

Services De Santé De Chapleau Health Services

Financial Statements

Year ended March 31, 2024

MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Services De Santé De Chapleau Health Services (“the Hospital”) are the responsibility of the Hospital’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for government not-for-profit organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 3 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Hospital. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital’s financial statements.

Chief Executive Officer



Chair



June 20, 2024



INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Services De Santé De Chapleau Health Services

Opinion

We have audited the financial statements of **Services De Santé De Chapleau Health Services**, which comprise the statement of financial position as at **March 31, 2024**, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our 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 organization 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the organization incurred a deficiency of revenues over expenditures of \$980,287 during the year ended March 31, 2024 and, as of that date, the organization had a working capital deficit in the amount of \$1,566,895 and an unrestricted net deficit of \$2,347,129. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization'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 organization'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 organization to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 20, 2024

Services De Santé De Chapleau Health Services
Statement of Financial Position
March 31, 2024 with comparative figures for 2023

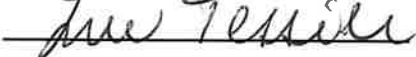
	2024	2023
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 1,346,256	\$ 1,854,680
Investments (note 5)	97,803	88,885
Accounts receivable (note 6)	772,870	785,116
Inventory	323,949	301,167
Prepaid expenses	52,557	80,929
	2,593,435	3,110,777
Receivable from Chapleau General Hospital Foundation (note 7)	47,122	82,276
Capital assets (note 8)	6,873,473	7,004,400
	\$ 9,514,030	\$ 10,197,453
Liabilities and net assets (deficit)		
Current		
Accounts payable and accrued liabilities (note 9)	\$ 3,797,045	\$ 3,141,725
Deferred contributions	307,841	307,841
Current portion of long-term debt	55,444	58,429
	4,160,330	3,507,995
Long-term debt (note 10)	229,469	282,737
Liability for post-retirement benefits (note 11)	882,800	870,400
Deferred capital contributions (note 12)	5,157,316	5,482,110
Asset retirement obligation (note 13)	268,372	258,181
	10,698,287	10,401,423
Net assets (deficit)		
Unrestricted net assets (deficit)	(2,347,129)	(1,126,913)
Equity in capital assets (note 14)	1,162,872	922,943
	(1,184,257)	(203,970)
	\$ 9,514,030	\$ 10,197,453

Going concern (note 2)

Contingent liabilities (note 15)

Approved on behalf of the Board of Directors:

Director 

Director 

Services De Santé De Chapleau Health Services
Statement of Operations
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
Revenues		
Chapleau General Hospital (Schedule 1 - Schedule of Operations)	\$ 13,429,555	\$ 12,579,888
Other Votes (Schedule 2)	1,964,584	1,393,843
Cedar Grove (Schedule 3)	365,991	322,698
	<u>15,760,130</u>	<u>14,296,429</u>
Expenditures		
Chapleau General Hospital (Schedule 1 - Schedule of Operations)	14,405,446	13,164,577
Other Votes (Schedule 2)	1,996,415	1,394,089
Cedar Grove (Schedule 3)	399,256	322,698
	<u>16,801,117</u>	<u>14,881,364</u>
Deficiency of revenues over expenditures before undernoted items	(1,040,987)	(584,935)
Interest and other investment income	51,782	51,996
Unrealized gain (loss) in market value of investments	8,918	(2,023)
Deficiency of revenues over expenditures	\$ (980,287)	\$ (534,962)

Services De Santé De Chapleau Health Services
Statement of Changes in Net Assets
Year ended March 31, 2024 with comparative figures for 2023

	Unrestricted net assets (deficit)	Equity in capital assets	Total 2024	Total 2023
Balance, beginning of year	\$ (1,126,913)	\$ 922,943	\$ (203,970)	330,992
Deficiency of revenues over expenditures	(749,931)	(230,356)	(980,287)	(534,962)
Invested in capital assets	(470,285)	470,285	-	-
Balance, end of year	\$ (2,347,129)	\$ 1,162,872	\$ (1,184,257)	(203,970)

Services De Santé De Chapleau Health Services
Cash Flows Statement
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
Cash flows from operating activities		
Deficiency of revenues over expenditures	\$ (980,287)	\$ (534,962)
Adjustments for non-cash items		
Amortization of capital assets	768,821	746,880
Amortization of deferred capital contributions	(548,655)	(546,044)
Increase in post-retirement benefits liability	12,400	33,800
Unrealized loss (gain) on market value of investments	(8,918)	2,023
Accretion of asset retirement obligation	10,191	9,202
	(746,448)	(289,101)
Change in non-cash working capital items		
Accounts receivable	12,246	(204,788)
Inventory	(22,782)	(58,420)
Prepaid expenses	28,372	(6,631)
Accounts payable and accrued liabilities	655,320	280,207
	(73,292)	(278,733)
Cash flows from financing activities		
Recovery of advances to Chapleau General Hospital Foundation	35,154	53,921
Principal payments on long-term debt	(56,253)	(64,537)
	(21,099)	(10,616)
Cash flows from capital activities		
Deferred capital contributions received	223,861	201,265
Purchase of capital assets	(637,894)	(631,313)
	(414,033)	(430,048)
Decrease in cash	(508,424)	(719,397)
Cash, beginning of year	1,854,680	2,574,077
Cash, end of year	\$ 1,346,256	\$ 1,854,680

Other information

Cash is comprised of cash and cash equivalents. Refer to notes 3(b) and 4 for additional information.

