

Espanola General Hospital

Financial Statements

Year ended March 31, 2024

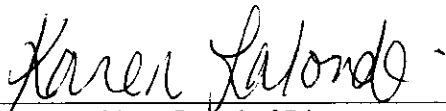
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Espanola General Hospital ("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.

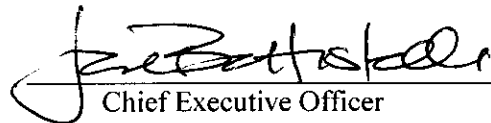
The Hospital's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely 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.



President, Board of Directors



Chief Executive Officer

May 29, 2024

Date

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Espanola General Hospital

Opinion

We have audited the financial statements of **Espanola General Hospital**, which comprise the statement of financial position as at **March 31, 2024**, 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 Espanola General Hospital as at **March 31, 2024**, 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 Espanola General 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.

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 Espanola General 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 Espanola General Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Espanola General 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 Espanola General 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 Espanola General 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 Espanola General 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



Chartered Professional Accountants
Licensed Public Accountants

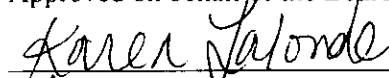
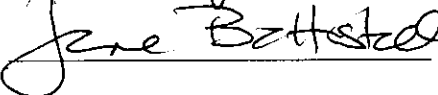
Espanola, Ontario
May 29, 2024

ESPANOLA GENERAL HOSPITAL
Statement of Financial Position
March 31, 2024 with comparative figures for 2023

	2024 \$	2023 \$
Assets		
Current assets		
Cash	3,703,828	2,508,373
Accounts receivable	1,836,279	1,536,208
Inventories	311,400	324,190
Prepaid expenses	245,077	294,599
	6,096,584	4,663,370
Portfolio investments (note 3)	3,606,829	4,940,380
Capital assets (note 4)	14,436,335	15,242,736
Capital expenditures for projects in progress	8,097,548	4,087,941
	32,237,296	28,934,427
Liabilities and Net Assets		
Current liabilities		
Demand operating loan (note 5)	1,385,500	635,500
Accounts payable and accrued liabilities (note 6)	6,037,250	5,473,277
Deferred contributions for capital assets (note 7)	14,987,461	12,675,189
Post-employment benefits (note 8)	838,566	857,171
	23,248,777	19,641,137
Net Assets		
Invested in capital assets (note 9)	7,546,422	6,655,488
Internally restricted for the acquisition of capital assets	(15,604)	153,402
Unrestricted	1,764,226	2,901,409
	9,295,044	9,710,299
Accumulated remeasurement losses	(306,525)	(417,009)
Total net assets	8,988,519	9,293,290
	32,237,296	28,934,427

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.

ESPANOLA GENERAL HOSPITAL
Statement of Operations
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
	\$	\$
Revenues		
Ministry of Health:		
Hospital operations	15,988,642	14,249,414
Medical staff funding	2,628,313	2,654,859
Sources other than Ministry of Health:		
Recoveries and other revenues	3,155,305	2,633,685
Other patient revenue	1,442,141	1,473,436
Co-payments	617,310	599,007
Preferred accommodations	42,246	41,407
Gain (loss) on disposal of capital assets	-	(7,148)
Amortization of deferred contributions for allowable capital assets	128,241	129,822
	24,002,198	21,774,482
Expenses		
Salaries and wages	11,293,201	10,341,588
Supplies and services	4,588,211	4,151,458
Employee benefits	3,273,502	3,197,129
Medical staff remuneration	3,148,795	3,240,742
Amortization of allowable capital assets	509,454	523,521
Medical and surgical supplies	205,706	211,219
Drugs and medical gases	157,531	169,409
Bad debts	23,904	2,820
	23,200,304	21,837,886
Excess (deficiency) of revenues over expenses before undernoted items	801,894	(63,404)
Other Revenues		
Long-term care program (schedule 1)	3,732,454	3,542,830
Realized investment income on portfolio investments internally restricted for the acquisition of capital assets (note 13)	158,735	154,833
Realized loss on sale of portfolio investments internally restricted for the acquisition of capital assets (note 13)	(123,895)	-
Other votes and programs (note 10)	740,513	716,433
Amortization of deferred contributions for non-allowable capital assets	509,475	499,743
	5,017,282	4,913,839
Other Expenses		
Long-term care program (schedule 1)	4,779,581	4,017,950
Other votes and programs (note 10)	741,529	729,878
Amortization of non-allowable capital assets	713,321	705,616
	6,234,431	5,453,444
Deficiency of revenues over expenses	(415,255)	(603,009)

