
Financial statements of Georgian Bay General Hospital

March 31, 2021

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of deficiency in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-15

Independent Auditor's Report

To the Chairperson, Board of Directors and Members of the
Corporation of Georgian Bay General Hospital

Opinion

We have audited the financial statements of Georgian Bay General Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, deficiency in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2021, and the results of its operations, changes in net assets, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 30, 2021

Georgian Bay General Hospital
Statement of financial position
As at March 31, 2021

	Notes	2021	2020
		\$	\$
Assets			
Current assets			
Cash	3	1,575,355	481,746
Accounts receivable	4	20,975,118	3,743,369
Inventories		1,213,110	570,946
Prepaid expenses		374,970	393,362
		24,138,553	5,189,423
Capital assets	5	35,279,773	35,067,662
		59,418,326	40,257,085
Liabilities			
Current liabilities			
Bank indebtedness	3	—	4,165,436
Accounts payable and accrued liabilities	6	19,513,781	14,417,339
Deferred revenue		504,291	84,815
Current portion of obligations under capital lease		—	—
Current portion of long-term obligations	8	849,245	821,110
		20,867,317	19,488,700
Employee post-retirement benefits	9	3,107,600	3,140,100
Deferred capital contributions	7	33,336,690	30,120,797
Long term obligations	8	2,274,771	3,124,471
		59,586,378	55,874,068
Contingencies, Commitments	12 and 13		
Deficiency in net assets		(168,052)	(15,616,983)
		59,418,326	40,257,085

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

On behalf of the Board

_____, Director

_____, Director

Georgian Bay General Hospital
Statement of operations
Year ended March 31, 2021

	Notes	2021 \$	2020 \$
Revenue			
North Simcoe Muskoka Local Health Integration Network ("LHIN")/Ministry of Health	15	74,336,323	55,781,982
Patient services		3,844,313	4,363,098
Marketed services		303,666	903,751
Other		3,510,791	4,370,468
Amortization of deferred capital contributions related to machinery and equipment		1,424,141	1,415,931
		83,419,234	66,835,230
Expenses			
Salaries and wages		39,612,766	35,372,149
Benefit contributions		11,479,883	10,750,881
Medical staff remuneration		4,240,308	3,947,232
Drugs		3,161,754	3,587,568
Medical and surgical supplies		3,338,643	2,819,716
Supplies and other expenses		15,916,425	12,195,877
Amortization of machinery and equipment		1,852,943	1,553,752
		79,602,722	70,227,175
(Deficiency) surplus of revenue over expenses from hospital operations before undernoted items		3,816,512	(3,391,945)
Amortization - deferred capital contributions for buildings, land improvements and buildings service equipment		647,921	641,464
Amortization - buildings, land improvements and building service equipment		(1,761,985)	(1,689,490)
Deficiency of revenue over expenses before undernoted items		2,702,448	(4,439,971)
Working Funds Initiative	16	12,869,300	—
Interest on long-term debt		(122,817)	(83,455)
Surplus/(Deficiency) of revenue over expenses		15,448,931	(4,523,426)

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

Georgian Bay General Hospital
Statement of deficiency in net assets
Year ended March 31, 2021

	Invested in capital assets	Unrestricted	2021	2020
	\$	\$	\$	\$
Deficiency in net assets, beginning of year	4,946,865	(20,563,848)	(15,616,983)	(11,093,557)
Net investment in capital assets	968,218	(968,218)	—	—
Deficiency of revenue over expenses	(1,542,866)	16,991,797	15,448,931	(4,523,426)
Deficiency in net assets, end of year	4,372,217	(4,540,269)	(168,052)	(15,616,983)

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

Georgian Bay General Hospital

Statement of cash flows

Year ended March 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses	15,448,931	(4,523,426)
Adjustments for		
Amortization of capital assets	3,614,928	3,243,242
Amortization of deferred capital contributions	(2,072,062)	(2,057,395)
Decrease in employee future benefit liability	(32,500)	(53,200)
Gain on disposal of capital assets	—	(231,704)
	16,959,297	(3,622,483)
Change in non-cash working capital		
Accounts receivable	(17,231,749)	(365,659)
Inventories	(642,164)	186,357
Prepaid expenses	18,392	(90,651)
Accounts payable and accrued liabilities	5,096,442	2,087,050
Deferred revenue	419,476	11,921
	4,619,694	(1,793,465)
Investing activities		
Purchase of capital assets	(3,827,039)	(5,723,940)
Proceeds on sale of capital assets	—	238,750
	(3,827,039)	(5,485,190)
Financing activities		
Deferred capital contributions received	5,287,955	2,896,548
Issuance of long term debt	—	2,609,284
Repayments on capital lease obligations	—	(54,359)
Repayment of long-term obligations	(821,565)	(1,135,226)
	4,466,390	4,316,247
Net decrease in cash during the year	5,259,045	(2,962,408)
Cash, beginning of year	(3,683,690)	(721,282)
Cash, end of year	1,575,355	(3,683,690)
Cash consists of		
Bank indebtedness	—	(4,165,436)
Cash - unrestricted	1,179,976	88,267
Cash - restricted	395,379	393,479
	1,575,355	(3,683,690)

