

Geraldton District Hospital

Financial Statements

Year ended March 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Geraldton District Hospital

Opinion

We have audited the financial statements of Geraldton District Hospital, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, remeasurement gains and losses, 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 Geraldton District Hospital 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 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 Geraldton District Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Geraldton District Hospital's financial statements as at, and for the year ended March 31, 2022, presented as comparative figures within the accompanying financial statements, were audited by another firm of licensed public accountants who expressed an unqualified opinion on those financial statements, within their Independent Auditor's Report, dated June 27, 2022.

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 Geraldton District Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Geraldton District Hospital or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

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 Geraldton District Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Geraldton District Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Geraldton District Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants



Espanola, Ontario
June 15, 2023

GERALDTON DISTRICT HOSPITAL
Statement of Financial Position
March 31, 2023 with comparative figures for 2022

	2023 \$	2022 \$
Assets		
Current assets		
Cash	-	1,361,763
Accounts receivable (note 4)	2,151,495	1,883,450
Inventories	556,696	543,166
Prepaid expenses	163,835	237,143
Restricted fund benefit	(11,500)	6,614
	2,860,526	4,032,136
Capital expenditure reserve fund investments (note 5)	1,727,853	1,804,513
Capital assets (note 6)	27,503,133	28,474,199
	32,091,512	34,310,848
Liabilities and Net Assets (Deficiency)		
Current liabilities		
Bank indebtedness	9,008	-
Demand operating loan (note 7)	560,000	-
Accounts payable and accrued liabilities (note 8)	2,142,673	2,618,640
	2,711,681	2,618,640
Deferred contributions for capital assets (note 9)	18,535,458	19,184,211
Post-employment benefits (note 10)	1,382,800	1,374,404
	22,629,939	23,177,255
Net Assets (Deficiency)		
Invested in capital assets (note 11)	8,967,675	9,289,988
Unrestricted operations	(1,222,455)	32,478
Restricted benefits fund	(11,500)	6,614
Capital expenditure reserve fund	1,785,222	1,834,062
	9,518,942	11,163,142
Accumulated remeasurement gains (losses)	(57,369)	(29,549)
Total net assets	9,461,573	11,133,593
	32,091,512	34,310,848

Contingent liability (note 16)

Approved on behalf of the Board of Directors:

 Director
 Director

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

GERALDTON DISTRICT HOSPITAL**Statement of Operations****Year ended March 31, 2023 with comparative figures for 2022**

	2023	2022
	\$	\$
Revenues		
Ontario Ministry of Health:		
Ontario Health North	11,872,548	11,872,229
Ontario Health North - non-recurring	1,480,157	1,085,891
Sources other than Ontario Ministry of Health:		
Other programs (note 12)	1,338,863	1,371,031
Co-payments	649,211	596,572
Other patient revenue	411,829	444,571
Out-patient services	307,603	208,310
In-patient services	63,378	13,260
Amortization of deferred contributions for allowable capital assets	38,300	24,307
Ambulance	38,715	28,860
Interest and other investment income	27,750	32,193
	16,228,354	15,677,224
Expenses		
Salaries and wages	7,492,063	7,319,178
Supplies and other expenses	2,887,547	2,692,835
Employee benefits	2,040,532	2,207,350
Purchased services	2,310,361	840,982
Other programs (note 12)	1,366,788	1,390,884
Medical staff remuneration	442,692	157,069
Amortization of allowable capital assets	411,746	365,048
Medical and surgical supplies	204,993	180,159
Drugs and medical gas	133,195	111,964
Bad debts	33,944	33,336
	17,323,861	15,298,805
Excess (deficiency) of revenues over expenses before undernoted items	(1,095,507)	378,419
Other Revenues (Expenses)		
Amortization of deferred contributions for non-allowable capital assets	773,327	609,974
Amortization of non-allowable capital assets	(1,322,020)	(921,674)
	(548,693)	(311,700)
Excess (deficiency) of revenues over expenses	(1,644,200)	66,719

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

GERALDTON DISTRICT HOSPITAL
Statement of Remeasurement Gains and Losses
Year ended March 31, 2023 with comparative figures for 2022