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

ESPANOLA GENERAL HOSPITAL
Statement of Remeasurement Gains and Losses
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
	\$	\$
Accumulated remeasurement losses, beginning of year	(417,009)	(249,714)
Unrealized losses attributable to portfolio investments	(13,411)	(167,295)
Realized loss attributable to portfolio investments transferred to the statement of operations	123,895	-
Accumulated remeasurement losses, end of year	(306,525)	(417,009)

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

ESPANOLA GENERAL HOSPITAL
Statement of Changes in Net Assets
Year Ended March 31, 2024 with comparative figures for 2023

	Invested in capital assets \$ (note 9)	Internally restricted for acquisition of capital assets \$ (note 13)	Unrestricted			2024 \$	2023 \$
			Queensway Place Operations \$ (note 14)	Hospital Operations \$	Long-Term Care Operations \$ (schedule 1)		
Net assets, beginning of year	6,655,488	153,402	541,392	10,384,330	(8,024,313)	9,710,299	10,313,308
Excess (deficiency) of revenues over expenses	(591,988)	34,840	119,062	1,063,029	(1,040,198)	(415,255)	(603,009)
Transfers for net assets invested in capital assets	1,482,922	(203,846)	-	(1,279,076)	-	-	-
Net assets, end of year	7,546,422	(15,604)	660,454	10,168,283	(9,064,511)	9,295,044	9,710,299

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

ESPANOLA GENERAL HOSPITAL
Statement of Cash Flows
Year Ended March 31, 2024 with comparative figures for 2023

	2024	2023
	\$	\$
Operating transactions		
Cash provided by (used for):		
Deficiency of revenues over expenses	(415,255)	(603,009)
Items not involving cash		
Amortization of capital assets	1,327,965	1,340,778
Amortization of deferred contributions for capital assets	(735,977)	(727,824)
(Gain) loss on sale of portfolio investments	123,895	-
(Gain) loss on disposal of capital assets	-	7,148
	300,628	17,093
Net change in operational working capital		
Accounts receivable	(300,071)	(984,730)
Inventories	12,790	21,648
Prepaid expenses	49,522	(98,757)
Accounts payable and accrued liabilities	563,973	1,888,646
Post-employment benefits	(18,605)	31,932
	608,237	875,832
Investing transactions		
Change in portfolio investments	1,320,140	(275,957)
Capital transactions		
Purchase of capital assets	(521,564)	(981,185)
Purchase of construction projects in progress capital assets	(4,009,607)	(3,089,796)
	(4,531,171)	(4,070,981)
Financing transactions		
Demand operating loan	750,000	353,500
Deferred contributions for capital assets received	3,048,249	3,056,911
	3,798,249	3,410,411
Net increase (decrease) in cash	1,195,455	(60,695)
Cash, beginning of year	2,508,373	2,569,068
Cash, end of year	3,703,828	2,508,373

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

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

1. Nature of Organization

The **Espanola General Hospital** (“the Hospital”) is principally involved in providing health care services to the residents of the Espanola 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

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 accounting 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, 2024.

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 plan, preferred accommodation and marketed services are recognized when 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.

