

Atikokan General Hospital

Financial Statements

March 31, 2020

Atikokan General Hospital
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For the year ended March 31, 2020

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Management's Responsibility for Financial Reporting

To the Board of Directors of Atikokan General Hospital:

The accompanying financial statements of the Atikokan General Hospital and all the information provided in the annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems appropriate in the circumstances, in order to ensure their financial statements are presented fairly, in all material respects.

The Hospital maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Hospital's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors review the Hospital's financial statements and recommend their approval. The Board of Directors meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Board of Directors takes this information into consideration when approving the financial statements for issuance to the members. The Board of Directors also considers the engagement of the external auditors.

The financial statements have been audited by MNP LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. MNP LLP has full access to the Board of Directors.



Board Chair



Chief Executive Officer

Independent Auditor's Report

To the Board of Directors of Atikokan General Hospital:

Opinion

We have audited the financial statements of Atikokan General Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, remeasurement gains 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 Hospital as at March 31, 2020, and the results of its operations, its remeasurement gains 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 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 financial statements of the Hospital for the year ended March 31, 2019 were audited by Grant Thornton LLP of Thunder Bay, Canada. Grant Thornton LLP expressed an unmodified opinion on those statements on June 5, 2019.

Supplementary Information

The supplementary information contained in the schedules is presented for the purpose of additional analysis and is not part of the basic audited financial statements. The information in the schedules was derived from the accounting records tested in forming an opinion on the financial statements as a whole.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Thunder Bay, Ontario

July 8, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

**Atikokan General Hospital
Statement of Financial Position**

As at March 31,

2020

2019

Current Assets		
Cash (Note 2)	\$ 343,505	\$ 141,911
Short Term Investments (Note 3)	1,314,154	2,159,825
Accounts Receivable (Note 4)	592,046	966,252
Inventories (Note 5)	169,449	181,156
Prepaid Expenses	294,529	278,916
Total Current Assets	<u>2,713,683</u>	<u>3,728,060</u>
Non-Current Assets		
Long Term Investments (Note 6)	711,255	32,591
Capital Assets (Note 7)	15,522,048	15,567,567
Total Non-Current Assets	<u>16,233,303</u>	<u>15,600,158</u>
Total Assets	<u>\$ 18,946,986</u>	<u>\$ 19,328,218</u>
Current Liabilities		
Bank Loans (Note 2)	\$ 330,000	\$ -
Accounts Payable (Note 8)	1,507,980	1,755,960
Other Liabilities	4,905	35,085
Total Current Liabilities	<u>1,842,885</u>	<u>1,791,045</u>
Long-Term Liabilities		
Capital Reserve Deferred Revenue	29,842	32,591
Deferred Contributions (Note 9)	1,103,591	1,099,591
Deferred Capital Contributions (Note 10)	12,767,243	12,997,302
Post-Employment Benefits Liability (Note 13)	863,900	866,400
Total Long-Term Liabilities	<u>14,764,576</u>	<u>14,995,884</u>
Net Assets		
Invested in Capital Assets (Note 14)	2,754,805	2,570,265
Unrestricted	(465,264)	(122,130)
Accumulated Remeasurement Gains	49,984	93,154
Closing Net Assets Balance	<u>2,339,525</u>	<u>2,541,289</u>
Total Liabilities and Net Assets Balance	<u>\$ 18,946,986</u>	<u>\$ 19,328,218</u>

Approved on behalf of the Board:



Director



Director

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

**Atikokan General Hospital
Statement of Operations**

For the year ended March 31,

2020

2019

Revenue

Ministry of Health and Long-Term Care Base Allocation	\$ 8,122,548	\$ 7,936,424
Ministry of Health and Long-Term Care One-Time Payments	71,340	-
Hospital On-Call Coverage	90,680	86,994
Cancer Care Ontario Funding	-	17,700
Other Revenue (Schedule 1)	1,460,838	1,379,425
Amortization of Equipment Grants/Donations	122,905	227,878