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

1. Significant accounting policies

Nature and purpose of organization

Georgian Bay General Hospital (the "Hospital") is a not-for-profit organization and a registered charity incorporated without share capital under the laws of Ontario. The Hospital is principally involved in providing health care services to the North Simcoe Region of Ontario.

Operations are financed by the Ministry of Health (the "MOH") and the North Simcoe Muskoka Local Health Integration Network (the "NSMLHIN") and by patient fees. Ontario Health ("OH"), a Crown agency of the Government of Ontario, was established on June 6, 2019. Effective April 1, 2021, OH assumed all responsibilities of the NSMLHIN as it relates to the Hospital. In addition, all agreements between the Hospital and the NSMLHIN were transferred to OH.

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.

Income taxes

The Hospital is a charitable organization registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain the status as an organization registered under the Act, the Hospital must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. The principal estimates in the preparation of these financial statements are the allowance for doubtful accounts, inventory valuation and obsolescence, valuation and useful life of capital assets, payroll related accruals, contingencies, and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue recognized from the MOH/NSMLHIN/OH has a number of estimates. The Hospital has entered into a Hospital Service Accountability Agreement ("HSAA") that sets out the rights and obligations of the two parties with respect to funding provided to the Hospital by the MOH/NSMLHIN for fiscal 2021. The HSAA sets out certain performance standards and obligations for the Hospital's performance in a number of areas. If the Hospital does not meet its performance standards or obligations, the MOH has the right to adjust funding received by the Hospital. The MOH is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of Ministry funding received during the year may be increased or decreased subsequent to the year end. The amount of revenue recognized in these financial statements represents management's best estimates of the amounts earned during the year.

Inventories

Inventories are stated at the lower of cost or replacement cost. Inventory costs for pharmacy and laboratory are generally determined on a first-in, first-out basis. Inventories of supplies are costed on a weighted average basis.

1. Significant accounting policies (continued)

Capital assets and amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Amortization based on the estimated useful life of the asset is calculated as follows:

Land improvements	5 to 20 years straight-line basis
Buildings	40 years straight-line basis
Building service equipment	5 to 20 years straight-line basis
Machinery and equipment	2 to 20 years straight-line basis

Capital assets under construction or in development are recorded at cost, based on the percentage of completion method, and are not amortized until the asset is available for productive use.

Assets under capital lease

Assets under capital lease are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives of 5-20 years.

Impairment of long lived assets

When conditions indicate a tangible capital asset no longer contributes to the Hospital's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be reduced to reflect the decline in the asset's value.

Revenue recognition

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the MOH, NSMLHIN and OH. Operating grants are recorded as revenue in the period to which they relate. Grants and funding authorized by the MOH/NSMLHIN/OH as of the end of the fiscal year, and for which a specific purpose or use has been identified, are recognized as revenue when there is reasonable assurance that the Hospital has complied with, and will continue to comply with, all conditions necessary to earn the grant. The recognition of revenue associated with such grants requires management to make estimates and assumptions based on the best information available at the time of preparation of these financial statements. Final funding approved is subject to the funders' reconciliation process and could differ from these estimates. Refer to Note 15 for further discussion on funding relating to COVID-19 pandemic response and Note 16 for working capital funding.

Grants for which revenue has been earned but not received at the end of the fiscal year are accrued as receivable. Where a portion of a grant received relates to a future period, it is deferred and recognized in that subsequent fiscal year.

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

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

1. Significant accounting policies (continued)

Revenue recognition (continued)

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related assets.

Revenue from the Provincial Insurance Plan, preferred accommodation, and other services is recognized when the goods are sold or the service is provided.

Contributed services

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

Compensated absences

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

Employee post-retirement benefit

The Hospital accrues its obligations under employee benefit plans and the related costs.