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

2. Significant Accounting Policies (continued)

c) Inventories

Inventories are valued at the lower of cost and current replacement cost.

d) 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	40 years
Equipment	5 to 20 years
Software	5 years
Land improvements	5 to 25 years
Building service equipment	5 to 25 years
Leasehold improvements	15 years

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

e) 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 and overtime.

f) 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.

2. Significant Accounting Policies (continued)

g) Retirement and Post-Employment Benefits

The Hospital provides retirement and post-employment benefits to certain employee groups. These benefits include pension, health and dental 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 management's best estimate of health care costs, employee turnover rates and discount rates. Adjustments to these costs arising from plan amendments and changes in estimates are accounted for in the period of the amendment or change.
- 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 equal to the Hospital's internal rate of borrowing.

h) 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, demand operating loan, and accounts payable and accrued liabilities.

Financial assets measured at fair value include portfolio investments. The Hospital has designated its bond portfolio that would otherwise be classified into the amortized cost category, at fair value as the Hospital manages and reports performance on the portfolio on a fair value basis.

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

3. Portfolio Investments

The Hospital's portfolio investments consist of cash, bonds and debentures, with a total cost of \$3,913,354 (2023 - \$5,357,389) which bear interest at varying rates between 2.47 % and 4.30% per annum with maturity dates between December 2026 and April 2042.

Maturity profile of cash and bonds held is as follows:

	Within 1 Year	2 to 5 Years	6 to 10 Years	Over 10 Years	Total
Carrying value, at fair market value	1,429,364	1,052,212	80,583	1,044,670	3,606,829
Percent of total	40%	30%	2%	28%	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 portfolio investments have been determined using Level 1 measures in the fair value hierarchy.

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	129,275	-	129,275	-
Buildings	20,758,854	10,867,279	20,485,279	10,302,866
Equipment and software	10,958,461	9,276,759	10,988,346	8,951,092
Land improvements	1,688,231	1,271,198	1,688,231	1,233,500
Building service equipment	7,823,599	5,506,849	7,758,164	5,319,101
Leasehold improvements	270,796	270,796	270,796	270,796
	<u>41,629,216</u>	<u>27,192,881</u>	<u>41,320,091</u>	<u>26,077,355</u>
Net book value		<u>14,436,335</u>		<u>15,242,736</u>

5. Bank Financing

Toronto Dominion Bank has authorized a demand operating credit facility to a maximum of \$300,000 which is unsecured and bears interest at the bank's prime rate of interest less 0.75% per annum.

The Toronto Dominion Bank has also authorized an interim demand credit facility to a maximum of \$2,000,000 which is unsecured and bears interest at the bank's prime rate of interest less 0.85% per annum.

Finally, the Toronto Dominion Bank has authorized a single draw credit facility to a maximum of \$2,000,000 to retire the interim demand credit facility, unsecured and bears interest at the banks prime rate of interest less 0.85% per annum, for a term of up to 20 years.

At March 31, 2024, \$1,385,500 (2023 - \$635,500) has been drawn on the interim demand credit facility.

6. Accounts Payable and Accrued Liabilities

	2024	2023
	\$	\$
Wage accruals		
Wages and payroll deductions	1,385,551	1,359,852
Vacation and statutory holiday pay	1,132,766	1,100,630
	<u>2,518,317</u>	<u>2,460,482</u>
Ministry of Health and Long-Term Care	1,195,318	-
Other payables and accrued liabilities	2,323,615	3,012,795
	<u>6,037,250</u>	<u>5,473,277</u>

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

7. Deferred Contributions for Capital Assets

Deferred contributions for capital assets represent the 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.