Total Revenue

9,868,311 **9,648,421**

Expenses

Salaries and Wages (Schedule 2)	5,701,253	6,041,477
Employee Benefits (Schedule 3)	1,619,976	1,524,100
Employee Benefits Future Costs (Note 13)	(2,500)	74,300
Medical Staff Remuneration (Schedule 4)	233,388	189,448
Supplies and Other Expenses (Schedule 5)	1,797,900	1,521,936
Drugs and Medical Gases	61,276	85,446
Medical and Surgical Supplies	207,810	219,416
Bad Debts	2,113	1,110
Amortization of Equipment	308,014	314,001

Total Expenses

9,929,230 **9,971,234**

Deficiency of Revenue over Expenses from Hospital Operations

(60,919) **(322,813)**

Other Items

Amortization of Building Grants/Donations	392,402	317,062
Amortization of Land Improvements and Building	(473,373)	(458,286)
Loss on Disposal of Capital Asset	(1,445)	-

(82,416) **(141,224)**

Other Votes and Programs - Revenues (Schedule 6)

786,032 749,897

Other Votes and Programs - Expenses (Schedule 6)

(801,291) (757,194)

(15,259) **(7,297)**

Deficiency of Revenue over Expenses for the Year

\$ (158,594) **\$ (471,334)**

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

Atikokan General Hospital
Statement of Remeasurement Gains

For the year ended March 31,	2020	2019
Accumulated remeasurement gains at the beginning of the year	\$ 93,154	\$ 82,401
Change in fair value attributable to:		
Investments	(43,170)	10,753
Accumulated remeasurement gains at the end of the year	\$ 49,984	\$ 93,154

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

Atikokan General Hospital
Statement of Changes in Net Assets

For the year ended March 31, 2020

	Invested in Capital Assets	Unrestricted	2020 Total
Balance, beginning of year	\$ 2,570,265	\$ (122,130)	\$ 2,448,135
Excess (deficiency) of revenue over expenses for the year	(267,525)	108,931	(158,594)
Net changes in investment in capital assets (Note 14)	452,065	(452,065)	-
Balance, end of year	<u>\$ 2,754,805</u>	<u>\$ (465,264)</u>	<u>\$ 2,289,541</u>

For the year ended March 31, 2019

	Invested in Capital Assets	Unrestricted	2019 Total
Balance, beginning of year	\$ 2,538,033	\$ 381,436	\$ 2,919,469
Deficiency of revenue over expenses for the year	(227,347)	(243,987)	(471,334)
Net changes in investment in capital assets (Note 14)	259,579	(259,579)	-
Balance, end of year	<u>\$ 2,570,265</u>	<u>\$ (122,130)</u>	<u>\$ 2,448,135</u>

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

Atikokan General Hospital
Statement of Cash Flows

For the year ended March 31,	2020	2019
Cash Provided By (Used In) Operating Activities		
Deficiency of Revenue over Expenses for the year	\$ (158,594)	\$ (471,334)
Items not involving cash		
Amortization	781,387	772,287
Amortization of Deferred Capital Contributions	(515,307)	(544,940)
Amortization of Capital Reserve Fund	(3,549)	-
Loss on disposal of assets	1,445	-
	<u>105,382</u>	<u>(243,987)</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	374,206	(226,648)
Inventory	11,707	(5,483)
Prepaid Expenses	(15,613)	(83,203)
Accounts Payable	(247,980)	215,227
Other Liabilities	(30,180)	(30,180)
Deferred Contributions	4,000	7,860
Post-employment Benefits	(2,500)	74,300
	<u>93,640</u>	<u>(48,127)</u>
	<u>199,022</u>	<u>(292,114)</u>
Financing Activities		
Short-Term Borrowings	<u>330,000</u>	-
Investing Activities		
Decrease in Investments	<u>123,837</u>	79,174
Capital Activities		
Purchase of Capital Assets	(738,313)	(597,440)
Contributions Received for Capital Activities	285,248	337,861
Proceeds on disposal	1,000	-
Contribution of reserve fund	800	-
	<u>(451,265)</u>	<u>(259,579)</u>
Increase (Decrease) in Cash and Equivalents		
	201,594	(472,519)
Cash, Beginning of year	141,911	614,430
Cash, End of year	<u>\$ 343,505</u>	<u>\$ 141,911</u>
Supplemental Disclosure		
Interest Received	\$ 6,271	\$ 22,227

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

March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization

Atikokan General Hospital ("the Hospital") provides health care services to the residents of the Municipality of Atikokan and surrounding areas. The Hospital, incorporated without share capital under the Corporations Act of Ontario, is a charitable organization within the meaning of the Income Tax Act and, as such, is exempt from Income Taxes under the Income Tax Act.

In addition to the Hospital's operating fund which reflects the activities of the day to day operations of the Hospital, the financial statements also include the activities of the following programs:

Ministry of Health and Long-Term Care

- Community Mental Health Program
- Community Addictions Program
- Community Problem Gambling Program
- Rent Supplement Program
- Case Management

The operating results of these programs are recorded in Schedule 6 to the financial statements and the assets and liabilities of these programs appear on the statement of financial position of the Hospital. Program surpluses and deficits are recorded as repayable or receivable in the year incurred and settlement adjustments by the Ministries or other funders are recorded when settled.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board.

The Atikokan General Hospital Foundation is a separate entity whose financial information is reported separately from the Hospital.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated useful life of an asset are capitalized.

Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Land Improvements	10 years
Buildings	10 to 40 years
Building Service Equipment	10 years
Equipment	5 to 10 years
Information Systems Equipment	3 to 5 years

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Hospital's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

March 31, 2020

1. Significant Accounting Policies (continued)

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 accountability arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC"), and the Local Health Integration Network ("LHIN"). The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2020 with the MOHLTC and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the MOHLTC/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the MOHLTC/LHIN has the right to adjust funding received by the Hospital. The MOHLTC/LHIN is not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOHLTC/LHIN funding received by the Hospital during the year may be increased or decreased subsequent to year-end.

Contributions approved but not received at year-end are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

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

Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the acquisition of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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

Patient related revenues are recognized as revenue when services are rendered and the amount to be received can be reasonably estimated and collection is reasonably assured.

Recoveries are recognized as revenue when the amount of the recovery can be reasonably estimated and collection is reasonably assured.

Contributed Services

There are a substantial number of volunteers who contribute a significant amount of their time each year to Atikokan General Hospital. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include balances with a chartered bank and cash on hand. Cash subject to restrictions that prevent its use for current purposes is included in restricted.

Inventories

Inventories are stated at the lower of cost and net replacement value. Cost is determined on a First-In, First-Out basis. Inventories consist of medical and general supplies that are used in the Hospital's operations and not for resale purposes.

March 31, 2020

1. Significant Accounting Policies (continued)

Financial Instruments

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

Fair Value

This category includes cash and investments. Financial instruments in this category are initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

This category includes accounts receivable and accounts payable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Deferred Revenue

Deferred revenue is received from contributors who have restricted use of the funds for specific purposes. Recognition of these amounts as revenue is deferred to periods when the specific expenditures are made.

Retirement and Post-employment Benefits

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

- i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.
- ii) The costs of the multi-employer defined benefit pension plan are the employer's contributions due to the plan in the period.
- iii) The discount rate used in the determination of the above mentioned liabilities is equal to the Hospital's internal rate of borrowing.

March 31, 2020

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred contributions related to capital assets and capital asset amortization are based on the estimated useful lives of capital assets.

Employee future benefits are based on actuarial valuations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Long-lived Assets and Discontinued Operations

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. When the Hospital determines that a long-lived asset no longer has any long-term service potential to the Hospital, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

2. Cash

The Hospital has an overall credit facility of \$400,000, including a revolving line of credit bearing interest at prime plus 0.00% (2.45% at year-end), repayable on demand, and corporate Visas repayable on demand and in accordance with standard terms and conditions. As at March 31, 2020, \$330,000 (2019 - \$Nil) has been drawn upon this operating line of credit.

3. Short-Term Investments

	2020	2019
Cash	\$ 70,109	\$ 5,000
Pooled and mutual funds	-	342,953
Guaranteed Investment Certificates (GICs) with interest rates ranging from 1.50% to 2.95% and maturity dates from August 2020 to October 2020.	1,244,045	1,811,872
	\$ 1,314,154	\$ 2,159,825

4. Accounts Receivable

	2020	2019
Insurers and Patients	65,545	100,944
Community-Based Laboratory Services	170,000	203,087
Physician Incentive Loans	68,520	114,200
HST Rebate	212,784	308,873
Other	75,197	239,148
	\$ 592,046	\$ 966,252

**Atikokan General Hospital
Notes to Financial Statements**

March 31, 2020

5. Inventories	2020	2019
Opening Balance, April 1	\$ 181,156	\$ 175,673
Purchases	(282,354)	(299,379)
Expensed	270,647	304,862
Closing Balance, March 31	<u>\$ 169,449</u>	<u>\$ 181,156</u>

6. Long-Term Investments	2020	2019
Cash	\$ -	\$ 32,591
Pooled and mutual funds (cost - \$261,271)	311,255	-
Guaranteed Investment Certificates (GIC) with interest rate of 2.65% and a maturity date of September 2021.	400,000	-
	<u>\$ 711,255</u>	<u>\$ 32,591</u>

7. Capital Assets	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 25,234	\$ -	\$ 25,234	\$ -
Land Improvements	312,750	192,237	302,561	171,639
Buildings	17,839,382	4,786,216	17,839,382	4,427,176
Building Service Equipment	1,728,919	652,353	1,469,471	558,618
Work-in-Progress	232,050	-	62,189	-
Equipment	4,054,490	3,043,814	3,873,548	2,858,297
Information Systems Equipment	261,557	257,714	261,557	250,645
	<u>\$ 24,454,382</u>	<u>\$ 8,932,334</u>	<u>\$ 23,833,942</u>	<u>\$ 8,266,375</u>
Net Book Value	<u>\$ 15,522,048</u>		<u>\$ 15,567,567</u>	

During the year, capital assets were acquired with an aggregate cost of \$738,313 (2019 - \$597,440) using provincial grant funding of \$213,912, donations of \$71,336 and operating cash of \$453,065.

8. Accounts Payable	2020	2019
Trade	\$ 484,518	\$ 809,871
Accrued Salaries and Benefits	724,694	722,172
Other	48,584	31,799
Ministry of Health and Long-Term Care		
Community Counselling Services	67,258	56,757
Visiting Specialist Program	40,000	40,000
Episode of Care	65,520	38,064
Hospital On Call Coverage	45,336	25,497
Other	32,070	31,800
	<u>\$ 1,507,980</u>	<u>\$ 1,755,960</u>

**Atikokan General Hospital
Notes to Financial Statements**

March 31, 2020

9. Deferred Contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2020	2019
Balance, beginning of year	\$ 1,099,591	\$ 1,091,731
Contributions received during the year	4,000	41,338
Amounts recognised as revenue	-	(33,478)
Balance, end of year	\$ 1,103,591	1,099,591

Deferred contributions are comprised of:

	2020	2019
General Donations	\$ 10,129	6,129
Deferred provincial grants	\$ 32,039	32,039
Rainycrest Long-Term Care	\$ 1,061,423	1,061,423
	\$ 1,103,591	1,099,591

10. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. Changes in the contributions capital deferred to future periods are as follows:

	2020	2019
Balance, beginning of year	\$ 12,997,302	\$ 13,204,381
Grants received during the year	285,248	337,861
Amortization	(515,307)	(544,940)
Balance, end of year	\$ 12,767,243	\$ 12,997,302

As at March 31, 2020 there was \$205,000 (2019 - \$205,000) of deferred capital contributions received which were not yet utilized.

11. Contingent Liabilities and Commitments

Atikokan General Hospital is a member of Health Care Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they are members and losses could be material. The Hospital joined HIROC in 1998 and no reassessments have been made to March 31, 2020.

The outcome of claims now pending is not determinable and is not expected to be material.

12. Economic Dependence

The Hospital receives the majority of its funding from the Ministry of Health and Long-Term Care and is therefore economically dependent on its government department.

March 31, 2020

13. Post-Employment Benefits Liability

The following tables outline the components of the Hospital's post-employment benefits and the related expenses.

	2020	2019
Accrued benefit obligation	\$ 576,100	\$ 590,700
Unamortized actuarial gain	287,800	275,700
Total Liability	\$ 863,900	\$ 866,400

	2020	2019
Current year benefits costs	\$ 36,900	\$ 58,400
Amortized actuarial (gains) losses	(20,100)	13,300
Interest on accrued benefit obligation	19,800	32,500
Reconciliation of plan funds (benefit payments)	(39,100)	(29,900)
	\$ (2,500)	\$ 74,300

Above amounts exclude pension contributions to the Hospitals of Ontario Pension Plan ("HOOPP"), a multi-employer plan, described below.

Retirement Benefits

Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they become due. Contributions made to the plan during the year by the Hospital amounted to \$494,835 (2019 - \$527,260).

Post-employment Benefits

The Hospital extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employee's tenure of service, The related benefit liability was determined by an actuarial valuation study.

The major assumptions employed for the valuations are as follows:

a) Discount Rate

The present value as at March 31, 2020 of the future benefits was determined using a discount rate of 3.75% (2019 - 3.25%).

b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 7.0% per annum in 2020 and decrease by 0.25% per annum thereafter to an ultimate rate of 5.0%.

c) Dental Costs

Dental costs were assumed to increase at 4.0% per annum.

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14. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2020	2019
Capital Assets	\$ 15,522,048	\$ 15,567,567
Amounts financed by Deferred Contributions	(12,767,243)	(12,997,302)
	\$ 2,754,805	\$ 2,570,265

b) The change in net assets invested in capital assets is calculated as follows:

	2020	2019
Excess (deficiency) of revenue over expenses:		
Amortization of Deferred Grants and Donations related to:		
Equipment/Software Licenses	\$ 122,905	\$ 227,878
Buildings	392,402	317,062
Amortization related to:		
Equipment/Software Licenses	(308,014)	(314,001)
Buildings	(473,373)	(458,286)
Loss on Disposal of Capital Assets	(1,445)	-
	\$ (267,525)	\$ (227,347)

Net change in investment in capital assets:

	2020	2019
Purchase of Capital Assets	\$ 738,313	\$ 597,440
Amounts funded by Deferred Grants and Donations	(285,248)	(337,861)
Proceeds of Capital Asset Disposal	(1,000)	-
	\$ 452,065	\$ 259,579
	\$ 184,540	\$ 32,232

15. Related Entity

Atikokan General Hospital Foundation is an independent corporation incorporated without share capital which has its own independent Board of Directors and is a registered charity under the Income Tax Act. The Foundation receives and maintains funds for charitable purposes, which it donates to the Hospital for use in operations, renovations, maintenance and equipment purchases of the Hospital.

The Foundation holds funds of approximately \$410,000, the benefit of which is to be used for capital projects or capital asset purchases of the Hospital. During the year, the Foundation contributed \$71,336 to the Hospital.

16. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2020		
	Fair Value	Amortized Cost	Total
Cash	\$ 343,505	\$ -	\$ 343,505
Accounts Receivable	-	592,046	592,046
Investments	2,025,409	-	2,025,409
Bank Loans	330,000	-	330,000
Accounts Payable	-	(1,507,980)	(1,507,980)
Other Liabilities	-	(4,905)	(4,905)
	\$ 2,698,914	\$ (920,839)	\$ 1,782,980

**Atikokan General Hospital
Notes to Financial Statements**

March 31, 2020

16. Financial Instrument Classification (continued)

	2019		
	Fair Value	Amortized Cost	Total
Cash	\$ 141,911	\$ -	\$ 141,911
Accounts Receivable	-	966,252	966,252
Investments	2,192,416	-	2,192,416
Accounts Payable	-	(1,755,960)	(1,755,960)
Other Liabilities	-	(35,085)	(35,085)
	<u>\$ 2,334,327</u>	<u>\$ (789,708)</u>	<u>\$ 1,544,619</u>

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 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 the asset or liability that are not based on observable market data (unobservable inputs).

	2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 343,505	\$ -	\$ -	\$ 343,505
Investments	311,255	1,714,154	-	2,025,409
Total	\$ 654,760	\$ 1,714,154	\$ -	\$ 2,368,914

	2019			
	Level 1	Level 2	Level 3	Total
Cash	\$ 141,911	\$ -	\$ -	\$ 141,911
Investments	380,544	1,811,872	-	2,192,416
Total	<u>\$ 522,455</u>	<u>\$ 1,811,872</u>	<u>\$ -</u>	<u>\$ 2,334,327</u>

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2020 and 2019. There were also no transfers in or out of Level 3.

March 31, 2020

17. Financial Instrument Risk

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash, debt holdings in its investment portfolio and accounts receivable. The Hospital holds its cash accounts with a federally regulated chartered bank which is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to \$100,000.

The Hospital's investment policy operates within the constraints of the investment guidelines issued by the MOHLTC in relation to the funding agreements and puts limits on the investment portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure.

The maximum exposure to investment credit risk is outlined in Notes 4 and 16.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. Accounts received that are not considered to be collectible are written off at year-end based on the Hospital's historical experience regarding collections. The amounts outstanding at year-end were as follows:

	2020		Past Due			
	Total	Current	1-30	31-60	61-90	91 +
MOHLTC/LHIN	\$ -					
Insurers and Patients	65,545	-	58,467	5,668	90	1,320
Other	526,501	254,125	32,046	31,810	-	208,520
	<u>\$ 592,046</u>	<u>\$ 254,125</u>	<u>\$ 90,513</u>	<u>\$ 37,478</u>	<u>\$ 90</u>	<u>\$ 209,840</u>
	2019		Past Due			
	Total	Current	1-30	31-60	61-90	91 +
MOHLTC/LHIN	\$ -					
Insurers and Patients	64,611	-	58,503	3,903	135	2,070
Other	901,641	787,441	-	-	-	114,200
	<u>\$ 966,252</u>	<u>\$ 787,441</u>	<u>\$ 58,503</u>	<u>\$ 3,903</u>	<u>\$ 135</u>	<u>\$ 116,270</u>

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Hospital's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Hospital is not exposed to significant currency risk as it does not transact materially in foreign currency. The Hospital is exposed to equity risks with regards to its investments in pooled and mutual funds and interest risk with its investments in bonds.

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17. Financial Instrument Risk (continued)

Market Risk (continued)

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

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 included in long term investments.

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

Liquidity Risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The follow table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2020			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 1,507,980	\$ -	\$ -	\$ -

	2019			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 1,755,960	\$ -	\$ -	\$ -

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

18. Uncertainty With Respect to COVID-19

COVID-19 has had a significant impact on the Canadian and global economies. As the impacts of COVID-19 continue, there could be further effects on the Hospital, its funders and donors. Management is actively monitoring the effect on its financial condition and operations. As a result, management anticipates a temporary decline in donation revenues, including contributions from the Atikokan General Hospital Foundation, which has had to postpone its fundraisers and other activities. The effects of the pandemic have also greatly increased volatility in investments. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Hospital is not able to fully estimate the effects of the pandemic on its results of operations or financial condition at this time.

March 31, 2020

19. Comparative Figures

Certain of the prior year comparative figures have been changed to conform to the current year presentation.

Atikokan General Hospital
Schedule 1 - Other Revenue
(Unaudited)

For the year ended March 31,	2020	2019
Inpatient Revenue		
Non-Residents of Canada	5,875	-
Outpatient Revenue		
Ontario Health Insurance Plan	\$ 107,708	\$ 99,377
Non-Residents of the Province and Canada	45,234	42,003
Workplace Safety & Insurance Board	8,939	13,869
Ambulance	6,410	6,915
	<u>\$ 168,291</u>	<u>\$ 162,164</u>
Co-Payment Revenue		
ALC Patients	\$ 63,471	\$ 84,256
Extended Care Patients	526,594	517,530
	<u>\$ 590,065</u>	<u>\$ 601,786</u>
Differential Revenue		
Acute Care Patients	\$ 15,020	\$ 18,885
Extended Care Patients	42,979	35,657
	<u>\$ 57,999</u>	<u>\$ 54,542</u>
Recoveries		
Non-Patient Food Services	\$ 32,801	\$ 25,759
CCAC Recoveries	15,393	25,810
Compensation and Services	440,633	384,385
Donations	400	-
Municipal Government	35,000	30,000
Materials	15,242	10,917
Rentals	5,770	27,120
Miscellaneous	93,369	56,942
	<u>\$ 638,608</u>	<u>\$ 560,933</u>
Total Other Revenue	<u><u>\$ 1,460,838</u></u>	<u><u>\$ 1,379,425</u></u>

Atikokan General Hospital
Schedule 2 - Salaries and Wages
(Unaudited)

For the year ended March 31,	2020	2019
Patient Care		
Inpatient Wards	\$ 1,278,169	\$ 1,188,858
Extended Care	982,830	1,213,620
Diabetes Education	15,516	15,171
Ambulatory Care	532,161	629,905
Laboratory	344,845	354,374
Diagnostic Imaging	181,901	187,255
Pharmacy	67,353	90,556
Clinical Nutrition	57,377	58,490
Therapeutic Services	269,569	268,879
Total Patient Care	\$ 3,729,721	\$ 4,007,108
Support Services		
General Administration	\$ 647,987	\$ 610,896
Information System Support	36,822	53,028
Human Resources and Recruitment	43,088	69,344
Physical Plant	222,727	294,820
Environmental Services	362,603	335,158
Food Services	384,430	335,452
Patient Information	150,694	142,303
Marketed Services	11,098	56,613
Materials Management and Reprocessing	112,083	136,755
Total Support Services	\$ 1,971,532	\$ 2,034,369
Total Salaries and Wages	\$ 5,701,253	\$ 6,041,477

Atikokan General Hospital
Schedule 3 - Employee Benefits
(Unaudited)

For the year ended March 31,	2020	2019
Canada Pension Plan	\$ 232,301	\$ 240,158
Hospital Pension Plan	454,595	493,883
Employment Insurance	94,753	101,707
Workplace Safety & Insurance Board	83,757	89,343
Long-Term Disability Insurance	79,678	63,573
Employer Health Tax	113,789	122,060
Extended Health Care Insurance	111,269	107,310
Dental Insurance	76,923	74,356
Group Life and Accidental Death & Dismemberment	23,478	21,133
Termination Benefits	183,464	19,126
Benefit and Vacation % in Lieu	165,969	191,451
Total Employee Benefits	\$ 1,619,976	\$ 1,524,100

Atikokan General Hospital
Schedule 4 - Medical Staff Remuneration
(Unaudited)

For the year ended March 31,	2020	2019
Honorariums	\$ 25,000	\$ 27,083
Hospital On Call Coverage	136,016	86,994
Clinical Laboratory	21,136	28,062
Imaging	51,236	47,309
Total Medical Staff Remuneration	\$ 233,388	\$ 189,448

Atikokan General Hospital
Schedule 5 - Supplies and Other Expenses
(Unaudited)

For the year ended March 31,	2020	2019
Patient Care		
Inpatient Wards	\$ 85,083	\$ 81,159
Extended Care	113,167	97,060
Diabetes Education	10,000	10,064
Ambulatory Care	40,790	18,998
Laboratory	141,076	87,257
Diagnostic Imaging	87,946	50,997
Pharmacy	10,844	10,648
Clinical Nutrition	1,873	3,361
Therapeutic Services	17,432	30,450
Total Patient Care	\$ 508,211	\$ 389,994
Support Services		
General Administration	\$ 320,748	\$ 235,280
Information System Support	238,594	158,156
Human Resources and Recruitment	59,335	94,263
Physical Plant	363,059	290,035
Environmental Services	52,043	41,838
Food Services	163,516	161,579
Patient Information	3,595	7,763
Health System Development	17,275	30,534
Marketed Services	59,474	89,509
Materials Management	12,050	22,985
Total Support Services	\$ 1,289,689	\$ 1,131,942
Total Supplies and Other Expenses	\$ 1,797,900	\$ 1,521,936

Atikokan General Hospital
Schedule 6 - Other Votes and Programs
(Unaudited)

	Case							For the year	For the year
	Substance	Problem	Management	Supportive	Administration	Rent	Municipal	ended March	ended March
	Abuse	Gambling	and Mental	Housing		Supplement	Taxes	31, 2020	31, 2019
			Health						
Revenue									
MOHLTC/LHIN Funding	\$ 69,421	\$ 92,963	\$ 464,461	\$ 105,999	\$ -	\$ 14,143	\$ 3,075	\$ 750,062	\$ 731,424
MOHLTC/LHIN One Time Funding	15,000	-	-	-	-	-	-	15,000	-
Other Revenue and Recoveries	-	-	721	20,249	-	-	-	20,970	18,473
Total Revenue	\$ 84,421	\$ 92,963	\$ 465,182	\$ 126,248	\$ -	\$ 14,143	\$ 3,075	\$ 786,032	\$ 749,897
Operating Expenses									
Salaries and Wages	\$ 75,304	\$ 46,828	\$ 162,870	\$ 59,067	\$ 98,580	\$ -	\$ -	\$ 442,649	\$ 445,587
Employee Benefits	16,413	8,505	42,092	18,178	27,081	-	-	112,269	106,433
Purchased Services	-	-	71,150	-	-	-	-	71,150	82,423
Medical Staff Remuneration	-	-	23,770	-	-	-	-	23,770	3,799
Supplies and Other Expenses	4,888	3,121	30,427	37,914	51,650	13,231	-	141,231	118,952
Buildings & Grounds	-	-	4,072	-	-	-	6,150	10,222	-
Total Operating Expenses	\$ 96,605	\$ 58,454	\$ 334,381	\$ 115,159	\$ 177,311	\$ 13,231	\$ 6,150	\$ 801,291	\$ 757,194
Net Revenue (Expense)	\$ (12,184)	\$ 34,509	\$ 130,801	\$ 11,089	\$ (177,311)	\$ 912	\$ (3,075)	\$ (15,259)	\$ (7,297)
Administration Allocation	-	(34,509)	(130,801)	(11,089)	177,311	(912)	-	-	-
Net Revenue (Expense)	\$ (12,184)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,075)	\$ (15,259)	\$ (7,297)

Atikokan General Hospital
Schedule 7 - Diabetes Education Program
(Unaudited)

For the year ended March 31,	2020	2019
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 31,375	\$ 31,375
Operating Expenses		
Salaries and Wages	\$ 15,516	\$ 15,171
Employee Benefits	3,534	3,173
Supplies and Other Expenses	10,000	-
Total Operating Expenses	\$ 29,050	\$ 18,344
Net Revenue	\$ 2,325	\$ 13,031