



The Stevenson Memorial Hospital
Financial Statements
For the year ended March 31, 2024

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Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of The Stevenson Memorial Hospital

Opinion

We have audited the financial statements of The Stevenson Memorial Hospital ("the Hospital"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Barrie, Ontario
June 25, 2024

**The Stevenson Memorial Hospital
Statement of Financial Position**

March 31	2024	2023
Assets		
Current		
Cash and cash equivalents (Note 5)	\$ 1,385,240	\$ 5,530,649
Accounts receivable - Ministry of Health / Ontario Health	3,990,393	1,215,501
Accounts receivable - other	1,084,681	1,173,445
Receivable from Stevenson Memorial Hospital Foundation (Note 12)	455,142	572,321
Inventory of supplies	321,214	301,359
Prepaid expenses	737,022	733,431
Deferred lease asset	-	32,982
	7,973,692	9,559,688
Cash held for capital projects (Note 3)	3,118,863	4,932,230
Property, buildings and equipment (Note 4)	19,211,576	14,656,558
	22,330,439	19,588,788
	\$ 30,304,131	\$ 29,148,476

Liabilities and Net Assets

Current		
Current portion of long-term bank borrowings (Note 7)	\$ 201,951	\$ 187,880
Accounts payable and accrued liabilities (Note 10)	8,165,690	8,361,068
Current portion of accrued asset retirement obligation (Note 8)	-	112,079
Deferred revenue	677,877	904,372
	9,045,518	9,565,399
Long-term bank borrowings (Note 7)	784,956	971,674
Accrued post-employment benefits (Note 9)	622,200	570,100
Accrued asset retirement obligation (Note 8)	268,514	268,514
Deferred contributions related to buildings and equipment (Note 6)	21,883,375	20,109,531
	23,559,045	21,919,819
	32,604,563	31,485,218
Contingencies and commitments (Note 10)		
Net Assets		
Unrestricted - (deficit)	(2,300,432)	(2,336,742)
	\$ 30,304,131	\$ 29,148,476

On behalf of the Board

Norm Depta

Director
Norm Depta, Board Chair

Jeff Stubbs

Director
Jeff Stubbs, Treasurer

**The Stevenson Memorial Hospital
Statement of Operations and Net Assets**

For the year ended March 31	2024	2023
Revenues		
Ministry of Health / Ontario Health	\$ 34,905,775	\$ 32,429,353
Other Provincial programs	2,410,659	1,930,740
Other agencies and self-pay	4,431,250	4,183,864
Recoveries and sales	1,324,622	1,474,487
Amortization of deferred contributions for equipment (Note 6)	1,086,082	1,254,788
	44,158,388	41,273,232
Expenses		
Salaries and wages	21,018,515	19,382,393
Employee benefits	5,146,758	5,996,360
Medical staff remuneration	4,296,222	3,730,005
Medical and surgical supplies	1,928,721	2,104,308
Drugs	819,329	870,606
Other supplies and expenses	7,408,498	8,748,460
Other Provincial programs	2,410,659	1,943,036
Amortization of equipment	1,042,932	1,268,369
	44,071,634	44,043,537
Excess (deficiency) of revenues over expenses before building amortization	86,754	(2,770,305)
Amortization of deferred contributions for buildings (Note 6)	648,548	559,575
Amortization of buildings	(698,992)	(580,648)
Excess (deficiency) of revenues over expenses for the year	36,310	(2,791,378)
Net assets (deficit), beginning of year	(2,336,742)	454,636
Net deficit, end of year	\$ (2,300,432)	\$ (2,336,742)