	2024	2023
	\$	\$
Balance, beginning of year	12,675,189	10,346,102
Additional contributions received	3,048,249	3,056,911
Less: Amounts amortized to revenue	(735,977)	(727,824)
Balance, end of year	14,987,461	12,675,189

8. Post-Employment Benefits

Espanola General Hospital pays certain benefits on behalf of its retired employees. The Hospital recognizes these post-retirement costs in the period in which the employees rendered their services. The accrued benefit liability of \$838,566 (2023 - \$857,171) and the expense for the period ended March 31, 2024, in the amount of \$28,597 (2023 - \$75,826) were determined using a discount rate of 3.95% (2023 - 4.04%).

Information about Espanola General Hospital's defined benefit plan is as follows:

	2024	2023
	\$	\$
Accrued benefit obligation, beginning of year	857,171	825,239
Expense for the period	28,597	75,826
Benefits paid for the period	(47,202)	(43,894)
Accrued benefit obligation, end of year	838,566	857,171

The main assumptions employed for the valuations are as follows:

(a) Interest (discount) rate:

The obligation as at March 31, 2024 for the present value of future liabilities and the expense for the period ended March 31, 2024 were determined using an annual discount rate of 3.95% (2023 - 4.04%).

(b) Benefits costs

Future general benefit costs were assumed to increase at 3% per annum.

(c) Turnover rate

Turnover due to termination, resignation or mortality has been estimated at 3% per annum.

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

9. Net Assets Invested in Capital Assets

	2024	2023
	\$	\$
a) Net assets invested in capital assets are calculated as follows:		
Capital assets	14,436,335	15,242,736
Capital expenditures for projects in progress	8,097,548	4,087,941
	22,533,883	19,330,677
Deferred contributions for capital assets	14,987,461	12,675,189
Net assets invested in capital assets	7,546,422	6,655,488
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	735,977	727,824
Loss (gain) on disposal of capital assets	-	(7,148)
Amortization of capital assets	(1,327,965)	(1,340,778)
	(591,988)	(620,102)
Change in net assets invested in capital assets:		
Purchase of capital assets	521,564	981,185
Expenditures for projects in progress	4,009,607	3,089,796
Deferred capital contributions received	(3,048,249)	(3,056,911)
	1,482,922	1,014,070
Change in net assets invested in capital assets	890,934	393,968

10. Other Votes and Programs

	Revenue	Expenses	Surplus (Deficit)
	\$	\$	\$
Community Support Services	735,863	736,879	(1,016)
Municipal taxes	4,650	4,650	-
	740,513	741,529	(1,016)

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

11. 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.

Variations 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 \$1,058,601 (2023 - \$963,359) and are included in the statement of operations.

At December 31, 2023, the HOOPP pension plan had total assets of \$203.8 billion (2022 - \$185.1 billion) and an accumulated surplus of \$10.2 billion (2022 - \$11.0 billion).

12. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. 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, portfolio investments and accounts receivable.

The Hospital manages credit risk by holding these financial assets with large reputable financial institutions with high credit ratings.

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.

12. Financial Instruments (continued)

b) Liquidity risk

Liquidity risk is the risk that the company 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 outflow through extensive budgeting and maintaining enough cash 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 markets' 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.

There have been no significant changes from the previous year in policies, procedures and methods used to measure the risk.

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. 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 does not have material transactions or financial instruments 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 interest-bearing investments.

The Hospital's bond portfolio has interest rates and maturities as detailed in note 3 to the financial statements. The Hospital does not use derivative instruments to reduce its exposure to interest rate risk.

ESPANOLA GENERAL HOSPITAL
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

12. Financial Instruments (continued)

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 does not have material equity holdings within its investment portfolio.

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

13. Internal Restrictions for Capital Assets

The Board of Directors has restricted net assets for the acquisition of capital assets. This internally restricted amount is not available for other purposes without approval by the Board of Directors.

Investment income recorded in the statement of operations is calculated as follows:

	2024	2023
	\$	\$
Total portfolio investment income	158,735	154,833
Loss on disposal of portfolio investments	(123,895)	-
Less: amounts internally restricted for the acquisition of capital assets	(34,840)	(154,833)
Investment income recognized as operating revenue	-	-

14. Queensway Place

Queensway Place is a supportive housing program which is designed to be self supporting over the long term. The program tracks revenues and expenses and each year the Board segregates the portion of surplus or deficit which pertains to Queensway Place.

