

North Bay Regional Health Centre
Financial Statements
For the year ended March 31, 2025

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Management's Responsibility for Financial Reporting

The financial statements of North Bay Regional Health Centre (the "Health Centre") are the responsibility of management and have been approved by the Board of Directors.

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

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

The Health Centre's liabilities have been reviewed by management. There are no material liabilities in either fact or contingency as at the date of this report that have been omitted from these financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Resource, Finance and Audit Committee.

The Resource, Finance and Audit Committee is appointed by the Board of Directors and meets regularly with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements. The Committee also considers, for review and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. BDO Canada LLP has full and free access to the Resource, Finance and Audit Committee.

DocuSigned by:


Paul Heinrich
President and CEO
B648371280FDD

Signed by:


Ryan Jeffers
Chief Financial Officer
409FEB7DC6294A0

June 17, 2025

Independent Auditor's Report

To the Members of and Board of Directors of the 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, 2025 and the statements of changes in net assets, remeasurement gains (losses), operations 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 Health Centre as at March 31, 2025, and its results of operations, its remeasurement gains (losses), changes in net assets 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 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 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 these 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.



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 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 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 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 Health Centre 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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
June 17, 2025

North Bay Regional Health Centre Statement of Financial Position

March 31 2025 2024

Assets

Current

Cash and cash equivalents	\$ 38,807,982	\$ 52,266,617
Accounts receivable (Note 3)	9,923,881	12,167,823
Inventories	3,782,542	3,578,040
Prepaid expenses	5,327,008	3,556,367
Current portion of long-term receivables (Note 5)	11,871,070	11,237,134

69,712,483 82,805,981

Capital assets (Note 4)	451,013,652	449,051,466
Long-term receivables (Note 5)	261,324,504	273,208,574
Interest rate swaps (Note 8)	-	1,563,317

\$782,050,639 \$ 806,629,338

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 7)	\$ 84,657,539	\$ 88,275,425
Deferred contributions	2,383,187	2,838,070
Current portion of capital lease obligations (Note 6)	48,676	191,426
Current portion of long-term obligations (Note 8)	14,735,612	14,003,800

101,825,014 105,308,721

Capital lease obligations (Note 6)	365,011	451,182
Long-term obligations (Note 8)	311,762,282	325,498,664
Interest rate swaps (Note 8)	97,712	-
Deferred capital contributions (Note 9)	376,884,652	378,383,300
Post-employment benefit obligation (Note 11)	16,053,800	15,996,700
Asset Retirement obligation (Note 16)	2,798,863	2,727,671

809,787,334 828,366,238

Net Assets

Internally restricted (Note 15)	1,756,000	1,756,000
Unrestricted	(29,394,983)	(25,056,217)
Accumulated remeasurement (losses) gains (Page 7)	(97,712)	1,563,317


(27,736,695) (21,736,900)

\$782,050,639 \$ 806,629,338

Commitments and Contingencies (Note 13)

On behalf of the Board:

Signed by:  Director
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Signed by:  Director
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The accompanying notes are an integral part of these financial statements.

North Bay Regional Health Centre Statement of Changes in Net Assets

For the year ended March 31 2025

	Internally Restricted	Unrestricted	Total
Net assets, beginning of year	\$ 1,756,000	\$ (25,056,217)	\$ (23,300,217)
Deficiency of revenues over expenses for the year	-	(4,338,766)	(4,338,766)
Net assets, end of year	\$ 1,756,000	\$ (29,394,983)	\$ (27,638,983)

2024

	Internally Restricted	Unrestricted	Total
Net assets, beginning of year	\$ 1,756,000	\$ (19,602,287)	\$ (17,846,287)
Deficiency of revenues over expenses for the year	-	(5,453,930)	(5,453,930)
Net assets, end of year	\$ 1,756,000	\$ (25,056,217)	\$ (23,300,217)

