

Lake of the Woods District Hospital
Financial Statements
March 31, 2023

Lake of The Woods District Hospital

Contents

For the year ended March 31, 2023

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Management's Responsibility

To the Board of Directors of Lake of the Woods District Hospital:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.


The Board of Directors is composed primarily of Directors who are neither management nor employees of the Hospital. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 8, 2023



President and Chief Executive Officer



Vice President Corporate Services
and Chief Finance Officer

To the Members and to the Board of Lake of the Woods District Hospital:

Opinion

We have audited the financial statements of Lake of the Woods District Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2023, and 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, 2023, and the results of its 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 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.

Kenora, Ontario

June 8, 2023

MNP LLP

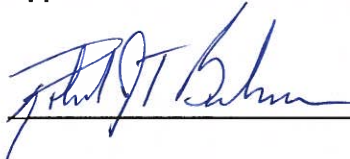
Chartered Professional Accountants

Licensed Public Accountants

Lake of the Woods District Hospital
Statement of Financial Position
As at March 31, 2023

	2023	2022 <i>(Restated)</i> <i>(Note 18)</i>
Current assets		
Cash <i>(Note 1)</i>	\$ 4,834,541	\$ 6,849,681
Short-term investments <i>(Note 2)</i>	335,477	332,800
Accounts receivable <i>(Note 3)</i>	8,103,840	8,751,538
Inventory	1,089,390	1,432,240
Prepaid expenses	675,351	574,495
	15,038,599	17,940,754
Capital assets <i>(Note 4)</i>	26,972,776	24,908,087
	\$ 42,011,375	\$ 42,848,841
 Current liabilities		
Accounts payable <i>(Note 6)</i>	\$ 13,210,552	\$ 9,592,478
Deferred contributions – donations and grants <i>(Note 9)</i>	1,684,345	1,974,386
	14,894,897	11,566,864
Asset retirement obligation <i>(Note 7)</i>	2,647,158	2,570,057
Accrued employee future benefit obligation <i>(Note 8)</i>	2,093,600	2,030,900
	19,635,655	16,167,821
Deferred contributions		
Unamortized capital contributions <i>(Note 9)</i>	23,068,446	22,586,580
	42,704,101	38,754,401
Commitments and contingencies <i>(Note 11)</i>		
Net assets (debt)		
Invested in capital assets <i>(Note 10)</i>	1,257,172	(248,550)
Internally restricted for capital	3,226,253	2,364,460
Unrestricted net deficit	(5,176,151)	1,978,530
	(692,726)	4,094,440
	\$ 42,011,375	\$ 42,848,841

Approved on behalf of the Board

 Director

 Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital

Statement of Operations

For the year ended March 31, 2023

	Budget 2023 <i>(Unaudited)</i> <i>(Note 16)</i>	2023	2022 <i>(Restated)</i> <i>(Note 18)</i>
Revenue (Schedule 1)			
Ministry of Health/OHN/CCO	\$ 48,126,534	\$ 49,839,798	\$ 49,751,328
Patient revenue from other payors	4,656,600	5,748,692	4,321,388
Differential and co-payment revenue	165,000	89,048	119,653
Other revenue and recoveries	3,837,442	4,986,668	4,225,604
Amortization of grants/donations of equipment	1,321,576	1,091,856	943,106
Total Hospital Operating Revenue	58,107,152	61,756,062	59,361,079
Other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	9,225,171	10,384,465	8,515,059
	<u>67,332,323</u>	<u>72,140,527</u>	<u>67,876,138</u>
Expenses			
Salaries, wages and employee benefits (Schedule 2)	34,052,133	37,366,489	31,363,215
Medical staff remuneration	10,355,528	11,490,601	11,034,806
Supplies and other expenses (Schedule 2)	8,441,726	11,163,359	9,200,240
Medical and surgical supplies (Schedule 2)	1,412,917	2,278,345	1,837,141
Drugs	2,177,932	2,278,422	2,201,981
Amortization of equipment	1,295,434	1,373,950	1,139,039
Bad debts	26,250	14,876	36,721
Total Hospital Operating Expenses	57,761,920	65,966,042	56,813,143
Other programs (Schedules 3 and 4)	9,225,171	10,384,465	8,515,059
	<u>66,987,091</u>	<u>76,350,507</u>	<u>65,328,202</u>
Surplus(deficit) before amortization related to buildings	<u>345,232</u>	<u>(4,209,980)</u>	<u>2,547,936</u>
Amortization of buildings	(2,509,972)	(2,532,431)	(2,422,269)
Asset retirement obligation accretion related to buildings	-	(77,101)	(74,856)
Amortization of deferred contributions related to buildings	1,620,467	2,032,346	1,982,464
	<u>(889,505)</u>	<u>(577,186)</u>	<u>(514,661)</u>
Surplus (deficit) for the year	<u>\$ (544,273)</u>	<u>\$ (4,787,166)</u>	<u>\$ 2,033,275</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital

Statement of Changes in Net Assets

For the year ended March 31, 2023

	2023			2022	
	Invested in Capital Assets	Internally Restricted for Capital	Unrestricted	Total	(Restated) (Note 18) Total
Opening balance, as previously stated	\$ 2,154,570	\$ 2,364,460	\$ 1,978,530	\$ 6,497,560	\$ 4,373,531
Restatement <i>(See Note 18)</i>	(2,403,120)	-	-	(2,403,120)	(2,312,366)
Opening balance after restatement	(248,550)	2,364,460	1,978,530	4,094,440	2,061,165
Surplus(deficit) for the year	-	-	(4,787,166)	(4,787,166)	2,033,275
Amortization of capital assets/deferred contributions related to capital assets <i>(Note 10)</i>	(860,500)	-	860,500	-	-
Interfund transfer <i>(Note 10)</i>	(861,793)	861,793	-	-	-
Net change in investment in capital assets <i>(Note 10)</i>	3,228,015	-	(3,228,015)	-	-
Balance, end of year	\$ 1,257,172	\$ 3,226,253	\$ (5,176,151)	\$ (692,726)	\$ 4,094,440

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital

Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022 (Restated) (Note 18)
Cash flows from operations		
Surplus (deficit) for the year	\$ (4,787,166)	\$ 2,033,275
Adjustments for:		
Amortization of capital assets	3,950,124	3,599,374
Accretion of capital assets	77,101	74,856
Amortization of deferred contributions related to capital assets	(3,166,727)	(2,962,678)
Increase in long term liability related to employee future benefits	62,700	74,500
	<u>(3,863,968)</u>	<u>2,819,327</u>
Change in non-cash operating working capital balances	4,507,768	(554,785)
	<u>643,800</u>	<u>2,264,542</u>
Cash flows from financing activities		
Increase in other deferred contributions	(290,042)	606,804
Cash flows from investing activities		
Decrease in short-term investments	(2,677)	(332,800)
Cash flows from capital activities		
Increase in deferred contributions related to capital assets	3,648,591	3,154,780
Purchase of capital assets	(6,014,812)	(2,584,355)
	<u>(2,366,221)</u>	<u>570,425</u>
Net increase (decrease) in cash and equivalents	(2,015,140)	3,108,971
Cash and cash equivalents, beginning of year	6,849,681	3,740,710
Cash and cash equivalents, end of year	\$ 4,834,541	\$ 6,849,681

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital Summary of Significant Accounting Policies

For the year ended March 31, 2023

Operations

Lake of the Woods District Hospital (“the Hospital”) was incorporated under a Private Bill (Lake of the Woods District Hospitals Act – Bill PR50) in 1968. The Hospital is principally involved in providing health care services to the City of Kenora. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

At year-end and subsequent, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Hospital as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, which sets out generally accepted accounting principles for government not-for-profit organizations. The Hospital has chosen to use the standards for not-for-profit organizations that include Sections PS 4200 to PS 4270. The significant accounting policies are summarized below.

These financial statements reflect the assets, liabilities and operations of the Hospital. They do not include the assets, liabilities or operations of the Lake of the Woods District Hospital Foundation or the Lake of the Woods District Hospital Auxiliary, which, although associated with the Hospital, are separately managed, and report to separate Boards of Directors.