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

The Stevenson Memorial Hospital Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 36,310	\$ (2,791,378)
Adjustments for		
Amortization of buildings and equipment	1,741,924	1,849,017
Amortization of deferred contributions related to buildings and equipment	(1,734,630)	(1,814,363)
Employee post retirement benefits	52,100	28,452
Cash flows from operations before non-cash working capital balances	95,704	(2,728,272)
Changes in non-cash working capital balances		
Accounts receivable - Ministry of Health / Ontario Health	(2,774,892)	321,987
Accounts receivable - other	88,764	(145,569)
Receivable from Stevenson Memorial Hospital Foundation	117,179	(416,300)
Inventory of supplies	(19,855)	17,051
Prepaid expenses	(3,591)	(96,295)
Deferred lease asset	32,982	32,740
Accounts payable and accrued liabilities	(195,378)	609,044
Deferred revenue	(226,495)	598,329
Asset retirement obligation	(112,079)	-
Cash used in operating activities	(2,997,661)	(1,807,285)
Cash flows from financing activities		
Repayments on long-term bank borrowings	(172,647)	(185,119)
Increase in deferred contributions related to buildings and equipment	3,508,474	8,075,209
Cash provided by financing activities	3,335,827	7,890,090
Cash flows from capital activities		
Increase in cash held for capital projects	1,813,367	(4,932,230)
Net purchase of buildings and equipment	(6,296,942)	(2,912,238)
Cash used in capital activities	(4,483,575)	(7,844,468)
Net decrease in cash during the year	(4,145,409)	(1,761,663)
Cash and cash equivalents, beginning of year	5,530,649	7,292,312
Cash and cash equivalents, end of year	\$ 1,385,240	\$ 5,530,649

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

The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024

1. Nature of the Organization

The Stevenson Memorial Hospital (the 'Hospital') is a vibrant community hospital 45 minutes from Toronto providing excellent, high quality health care services to a fast-growing population in New Tecumseth and the South Simcoe region. The Hospital, incorporated without share capital under the Corporations Act (Ontario), is a charitable organization within the meaning of the Income Tax Act (Canada) and may issue tax receipts to donors. The Hospital is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Significant Accounting Policies

Basis of presentation

The financial statements of the Hospital are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

Contributed services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions which include donations and grants.

Under the Health Insurance Act and Regulations thereto, the Hospital operations are funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (MOH) and Ontario Health Central (OHC).

As required by OHC, the Hospital entered into a Hospital Service Accountability Agreement (H-SAA) that took effect April 1, 2008 and has been amended to March 31, 2024. This agreement sets out the rights and obligations of the parties to the H-SAA in respect to funding provided to the Hospital by OHC. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

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

Revenue from patient services is recognized when the service is provided. Revenue from parking and food sales is recognized when the goods are sold and services provided.

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions for the purchase of property, buildings and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property, buildings and equipment.

**The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024**

2. Significant Accounting Policies (continued)

Inventories

Inventory of supplies is valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis for pharmacy and laboratory. Cost for medical and general supplies is determined using a weighted average basis.

Capital assets and amortization

Assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction or development of the asset.

Purchased property, buildings and equipment are recorded at cost. Contributed property, buildings and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are expensed. Betterments that extend the estimated life of an asset are capitalized. When a property, building or a piece of equipment no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the asset is less than its net book value, it's carrying value is reduced to reflect the decline in the asset's value.

Property, buildings and equipment are amortized on a straight-line basis over their useful lives, which have been estimated as follows:

Land Improvements	8 to 25 years
Building and Building Service Equipment	5 to 40 years
Major Equipment	3 to 20 years
Computer Hardware and Software	2 to 5 years
Health Information System Project (HIS)	10 years

Costs directly involved in hospital redevelopment are capitalized.

Work in progress costs, including the Health Information System (HIS Phase 2) and hospital redevelopment, are not amortized until construction or software implementation is substantially complete and the assets are ready for use.

Leases

The Hospital currently only has leases that are classified as operating leases wherein rental payments are expensed on a straight-line basis.

Employee post-employment benefits

The Hospital provides defined post-employment benefits to certain employee groups. These benefits include health, dental and life insurance.

The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income or expense over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment. The costs of the multi-employer defined benefit plan are the Hospital's contributions due to the plan in the period.