North Bay Regional Health Centre Statement of Remeasurement Gains (Losses)

For the year ended March 31	2025	2024
Accumulated remeasurement gains, beginning of year	\$ 1,563,317	\$ 668,853
Unrealized (losses) gains attributable to interest rate swaps	<u>(1,661,029)</u>	<u>894,464</u>
Accumulated remeasurement (losses) gains, end of year	<u>\$ (97,712)</u>	<u>\$ 1,563,317</u>

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

North Bay Regional Health Centre Statement of Operations

For the year ended March 31	2025	2024
Revenues		
Provincial funding - base	\$ 243,657,281	\$ 211,809,747
Provincial funding - other	37,058,449	55,577,127
Patient services and preferred accommodation	17,052,534	16,387,419
Miscellaneous recoveries and other revenue	11,975,908	11,757,237
Uniquely funded programs (Note 14)	29,873,013	29,852,410
Amortization of deferred capital contributions - equipment (Note 9)	1,540,020	1,657,841
	<u>341,157,205</u>	<u>327,041,781</u>
Expenses		
Salaries and wages	149,607,739	144,777,757
Benefit contributions	48,743,012	46,915,565
Other supplies and services	53,866,000	52,368,851
Medical staff remuneration	27,425,761	25,847,743
Drugs	14,659,969	12,689,772
Medical and surgical supplies	10,319,048	9,637,809
Bad debts	394,778	532,439
Uniquely funded programs (Note 14)	29,873,013	29,852,410
Amortization - equipment	7,101,424	6,315,078
	<u>341,990,744</u>	<u>328,937,424</u>
Deficiency of revenues over expenses before items below	(833,539)	(1,895,643)
Amortization of deferred capital contributions - buildings (Note 9)	10,572,233	10,429,772
Amortization of buildings	(11,747,193)	(11,574,940)
Provincial funding - interest on long-term obligations	15,482,365	16,123,267
Interest on long-term obligations	(17,812,632)	(18,536,386)
Deficiency of revenues over expenses for the year	<u>\$ (4,338,766)</u>	<u>\$ (5,453,930)</u>

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

North Bay Regional Health Centre Statement of Cash Flows

For the year ended March 31	2025	2024
Cash provided by (used in)		
Operating		
Deficiency of revenues over expenses for the year	\$ (4,338,766)	\$ (5,453,930)
Items not involving cash		
Amortization of capital assets	18,848,617	17,890,018
Amortization of capital assets - uniquely funded programs	68,631	64,017
Amortization of deferred capital contributions	(12,112,253)	(12,087,613)
Asset retirement obligation - accretion expense	71,192	374,326
Post-employment benefits expense	1,465,900	1,264,900
	4,003,321	2,051,718
Changes in non-cash working capital balances		
Accounts receivable	2,243,942	8,294,058
Inventories	(204,502)	198,734
Prepaid expenses	(1,770,641)	1,928,543
Accounts payable and accrued liabilities	(3,617,886)	(767,383)
Deferred contributions	(454,883)	949,017
	199,351	12,654,687
Investing		
Receipt of long-term receivables	11,250,134	10,598,261
Financing		
Deferred capital contributions received	10,613,605	2,583,209
Repayment of long-term obligations	(13,233,491)	(12,509,983)
Payment of post-employment benefits	(1,408,800)	(1,215,700)
	(4,028,686)	(11,142,474)
Capital		
Purchase of capital assets	(20,879,434)	(9,795,349)
(Decrease) increase in cash and cash equivalents during the year	(13,458,635)	2,315,125
Cash and cash equivalents, beginning of year	52,266,617	49,951,492
Cash and cash equivalents, end of year	\$ 38,807,982	\$ 52,266,617

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

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

1. Significant Accounting Policies

Nature and Purpose of Organization	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.
Basis of Presentation	The financial statements of the Health Centre have been prepared in accordance with Canadian public sector accounting standards ("PSAB") including the 4200 standards for government not-for-profit organizations.
Contributed Services	Consistent with other hospitals, there are a number of volunteers that contribute a significant amount of their time each year to the Health Centre to assist the Health Centre in carrying out certain charitable aspects of its service delivery activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, deposits at call with banks and other short-term highly liquid investments with original maturities of three months or less.
Inventories	Inventories are valued at the lower of average cost and net realizable value. Cost is determined on the first-in first-out basis and 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

March 31, 2025

1. Significant Accounting Policies (continued)

Revenue Recognition The Health Centre follows the deferral method of accounting for contributions which include donations and government grants.

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 Ontario Health, and Ontario Health North. 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.

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

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 Ontario Health North 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.

Patient and other ancillary income are recognized as revenue when the services are provided or when goods are sold.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

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. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Health Centre'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 to be as follows:

Land	- no amortization
Buildings, roads, sidewalks and landscaping	- Various rates from 2% to 20%
Leasehold improvements	- Various rates from 10% to 20%
Furniture and Equipment	- Various rates from 4% to 33%
Equipment under capital lease	- Various rates from 20% to 25%
Computer hardware and software	- Various rates from 7% to 25%

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 liability 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.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

1. Significant Accounting Policies (continued)

Retirement and Post

- Employment 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 11 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.

Management Estimates

The preparation of financial statements in conformity with PSAB for Government NPO's requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Accounts receivable and post-employment benefits are reported based on amounts expected to be recovered or incurred and reflect an appropriate allowance for unrecoverable amounts based on management's estimates. Amounts recorded for inventory obsolescence and amortization of capital assets are based on estimates of useful service life. The accretion expense is also an estimate by management as it represents an annual and gradual growth or increase on an asset retirement obligation.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

1. Significant Accounting Policies (continued)

Management Estimates (continued)

The Health Centre has a long-term receivable from the MOH and an associated deferred capital contribution which represents the present value, using a discount rate applicable at the date of recognition, of annual MOH funding through to 2041 to fund the principal repayment component of the Health Centre's agreement with Plenary Health North Bay GP. The long-term receivable is drawn down annually as MOH funding is received. The deferred capital contribution balance is amortized into revenue annually at a rate consistent with the estimated useful life of the health care facility constructed under the terms of the aforementioned agreement.

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

Financial Instruments

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

Fair value

This category includes cash, cash equivalents and interest rate swaps which are 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 related to financial instruments in the fair value category are expensed as incurred.

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

Amortized cost

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

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

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

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

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a capital asset; 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

1. Significant Accounting Policies (continued)

Public Private Partnerships

The Health Centre initially recognizes infrastructure, or a betterment to infrastructure, procured through a public private partnership arrangement as an asset at cost where, through the terms and economic substance of the public private partnership, the Health Centre controls the purpose and use of the infrastructure, has access to the future economic benefits, is exposed to the risks of the infrastructure asset and has any significant residual interest in the infrastructure at the end of the public private partnership's term. Where cost of the infrastructure asset is neither determinable nor verifiable from the public private partnership process and agreement, cost is determined to be the estimated fair value of the asset at the date of completion. Amortization is provided on a basis as disclosed earlier in this Note under Capital Assets based on the useful life of the infrastructure asset.

When the Health Centre recognizes an infrastructure asset in relation to a public private partnership and has an obligation to provide consideration to the private sector partner, it recognizes a liability that is initially measured at the same amount as the related infrastructure asset, reduced by any consideration previously provided to the private sector partner. This financial liability is subsequently measured at amortized cost using the effective interest rate method. The interest rate used by the Health Centre is the implicit contract rate in the Public Private Partnership process and agreement.

North Bay Regional Health Centre

Notes to Financial Statements

March 31, 2025

2. Financial Instrument Classification

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

	2025		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 38,807,982	\$ -	\$ 38,807,982
Accounts receivable	-	9,923,881	9,923,881
Long-term receivables	-	273,195,574	273,195,574
Accounts payable and accrued liabilities	-	84,657,539	84,657,539
Long-term obligations	-	326,497,894	326,497,894
Interest rate swaps	(97,712)	-	(97,712)
	<u>\$ 38,710,270</u>	<u>\$694,274,888</u>	<u>\$732,985,158</u>
	2024		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 52,266,617	\$ -	\$ 52,266,617
Accounts receivable	-	12,167,823	12,167,823
Long-term receivables	-	284,445,708	284,445,708
Accounts payable and accrued liabilities	-	88,275,425	88,275,425
Long-term obligations	-	339,502,464	339,502,464
Interest rate swaps	1,563,317	-	1,563,317
	<u>\$ 53,829,934</u>	<u>\$ 724,391,420</u>	<u>\$ 778,221,354</u>

North Bay Regional Health Centre

Notes to Financial Statements

March 31, 2025

2. Financial Instrument Classification (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$38,807,982	\$ -	\$ -	\$38,807,982
Interest rate swaps	-	-	(97,712)	(97,712)
	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 52,266,617	\$ -	\$ -	\$ 52,266,617
Interest rate swaps	-	-	1,563,317	1,563,317

There were no transfers between Level 1, 2 and Level 3 for the years ended March 31, 2025 and 2024.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

3. Accounts Receivable

	2025	2024
Provincial funding	\$ 3,559,283	\$ 7,991,917
Insurers and patients	2,620,866	2,009,827
Other	3,743,732	2,166,079
	<u>\$ 9,923,881</u>	<u>\$ 12,167,823</u>

The reported balance of accounts receivable are net of an allowance for doubtful accounts of \$989,567 (2024 - \$506,880).

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

4. Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,643,221	\$ -	\$ 1,643,221	\$ -
Buildings, roads, sidewalks, and landscaping (i)	535,180,322	155,844,234	534,319,862	144,859,513
Leasehold improvements	7,742,509	1,557,856	1,810,171	1,292,168
Furniture and equipment (ii)	79,522,505	42,587,180	71,997,824	38,714,481
Computer hardware and software (iii)	52,969,947	26,055,582	46,407,992	22,261,442
	<u>\$677,058,504</u>	<u>\$226,044,852</u>	<u>\$ 656,179,070</u>	<u>\$ 207,127,604</u>
Net book value		<u>\$451,013,652</u>		<u>\$ 449,051,466</u>

(i) Regional Health Centre facility

Included in the above buildings, roads, sidewalks and landscaping is \$418,375,911 (2024 - \$418,375,911) in cost and \$118,539,841 (2024 - \$110,172,323) in accumulated amortization relating to the North Bay facility that was constructed under a Public Private Partnership process and agreement. See Note 10 for further disclosure on this asset.

(ii) Furniture and equipment capital leases

Included in the above furniture and equipment is \$1,123,631 (2024 - \$1,123,631) in cost and \$726,249 (2024 - \$574,719) in accumulated amortization relating to capital leases entered into by the Health Centre.

(iii) Computer hardware and software capital leases

Included in the above computer hardware and software is \$26,512 (2024 - \$258,847) in cost and \$15,588 (2024 - \$190,097) in accumulated amortization relating to capital leases entered into by the Health Centre.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

5. Long-term Receivables

	2025	2024
Capital project funding (i)	\$272,957,714	\$ 284,092,934
Municipal contributions (ii)	237,860	352,774
	273,195,574	284,445,708
Less: current portion of long-term receivables	11,871,070	11,237,134
Balance, end of year	\$261,324,504	\$ 273,208,574

(i) The Health Centre has recorded a long-term receivable relating to funding from Ontario Health relating to the construction of the new NBRHC facility. Ontario Health has committed to fund 92.83% of principal repayments relating to the construction obligation, which amounted to \$292,024,367 (2024 - \$306,019,024) at March 31. The funding receivable is recorded at the net present value of Ontario Health 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 NBRHC facility is included in Note 8.

(ii) Municipal contribution receivable are recorded at their present value using the effective interest rate method and a discount rate of 4.75%.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

6. Obligations Under Capital Leases

	2025	2024
Capital lease for clinical equipment, bearing interest at 7.86%, expired 2024, secured by assets with a net book value of \$53,372.	\$ -	\$ 56,413
Capital lease for clinical equipment, bearing interest at 6.84%, expiring 2025, secured by assets with a net book value of \$134,826.	136,827	193,814
Capital lease for clinical equipment, bearing interest at 6.87%, expiring 2025, secured by assets with a net book value of \$262,555.	266,472	377,429
Capital lease for computer hardware, bearing interest at 6.62%, expiring 2026, secured by assets with a net book value of \$10,924.	10,388	14,952
	413,687	642,608
Less: current portion of obligations under capital lease	48,676	191,426
	<u>\$ 365,011</u>	<u>\$ 451,182</u>

Future minimum lease payments are as follows:

2026	\$ 48,676
2027	1,354
	<u>50,030</u>
Add: salvage value of assets	370,331
Less: interest included in lease payments	<u>6,674</u>
Present value of minimum lease payments	<u>\$ 413,687</u>

The interest expense for Obligations under Capital Leases in 2024 is \$36,415.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

7. Accounts Payable and Accrued Liabilities

	2025	2024
Accounts payable and accrued liabilities:		
- Province of Ontario	\$ 27,602,072	\$ 31,863,696
- Other funding agencies	553,995	458,935
- Trade payables	20,478,242	19,506,821
Payroll accruals:		
- Salaries and wages	21,702,179	22,466,925
- Employee deductions payable	4,519,334	4,285,849
- Vacation pay and other entitlements	9,801,717	9,693,199
	<u>\$ 84,657,539</u>	<u>\$ 88,275,425</u>

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

8. Long-term Obligations

	2025	2024
Long-term obligation, unsecured, payable in monthly installments of \$2,389,333, bearing interest at 5.55%, with final payment due June 2040. See Note 10 for additional disclosure on this obligation.	\$295,023,597	\$ 306,962,011
Long-term obligation, payable in monthly instalments of \$66,655, bearing interest at 3.42%, due in 2029. (i)	13,000,307	13,349,584
Long-term obligation, payable in monthly instalments of \$107,146, bearing interest at 3.68%, due in 2041. (i)	18,288,993	18,890,038
Available \$3,000,000 credit facility, unsecured, principal repayable on each draw in equal annual instalments over a period of six years, bearing interest at prime.	184,997	300,831
	326,497,894	339,502,464
Less: amounts due within one year included in current liabilities	14,735,612	14,003,800
	<u>\$311,762,282</u>	<u>\$ 325,498,664</u>

(i) 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 \$97,712 (2024 an asset of \$1,563,317) 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 for the next five years and thereafter are as follows:

2026	\$ 14,735,612
2027	14,489,549
2028	15,206,783
2029	27,553,365
2030	16,538,848
Thereafter	<u>237,973,737</u>
	<u>\$ 326,497,894</u>

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

9. Deferred Capital Contributions

Deferred capital contributions represent the unamortized and unspent balances of grants, donations and contributions received for capital asset acquisitions. The details of the continuity of these funds are as follows:

	2025	2024
Deferred contributions related to buildings and equipment:		
Balance, beginning of year	\$378,383,300	\$ 387,887,704
Contributions received during the year	10,613,605	2,583,209
Less: Amounts amortized to revenue	(12,112,253)	(12,087,613)
Balance, end of year	<u>\$376,884,652</u>	<u>\$ 378,383,300</u>

10. Public Private Partnership

The Health Centre entered into a public private partnership agreement with Plenary Health North Bay GP (Plenary) in 2007 for the design, construction, financing and maintenance of the North Bay Regional Health Centre (Facility), a 725,000 square foot acute and mental health care facility in Northeastern Ontario. Under the terms of this agreement, Plenary is responsible for the design and construction of the Facility, and after substantial completion in June 2010, Plenary is responsible for the financing and maintenance of the Facility until June of 2040. The related liability is being repaid by the Health Centre in monthly payments of \$3.2 million over the term of the agreement. These payments cover the repayment of the original capital cost of the Facility plus interest and annual maintenance costs. Under the terms of this agreement the Health Centre has the right to receive the Facility at the end of the agreement period in a good operating order as defined in the agreement. Note 4 - Capital Assets to these financial statements include \$418,375,911 in original cost relating to this Facility. In addition Note 8 - Long-term Debt to these financial statements includes \$295,023,597 (2024 - \$306,962,011) in remaining financial obligation relating to this agreement.

Included in the aforementioned monthly payments to Plenary under the terms of the agreement is approximately \$730,000 relating to annual lifecycle and specific maintenance costs which were set out in the agreement to cover off costs relating to items such as building assets such as roofing, boilers, HVAC system and flooring. These costs are recorded in the statement of operations annually. A portion of the payment is subject to indexing for increases in cost of living, labour, insurance and energy and utilities. Ontario Health has approved an annual grant to fund the lifecycle component of these payments, with funding for Ontario Health's share of the facility maintenance costs incorporated into the Health Centre's operating grants.

There have been no material changes to this agreement in the fiscal year.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

11. Post-Employment Benefits Liability

The following tables outline the components of the Health Centre's post-employment benefits liabilities and the related expenses. The accrued benefit obligation at March 31, 2025 is \$15,868,100 and after factoring in unamortized actuarial gains of \$185,700, the accrued benefit liability is \$16,053,800.

	2025	2024
Accrued benefit liability, beginning of year	\$ 15,996,700	\$ 15,947,500
Current year benefit costs	762,500	651,200
Interest on accrued benefit obligation	997,800	904,700
Benefit payments	(1,408,800)	(1,215,700)
Amortization of actuarial gains	(294,400)	(291,000)
Accrued benefit liability, end of year	<u>\$ 16,053,800</u>	<u>\$ 15,996,700</u>
	2025	2024
Current year benefit cost	\$ 762,500	\$ 651,200
Interest on accrued benefit obligation	997,800	904,700
Amortization of actuarial gains	(294,400)	(291,000)
Total expense	<u>\$ 1,465,900</u>	<u>\$ 1,264,900</u>

The Health Centre paid \$1,408,800 (2024 - \$1,215,700) in benefit payments during the year. Above amounts exclude pension contributions to the Health Centre's pension plan, a multi-employer plan, described below.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

11. Post-Employment Benefits Liability (continued)

Retirement Benefits

Healthcare of Ontario Pension Plan ("HOOPP")

HOOPP provides pension services to 478,879 (2024 - 460,381) members and approximately 709 (2024 - 677) employers. Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Health Centre's contributions are accounted for as if the plan were a defined contribution plan with the Health Centre'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, 2024 disclosed a surplus of \$10,438 million (2023 - \$10,181 million). The results of this valuation disclosed total actuarial liabilities and pension obligations of \$230,059 million (2023 - \$193,575 million) in respect of benefits accrued for service with actuarial assets at that date of \$240,497 million (2023 - \$203,756 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 organization does not recognize any share of the HOOPP surplus or deficit. Contributions by the Health Centre to the plan during the year amounted to \$13,860,058 (2024 - \$13,712,352).

Post-Employment Benefits

The Health Centre extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Health Centre recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation report completed March 31, 2025.

The major actuarial assumptions employed for the valuations are as follows:

a) Discount rate

The present value as at March 31, 2025 of the future benefits was determined using a discount rate of 6.84% (2024 - 6.34%). The discount rate for calculation of March 31, 2025 disclosures was 6.09% (2024 - 6.84%).

b) Health Care and other medical costs

Health Care and other medical costs were assumed to increase at 5.5% (2024 - 5.5%) per annum.

c) Dental costs

Dental costs were assumed to increase at 4% (2024 - 4%) per annum.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

12. North Bay Regional Health Centre Foundation

The Health Centre has an economic interest in the North Bay Regional Health Centre Foundation ("the Foundation"). The 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. Donations and grants received from the Foundation during the year were \$3,328,446 (2024 - \$3,384,723).

The Foundation is not controlled by the Health Centre and therefore is not consolidated in these financial statements.

13. Commitments and Contingencies

a. 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, 2025, no assessments have been received by the Health Centre.

b. Legal and litigation matters

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 North Bay General Hospital, a predecessor entity to the Health Centre, 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.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

13. Commitments and Contingencies (continued)

b. Legal and litigation matters (continued)

Prior to the current year, the Sudbury Algoma Hospital, a predecessor entity of the Northeast Mental Health Centre, a predecessor entity of the Health Centre, named as a co-defendant in a statement of claim where the date of occurrence was prior to the current insurance policy period. Due to the timeframe of the claim it is currently uncertain what insurance 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 became determinable.

c. Employment matters

During the normal course of operations, 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 matters would be recognized when known.

d. Letters of credit

As at March 31, 2025, \$Nil (2024 - \$Nil) of letters of credit have been issued with respect to performance contracts. These arrangements are secured by a general security agreement.

e. ONE Health Information Technology Services

The Health Centre is a member of ONE Health Information Technology Services ("ONE HITS"). ONE HITS was established to provide Health Information Systems (HIS) support services to the member Hospitals. All members pay on a fee for service basis. The services took effect on April 1, 2022 and the agreement is for an initial period of 10 years with options for five-year renewal terms. ONE HITS invoiced the Health Centre \$1,864,433 (2024 - \$3,148,126) during the current fiscal year for operating services (2024 - capital and operating services).

North Bay Regional Health Centre

Notes to Financial Statements

March 31, 2025

14. Uniquely Funded Programs

(a) Provincial funded programs:

	2025	2024
Revenue:		
CACC	\$ 3,351,183	\$ 3,177,608
Bundled Care	84,030	121,800
Community Mental Health	9,552,750	9,093,515
Substance Abuse	4,019,304	3,445,325
Community Support Services	1,699,458	1,360,768
POMS	35,544	30,686
Home Care / HCCSS	364,011	128,485
MTLC	1,091,449	883,317
PALC	50,000	37,500
Municipal taxes	35,175	35,175
	<u>\$ 20,282,904</u>	<u>\$ 18,314,179</u>
Expenses:		
CACC	\$ 3,351,183	\$ 3,177,608
Bundled Care	84,030	121,800
Community Mental Health	9,552,750	9,093,515
Substance Abuse	4,019,304	3,445,325
Community Support Services	1,699,458	1,360,768
POMS	35,544	30,686
Home Care / HCCSS	364,011	128,485
MTLC	1,091,449	883,317
PALC	50,000	37,500
Municipal taxes	35,175	35,175
	<u>20,282,904</u>	<u>18,314,179</u>
Excess of revenue over expense	<u>\$ -</u>	<u>\$ -</u>

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

14. Uniquely Funded Programs (continued)

(b) Other funded programs:

	2025	2024
Revenue:		
Wordplay	\$ 2,012,900	\$ 2,002,435
Grants - ECE	7,577,209	9,535,796
	<u>\$ 9,590,109</u>	<u>\$ 11,538,231</u>
Expenses:		
Wordplay	\$ 2,012,900	\$ 2,002,435
Grants - ECE	7,577,209	9,535,796
	<u>9,590,109</u>	<u>11,538,231</u>
Excess of revenue over expense	<u>\$ -</u>	<u>\$ -</u>

15. 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 \$1,756,000 (2024 - \$1,756,000). The internally restricted funds will be used to finance future capital investments for which no source of funds are available.