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:

- Problem Gambling
- Adult Community Mental Health
- Lake of the Woods Addictions
- Remedial Measures
- CMH&A Admin
- Central Ambulance Communication Centre
- Ambulance Regional Training, Kenora

The operating results of these programs are recorded in Schedules 3 and 4 to the financial statements and their assets and liabilities are reported on the statement of financial position of the Hospital. Program surpluses are recorded as repayable in the year incurred, except for those programs for which permission has been obtained to carry over surpluses for future program expenditures. In these cases, program surpluses have been recorded as deferred contributions. Program deficits are included in general operations, since they are not funded by the Ministries. Adjustment settlements by the Ministries are recorded when settled.

Lake of the Woods District Hospital

Summary of Significant Accounting Policies

For the year ended March 31, 2023

Revenue Recognition	<p>The Hospital follows the deferral method of accounting for contributions.</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. 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.</p> <p>The Hospital receives funding for operations for certain programs from the Ministry of Health. The final amount of operating revenue cannot be determined until the Ministry has reviewed the Hospital's financial and statistical returns for the year. Any adjustments arising from the Ministry's review is recorded in the period in which the adjustment is made.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.</p> <p>Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or when the service is provided.</p>
Contributed Services	<p>A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services of volunteers are not recognized in the financial statements.</p>
Cash and cash equivalents	<p>Cash and cash equivalents include cash and short-term investments with maturities of three months or less.</p>
Investments	<p>Investments are recorded at fair value. Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.</p> <p>Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions and at a specific point in time and may not be reflective of future fair value.</p>
Inventory	<p>Inventory is stated at the lower of weighted average cost and net realizable value, less a provision for any obsolete or unusable inventory on hand.</p>

Lake of the Woods District Hospital

Summary of Significant Accounting Policies

For the year ended March 31, 2023

Capital Assets

Purchased capital assets are initially 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 residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is stated at cost, which comprises all direct and indirect costs of construction. Construction in progress is not amortized until the project is complete and the facilities come into use.

Capital assets are amortized on a straight line basis over the following periods of time:

Buildings and building service equipment	- 40 to 50 years
Computer equipment	- 5 years
Furniture and equipment	- 5 to 20 years
Parking lot equipment	- 3 years

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Hospital to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Hospital reviews the carrying amount of the liability. The Hospital recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Hospital continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Compensated Absences

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

Lake of the Woods District Hospital

Summary of Significant Accounting Policies

For the year ended March 31, 2023

Employee Benefit Plans

The Hospital accrues its obligation for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages and expected health care costs. The attribution period for such cost begins the date of hire of the employee to the date the employee becomes fully eligible to receive the benefits. The discount rate used to determine accrued benefit obligations is based on a year-end market rate of interest for high quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Adjustments arising from plan amendments, including past service costs, are included in the cost of the plan for the year.

The Hospital is an employer member of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to future employer contributions to the Plan for past employee service.

Use of Estimates

The preparation of financial statements is in conformity with Canadian public sector accounting standards which 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. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization and deferred capital contributions are based on the estimated useful lives of capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year end. Accrued employee future benefit obligations are determined based on actuarial valuation.

Lake of the Woods District Hospital

Summary of Significant Accounting Policies

For the year ended March 31, 2023

Financial Instruments

The Hospital recognizes its financial instruments when the Hospital becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Hospital may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital has not made such an election during the year.

The Hospital subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Hospital's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the surplus/deficit for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Lake of the Woods District Hospital

Notes to the Financial Statements

For the year ended March 31, 2023

1. Cash

The Hospital's bank accounts are held at chartered banks. The accounts earn interest at prime less 2% (4.7% at March 31, 2023). The amount held in the Capital Funds bank account \$1,434,449, (2022 - \$1,392,726) is used exclusively to fund payments relating to the All Nations Hospital Project. The amount held in the ER Group bank account \$61,110, (2022 - \$296,758) is used exclusively to fund the payment of the ER Physicians and associated administrative costs. The amount held in the Psychiatry bank account \$1,638,073, (2022 - \$656,363) is used exclusively to fund the payment of the Psychiatrists and associated administrative costs. The amount held in the NOSM LEG bank account \$310,167, (2022 - \$351,039) is used exclusively to fund the payment of the Local Education Group and associated administrative costs.

