. Financial risks and concentration of 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 Organization is exposed to credit risk with respect to accounts receivable and other investments.

The Organization 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 Organization at March 31, 2021 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.

There have been no significant changes to the credit risk exposure from 2020.

### (b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization 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 2020.

### (c) Currency risk:

There have been no significant changes to the currency risk exposure from 2020.

### (d) 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 rates. The Organization is exposed to this risk through its long-term debt.

The Organization has minimal interest rate exposure on its long-term debt.

There have been no significant changes to the interest rate risk exposure from 2020.

## 15. Comparative information:

The financial statements have been reclassified, where applicable to conform to the presentation used in the current year. The changes do not affect prior year earnings.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 16. Ministry of Health pandemic funding:

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

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

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. As a result of Management's estimation process, the Hospital has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the MOH. However, given the potential for future changes to funding programs that could be announced by the MOH, the Hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

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

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Funding for incremental COVID-19 operating expenses	\$	642,614
Funding for temporary pandemic pay		145,369
Funding for revenue losses resulting from COVID-19		577,200
Other COVID funding		40,747
		<hr/> 1,405,930
Less: Provision for future changes to funding programs		(155,183)
	\$	<hr/> 1,250,747

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In addition to the above, the Hospital has also recognized \$232,035 in MOH funding for COVID-19 related capital expenditures, which has been recorded as an addition to deferred capital contributions during the year.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 17. Ministry of Long-Term Care pandemic funding:

In connection with the ongoing coronavirus pandemic ("COVID-19"), the MOLTC has announced a number of funding programs intended to assist with infection prevention and control measures undertaken during the fiscal year.

While the MOLTC 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 MOLTC 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 MOLTC revenue for COVID-19 is based on the most recent guidance provided by MOLTC 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 MOLTC. However, given the potential for future changes to funding programs that could be announced by the Ministry, the Hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to management's estimate of MOLTC revenues will be reflected in the Hospital's financial statements in the year of settlement.

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

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Funding for infection prevention and control	\$ 276,600
Funding for temporary pandemic pay increases	47,146
Funding for PSW temporary wage enhancement funding	22,528
Funding for testing adherence	54,000
	<hr/> 400,274
Less: deferred testing adherence funding to be spent in the next fiscal year	(40,500)
	<hr/> \$ 359,774

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In addition to the above, the Hospital has also recognized \$53,556 in MOLTC funding for COVID-19 related capital expenditures, which has been recorded as an addition to deferred capital contributions during the year.

# DEEP RIVER AND DISTRICT HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## **18. Ministry of Health working capital funding:**

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

As at the date of approval of these financial statements, the 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.

## **19. Impacts of COVID-19:**

In response to COVID-19 and consistent with guidance provided by the Ministry and other government agencies, the Hospital has implemented a number of measures to protect patients and staff from COVID-19. In addition, the Hospital has actively contributed towards the care of COVID-19 patients and the delivery of programs that protect public health.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2022 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.