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

16. Asset Retirement Obligations

The Health Centre's financial statements include an asset retirement obligation for five buildings that are known or presumed to contain asbestos. All five buildings were fully amortized as of March 31, 2021. Any costs currently being depreciated for these capital assets are the result of renovations that took place after the year 2000. An Asbestos Abatement Assessment was completed in May 2021 and for all five buildings provided an estimated Asset Retirement Obligation cost of \$2,307,201 at April 1, 2021. The assessment does not indicate when the future liability would be payable. For the purpose of the calculations it was assumed that the cost is at the present value of the completion of the assessment.

The carrying amount of the liability is as follows:

	2025	2024
Balance, beginning of year	\$ 2,727,671	\$ 2,353,345
Accretion expense for the year	71,192	374,326
Balance, end of the year	<u>\$ 2,798,863</u>	<u>\$ 2,727,671</u>

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

17. Financial Instrument Risk Management

Credit risk

Credit risk is the risk of financial loss to the Health Centre if a debtor fails to make payments of interest and principal when due. The Health Centre is exposed to this risk relating to its cash and cash equivalents and accounts receivable. The Health Centre holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Health Centre's cash accounts are insured up to \$100,000 (2024 - \$100,000).

Accounts receivable are primarily due from OHIP and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

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

		2025				
				Past due		
		Total	Current	1-30 days	31-60 days	61+ days
Provincial funding	\$	3,559,283	\$ 3,559,283	\$ -	\$ -	\$ -
Patients		3,610,433	357,568	1,246,547	875,185	1,131,133
Other		3,743,732	3,743,732	-	-	-
Gross receivables		10,913,448	7,660,583	1,246,547	875,185	1,131,133
Less: impairment allowances		(989,567)	-	(18,535)	(17,139)	(953,893)
Net receivables	\$	9,923,881	\$ 7,660,583	\$ 1,228,012	\$ 858,046	\$ 177,240
		2024				
				Past due		
		Total	Current	1-30 days	31-60 days	61+ days
Provincial funding	\$	7,991,917	\$ 7,991,917	\$ -	\$ -	\$ -
Patients		2,516,706	396,984	1,032,203	572,655	514,864
Other		2,166,080	2,166,080	-	-	-
Gross receivables		12,674,703	10,554,981	1,032,203	572,655	514,864
Less: impairment allowances		(506,880)	(3,971)	(13,503)	(11,945)	(477,461)
Net receivables	\$	12,167,823	\$ 10,551,010	\$ 1,018,700	\$ 560,710	\$ 37,403

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

17. Financial Instrument Risk Management (continued)

Credit risk (continued)

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are considered collectible based on the Health Centre's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment.

The Health Centre's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and cash equivalents and also accounts receivable as presented on the statement of financial position.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Health Centre is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

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

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Health Centre is exposed to this risk through its long-term obligations should there be changes to the interest rate upon renewal. The Health Centre has entered into interest rate derivative agreements to manage the volatility of these interest rates.

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

North Bay Regional Health Centre Notes to Financial Statements

March 31, 2025

17. Financial Instrument Risk Management (continued)

Liquidity risk

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

		2025			
		Within 6 months	6 months to 1 year	2-5 years	>5 years
Accounts payable	\$84,657,539	\$ -	\$ -	\$ -	\$ -
Long-term obligations	7,367,806	7,367,806	73,788,545	237,973,737	
		2024			
		Within 6 months	6 months to 1 year	2-5 years	>5 years
Accounts payable	\$ 88,275,245	\$ -	\$ -	\$ -	\$ -
Long-term obligations	7,001,900	7,001,900	70,986,081	254,512,583	

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