The cost of non-pension post-retirement and post-employment benefits is determined actuarially using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health-care costs.

The current service cost for the period is equal to the actuarial present value of the benefits attributed to employees' services rendered in the period.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date of high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

The Hospital applies defined contribution accounting to its multi-employer defined benefit plan for which the Hospital has insufficient information to apply defined benefit plan accounting.

Pension plan

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

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Hospital becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

1. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations.

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

2. Financial risks

(a) *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 accounts receivable. The Hospital holds its cash accounts with Canadian chartered banks which are insured by the Canadian Deposit Insurance Corporation.

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

(b) *Liquidity risk*

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

There have not been any changes in the risk from the prior year.

(c) *Interest rate risk*

Interest rate risk is the potential for financial loss caused by fluctuations in future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its Bank indebtedness.

There have not been any changes in the risk from the prior year.

3. Cash and bank indebtedness

The Hospital's bank account is held at a chartered bank. The bank account earns interest at a variable rate calculated on the daily balance.

	2021	2020
	\$	\$
Unrestricted cash	1,179,976	88,267
Restricted cash – capital projects	395,379	393,479
	1,575,355	481,746

The Hospital's operating and capital bank accounts participate in mirror netting, whereby the Hospital can overdraw on its operating account up to the balance in its capital account. The hospital also has an operating credit facility with a chartered bank to a maximum authorized amount of \$8,000,000 of which \$nil was drawn on as at March 31, 2021 (\$4,165,436 in 2020). Interest is payable monthly and is charged on the amount drawn at the bank's prime rate minus 0.50%. The credit facility is unsecured and is due on demand.

Georgian Bay General Hospital
Notes to the financial statements
March 31, 2021

3. Cash and bank indebtedness (continued)

The Hospital has various procurement business cards with a maximum credit limit of \$500,000 bearing interest at the bank's standard VISA rates and is due on demand. The amount outstanding on these cards at year-end was \$20,821 (\$66,245 in 2020).

4. Accounts receivable

	2021	2020
	\$	\$
MOH and LHIN	17,275,746	213,550
Patients and clients	1,229,086	1,130,508
GBGH Foundation	1,605,229	1,999,336
Canada Revenue Agency (HST)	834,550	355,210
Other	151,609	129,897
	21,096,220	3,828,501
Less: allowance for doubtful accounts	(121,102)	(85,132)
	20,975,118	3,743,369

5. Capital assets

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	82,083	—	82,083	—
Land improvements	558,055	470,773	558,055	448,714
Buildings	34,334,779	16,655,470	34,148,962	15,742,171
Building service equipment	10,492,490	5,323,391	10,492,490	4,630,731
Machinery and equipment	32,149,852	26,327,346	31,192,039	24,340,435
Construction in progress	4,558,155	—	2,254,667	—
Project in progress				
Meditech Expanse	1,881,339	—	1,501,417	—
	84,056,753	48,776,980	80,229,713	45,162,051
Net book value		35,279,773		35,067,662

Collingwood General and Marine Hospital, Georgian Bay General Hospital, Headwaters Health Care Centre and Royal Victoria Regional Health Centre have entered into a Partnership to implement the Meditech Expanse software system to improve the quality of care, patient safety and enrich data to support clinical decision making. Capital costs related to the project are reported in Project in progress - Meditech Expanse above.

6. Accounts payable and accrued liabilities

	2021	2020
	\$	\$
Accounts payable and accrued liabilities		
Trade payables	10,571,959	7,385,080
MOH and LHIN	822,246	497,069
Ontario Health - Cancer Care Ontario Division (OH-CCO)	262,517	84,537
Payroll accruals		
Salaries, wages, vacation, and other entitlements	7,857,059	6,450,653
	19,513,781	14,417,339

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. These contributions are amortized and recorded as revenue in the statement of operations, on the same basis as the amortization of the related asset.

