

Financial Statements of

**NORTH BAY REGIONAL  
HEALTH CENTRE**

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP  
925 Stockdale Road, Ste. 300, PO Box 990  
North Bay ON P1B 8K3  
Canada  
Telephone (705) 472-5110  
Fax (705) 472-1249

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of North Bay Regional Health Centre

### ***Opinion***

We have audited the financial statements of North Bay Regional Health Centre (the "Health Centre"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of statement of changes in excess (deficiency) in net assets for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement losses for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Centre as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Health Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

### ***Responsibility 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 Health Centre'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 Health Centre or to cease operations or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Health Centre'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 the events or conditions that may cast significant doubt on the Health Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Health Centre's to cease to continue as a going concern.



Page 3

- 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.
- 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.

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Canada  
June 10, 2021

# NORTH BAY REGIONAL HEALTH CENTRE

## Statement of Operations

Year ended March 31, 2021, with comparative information for 2020  
(In thousands of dollars)



	2021	2020
<b>Revenue:</b>		
Ministry of Health	\$ 197,054	\$ 193,497
Ministry of Health pandemic funding (note 18)	18,844	386
Cancer Care Ontario	12,065	10,952
Patient services	11,501	12,506
Preferred accommodation	1,177	1,841
Other	7,843	6,519
Uniquely funded programs (note 15)	31,635	31,173
Amortization of deferred capital contributions - equipment	1,448	1,353
	<u>281,567</u>	<u>258,227</u>
<b>Expenses:</b>		
Salaries and wages	122,264	112,825
Benefit contributions	37,409	36,429
Medical staff remuneration	21,883	20,878
Drugs	10,209	9,440
Medical and surgical supplies	8,693	7,843
Amortization - equipment	5,690	4,981
Other supplies and services	41,587	35,106
Uniquely funded programs (note 15)	31,635	31,173
	<u>279,370</u>	<u>258,675</u>
Excess (deficiency) of revenue over expenses before the undernoted	2,197	(448)
Amortization of deferred capital contributions - buildings	10,099	9,990
Amortization of buildings	(11,173)	(11,073)
Government contribution for interest on other long-term obligations	17,692	18,219
Interest on long-term obligations	(20,335)	(20,280)
Deficiency of revenue over expenses before one-time item	(1,520)	(3,592)
Ministry of Health working capital funding (note 19)	20,222	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 18,702</b>	<b>\$ (3,592)</b>

See accompanying notes to financial statements.

# NORTH BAY REGIONAL HEALTH CENTRE

Statement of Financial Position

March 31, 2021, with comparative information for 2020  
(In thousands of dollars)



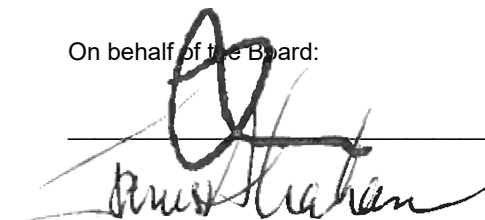
	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 22,820	\$ 11,542
Accounts receivable (note 2)	32,850	8,260
Inventories	3,354	2,946
Prepaid expenses	3,266	2,622
Current portion of long-term receivables (note 4)	9,589	9,387
	<u>71,879</u>	<u>34,757</u>
Capital assets (note 3)	470,591	474,327
Long-term receivables (note 4)	305,116	314,651
	<u>\$ 847,586</u>	<u>\$ 823,735</u>