2. Short-term Investments

	Market Value	2023	2022
Maturity greater than 90 days – Short-term investments			
CIBC GIC – 5.25% maturing December 19, 2023, non-redeemable	\$ 335,477	\$ 335,477	\$ 332,800

Fair values for the above investments are considered to be approximate market values.

3. Accounts Receivable

	2023	2022
Ministry of Health	\$ 4,237,054	\$ 5,509,692
Insurers and patients	2,130,062	1,233,173
HST/GST rebates	498,759	491,180
Other	1,266,531	1,537,397
	8,132,406	8,771,442
Allowance for doubtful accounts	(28,566)	(19,904)
	\$ 8,103,840	\$ 8,751,538

The carrying value of accounts receivable approximates fair value because of their short maturity and because they are subject to normal credit terms.

Lake of the Woods District Hospital
Notes to the Financial Statements

For the year ended March 31, 2023

4. Capital Assets

	Cost	Accumulated Amortization		2023 Net book Value
Land	\$ 279,491	\$ -		\$ 279,491
Buildings and building service equipment	47,816,010	31,570,225		16,245,785
Computer equipment	4,009,010	3,216,184		792,824
Furniture and equipment	23,423,020	17,982,010		5,441,011
Parking lot equipment	719,925	538,948		180,977
	76,247,456	53,307,367		22,940,088
Construction in process	4,032,688	-		4,032,688
	\$ 80,280,144	\$ 53,307,367		\$ 26,972,776

	Cost	Accumulated Amortization		2022 Net book Value <i>(Restated)</i> <i>(Note 18)</i>
Land	\$ 279,491	\$ -		\$ 279,491
Buildings and building service equipment	46,493,962	29,048,197		17,445,765
Computer equipment	3,608,392	3,072,316		536,075
Furniture and equipment	21,231,624	16,780,172		4,451,453
Parking lot equipment	719,925	488,968		230,957
	72,333,394	49,389,653		22,943,741
Construction in process	1,964,346	-		1,964,346
	\$ 74,297,740	\$ 49,389,653		\$ 24,908,087

5. Bank indebtedness

At March 31, 2023, the Organization had lines of credit totaling \$4,500,000 (2022 - \$4,500,000), none of which were drawn.

6. Accounts Payable

	2023	2022
Vacation benefits payable	\$ 1,934,870	\$ 1,991,050
Accrued salaries	870,123	1,066,564
Trade accounts payable	3,895,527	2,965,919
Due to Ministry of Health	2,402,111	1,605,247
Other payables and accruals	2,690,739	1,040,155
Payroll remittances	1,411,800	918,162
Sick leave benefits payable	5,382	5,381
	\$ 13,210,552	\$ 9,592,478

7. Asset Retirement Obligation

The Hospital has several buildings containing asbestos and will be required to clean and remove in a prescribed manner. The Hospital recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of buildings. The asset retirement cost is amortized on a straight-line basis over the useful life of the building.

The Hospital estimated the amount of the liability using square footage of the building that is determined to contain asbestos and the estimated cost per square foot using the discounted cash flow method. The significant assumptions used to determine the best estimate of the liability included:

Discount Rate for calculation	3% per annum
Remaining asset life	10 years

	2023	2022
Balance, beginning of period	\$ 2,570,057	\$ 2,495,201
Accretion expense for the year	77,101	74,856
	\$ 2,647,158	\$ 2,570,057

8. Accrued Employee Future Benefit Obligation

The Hospital provides extended health care, dental and life insurance benefits to all unionized, full time employees who enrol in the benefit plans and extends this coverage to the post-retirement period. The Hospital accrues its obligations under these plans as the benefits are earned. The most recent actuarial valuation of employee future benefit was completed as at April 22, 2023.