	2023	2022
	\$	\$
Accumulated remeasurement gains (losses), beginning of year	(29,549)	4,904
Unrealized gains (losses) attributable to capital expenditure reserve fund investments	(88,528)	(73,668)
Amounts reclassified to the statement of operations attributable to capital expenditure reserve fund investments	60,708	39,215
Net remeasurement gains (losses) for the year	(27,820)	(34,453)
Accumulated remeasurement gains (losses), end of year	(57,369)	(29,549)

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

GERALDTON DISTRICT HOSPITAL
Statement of Changes in Net Assets
Year Ended March 31, 2023 with comparative figures for 2022

	Invested in Capital Assets \$	Capital Expenditure Reserve Fund \$	Restricted Benefits Fund \$	Unrestricted Operations \$	2023 \$	2022 \$
	(note 11)					
Net assets, beginning of year	9,289,988	1,834,062	6,614	32,478	11,163,142	11,096,423
Excess (deficiency) of revenues over expenses	(956,499)	(48,840)	(18,114)	(620,747)	(1,644,200)	66,719
Transfers for net assets invested in capital assets	634,186	-	-	(634,186)	-	-
Net assets (deficiency), end of year	8,967,675	1,785,222	(11,500)	(1,222,455)	9,518,942	11,163,142

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

GERALDTON DISTRICT HOSPITAL
Statement of Cash Flows
Year Ended March 31, 2023 with comparative figures for 2022

	2023	2022
	\$	\$
Operating transactions		
Cash provided by (used for):		
Excess (deficiency) of revenues over expenses	(1,644,200)	66,719
Items not involving cash:		
Amortization of capital assets	1,738,038	1,291,411
Amortization of deferred contributions for capital assets	(813,583)	(636,654)
Loss (gain) on sale of capital expenditure reserve fund investments	60,708	39,215
Loss on disposal of capital assets	32,044	-
Post employment benefits	8,396	89,300
	(618,597)	849,991
Net change in operational working capital:		
Accounts receivable	(268,045)	(519,685)
Inventories	(13,530)	(39,508)
Prepaid expenses	73,308	(40,282)
Accounts payable and accrued liabilities	(475,967)	(1,553,103)
	(1,302,831)	(1,302,587)
Investing transactions		
Purchase of capital expenditure reserve fund investments	(60,637)	-
Proceeds on sale of capital expenditure reserve fund investments	48,769	2,360,552
	(11,868)	2,360,552
Capital transactions		
Purchase of capital assets	(799,016)	(4,132,690)
	(799,016)	(4,132,690)
Financing transactions		
Demand operating loan	560,000	-
Deferred contributions for capital assets received	164,830	984,028
	724,830	984,028
Net decrease in cash	(1,388,885)	(2,090,697)
Cash, beginning of year	1,368,377	3,459,074
Cash, end of year	(20,508)	1,368,377
Cash balance consists of:		
Cash	-	1,361,763
Restricted benefit fund cash	(11,500)	6,614
Bank indebtedness	(9,008)	-
	(20,508)	1,368,377

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

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

1. Nature of Organization

The Hospital was incorporated under the laws of Ontario as a corporation without share capital on September 14, 1939. Its principal activity is to provide specialized and general hospital-based health care to the people of Greenstone and Northwestern Ontario. The Hospital is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. Significant Accounting Policies

The financial statements of the Hospital are prepared using Canadian public sector accounting standards, including the PS 4200 series of standard applicable to government not-for-profit organizations, 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 ("MOH"). 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. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2023.

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 co-payments, other patient revenue, out-patient and in-patient services and ambulance are recognized in the period in which the goods are sold, or the service is provided.

b) 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.