**The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024**

2. Significant Accounting Policies (continued)

Asset retirement obligations

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible 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 tangible capital asset at the financial statement date. This 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 tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Financial instruments

Cash and cash equivalents, accounts receivable, amounts due from Stevenson Memorial Hospital Foundation, accounts payable and accrued liabilities and long-term borrowings are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

The cash flows of the financial instruments held by the Hospital are fixed or variable. The incremental benefit of fair value measurement for cash is very limited and therefore has not been used.

Transaction costs related to financial instruments are added to the carrying value of the instrument.

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances.

Management estimates

The preparation of financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, actuarial estimation of the liability for post-retirement benefits and compensated absences, estimated useful life of capital assets, asset retirement obligations, amortization of defined capital contributions, pay equity accrual, fair value disclosure, accrued liabilities and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Cash Held for Capital Projects

The Stevenson Memorial Hospital Foundation, Ministry of Health and County of Simcoe provide contributions for the Stevenson Memorial Hospital redevelopment project, which is recognized as Cash Held for Capital Project.

The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 25,809	\$ -	\$ 25,809	\$ -
Land Improvements	839,200	506,986	839,200	474,312
Buildings	7,394,466	3,462,008	6,173,567	3,157,363
Building Service Equipment	10,128,961	6,724,357	9,664,450	6,362,684
Major Equipment	22,064,863	20,056,870	21,857,195	19,437,491
Computer Hardware and Software	3,248,901	3,160,385	3,164,748	3,099,003
Health Information System (HIS)	3,443,199	1,836,283	3,443,199	1,491,963
	47,145,399	35,746,889	45,168,168	34,022,816
Work in Progress				
Hospital Redevelopment	6,647,362	-	2,822,268	-
HIS (Phase Two)	696,524	-	300,485	-
Other Projects	469,180	-	388,453	-
	\$ 54,958,465	\$ 35,746,889	\$ 48,679,374	\$ 34,022,816
Net Book Value		\$19,211,576		\$ 14,656,558

The MOH Capital Planning Branch requires hospitals to fund their costs associated with redevelopment prior to approval being granted. The Hospital has received \$7,500,000 in planning grants in the prior years, which contains recovered costs and future planning costs. Formal project approval was received on June 4, 2021, funding of future costs will be guaranteed; before such time it was at the discretion of the MOH Capital Planning Branch to decide whether or not to reimburse these costs (Note 6). As part of the financing for Redevelopment Project, the County of Simcoe has committed to \$10,000,000 as ongoing funding to the Hospital. On December 8, 2023, the Hospital has received \$1,000,000 (2023 - \$Nil). Direct costs of Hospital personnel dedicated to this planning process are included in hospital redevelopment costs. Given the nature and level of redevelopment planning activities during the year, \$265,793 of internal salaries were capitalized.

HIS refers to the Hospital's new health information system that was implemented in 2018-19. Phase one is now complete with phase two in progress. Phase two consists of Patient Portal, Web Ambulatory Care, Physician Documentation and Provider Order Sets with an expected completion date of June 2025.

**The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024**

5. Banking Facilities

The Hospital has cash and cash equivalents in the amount of \$1,385,240 as at of March 31, 2024.

The Hospital has an operating line of credit to a maximum of \$1,500,000 as at March 31, 2024 the Hospital has drawn \$Nil (2023 - \$Nil). This credit facility bears interest at the bank's prime rate, with interest-only payments payable monthly, due on demand.

The Hospital has a revolving demand loan facility to a maximum of \$2,000,000 as of March 31, 2024, the Hospital has drawn \$Nil (2023 - \$Nil). This credit facility bears interest at the bank's prime rate, with interest-only payments payable monthly, due on demand.