	2021	2020
	\$	\$
Balance, beginning of year	30,120,797	29,281,644
Contributions received during the year – LHIN	4,045,270	1,829,855
Contributions received during the year – Foundation (Note 12)	1,242,685	1,066,693
Less: amounts amortized to revenue	(2,072,062)	(2,057,395)
Balance, end of year	33,336,690	30,120,797

8. Long-term obligations

	2021	2020
	\$	\$
Energy improvements term loan, interest bearing at 3.49%, monthly repayments of \$34,099, maturing April 2024	1,213,733	1,541,820
Capital equipment revolving term loan, interest bearing at prime less 0.50%	1,910,283	2,403,761
	3,124,016	3,945,581
Less amount due within one year	(849,245)	(821,110)
	2,274,771	3,124,471

The remaining principal on the long-term obligations are due as follows:

	\$
2022	849,245
2023	877,858
2024	907,415
2025	489,498
	3,124,016

9. Employee post-retirement benefits

The Hospital provides post-retirement extended healthcare medical and dental benefits to a number of employees. The most recent valuation of the employee post-retirement benefits was completed as at April 1, 2020. The amounts recorded as of March 31, 2021 are based on this updated valuation. The next full valuation of the plan will be effective April 1, 2021. The accrued benefit obligation is recorded in the financial statements as follows.

(a) The accrued non-pension liability is calculated as follows:

	2021	2020
	\$	\$
Accrued benefit liability, beginning of year	3,140,100	3,193,300
Expense for year	150,600	148,100
Funding contributions	(183,100)	(201,300)
Accrued benefit liability, end of year	3,107,600	3,140,100

(b) The non-pension benefit expense for the year is calculated as follows:

	2021	2020
	\$	\$
Accrual for services	167,600	166,500
Interest on accrued benefits	72,000	67,200
Amortization of actuarial gains	(89,000)	(85,600)
Non-pension benefit expense	150,600	148,100

(c) Post-employment benefit liability:

	2021	2020
	\$	\$
Accrued benefit obligation	2,843,500	2,322,900
Experience gains	264,100	817,200
Accrued benefit liability, end of year	3,107,600	3,140,100

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

	2021	2020
	%	%
Discount rate	2.90	3.00
Dental cost trend rate	2.75	2.75
Extended health care trend rate	4.50	6.00

10. Pension plan

All full-time and certain part-time employees of the Hospital are members of HOOPP which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$2,963,370 (\$2,850,117 in 2020) and are included in salaries and benefits in the statement of operations. The most recent actuarial valuation as at December 31, 2020 indicated the plan is 119% funded.

11. Other entities

The Georgian Bay General Hospital Foundation (“the Foundation”) was created for the purpose of promoting and participating in fundraising programs in order to raise money for the purchase of capital equipment, staff education and/or other purposes of the Hospital.

During the year, the Hospital received donations amounting to \$1,254,748 (\$1,124,963 in 2020) from the Foundation, of which \$1,242,685 (\$1,066,693 in 2020) was used for capital expenditures. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The net assets and results from operations of the Foundation are not included in the financial statements of the Hospital.

12. Contingencies

(a) Legal matters and litigation

The nature of the Hospital’s activities is such that there may be litigation pending or in progress at any one time. With respect to claims as at March 31, 2021, it is management’s position that the Hospital has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes such claims are not expected to have a material effect on the Hospital’s financial position.

(b) Insurance

A group of healthcare institutions, including the Hospital, are members 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.

(c) Employment matters

During the normal course of business, the Hospital 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.

13. Commitments

The Hospital has lease commitments under non-cancelable operating leases as follows:

	\$
2022	172,550
2023	172,550
2024	172,550
2025	172,550
2026	172,550
Thereafter	566,370
	<u>1,429,120</u>

14. MOH/NSM LHIN Hospital On-Call Coverage

The Hospital has an agreement with the MOH for Hospital On-Call Coverage. The revenues and expenses included in the statement of operations are as follows:

	2021	2020
	\$	\$
Funding from MOH – current year	1,157,722	1,118,100
Payments to physicians	(1,100,982)	(1,119,049)
	56,740	(949)

15. Covid-19 pandemic

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus.

As a result of the COVID-19 pandemic response, the Hospital experienced a change in the demand for its services and incurred unbudgeted pandemic response expenditures during the year ended March 31, 2021. The MOH/NSMLHIN/OH have issued a series of funding announcements during the year to support the continued COVID-19 response across the hospital sector. The various funding envelopes are intended to support the continued provision of patient care during the pandemic, to reduce operating pressures resulting from surgical backlogs, delayed or cancelled procedures, and lost non-MOH revenue, and to offset the incremental operating and capital expenditures incurred to provide direct COVID-19 care, including assessments, vaccine administration, and critical care.

The duration and impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results and condition of the Hospital in future periods.

16. One time working capital funds

On March 18, 2021 the Hospital recognized \$12,869,300 of one-time funding in respect of historic working fund deficits. The intent of the funding is to address historic working funds deficits.