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

2. Significant Accounting Policies (continued)

c) Restricted Benefits Funds

The Hospital has adopted an administrative services only funding arrangement for a group insurance plan provider. Under the arrangement, the Hospital manages its benefit premium changes as a form of self insurance. This fund consists of reserve and deposit account balances which have been contributed proportionately by the Hospital and its employees.

d) Capital Expenditure Reserve Fund

The capital expenditure reserve fund is internally restricted and is to be used to finance replacements or additions to buildings, furniture and equipment for the Hospital expansion.

e) Resident Trust Funds

Resident trust funds consist of amounts held in trust for residents of the Hospital. These funds are not reflected in these financial statements.

f) Inventories

Inventories are valued at the lower of cost and current replacement cost. Cost of supplies is determined on a first in, first out basis. Cost of pharmaceuticals is determined on a weighted average cost basis.

g) 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 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:

Buildings and building service equipment	3% to 5%
Equipment, furnishings and computer systems	5% to 50%
Land improvements	10%

Capital expenditures for construction in progress are not recorded as a capital asset or amortized until construction is complete and the asset is put into service.

2. Significant Accounting Policies (continued)

h) Retirement and Post-Employment Benefits

The Hospital provides retirement and post-employment benefits to certain employee groups. These benefits include pension, health care, dental and life insurance benefits. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-employment benefits are determined using an actuarially determined estimate using the project benefit method pro-rated based on service. Adjustments to these costs arising from plan amendments are accounted for in the period of the amendment or change. Actuarial gains and losses are amortized over the expected average remaining service life of active employees.
- ii) The expense related to the multi-employer defined benefit pension plan are the employer's contributions to the plan in the year.
- iii) The discount rate used in the determination of post-employment benefits is estimated to equal the Hospital's internal rate of borrowing.

i) Compensated Absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's policies for vacation, sick leave and retiring allowances.

j) Financial Instruments

The Hospital 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 Hospital 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 designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, at which point they are transferred to the statement of operations.

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, bank indebtedness, demand operating loan, and accounts payable and accrued liabilities.

Financial assets measured at fair value include capital expenditure reserve fund investments.

k) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Accounting estimates used in the preparation of the accompanying financial statements include allowance for uncollectible accounts receivable, estimated useful lives of capital assets and post-employment benefits liability.

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

3. Adoption of New Accounting Standard – Asset Retirement Obligations

Effective April 1, 2022, the Hospital adopted the requirements of the CPA Canada Public Sector Accounting Handbook section 3280 – Asset Retirement Obligations. This section establishes standards on how to recognize, measure and report a liability associated with future obligations required to retire certain tangible capital assets at the end of their useful lives.

These are the Hospital's first financial statements prepared after the adoption of this new accounting standard and it has been applied retrospectively.

The adoption of section 3280 – Asset Retirement Obligations has had no impact on the assets, liabilities and net assets of the Hospital, and accordingly, no adjustments have been recorded in the statements of financial position, operations, remeasurement gains and losses, changes in net assets and cash flows presented in these financial statements for comparative purposes.

4. Accounts Receivable

	2023	2022
	\$	\$
Accounts receivable	2,060,476	1,755,784
HST receivable	114,250	134,871
	<u>2,174,726</u>	<u>1,890,655</u>
Less; allowance for doubtful accounts	<u>(23,231)</u>	<u>(7,205)</u>
	<u>2,151,495</u>	<u>1,883,450</u>

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

5. Capital Reserve Fund Investments

The Hospital's capital reserve fund investments consist of cash and cash equivalents, bonds, stocks and mutual funds, detailed as follows:

	2023	2022
	\$	\$
Cost:		
Cash	31,095	401,618
Fixed Income	1,566,647	1,261,822
Canadian Equities	70,269	62,645
U.S. Equities	117,211	107,977
	1,785,222	1,834,062
Market value:		
Cash	31,095	401,618
Fixed Income	1,479,573	1,193,417
Canadian Equities	77,737	76,522
U.S. Equities	139,448	132,956
	1,727,853	1,804,513
Unrealized gain (loss)	(57,369)	(29,549)

The Hospital's fixed income investments bear interest at varying rates between 1.75% and 5.85% per annum with maturity dates between May 2023 and December 2051.

The maturity profile of fixed income investments is as follows:

	Within 1 year	2 to 5 Years	6 to 10 Years	Over 10 Years	Total
Carrying value, at cost	\$ 300,000	\$ 177,005	\$ 548,777	\$ 540,865	\$ 1,566,647
Percent of total	19%	11%	35%	35%	100%

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of the Hospital's capital reserve fund investments have been determined using Level 1 measures in the fair value hierarchy.