Effective March 22, 2017, in order to finance the Hospital's share of the purchase and implementation costs of its new Health Information System, the Hospital entered into a new credit facility providing a non-revolving demand/fixed rate term loan, to a maximum of \$5,500,000. At March 31, 2024, the Hospital had utilized \$1,983,367 (2023 - \$1,983,367) of the non-revolving term loan. This credit facility bears interest at the bank's prime rate and is repayable in blended payments over a maximum period of 120 months following an initial 12 months of interest-only payments (at the Hospital's option) from date of the first draw. At the Hospital's discretion, any portion of the line may be converted to a fixed rate-term loan available in terms of 1-5, 7 and 10 years subject to the same maximum amortization period as above. Effective interest rates on any fixed-term loan are to be determined at the time of advance or conversion with interest charged in arrears. Once per calendar year the Hospital shall have the right to make a pre-payment not exceeding 15% of the outstanding facility balance at the time of the pre-payment. Refer to note 7 for balance outstanding.

The Hospital has a foreign exchange forward contract facility which provides the Hospital with the ability to settle a daily maximum of up to US\$300,000 for the purpose of making payments to its US based HIS software supplier. Limits of the facility are subject to replacement risk factors in existence at the time of booking. At March 31, 2024, there are no outstanding contracts.

The Hospital has a corporate credit card with an authorized limit of \$450,000. As of March 31, 2024, the Hospital has drawn \$88,293 (2023 - \$147,856).

The banking facilities are unsecured and are with a Schedule 1 bank.

6. Deferred Capital Contributions

Deferred contributions related to buildings and equipment represents the unamortized balance of contributions received for the purchase of buildings and equipment. These restricted contributions are amortized and recorded as revenue in the statement of operations, on the same basis as the amortization of the related assets.

	2024	2023
Balance, Beginning of Year	\$20,109,531	\$ 13,848,685
Add: Contributions Received During the Year		
Stevenson Memorial Hospital Foundation	916,783	1,247,815
MOH	1,509,703	734,719
OHC	81,988	6,092,675
County of Simcoe	1,000,000	-
Less Amounts Amortized to Revenue for Equipment	(1,086,082)	(1,254,788)
Less Amounts Amortized to Revenue for Buildings	(648,548)	(559,575)
Balance, End of Year	\$21,883,375	\$ 20,109,531

The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024

7. Long-Term Bank Borrowings

1. At March 31, 2024, \$522,153 (2023 - \$611,863) was outstanding as a fixed rate term loan bearing an interest rate of 2.78%. The current payments are based on a 10-year amortization and subject to change in the bank's prime rate. This facility is repayable up to 15% once every calendar year non-cumulative with a maturity date of May 31, 2024. As at March 31, 2024, the Hospital was deemed to be in full compliance with its loan covenants and has received assurances from the bank that no demand for repayment shall be made in the next 12 months.

Principal repayments for the next 3 years and thereafter are as follows:

	HIS (a)
2025	\$ 109,007
2026	103,574
2027	106,491
Thereafter	203,081
	<u>\$ 522,153</u>
Interest Paid	\$ 14,558

2. At March 31, 2024 \$464,754 (2023 - \$547,691) was outstanding as a fixed rate term loan bearing an interest rate of 3.17%. Payments are based on a 5-year amortization with blended payments with a maturity date of March 31, 2028. The loan renewed April 11, 2023, with an interest rate of 5.35%.

Principal repayments for the next 3 years and thereafter are as follows:

	HIS (b)
2025	\$ 92,944
2026	90,580
2027	95,426
Thereafter	185,804
	<u>\$ 464,754</u>
Interest Paid	\$ 24,215

Summary

	2024	2023
HIS Fixed Rate Term Loan (a)	\$ 109,007	\$ 97,979
HIS Fixed Rate Term Loan (b)	92,944	89,901
	<u>\$ 201,951</u>	<u>\$ 187,880</u>
HIS Fixed Rate Term Loan (a)	\$ 413,146	\$ 513,884
HIS Fixed Rate Term Loan (b)	371,810	457,790
	<u>\$ 784,956</u>	<u>\$ 971,674</u>

The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024

8. Asset Retirement Obligations (ARO)

The Hospital's financial statements include an asset retirement obligation for building and equipment containing asbestos. The Hospital would be required to perform abatement activities upon renovation or demolition of buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The liability was determined internally based on management expertise and knowledge of the buildings. In August 2023, the Mary McGill Building was demolished resulting in the liability decreasing.