At March 31, 2023, the Hospital's accrued benefit obligation relating to post-retirement benefit plans was \$2,093,600 (2022 - \$2,030,900). Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligations were as follows:

Discount Rate for calculation of Net Benefit Costs (during Fiscal 2022)	3.21% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2023)	3.89% per annum
Dental Cost Trend Rates	4.0% per annum
Extended Health Care Trend Rates	6.5% in 2023; decreasing by 0.2% per annum to an ultimate rate of 4% per year
Retirement age	Age 59 or immediate if older than 59
Full eligibility age	Age 55
Members electing coverage at retirement	Age 55
CUPE & Non-Union Full Time	80%
ONA Full Time	65%

Lake of the Woods District Hospital

Notes to the Financial Statements

For the year ended March 31, 2023

8. Accrued Employee Future Benefit Obligation *(Continued from previous page)*

	2023 Total Employee Future Benefits	2022 Total Employee Future Benefits
Retirement and Other Employee Future Benefit Liabilities		
Accrued benefit liability at beginning of period	\$ 2,030,900	\$ 1,956,400
Expense for the year	175,800	186,300
Funding contributions (total)	(113,100)	(111,800)
	\$ 2,093,600	\$ 2,030,900

	2023 Total Employee Future Benefits	2022 Total Employee Future Benefits
Retirement and Other Employee Future Benefit Expenses		
Current year benefit cost	\$ 119,800	\$ 128,100
Interest on accrued benefit obligation	64,700	55,800
Recognized actuarial gains	(8,700)	2,400
	\$ 175,800	\$ 186,300

Included in salaries, wages and employee benefits in the statement of operations is an expense of \$62,700 (2022 - \$74,500) regarding employee future benefits.

9. Deferred Contributions

a) Deferred Contributions – Donations and Grants

Deferred contributions represent funding received for programs which will be utilized for future years.

	2023	2022
	\$ 1,684,345	\$ 1,974,386

b) Deferred Contributions – Unamortized Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized 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.

	2023	2022
Balance, beginning of year	\$ 22,586,580	\$ 22,394,475
Additional contributions received	3,648,593	3,154,782
Less: amounts amortized to revenue	(3,124,203)	(2,925,569)
Less: amounts amortized to CMH&A other revenue	(9,460)	(16,068)
Less: amounts amortized to RTC Kenora other revenue	(33,064)	(21,040)
	\$ 23,068,446	\$ 22,586,580

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2023

10. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2023	2022 <i>(Restated)</i> <i>(Note 17)</i>
Capital assets	\$ 26,972,776	\$ 24,908,087
Asset retirement obligation	(2,647,158)	(2,570,057)
Amounts financed by:		
Deferred contributions	(23,068,446)	(22,586,580)
	\$ 1,257,172	\$ (248,550)

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

	2023	2022
Excess of expense over revenue:		
Amortization of buildings	\$ (2,532,431)	\$ (2,422,296)
Amortization of deferred contributions related to buildings	2,032,346	1,982,464
Amortization of equipment	(1,417,694)	(1,177,105)
Amortization of deferred contributions related to equipment	1,091,856	943,106
Amortization of deferred contributions related to other programs	42,524	37,108
Asset retirement obligation accretion of building	(77,101)	(74,856)
	\$ (860,500)	\$ (711,579)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 6,014,813	\$ 2,584,355
Amounts funded by deferred contributions	(3,648,591)	(3,154,780)
Amounts funded by internally restricted funds	861,793	401,412
	\$ 3,228,015	\$ (169,013)
Amounts internally restricted for capital asset purchases during the year	(861,793)	(401,412)
	\$ 1,505,722	\$ (1,282,004)

11. Commitments and Contingencies

The Hospital is a member of the Health Care Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risk 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, 2023.

12. Financial Instruments

The Hospital, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Lake of the Woods District Hospital

Notes to the Financial Statements

For the year ended March 31, 2023

13. Pension Plan

Substantially all of the employees of the Hospital are members of the Hospitals 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. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$2,566,667 (2022 – \$2,367,484) and are included in employee benefits in the statement of operations.

Pension expense is based on the Plan management's best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2017 indicates the Plan is fully funded.

14. Related Entities

The Hospital has an economic interest in Lake of the Woods District Hospital Foundation (the "Foundation") and Lake of the Woods District Hospital Auxiliary (the "Auxiliary"), which the Hospital does not control or have significant influence over. Both organizations raise funds solely for the Hospital for the purchase of capital assets. The Hospital is not liable for either organizations activities or obligations.