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

6. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	128,489	-	128,489	-
Land improvements	520,661	400,325	514,038	374,207
Building and building service equipment	40,714,124	15,858,264	40,103,947	14,562,494
Equipment, furnishings and computer systems	10,822,100	8,476,024	10,300,372	8,059,876
Construction in progress	52,372	-	423,930	-
	52,237,746	24,734,613	51,470,776	22,996,577
Net book value		27,503,133		28,474,199

Amortization of capital assets totals \$1,738,038 (2022 - \$1,291,411). Of this amount, \$1,733,766 (2022 - \$1,286,722) is included in the statement of operations as amortization of capital assets expense. The remaining balance of \$4,273 (2022 - \$4,689) is included in other programs expense applicable to the Nakina Clinic.

7. Demand Operating Loan

RBC Royal Bank has authorized a revolving demand credit facility to a maximum of \$1,000,000 which is unsecured and bears interest at the bank's prime rate of interest per annum.

At March 31, 2023, \$560,000 (2022 - \$NIL) has been drawn on this credit facility.

8. Accounts Payable and Accrued Liabilities

	2023	2022
	\$	\$
Salary and wage related accruals:		
Wages and payroll remittances payable	703,954	410,780
Vacation pay accrual	492,070	528,666
	1,196,024	939,446
General payables and other accrued liabilities	946,649	1,679,194
	2,142,673	2,618,640

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

9. Deferred Contributions for Capital Assets

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

	2023	2022
	\$	\$
Balance, beginning of year	19,184,211	18,836,837
Deferred contributions for capital assets received	164,830	984,028
Amortization of deferred contributions for capital assets	(813,583)	(636,654)
Balance, end of year	18,535,458	19,184,211

Balance consists of:

Deferred contributions for capital assets being amortized	18,535,458	19,120,956
Deferred contributions for capital assets not being amortized	-	63,255
Deferred contributions for capital assets	18,535,458	19,184,211

Amortization of deferred contributions for capital assets totals \$813,583 (2022 - \$636,654). Of this amount, \$811,627 (2022 - \$634,281) is included in the statement of operations as amortization of deferred contributions revenue. The remaining balance of \$1,956 (2022 - \$2,373) is included in other programs revenue applicable to the Nakina Clinic.

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

10. Post-Employment Benefits

Geraldton District Hospital pays certain benefits for health care, dental and life insurance on behalf of its retired employees. The Hospital recognizes these post-retirement costs in the period in which the employees rendered their services to the Hospital. The accrued benefit obligation of \$1,382,800 (2022 - \$1,374,404) and the expense for the period ended March 31, 2023, in the amount of \$8,396 (2022 - \$89,300) were determined using a discount rate of 4.04% (2022 - 3.89%).

Information about Geraldton District Hospital's post-employment benefit plan is as follows:

	2023	2022
	\$	\$
Accrued benefit obligation, beginning of year	1,374,404	1,285,104
Expense for the period	115,396	162,300
Benefits paid for the period	(107,000)	(73,000)
Accrued benefit obligation, end of year	1,382,800	1,374,404

The significant actuarial assumptions employed for the valuations are as follows:

(a) Discount rate:

The obligation as at March 31, 2023 for the present value of future liabilities and the expense for the period ended March 31, 2023 were determined using an annual discount rate of 4.04% (2022 - 3.89%).

(b) Benefits costs

Future general benefit costs were assumed to increase at 2% per annum, dental costs were assumed to increase at 4.0% per annum and extended health care costs were assumed to increase at 7.25% per annum decreasing by 0.25% per annum to an ultimate rate of 5.0%.