The Queensway Place program began active operations in July 1998.

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March 31, 2024 with comparative figures for 2023

15. Espanola General Hospital Auxiliary and Foundation

a) Espanola General Hospital Auxiliary

The Espanola General Hospital Auxiliary is an ancillary volunteer organization. Under their constitutions and by-laws, the stated purpose of the Auxiliary is to assist the Espanola General Hospital. The Auxiliary is managed by an Executive Board elected by the members.

The financial statements of the Auxiliary have not been consolidated in the Espanola General Hospital financial statements. Financial statements of the auxiliary are available upon request. Financial summaries of the Auxiliary at March 31 are as follows:

	2023	2022
	\$	\$
Financial Position		
Total assets	22,981	18,259
Total net assets	22,981	18,259
Results of Operations		
Total revenues	31,453	21,110
Total expenditures	26,731	16,352
Deficiency of revenues over expenditures	4,722	4,758

ESPANOLA GENERAL HOSPITAL
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March 31, 2024 with comparative figures for 2023

15. Espanola General Hospital Auxiliary and Foundation (continued)

b) Espanola General Hospital Foundation

The Foundation is incorporated without share capital under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada). The Espanola General Hospital Foundation raises funds from the community for the benefit of the Hospital.

The financial statements of the Foundation have not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available upon request. Financial summaries of the Foundation at March 31 are as follows:

	2024	2023
	\$	\$
Financial Position		
Total assets	266,470	154,818
Total liabilities	220,265	116,786
Total net assets	46,205	38,032
Results of Operations		
Total revenues	297,713	165,419
Total expenditures	310,877	180,294
Unrealized gain (loss) on investments	21,337	-
Excess of revenues over expenditures	8,173	(14,875)

During the year, amounts not separately disclosed in the financial statements include the following:

- i) An amount receivable of \$210,000 (2023 - \$115,001) has resulted from the Hospital paying for expenses of the Foundation on their behalf in excess of amounts reimbursed. The amount is included in accounts receivable on the statement of financial position.
- ii) An amount of \$233,225 (2023 - \$103,467) has been donated by the Foundation to the Hospital.

16. Contingent Liability

The Hospital was named as a defendant in a breach of contract claim totaling \$950,000. This claim is being contested by the Hospital and that process remains ongoing. At this time it is not possible to predict the ultimate outcome of this matter. Accordingly, no provision for liability, if any, has been accrued in these financial statements.

17. Comparative Figures

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

ESPANOLA GENERAL HOSPITAL
Schedule of Long-Term Care Operations
Year Ended March 31, 2024 with comparative figures for 2023

	2024	2023
	\$	\$
Revenues:		
Ministry of Long-Term Care - Operations	2,863,293	2,381,938
Ministry of Long-Term Care - Pandemic non-recurring	-	360,026
Co-payments	669,502	600,101
Preferred accommodations	64,290	56,651
Recoveries and other revenue	37,108	45,855
Amortization of deferred contributions for capital assets	98,261	98,259
	3,732,454	3,542,830
Expenses:		
Medical Remuneration	15,844	17,246
Nursing Expenses		
Salaries and benefits	2,707,498	1,934,912
Supplies and other	196,032	105,513
Program and Support		
Salaries and benefits	179,836	117,001
Supplies and other	57,317	45,036
Accommodation Expenses		
Salaries and benefits	1,116,093	1,263,341
Supplies and other	143,952	193,092
Food costs	139,059	133,204
Plant operations	95,424	82,911
Bad debts	23,336	14,053
Amortization of capital assets	105,190	111,641
	4,779,581	4,017,950
Deficiency of revenues over expenses	(1,047,127)	(475,120)