During the year, the Foundation and the Auxiliary transferred \$1,063,363 (2022 - \$756,402) and \$15,000 (2022 - \$12,000) respectively to the Hospital for capital asset purchases.

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

16. Budget Amounts

Budget amounts are unaudited.

17. Economic Dependence

The Hospital receives 80.72% (2022 – 83.77%) of its funding from the Ministry of Health and Ontario Health North and is therefore economically dependant on this funding agency.

Lake of the Woods District Hospital
Notes to the Financial Statements

For the year ended March 31, 2023

18. Restatement of prior years related to change in accounting standards

Effective April 1, 2022, the Hospital adopted PS 3280 – Asset Retirement Obligations. This standard was applied retroactively. Several buildings contain asbestos which will require clean up and removal in a prescribed manner. This obligation was estimated based on each building and consideration of the areas that still contain asbestos and the cost of clean up. The following accounts have been restated:

	2022
Statement of Financial Position	
Capital Assets	\$ 166,937
Asset retirement obligation	(2,570,057)
Invested in capital assets	\$ (2,403,120)
Statement of Operations	
Amortization of buildings	\$ 15,904
Accretion of asset retirement obligation of buildings	74,856
Surplus (deficit) for the year	\$ (90,760)
Statement of Cash Flows	
Surplus (deficit) for the year	\$ (90,760)
Amortization	15,904
Accretion of asset retirement obligation	74,856
Change in non-cash operating working capital balances	\$ -
Statement of Changes in Net Assets	
Invested in capital assets – opening balance	\$ (2,312,360)
Surplus (deficit) for the year	(90,760)
Investment in capital assets	\$ (2,403,120)

Lake of the Woods District Hospital

Schedule 1 - Revenue

For the year ended March 31, 2023

	Budget 2023 (Unaudited) (Note 15)	2023	2022
Ministry of Health/OHN/CCO			
Global Funding	\$ 31,370,753	\$ 31,368,655	\$ 30,722,830
Quality Based Procedures	1,398,185	871,031	1,029,990
	32,768,938	32,239,686	31,752,820
One time and other funding	13,192,696	15,128,778	15,666,775
Cancer Care Ontario	2,164,900	2,471,334	2,331,733
	48,126,534	49,839,798	49,751,328
Patient Revenue from Other Payors			
Workplace Safety and Insurance Board			
-Inpatient	5,000	-	1,365
-Outpatient	55,000	28,159	31,597
Non-residents of the province			
-Inpatient	220,000	400,304	222,504
-Outpatient	940,000	1,363,674	571,893
Non-residents of Canada and uninsured residents			
-Inpatient	74,500	120,356	54,520
-Outpatient	135,500	274,727	191,283
OHIP	3,101,600	3,401,537	3,139,051
Ambulance services	125,000	159,935	109,175
	4,656,600	5,748,692	4,321,388
Differential charges for preferred accommodation	50,000	7,970	19,541
Chronic care co-payments	115,000	81,078	100,112
	165,000	89,048	119,653
Other Revenue and Recoveries			
Investment income	15,000	73,336	10,279
Food services	200,000	177,277	164,670
Ancillary operations	218,000	237,638	217,786
Parking	200,000	101,911	190,371
Laboratory services	761,000	636,343	765,728
Other revenue and recoveries	2,443,442	3,760,163	2,866,770
Donations	-	-	10,000
	3,837,442	4,986,668	4,225,604
Subtotal	\$ 56,785,576	\$ 60,664,206	\$ 58,417,973

Lake of the Woods District Hospital
Schedule 1 - Revenue

For the year ended March 31, 2023

	Budget 2023 <i>(Unaudited)</i> <i>(Note 15)</i>	2023	2022
Subtotal from previous page	\$ 56,785,576	\$ 60,664,206	\$ 58,417,973
Amortization of grants/donations of equipment	1,321,576	1,091,856	943,106
Total Hospital Operating Revenue	58,107,152	61,756,062	59,361,079
Revenue from other programs, net of amounts repayable to funding agencies <i>(Schedules 3 and 4)</i>	9,225,171	10,384,465	8,515,059
Total Revenue	\$ 67,332,323	\$ 72,140,527	\$ 67,876,138