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

11. Net Assets Invested in Capital Assets

	2023	2022
	\$	\$
a) Net assets invested in capital assets are calculated as follows:		
Capital assets	27,503,133	28,474,199
Deferred contributions for capital assets	(18,535,458)	(19,184,211)
Net assets invested in capital assets	8,967,675	9,289,988
b) Change in net assets invested in capital assets is calculated as follows:		
Excess of expenses over revenues:		
Amortization of deferred contributions for capital assets	813,583	636,654
Amortization of capital assets	(1,738,038)	(1,291,411)
Loss on disposal of capital assets	(32,044)	-
	(956,499)	(654,757)
Change in net assets invested in capital assets:		
Deferred contributions for capital assets received	(164,830)	(984,028)
Purchase of capital assets	799,016	4,132,690
	634,186	3,148,662
Change in net assets invested in capital assets	(322,313)	2,493,905

12. Other Programs

	2023		2022	
	Revenue	Expenses	Revenue	Expenses
	\$	\$	\$	\$
Nakina clinic	295,591	299,429	248,293	247,839
Community Support Services program	166,375	190,475	255,656	275,963
Municipal taxes	4,500	4,500	4,500	4,500
Hospital on-call coverage	113,839	113,835	110,513	110,513
ER/Locum program	758,558	758,549	752,069	752,069
	1,338,863	1,366,788	1,371,031	1,390,884

13. Resident Trust Funds

The balance held in trust by the Hospital on behalf of residents is \$3,331 (2022 - \$5,105). These funds are not included within these financial statements.

GERALDTON DISTRICT HOSPITAL
Notes to the Financial Statements
March 31, 2023

14. 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, in consultation with its actuaries, 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 \$543,641 (2022 - \$585,230) and are included in the statement of operations.

At December 31, 2022, the HOOPP pension plan had total assets of \$185.1 billion (2021 - \$217.2 billion) and an accumulated surplus of \$11.0 billion (2021 - \$28.5 billion).

15. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring, to another party, financial risks. The Hospital is exposed to the following risks in relation to financial instruments and transactions it is a party to:

a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Hospital is exposed to this risk relating to its cash, capital reserve fund investments and accounts receivable.

The Hospital holds its cash accounts and capital reserve fund investments with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The Hospital is exposed to credit risk in accounts receivable which includes patient, insurance, government and other receivables. The Hospital measures and manages its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts including managements on-going monitoring of accounts receivable balances and collections.

GERALDTON DISTRICT HOSPITAL
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15. Financial Instruments (continued)

b) Liquidity risk

Liquidity risk is the risk that the Hospital cannot repay its obligations when they become due to its creditors. The Hospital is exposed to this risk relating to its accounts payable and accrued liabilities.

The Hospital reduces its exposure to liquidity risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining enough cash, operating credit facilities, and investments to repay creditors as payables become due.

c) 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 Hospital is exposed to interest rate risk associated with its demand operating loan interest, which is variable based on prime lending rates and fluctuates over time due to a variety of financial market factors. Changes in the demand operating loan interest rate may cause future changes in interest expenses and associated cash flows and excess (deficiency) of revenue over expenses.

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Hospital is exposed to market risk in connection with its capital expenditure reserve fund investments. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Hospital has \$139,448 (2022 - \$132,956) of its capital expenditure reserve fund equity investments denominated in foreign currencies.

ii) 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 Hospital is exposed to this risk through its cash and fixed income investments.

The Hospital does not use derivative instruments to reduce its exposure to interest rate risk.

iii) Other price risk

Other price risk is the uncertainty associated with the valuation of financial assets arising from changes in equity markets. The Hospital has Canadian and United States equity investments within the investment portfolio.

There have not been significant changes from the previous year in the exposure to any of the above risks or policies, procedures and methods used to measure these risks.

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16. Contingent Liability

The nature of the Hospital's activities is such that there is often litigation pending or in prospect at any time. With respect to claims at March 31, 2023, management believes the Hospital has valid defenses 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.

17. 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, 2023 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.

18. Comparative Figures

Certain 2022 amounts presented as comparative figures in the accompanying financial statements have been reclassified from what was previously reported to conform with the financial statement presentation format adopted for the current year. These changes do not affect the previously reported excess of revenues over expenses for the year. These comparative figures were audited by another firm of Chartered Professional Accountants who expressed an unqualified opinion in their Independent Auditors' Report dated June 27, 2022.