## Liabilities, Deferred Contributions and Deficiency in Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 63,729	\$ 48,595
Deferred contributions	2,475	2,689
Current portion of capital lease obligations (note 7)	240	96
Current portion of long-term obligations (note 8)	12,128	23,821
	<u>78,572</u>	<u>75,201</u>
Capital lease obligations (note 7)	1,134	362
Long-term obligations (note 8)	365,268	355,879
Interest rate swaps	2,964	6,911
Deferred capital contributions (note 9)	396,797	405,184
Post-employment benefit obligation (note 10)	15,575	15,571
	<u>860,310</u>	<u>859,108</u>
Unrestricted	(11,516)	(30,218)
Internally restricted (note 16)	1,756	1,756
Deficiency in net assets	(9,760)	(28,462)
Accumulated remeasurement losses	(2,964)	(6,911)
	<u>(12,724)</u>	<u>(35,373)</u>
Commitments and contingencies (note 13)		
COVID-19 impacts (note 20)		
	<u>\$ 847,586</u>	<u>\$ 823,735</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director  
 Bruce Hagen  
 \_\_\_\_\_ Director

# NORTH BAY REGIONAL HEALTH CENTRE

## Statement of Changes in Excess (Deficiency) in Net Assets

Year ended March 31, 2021, with comparative information for 2020  
(In thousands of dollars)



	Unrestricted	Internally Restricted	2021	2020
Excess (deficiency) in net assets, beginning of year	\$ (30,258)	\$ 1,796	\$ (28,462)	\$ (24,870)
Excess (deficiency) of revenue over expenses	18,702	-	18,702	(3,592)
Excess (deficiency) in net assets, end of year	\$ (11,556)	\$ 1,796	\$ (9,760)	\$ (28,462)

See accompanying notes to financial statements.

# NORTH BAY REGIONAL HEALTH CENTRE

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020  
(In thousands of dollars)



	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 18,702	\$ (3,592)
Adjustments for:		
Amortization of capital assets	16,863	16,054
Amortization of deferred capital contributions	(11,547)	(11,343)
Decrease in post-employment benefit obligation	4	(8)
	<u>24,022</u>	<u>1,111</u>
Change in non-cash working capital:		
Increase in accounts receivable	(24,590)	(135)
Increase in inventories	(408)	(357)
Increase in prepaid expenses	(644)	(605)
Increase (decrease) in accounts payable and accrued liabilities	15,133	(2,133)
Decrease in deferred contributions	(214)	(47)
	<u>13,299</u>	<u>(2,166)</u>
Cash flows from investing activities:		
Decrease in long-term receivables	9,333	8,507
Cash flows from capital activities:		
Purchase of capital assets	(13,128)	(14,025)
Proceeds from sales leaseback transaction	-	1,972
	<u>(13,128)</u>	<u>(12,053)</u>
Cash flows from financing activities:		
Deferred capital contributions received	3,160	1,771
Principal repayment of long-term obligations	(10,674)	(9,755)
Proceeds on long-term obligations	9,288	5,536
	<u>1,774</u>	<u>(2,448)</u>
Net increase (decrease) in cash	11,278	(8,160)
Cash, beginning of year	11,542	19,702
Cash, end of year	<u>\$ 22,820</u>	<u>\$ 11,542</u>

See accompanying notes to financial statements.



# NORTH BAY REGIONAL HEALTH CENTRE

## Statement of Remeasurement Losses

For the year ended March 31, 2021, with comparative information for 2020  
(In thousands of dollars)



	2021	2020
Remeasurement losses, beginning of year	\$ (6,911)	\$ (2,892)
Unrealized losses attributable to:		
Derivative - interest rate swaps	3,947	(4,019)
Remeasurement losses, end of year	\$ (2,964)	\$ (6,911)

See accompanying notes to financial statements.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements



Year ended March 31, 2021  
(In thousands of dollars)

---

The North Bay Regional Health Centre (the "Health Centre") is incorporated without share capital under the laws of Ontario. Its principal activity is the provision of health care services in the District of Nipissing, Ontario and mental health services in Northeastern Ontario. The Health Centre is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes under section 149 of the Income tax Act.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

### (a) Revenue recognition:

The Health Centre accounts for contributions, which include donations and government grants, under the deferral method of accounting.

Under the Health Insurance Act and Regulations thereto, the Health Centre is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health ("MOH") and the North East Local Health Integration Network ("NELHIN"). 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 the subsequent period.

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

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis, at rates corresponding to those of the related capital assets.

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

### (b) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 1. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

---

Buildings, roads, sidewalks and landscaping	Various rates to 10%
Leasehold improvements	Various rates to 20%
Furniture and equipment	Various rates to 33%
Equipment under capital leases	Various rates to 30%

---

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Health Centre uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

### (d) Related entities:

The notes to financial statements include information for the following entity (note 12):

North Bay Regional Health Centre Foundation (“NBRHC Foundation”)

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 1. Significant accounting policies (continued):

### (e) Employee post-retirement benefits:

The Health Centre accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 16 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

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

### (f) Funding adjustments:

The Health Centre receives grants from the NELHIN, MOH and Cancer Care Ontario for specific services. Pursuant to the related agreements, if the Health Centre does not meet specified levels of activity, the MOH, NELHIN or Cancer Care Ontario may be entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit, the Health Centre records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

### (g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Given the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 1. Significant accounting policies (continued):

### (h) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
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

### (i) Use of estimates:

The preparation of the financial statements 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 periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 1. Significant accounting policies (continued):

### (i) Use of estimates (continued):

In the prior year, the Health Centre recorded a long-term receivable and associated deferred grant from the MOH representing the present value of annual grants through to 2041 to fund the principal repayment component of the Health Centre's agreement with Plenary Health North Bay GP. The change in estimate is as a result of the continuing process of the Health Centre obtaining new information on the likelihood of approval of the appropriation by the Legislature of Ontario. In future fiscal years, the long-term receivable will be drawn down for the grant received from the Province annually. The deferred grant will also be drawn down, as the annual amount received is recognized in revenue.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

## 2. Accounts receivable:

	2021	2020
MOH/NELHIN – operating	\$ 28,786	\$ 328
Cancer Care Ontario	562	1,206
Insurers and patients	1,957	4,328
Other	1,545	2,398
	<u>\$ 32,850</u>	<u>\$ 8,260</u>

The reported balance of accounts receivable are net of an allowance for doubtful accounts of \$483 (2020 - \$497).

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

### 3. Capital assets:

2021	Cost	Accumulated Amortization	Net book Value
Land	\$ 1,643	\$ —	\$ 1,643
Buildings, roads, sidewalks and landscaping	530,103	112,243	417,860
Leasehold improvements	2,738	2,014	724
Furniture and equipment	94,898	44,534	50,364
	<u>\$ 629,382</u>	<u>\$ 158,791</u>	<u>\$ 470,591</u>

2020	Cost	Accumulated Amortization	Net book Value
Land	\$ 1,643	\$ —	\$ 1,643
Buildings, roads, sidewalks and landscaping	527,848	101,569	426,279
Leasehold improvements	2,041	1,919	122
Furniture and equipment	85,311	39,028	46,283
	<u>\$ 616,843</u>	<u>\$ 142,516</u>	<u>\$ 474,327</u>

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 4. Long-term receivables:

	2021	2020
Capital project funding (i)	\$ 313,992	\$ 322,917
Municipal contributions (ii)	659	786
Recruitment loans:		
Acute care physicians (iii)	54	335
	314,705	324,038
Current portion of long-term receivables	(9,589)	(9,387)
	\$ 305,116	\$ 314,651

- (i) The Health Centre has recorded a long-term receivable relating to funding from the MOH relating to the construction of the new NBRHC facility. The MOH has committed to fund 92.65% of principal repayments relating to the construction obligation, which amounted to \$338,900 at March 31, 2021. The funding receivable is recorded at the net present value of MOH grants to be received monthly, with the last monthly grant to be received in June 2040. The net present value is calculated using the effective interest rate method and a discount rate of 5.55%, which is the rate used for the related long-term obligation. Information concerning the long-term obligation relating to the NBRHC facility is included in note 8.
- (ii) Municipal contributions receivable are recorded at their net present value using the effective interest rate method and a discount rate of 4.75%.
- (iii) Recruitment loans for acute care physicians and psychiatrists are non-interest bearing and partially forgivable provided certain contractual conditions are met by the recipient physician.

## 5. Bank indebtedness:

The Health Centre has an available unsecured line of credit of \$35,000 (2020 - \$35,000) that bears interest at the bank's prime lending rate less 0.75%. At March 31, 2021, the amount drawn against this facility is \$Nil (2020 - \$Nil).



# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 6. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable and accrued liabilities:		
- NELHIN/MOH	\$ 18,620	\$ 11,713
- Cancer Care Ontario	537	572
- Other funding agencies	1,165	1,055
- Trade payables	18,649	14,528
Payroll accruals:		
- Salaries and wages	11,794	11,297
- Employee deductions payable	3,644	2,184
- Vacation pay and other entitlements	9,320	7,246
	<b>\$ 63,729</b>	<b>\$ 48,595</b>

## 7. Obligations under capital leases:

	2021	2020
Capital lease obligation, bearing interest at 9.11%, expiring 2024	\$ 125	\$ 165
Capital lease obligation, bearing interest at 5.36%, expiring 2024	35	50
Capital lease obligation, bearing interest at 7.86%, expiring 2026	176	210
Capital lease obligation, bearing interest at 9.26%, expiring 2025	9	12
Capital lease obligation, bearing interest at 8.80%, expiring 2025	5	6
Capital lease obligation, bearing interest at 8.26%, expiring 2026	13	15
Capital lease obligation, bearing interest at 6.84%, expiring 2026	343	-
Capital lease obligation, bearing interest at 6.87%, expiring 2026	668	-
	1,374	458
Less: current portion	(240)	(96)
	<b>\$ 1,134</b>	<b>\$ 362</b>

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 7. Obligations under capital leases (continued):

Future minimum lease payments are as follows:

2022	\$ 331
2023	331
2024	256
2025	222
2026 and thereafter	51
	1,191
Add: salvage value of assets	440
Less: interest included in lease payments	(257)
	\$ 1,374

## 8. Long-term obligations:

	2021	2020
Long-term obligation, unsecured, payable in monthly instalments of \$2,389, bearing interest at 5.55%, final instalment due June 2040	\$ 339,018	\$ 348,587
Available \$3 million credit facility, unsecured, principal repayable on each draw in equal annual instalments over a period of six years, bearing interest at bank prime lending interest rate	578	607
Long-term obligation, secured over related assets, payable in monthly instalments of \$21, bearing interest at 4.00% and due in 2036	2,905	3,037
Long-term obligation, payable in monthly instalments of \$66, bearing interest at 3.39% and due in 2029	14,329	14,633
Long-term obligation, payable in monthly instalments of \$107, bearing interest at 3.68% and due in 2041	20,566	12,836
	377,396	379,700
Current portion of long-term obligations	(12,128)	(23,821)
	\$ 365,268	\$ 355,879

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 8. Long-term obligations (continued):

The Health Centre has entered into interest rate derivative agreements to manage the volatility of interest rates. The Health Centre has converted floating rate debt for fixed rate debt. The fair value of the interest rate swaps is a liability of \$2,964 (2020 – \$6,911) and has been determined using Level 3 of the fair value hierarchy. The related derivative agreements are in place until the maturity of the debt.

Scheduled principal repayments in each of the next five years and thereafter are as follows:

2022	\$	12,128
2023		11,924
2024		12,474
2025		13,171
2026		13,855
Thereafter		313,844
	\$	377,396

## 9. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2021	2020
Balance, beginning of year	\$ 405,184	\$ 414,756
Contributions received or recognized during the year	3,160	2,571
Less: amounts moved to deferred contributions	–	(800)
Less: amounts amortized to revenue	(11,547)	(11,343)
Balance, end of year	\$ 396,797	\$ 405,184

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 10. Post-employment benefit obligation:

The Health Centre sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for employees with various cost-sharing arrangements as determined by their collective agreements and conditions of employment. The valuation of the employee future benefits was completed as at March 31, 2020.

The accrued benefit obligation is recorded in the financial statements as follows:

	2021	2020
Balance, beginning of year	\$ 15,571	\$ 15,579
Add: benefit costs	1,083	979
	16,654	16,558
Less: benefit contributions	(1,079)	(987)
Balance, end of year	\$ 15,575	\$ 15,571

Similar to most post-employment benefit plans (other than pension) in Canada, the Health Centre's plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions adopted in measuring the Health Centre's accrued benefit obligations are as follows:

	2021	2020
Discount rate	4.59%	4.99%
Dental cost trend rates	3.00%	2.75%

Extended health care costs are 6.00% (2020 – 6.00%), decreasing by 0.25% per annum to an ultimate rate of 4.50%.

## 11. Pension plan:

The majority of full-time and part-time employees of the Health Centre are eligible to be members of the Plan which is a multi-employer defined benefit plan. Contributions to the Plan made during the year on behalf of employees amounted to \$11,294 (2020 - \$10,986).

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 12. Related entity:

The Health Centre has an economic interest in the NBRHC Foundation. The NBRHC Foundation was incorporated by Letters Patent under the Ontario Corporations Act on September 30, 1999 as a not-for-profit organization and is a registered charity under the Income Tax Act. Its primary goal is to provide ongoing resources for patient-focused care, education and research.

During the current year, the Health Centre received total contributions of \$950 from the NBRHC Foundation (2020 - \$1,090).

## 13. Commitments and contingencies:

### (a) Lifecycle and maintenance costs

In February 2007, the former North Bay General Hospital (“NBGH”) signed an agreement with Plenary Health North Bay GP (“Plenary”) to build, maintain and finance the NBRHC facility. Plenary commenced facility construction in March 2007 with substantial completion in June 2010.

Upon completion of construction, annual payments of approximately \$6,800 for lifecycle and facility maintenance costs commenced for a period of 30 years, with the final payment due in May 2041. A portion of the payment is subject to indexing for increases in cost of living, labour, insurance and energy and utilities.

The MOH has approved an annual grant to fund the lifecycle component of these payments, with funding for the MOH’s share of the facility maintenance costs incorporated into the Health Centre’s operating grants.

### (b) HealthCare Insurance Reciprocal of Canada:

The Health Centre is a member of the HealthCare Insurance Reciprocal of Canada (“HIROC”). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2021, no assessments have been received by the Health Centre.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 13. Commitments and contingencies (continued):

### (c) Legal matters and litigation:

The Health Centre is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. With the exception of specific matters noted below, management is of the opinion that these matters are mitigated by adequate insurance coverage.

Prior to the current year, the NBGH was named as a co-defendant in a statement of claim. The action is claiming damages that are in excess of the insurance coverage that the NBGH held at the time of the incident. It is the Health Centre's position and that of its legal counsel that the likelihood of loss, if any, is not determinable at this time and the Health Centre has not recorded a liability for any amount relating to this claim. Damages and legal costs, if any, relating to this matter would be recognized in the year they become determinable.

Prior to the current year the NBGH was named as a co-defendant in a statement of claim where the date of occurrence was prior to the current insurance policy period. There is a dispute between the previous and current insurers as to which policy coverage extends to this claim. It is the Health Centre's position and that of its legal counsel that the likelihood of loss that is not covered by insurance, if any, is not determinable at this time and the Health Centre has not recorded a liability for any amount relating to this claim. Damages and legal costs, if any, relating to this matter would be recognized in the year they become determinable.

### (d) Employment matters:

During the normal course of business, the Health Centre is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable. Where amounts are not reasonably determinable, costs, if any, relating to these matter would be recognized when known.

### (e) Letters of credit:

As at March 31, 2021, \$Nil (2020 - \$Nil) of letters of credit have been issued with respect to performance contracts. These arrangements are secured by a general security agreement.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 14. Financial risks and concentration of credit risk:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Health Centre is exposed to credit risk with respect to accounts receivable and other investments.

The Health Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Health Centre at March 31, 2021 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2020.

### (b) Liquidity risk:

Liquidity risk is the risk that the Health Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Centre manages its liquidity risk by monitoring its operating requirements. The Health Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2020.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 15. Uniquely funded programs:

The Health Centre administers a number of programs which are separately funded. The revenues and expenses related to these programs are recorded separately from the base funding operations of the Health Centre and any excess or deficiency of revenue over expenses is settled with the funding agencies on an annual basis.

(a) MOH/NELHIN funded programs:

	2021	2020
Revenue:		
Community mental health	\$ 9,592	\$ 9,064
Substance abuse	2,701	2,655
Community support services	491	421
Bundled care	54	107
Central ambulance communication centre	2,704	2,525
POMS	28	28
Other programs	35	35
	<u>15,605</u>	<u>14,835</u>
Expenses:		
Community mental health	9,592	9,064
Substance abuse	2,701	2,655
Community support services	491	421
Bundled care	54	107
Central ambulance communication centre	2,704	2,525
POMS	28	28
Other programs	35	35
	<u>15,605</u>	<u>14,835</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>



# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 15. Uniquely funded programs (continued):

(b) Other government funded programs:

	2021	2020
Revenue:		
Land ambulance service	\$ 8,676	\$ 7,845
Grants assistance – Autism Grants	132	333
Grants assistance – ECE Prov Grants	5,499	6,476
Wordplay	1,723	1,684
	<u>16,030</u>	<u>16,338</u>
Expenses:		
Land ambulance service	8,676	7,845
Grants assistance – Autism Grants	132	333
Grants assistance – ECE Prov Grants	5,499	6,476
Wordplay	1,723	1,684
	<u>16,030</u>	<u>16,338</u>
Excess of revenue over expenses	<u>\$ –</u>	<u>\$ –</u>

## 16. Internally restricted net assets:

Included in net assets is an amount restricted from the sale of certain properties, net of demolition costs in the amount of \$1,756 (2020 – \$1,756). The internally restricted funds will be used to finance future capital investments for which no source of funds are available.

The balance of internally restricted net assets is determined as follows:

Internally restricted net assets, beginning of year	\$ 1,756
Proceeds on sale of properties	–
Disposition costs	–
Internally restricted net assets, end of year	<u>\$ 1,756</u>

## 17. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 18. 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. As a result of Management's estimation process, the Hospital has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the MOH. However, given the potential for future changes to funding programs that could be announced by the MOH, the Hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

## 18. Ministry of Health pandemic funding (continued):

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

Funding for incremental COVID-19 operating expenses	\$ 6,160
Funding for incremental COVID-19 operating expenses – assessment centre	570
COVID-19 assessment centre funding from October 2020 to March 2021	1,200
Pandemic pay funding	3,860
Additional bedded capacity	2,230
Other pandemic funding (i)	3,181
Broad-based funding reconciliation for other eligible costs and revenue losses	907
Funding for revenue losses resulting from COVID-19	3,083
	<hr/> 21,191
Less: provision for recovery based on current guidelines	(2,347)
	<hr/> \$ 18,844

(i) Other pandemic funding is made up of Biofire testing revenues, LHIN QBP premiums, PSW wage enhancement, temporary physician pay and uninsured patient revenues.

In addition to the above, the Hospital has also recognized \$267 in MOH funding for COVID-19 related capital expenditures, which has been recorded as an addition to deferred capital contributions during the year.

## 19. Ministry of Health working capital funding:

In March 2021, the Hospital was advised that it was eligible for one-time funding to address its working capital deficit. The Hospital is eligible to receive this funding based on defined eligibility criteria with the stipulation that the funding will only be used to reduce the Hospital's working capital deficit and is not to be used for operating purposes.

As at the date of approval of these financial statements, the MOH has provided a preliminary estimate of working capital funding and has indicated that the final amount of funding is subject to further analysis and validation by the MOH. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

# NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2021  
(In thousands of dollars)

---

## 20. COVID-19 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.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2022 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.