Lake of the Woods District Hospital
Schedule 2 – Hospital Expenses

For the year ended March 31, 2023

	Budget 2023 <i>(Unaudited)</i> <i>(Note 15)</i>	2023	2022
Salaries, Wages and Employee Benefits			
Administrative and Support Services	\$ 8,366,800	\$ 9,195,954	\$ 7,995,718
Nursing Inpatient Services	12,949,795	14,310,957	11,136,856
Ambulatory Care Services	5,334,592	5,909,196	5,238,220
Diagnostic and Therapeutic Services	6,382,523	6,962,310	6,288,014
Regional Stroke & Ontario Breast Screening Program	47,790	54,419	41,256
Education	122,406	95,172	65,979
Marketed Services	785,527	775,781	522,672
Future Employee Benefits	62,700	62,700	74,500
	\$ 34,052,133	\$ 37,366,489	\$ 31,363,215
Supplies and Other Expenses			
Administrative and Support Services	\$ 4,588,222	\$ 5,628,406	\$ 4,862,396
Nursing Inpatient Services	540,070	703,667	568,503
Ambulatory Care Services	574,118	590,394	672,142
Regional Stroke & Ontario Breast Screening Program	150	1,256	38
Diagnostic and Therapeutic Services	1,813,760	2,799,283	2,113,380
Education	92,275	141,554	130,579
Marketed Services	833,131	1,298,799	853,202
	\$ 8,441,726	\$ 11,163,359	\$ 9,200,240
Medical and Surgical Supplies			
Administrative and Support Services	\$ 61,500	\$ 91,811	\$ 89,142
Nursing Inpatient Services	784,775	1,507,000	1,063,821
Ambulatory Care Services	452,897	535,950	536,785
Diagnostic and Therapeutic Services	112,245	142,785	143,799
Education	1,500	415	1,898
Marketed Services	-	384	1,696
	\$ 1,412,917	\$ 2,278,345	\$ 1,837,141

Lake of the Woods District Hospital
Schedule 3 – Ontario Health North
Community Mental Health and Addictions Programs
For the year ended March 31, 2023

	Problem Gambling	Adult Community Mental Health	Lake of the Woods Addictions	Remedial Measures	Isolation Centre	CMH&A Admin	2023 Total	2022 Total
Revenue								
Ontario Health North	\$ 221,476	\$ 1,364,558	\$ 4,190,531	-	\$ -	-	\$ 5,776,565	\$ 4,784,051
Other	9,549	117,190	325,306	34,642	-	807,859	1,294,546	910,955
	231,025	1,481,748	4,515,837	34,642	-	807,859	7,071,111	5,695,006
Expenses								
Salaries and employee benefits	214,825	1,115,993	3,082,658	31,298	-	486,051	4,930,825	4,059,272
Supplies and other expenses	16,200	365,543	1,433,179	3,344	-	321,808	2,140,074	1,619,497
	231,025	1,481,536	4,515,837	34,642	-	807,859	7,070,899	5,678,769
Surplus before amounts repayable	-	212	-	-	-	-	212	16,237
Amounts repayable	-	(212)	-	-	-	-	(212)	(16,237)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Lake of the Woods District Hospital
Schedule 4 – Ministry of Health
Emergency Health Service Programs
For the year ended March 31, 2023

	Central Ambulance Communication Centre	Regional Training Program	2023 Total	2022 Total
Revenue				
Ministry of Health	\$ 2,961,789	\$ 667,314	\$ 3,629,103	\$ 2,925,637
Other	83,946	35,064	119,010	110,840
	<u>3,045,735</u>	<u>702,378</u>	<u>3,748,113</u>	<u>3,036,477</u>
Expenses				
Salaries and employee benefits	2,212,017	369,027	2,581,044	2,214,764
Supplies and other expenses	429,162	303,360	732,522	621,526
	<u>2,641,179</u>	<u>672,387</u>	<u>3,313,566</u>	<u>2,836,290</u>
Surplus before amounts repayable	404,556	29,991	434,547	200,187
Amounts repayable/deferred	(404,556)	(29,991)	(434,547)	(200,187)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -