

Carleton Place & District Memorial Hospital  
Financial Statements  
For the Year Ended March 31, 2022

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## Management's Responsibility for the Financial Statements

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The accompanying financial statements are prepared in accordance with Canadian public sector accounting standards.

The financial statements are the responsibility of management and have been approved by the board of directors.

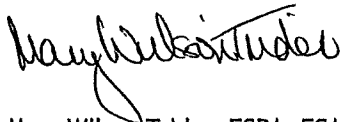
To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Hospital's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the financial statements are based on reliable accounting records.


The Hospital's power and responsibilities are exercised by the board of directors.

The responsibilities of the Board of Directors include overseeing financial reporting and presentation procedures, which includes reviewing and approving the financial statements.

The independent auditor, BDO Canada LLP, has audited the financial statements and presented the following report.



Mary Wilson Trider, FCPA, FCA  
President & CEO



Kimberley Harbord, CPA, CGA, MBA  
Vice President Finance & CFO

Carleton Place, Ontario  
June 15, 2022



Tél./Tel: 613-237-9331  
Télec./Fax: 613-237-9779  
www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP  
180 Kent Street  
Suite 1700  
Ottawa ON K1P 0B6 Canada

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## Independent Auditor's Report

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To the Board of Directors of Carleton Place & District Memorial Hospital

### Opinion

We have audited the financial statements of Carleton Place & District Memorial Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2022, and its results of operations and 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.

### 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
June 15, 2022

**Carleton Place & District Memorial Hospital  
Statement of Financial Position**

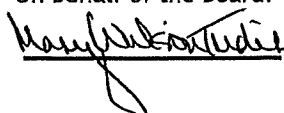
March 31	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,423,513	\$ 1,081,193
Accounts receivable	1,410,620	1,284,222
Inventories	239,021	316,745
Prepaid expenses	160,030	111,739
	3,233,184	2,793,899
Restricted cash (Note 2)	1,074,920	1,122,875
Capital Assets (Note 3)	7,639,071	8,068,781
	\$ 11,947,175	\$ 11,985,555

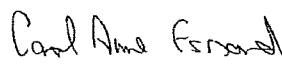
**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,293,952	\$ 1,186,119
Current portion of deferred contributions (Note 5)	896,681	705,301
	2,190,633	1,891,420
Deferred contributions (Note 5)	1,260,516	1,308,473
Deferred contributions related to capital assets (Note 6)	7,220,281	7,336,777
Employee future benefits (Note 7)	400,900	380,800
	11,072,330	10,917,470
<b>Net Assets</b>		
Invested in Capital Assets	418,790	732,004
Unrestricted	456,055	336,081
	874,845	1,068,085
	\$ 11,947,175	\$ 11,985,555

Contractual obligations (Note 9)  
Contingencies (Note 11)

On behalf of the Board:

 Director

  
\_\_\_\_\_  
Director

Carleton Place & District Memorial Hospital  
Statement of Changes in Net Assets

For the year ended March 31	Invested in Capital Assets	Unrestricted	2022 Total	2021 Total
Balance, beginning of the year	\$ 732,004	\$ 336,081	\$ 1,068,085	\$ 1,123,785
Deficiency of revenues over expenses	-	(193,240)	(193,240)	(55,700)
Amortization of deferred contributions related to capital assets	910,284	(910,284)	-	-
Amortization of capital assets	(1,116,656)	1,116,656	-	-
Purchase of capital assets	686,946	(686,946)	-	-
Amounts funded by deferred capital contributions	(793,788)	793,788	-	-
Balance, end of the year	\$ 418,790	\$ 456,055	\$ 874,845	\$ 1,068,085