The carrying amount of the liability is as follows:

Asset retirement obligations as of March 31, 2023	\$380,593
Cash paid due to demolition	<u>(\$112,079)</u>
Asset retirement obligations as of March 31, 2024	<u>\$268,514</u>

9. Employee Post-Employment Benefits

The Hospital provides post-employment extended healthcare and dental benefits to a number of retired employees until the age of 65. From January 1, 2002, retiring Ontario Nursing Association (ONA) members are eligible for post-employment benefits, the cost of which is borne entirely by them; that is, ONA members electing coverage will pay 100% of the associated premium. This premium is typically lower than the actual cost of retiree benefits due to their higher rates of utilization. The premiums paid by retiring ONA members, therefore may not be sufficient to cover the actual costs of the benefits. This may result in an increased obligation, which generates a past service cost to the Hospital.

From April 1, 2011 full-time ONA members who reach age 57 and retire on or after April 1, 2011 are eligible for post-employment benefits and the Hospital will contribute 50% of the billed premiums of these benefit plans. The Hospital provides Ontario Public Service Employees Union (OPSEU) members who retire after age 60 with semi-private, extended health and dental benefits. OPSEU members electing coverage will pay 50% of the associated premium.

An actuarial report was conducted in March 2022 to estimate the Hospital's accrued benefit obligation relating to post-employment benefits plans. At March 31, 2024, the Hospital's accrued benefit obligation relating to post-employment benefit plans is \$622,200 (2023 - \$570,100).

During the year, actual payments for extended healthcare and dental premiums of \$10,287 (2023 - \$6,190) were made for retired employees.

The significant assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.70% per annum
Extended healthcare cost escalation	4.7% in 2024; decreasing to 4% over 20 years
Dental benefits cost escalation	5.4% in 2024; decreasing to 4% over 20 years

The Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2024

10. Contingencies and Commitments

i) During the normal course of operations, various proceedings and claims are filed against the Hospital. The Hospital reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies or by accrued provisions in these financial statements based on its best estimates where insurance is not applicable. It is management's opinion that the final determination of these claims will not have a material effect on the financial position or future results of operations of the Hospital.

ii) The Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC), pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined and are expensed in the current year. These premiums are subject to further assessment for experience gains and losses, by the pool, for prior years. No assessments have been received during the year ended March 31, 2024.

iii) The Hospital has an obligation to maintain pay equity under the Ontario Pay Equity Act. In 2014 a settlement was reached between the Hospital and the union (Ontario Public Service Employees Local 360) to proceed with the pay equity maintenance process. Similarly, the Ontario Hospital Association has been engaged on behalf of participating hospitals to resolve the union (Ontario Nurses Association) pay equity dispute. At March 31, 2024, a total liability of \$1,444,789 (2023 - \$1,280,531) has been recorded in the financial statements. Key assumptions used to estimate the accrual are that retroactive pay would not be assessed prior to 2011 and that pay equity would not exceed a 1% increase, these assumptions are susceptible to change. It is currently not possible for the Hospital to predict the final outcome of the pay equity process. The related provisions are measured at management's best estimate of the potential expenditure. The Hospital could be exposed to a potential liability that is lower than or in excess of the amount accrued.

11. Healthcare of Ontario Pension Plan (HOOPP)

HOOPP provides pension services to 460,381 active, retired and deferred members and 677 employers. Substantially all of the full-time employees and some of the part-time employees of the Hospital are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The results of the most recent valuation as at December 31, 2023 disclosed a surplus of \$10.2 billion. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$193.6 billion in respect of benefits accrued for service with actuarial assets at that date of \$203.8 billion. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Hospital to HOOPP during the year amounted to \$1,644,185 (2023 - \$1,526,084).