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

## Carleton Place & District Memorial Hospital Statement of Operations

For the year ended March 31	2022	2021
<b>Revenue</b>		
Ministry of Health	\$12,048,451	\$ 12,223,320
Other patient services	2,856,590	2,768,071
Other funding	766,176	457,429
Amortization of deferred contributions related to equipment and software	582,343	479,084
	<u>16,253,560</u>	<u>15,927,904</u>
<b>Expenses</b>		
Amortization of equipment and software	692,404	570,572
Drugs and medical gases	277,114	244,738
Employee benefits	1,971,176	1,940,347
General supplies	3,061,275	2,906,046
Medical and surgical supplies	386,421	283,916
Medical staff remuneration	2,556,613	2,734,878
Salaries and wages	7,385,386	7,204,032
	<u>16,330,389</u>	<u>15,884,529</u>
Excess (deficiency) of revenue over expenses from operations	(76,829)	43,375
<b>Other votes</b>		
Revenue	3,150	3,150
Expenses	(3,150)	(3,237)
	<u>(76,829)</u>	<u>43,288</u>
Excess (deficiency) of revenue over expenses from operations and other votes	(76,829)	43,288
<b>Other (income) and expenses</b>		
Amortization of deferred contributions related to buildings	327,941	340,642
Amortization of buildings and land improvements	(424,252)	(429,474)
Change in employee future benefits liability	(20,100)	(10,500)
Gain on disposal of capital asset	-	344
	<u>-</u>	<u>344</u>
<b>Deficiency of revenues over expenses</b>	<b>\$ (193,240)</b>	<b>\$ (55,700)</b>

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

## Carleton Place & District Memorial Hospital Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (193,240)	\$ (55,700)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(910,284)	(819,726)
Amortization of capital assets	1,116,656	1,000,046
Increase in employee future benefits	20,100	10,500
Gain on disposal of capital assets	-	(344)
	33,232	134,776
Changes in non-cash working capital:		
Accounts receivable	(126,398)	(878,449)
Inventories	77,724	(144,580)
Prepaid expenses	(48,291)	46,429
Accounts payable and accrued liabilities	107,833	7,151
Deferred contributions	143,423	700,891
	187,523	(133,782)
Cash flows from investing activities		
Change in restricted cash	47,955	11,481
Cash flows from capital activities		
Deferred contributions related to capital assets received	793,788	1,030,071
Purchase of capital assets	(686,946)	(1,148,505)
Proceeds of disposition of capital assets	-	2,000
	106,842	(116,434)
Net increase (decrease) in cash	342,320	(238,735)
Cash, beginning of the year	1,081,193	1,319,928
Cash, end of the year	\$ 1,423,513	\$ 1,081,193

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



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# Carleton Place & District Memorial Hospital

## Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies

Nature and Purpose of Organization	The Carleton Place & District Memorial Hospital (the "Hospital"), established in 1955, provides health care services to the residents of the Town of Carleton Place 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 (Canada) and, as such, is exempt from income taxes under the Income Tax Act (Canada).
Basis of 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 ("PSAB for Government NPOs"). The Carleton Place & District Memorial Hospital Foundation is a separate entity whose financial information is reported separately from the Hospital.
Contributed Services	Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. 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 includes cash on hand and short-term highly liquid investments with original maturities of three months or less or cashable on demand.
Revenue Recognition	<p>The Hospital follows the deferral method of accounting for contributions, which include donations and government grants.</p> <p>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"). The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2022 with the Ministry 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 MOH. 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.</p>

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# Carleton Place & District Memorial Hospital

## Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

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

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

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

Amortization of buildings is not funded by the MOH as part of operations and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital.

Revenue from other patient services is recognized when the service is provided.

#### Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis. Inventory consists of medical and general supplies that are used in the Hospital's operations and not for resale purposes.

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# Carleton Place & District Memorial Hospital

## Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

#### 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 life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. 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 as follows:

Land improvements	3 to 25 years
Buildings	10 to 40 years
Hospital equipment	3 to 25 years
Software licenses	3 to 10 years

#### Retirement and Post-Employment Benefits

The Hospital provides defined retirement and post-employment benefits to certain employee groups. These benefits include pension, 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, disability recovery rates 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 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 MOH's recommendation, which the Hospital has chosen to adopt.

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# Carleton Place & District Memorial Hospital

## Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

**Financial Instruments** Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at this cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to carry its cash and cash equivalents at fair value. Unrealized 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. The Hospital does not have any amounts to record on the statement of remeasurement gains and losses and therefore this statement has not been included in these financial statements.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require the Hospital to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

**Management estimates** The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Areas of key estimates include determination of allowance for doubtful accounts, useful lives of capital assets and actuarial estimation of employee future benefits.

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

March 31, 2022

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### 2. Restricted Cash

Restricted cash relates to funding received for the purpose of the new emergency department.

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### 3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 75,015	\$ -	\$ 75,015	\$ -
Land improvements	334,666	322,038	334,666	318,543
Buildings	10,111,961	6,819,928	10,107,886	6,399,172
Hospital equipment	8,442,175	6,277,584	7,807,260	5,825,249
Software licenses	3,256,803	2,096,137	3,256,803	1,856,068
Construction in progress	934,138	-	886,183	-
	23,154,758	15,515,687	22,467,813	14,399,032
		\$ 7,639,071		\$ 8,068,781

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### 4. Bank Indebtedness

The Hospital has an available line of credit of \$750,000 with its corporate banker. This line of credit is unsecured and bears interest at prime less 0.50%. The Hospital also has a revolving term loan facility with a maximum credit of \$500,000 which bears interest at prime plus an applicable spread dependent on the amount drawn. At March 31, 2022, no amounts were withdrawn on the line of credit or the revolving term loan facility.

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

March 31, 2022

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### 5. Deferred Contributions

Deferred contributions represent contributions received for expenses that will be incurred in the following years. The deferred contributions consist of the following:

	2022	2021
Redevelopment grant	\$ 1,082,277	\$ 876,867
Website development donations	-	14,032
New emergency department grant	1,074,920	1,122,875
	2,157,197	2,013,774
Less: current portion of deferred contributions	896,681	705,301
	\$ 1,260,516	\$ 1,308,473

Changes in the contributions deferred to future periods are as follows:

Balance, beginning of year	\$ 2,013,774	\$ 1,312,883
Add: amount received during the year	1,057,402	1,268,442
Less: amount recognized in revenue	(504,770)	(132,363)
Less: transfer to deferred contributions related to capital assets	(409,209)	(435,188)
	2,157,197	2,013,774
Less: current portion of deferred contributions	896,681	705,301
Balance, end of year	\$ 1,260,516	\$ 1,308,473

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### 6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2022	2021
Beginning balance	\$ 7,336,777	\$ 7,126,432
Add: contributions received during the year	384,579	594,883
Add: transfer from deferred contributions	409,209	435,188
Less: amounts amortized to revenue	(910,284)	(819,726)
Ending balance	\$ 7,220,281	\$ 7,336,777

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

March 31, 2022

### 7. Employee Future Benefits

#### Post-Retirement Benefits

The Hospital provides extended health care and dental insurance benefits to certain of its employees and extends this coverage to the post-retirement period. The most recent actuarial valuation of employee future benefits was completed as at March 31, 2021., and an extrapolation of the results was performed to obtain an estimate as at March 31, 2022.

#### *Accrued Benefits Liability*

The reconciliation of the actuarially determined accrued benefit obligation to the amount recorded in the financial statements is as follows:

	2022	2021
Accrued benefit obligation	\$ 444,900	\$ 475,900
Unamortized actuarial gains (losses)	(44,000)	(95,100)
Accrued benefit liability	\$ 400,900	\$ 380,800

#### *Significant assumptions*

The significant actuarial assumptions and economic factors adopted in estimating the Hospital's accrued benefit obligations are as follows. All rates and percentages are annualized.

	2022	2021
Discount rate	3.89 %	3.21 %
Dental cost trend rate	3.00 %	3.00 %
Extended health care trend rate	5.57 %	5.57 %

#### *Benefits Expense*

Included in the statement of operations is a benefit expense of \$70,900 (2021 - \$38,900). This expense is comprised of the following:

	2022	2021
Current period benefit cost	\$ 34,100	\$ 19,500
Amortization of actuarial losses	21,200	8,000
Post-retirement benefit interest expense	15,600	11,400
Benefits expense	\$ 70,900	\$ 38,900

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

March 31, 2022

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### 7. Employee Future Benefits (continued)

#### Hospital of Ontario Pension Plan ("HOOPP")

HOOPP provides pension services to more than 419,000 members and approximately 624 employers. Substantially all of employees of the Hospital 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 come due. Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2021 disclosed a surplus of \$28,512 million. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$188,641 million in respect of benefits accrued for service with actuarial assets at that date of \$217,153 million. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions by the Hospital to the plan during the year by the Hospital amounted to \$531,004 (2021 - \$548,810).

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### 8. Related Party Transactions

The Carleton Place & District Memorial Hospital Foundation (the "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 the use of operations, renovations, maintenance and equipment of the Hospital.

During the year ended March 31, 2022, the Foundation made capital contributions of \$359,914 (2021 - \$614,484) to the Hospital. As at March 31, 2022, \$128,269 of these contributions are receivable (2021 - \$381,875).

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### 9. Contractual Obligations

As of March 31, 2022, the Hospital has the following contractual obligations under operating leases for the next four years:

2023	\$	139,075
2024	\$	110,546
2025	\$	88,760
2026	\$	58,260

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

March 31, 2022

### 10. Financial Instruments

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Hospital's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The Hospital is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

The majority of the Hospital's receivables are from government sources and the Hospital works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The maximum exposure to accounts receivable credit risk would be the carrying value of \$1,410,620 (2021 - \$1,284,222).

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital's historical experience regarding collections. The amounts outstanding at year end were as follows:

	<i>Past due</i>					
	Total	0-30 days	30-60 days	61-90 days	91-120 days	Over 120 days
Patient related	\$ 121,857	\$ 55,368	\$ 36,167	\$ 8,002	\$ 4,646	\$ 17,674
Client billing	78,848	57,322	19,055	2,020	-	451
Foundation	173,665	173,665	-	-	-	-
Others	172,949	172,949	-	-	-	-
Gross receivables	547,319	459,304	55,222	10,022	4,646	18,125
Add: COVID-19 related	893,301					
Less: impairment allowances	<u>(30,000)</u>					
Net receivables	<u>\$1,410,620</u>					

## Carleton Place & District Memorial Hospital Notes to Financial Statements

March 31, 2022

### 10. Financial Instruments (continued)

	As at March 31, 2021		<i>Past due</i>			
	Total	0-30 days	30-60 days	61-90 days	91-120 days	Over 120 days
Patient related	\$ 147,287	\$ 71,325	\$ 46,209	\$ 12,858	\$ 3,866	\$ 13,029
Client billing	70,593	17,677	16,801	35,588	-	527
Foundation	399,634	17,759	19,442	362,433	-	-
Others	114,619	105,513	-	-	-	9,106
Gross receivables	732,133	212,274	82,452	410,879	3,866	22,662
Add: COVID-19 related	582,089					
Less: impairment allowances	<u>(30,000)</u>					
Net receivables	<u>\$ 1,284,222</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.

#### Liquidity risk

Liquidity risk is the risk that the Hospital will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Hospital will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Hospital is exposed to this risk mainly in respect of its accounts payable.

The Hospital's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Hospital maintains most of its invested assets in liquid securities.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Hospital is exposed to interest rate risk on its employee future benefit obligation.

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

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### 11. Contingencies

The nature of the Hospital's activities is such that there is potentially litigation pending or in prospect at any time. Management believes the Hospital has valid defenses and appropriate insurance coverage 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. There is one claim outstanding at March 31, 2022.

A group of hospitals, including the Hospital, have formed the Healthcare 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 were members, and these losses could be material. No reassessments have been made to March 31, 2022.

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### 12. Ministry of Health Pandemic Funding

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

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

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. Management has analyzed the requirements and has provided an estimate for the supportable amounts based on the current available information. Due to the uncertainty of the amount of funding that will be confirmed in future years, management has recorded a provision on the receivable as noted in the chart below. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

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## Carleton Place & District Memorial Hospital Notes to Financial Statements

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### 12. Ministry of Health Pandemic Funding (continued)

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

	<u>2022</u>	<u>2021</u>
Funding for incremental COVID-19 operating expenses	\$ 618,000	\$ 622,000
Funding for retention of nurses	145,000	-
Funding for revenue losses resulting from COVID-19	-	410,000
Funding for pandemic pay	-	195,000
	<u>                    </u>	<u>                    </u>
Ending balance	<u>\$ 763,000</u>	<u>\$ 1,227,000</u>

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### 13. Uncertainty Related to COVID-19

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market, health and societal impacts. In response to COVID-19 and consistent with guidance provided by the MOH and other government agencies, the Hospital has implemented a number of measures to protect patients and staff from COVID-19. In addition, the Hospital has actively contributed towards the care of COVID-19 patients and the delivery of programs that protect public health.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2023 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.

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