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12. Related Entities

Stevenson Memorial Hospital Foundation

The Stevenson Memorial Foundation (the 'Foundation') is an independent corporation incorporated without share capital which has its own independent Board of Directors and is a registered charity under the Income Tax Act (Canada). The Foundation receives and maintains funds for charitable purposes, which it contributes to the Hospital for the purchase of equipment, information systems, infrastructure and renovations to the Hospital.

Amounts received from the Foundation are externally restricted. Accordingly, these contributions are deferred and amortized as revenue when the related assets are amortized to expense. During the year, the Foundation approved funding requests from the Hospital totaling \$916,783 (2023 - \$1,247,815) for equipment, information system, infrastructure and renovations for the Hospital.

All transactions with related parties are recorded at the exchange amount.

Related party transactions during the year are not separately disclosed in the financial statements include the following:

- a. Donations amounting to \$513,504 (2023 - \$1,247,815) have been received from the Foundation
- b. An amount of \$616,821 (2023 - \$577,755) have been received from the Foundation as a reimbursement of administration and other costs

At March 31, 2024, \$403,279 in capital funding and \$51,863 in trade receivables is due from the Foundation (2023 - \$527,404 capital and \$45,117 in trade receivables).

13. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash and cash equivalents and accounts receivable. The Hospital holds its cash and cash equivalent accounts with a Schedule 1 bank which is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to \$100,000 (2023 - \$100,000).

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

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

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13. Financial Instrument Risk Management (continued)

As at March 31, 2024	Past Due					
	Total	Current	31-60 Days	61-90 Days	91-120 Days	120+ Days
OHIP	\$429,192	\$270,996	\$154,335	\$2,611	\$1,250	\$-
Patient Services	108,381	27,898	35,434	20,474	4,465	20,110
MOH/OHC	3,990,393	3,894,193	-	-	-	96,200
SMH Foundation	455,142	455,142	-	-	-	-
Other	557,933	501,530	29,150	27,253	-	-
Gross Receivables	5,541,041	5,149,759	218,919	50,338	5,715	116,310
Impairment Allowance	(10,825)	-	-	-	-	(10,825)
Net Receivables	\$5,530,216	\$5,149,759	\$218,919	\$50,338	\$5,715	\$105,485

Liquidity Risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital is exposed to liquidity risk through its accounts payable and long-term borrowings. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow planning and by ensuring appropriate bank facilities are in place (see Note 5 and 7). The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2024				
	Total	Within 6 Months	6 Months to 1 Year	1-5 Years	>5 Years
Accounts Payable and Accrued Liabilities	(\$8,165,690)	(\$6,236,738)	(\$484,163)	(\$1,444,789)	\$-
Long-Term Borrowing	(986,907)	(107,683)	(94,268)	(784,956)	-
Asset Retirement Obligation	(268,514)	-	-	-	(268,514)
Post-Employment Benefits	(622,200)	-	-	-	(622,200)
Total	(\$10,043,311)	(\$6,344,421)	(\$578,431)	(\$2,229,745)	(\$890,714)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in the market's interest rate. The Hospital is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Hospital to fair value risk while the floating rate instruments subject it to cash flow risk.

The Hospital is exposed to interest rate risk in relation to interest expense on its banking facilities and long-term borrowings which bears interest at a floating and fixed interest rate. At March 31, 2024, the Hospital has not drawn on the banking facilities and therefore the risk is considered to be limited.

The Hospital structures its finances as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

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

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14. Economic Dependence

The Hospital is economically dependent on the funding it receives from the MOH/OHC. The Hospital derives approximately 79% (2023 – 79%) of its annual funding from the MOH and OHC.