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2024 with comparative figures for 2023

1. Nature of operations

Services De Santé De Chapleau Health Services ("the Hospital") is principally involved in providing health care services to the residents of the Chapleau area. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of operations. Should the organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Hospital incurred a deficiency of revenues over expenditures during the year in the amount of \$980,287 (2023 - deficiency of revenues over expenditures \$534,962) and had a working capital deficit in the amount of \$1,566,895 (2023 - \$397,218). The total operating deficiency over the two years 2023 and 2024 is \$1,515,249 resulting in an unrestricted net deficit at March 31, 2024 of \$2,347,129. Without the assistance of Ontario Health, it is likely that the hospital will not be able to meet its obligations to pay its liabilities as they become due in the near future.

Management has determined that the deficit incurred in fiscal 2024 is due to the inability of the hospital to hire an appropriate level of staff which has resulted in high agency costs, significant amounts of overtime and sick time incurred to maintain the level of service as dictated by Ontario Health. During the year the hospital has eliminated its reliance on agencies for PSWs, and housekeeping/dietary staff and reduced its reliance on agencies for RPNs.

Management's plan for 2025 is to:

1. work with Ontario Health to review funding levels to provide the required level of care;
2. continue to operate as efficiently as possible with lean administration costs consistent with the current year;
3. continue their recruitment plan to hire more RNs and RPNs to reduce agency costs further;
4. secure a loan to cover the Meditech Expense implementation as part of a group of hospitals in the North applying for loans;
5. secure cash flow advances through Ontario Health; and,
6. follow direction from Ontario Health and the Ministry of Health regarding service reductions.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the organization be unable to continue its operations.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

3. Significant accounting policies

These financial statements are prepared using Canadian public sector accounting standards for government not-for-profit organizations including PS 4200 series of standards as issued by the Public Sector Accounting Board. The significant accounting policies are detailed as follows:

(a) 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 Ministry of Health ("MOH") and Ontario Health ("OH"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial insurance plan, preferred accommodation, and marketed services are recognized in the period in which the goods are sold or the service is provided.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

3. Significant accounting policies, continued

(c) Investments

The organization records its investments at fair value. Changes in fair values during the year are included in the statement of operations.

(d) Inventory

Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined using the purchase cost method.

(e) Related entity

The notes to the accompanying financial statements include information of Chapleau General Hospital Foundation. This entity is not consolidated in these statements. The Hospital has an economic interest in the entity.

(f) Capital assets and amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its estimated realizable value.

Amortization is provided on assets placed into use on the straight-line basis over their estimated useful lives as follows:

Land improvements	5 to 15 years
Buildings	20 to 30 years
Equipment	5 to 15 years

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

3. Significant accounting policies, continued

(g) Pension plans and other retirement benefit plans

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

(h) Funding Adjustments

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

(i) 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.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

3. Significant accounting policies, continued

(j) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Hospital subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include investments.

Financial assets measured at cost includes receivable from Chapleau General Hospital Foundation.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations, in the period it is identified and measurable, to the amount of the previously recognized impairment.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

3. Significant accounting policies, continued

(k) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates used in the preparation of the accompanying financial statements include estimated allowances for uncollectible accounts receivable, realizable value of inventory, estimated useful lives of capital assets, certain accrued liabilities, deferred revenue, asset retirement obligation and post-employment benefits liability.

(l) Asset retirement obligation ("ARO")

The organization recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated net present value of the ARO is recorded as a liability, with a corresponding increase in the carrying amount of the related assets. The capitalized amount is amortized over the estimated life of the assets. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is recognized in profit or loss for the period. The ARO can also increase or decrease due to changes in the original estimated undiscounted costs, or changes in the timing of these expenditures. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

4. Cash and cash equivalents

Included in cash and cash equivalents is cash and guaranteed investment certificates.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

5. Investments

	2024 Market Value	2024 Cost	2023 Market value	2023 Cost
Cash	\$ 226	\$ 226	\$ 9,698	\$ 9,698
Fixed income	25,872	29,745	25,180	30,063
Money Market funds	12,793	12,793	-	-
Equities	58,912	42,004	54,007	43,294
	\$ 97,803	\$ 84,768	\$ 88,885	\$ 83,055

Financial instruments that are measured subsequent to initial recognition at fair value are 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of the Health Centre's portfolio investments have been determined using Level 1 measures in the fair value hierarchy.

6. Accounts receivable

	2024	2023
Grants and other	\$ 434,654	\$ 424,414
Patients, tenants and service recipients	200,544	235,670
HST rebates	137,672	125,032
	\$ 772,870	\$ 785,116

7. Receivable from Chapleau General Hospital Foundation

The advances to Chapleau General Hospital Foundation, a related entity (notes 3(e) and 18), are unsecured, non-interest bearing and without fixed terms of repayment.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

8. Capital assets

			2024			2023
	Cost	Accumulated amortization	Net		Net	
Land	\$ 82,133	\$ -	\$ 82,133	\$	82,133	
Land improvements	278,804	271,665	7,139		14,278	
Buildings	18,103,235	12,906,214	5,197,021		5,343,434	
Equipment	8,599,382	7,012,202	1,587,180		1,564,555	
	\$ 27,063,554	\$ 20,190,081	\$ 6,873,473	\$	7,004,400	

Cost and accumulated amortization at March 31, 2023 amounted to \$26,425,661 and \$19,421,261 respectively.

9. Accounts payable and accrued liabilities

	2024	2023
General accounts payable and other	\$ 1,981,104	\$ 1,303,595
Ontario Health/Ministry of Health	919,239	930,601
Payroll related	896,702	708,413
Payroll related - Bill 124 wage increase	-	199,116
	\$ 3,797,045	\$ 3,141,725

Included in accounts payable and accrued liabilities are government remittances payable of \$154,013 (2023 - \$129,131).

Services De Santé De Chapleau Health Services**Notes to the Financial Statements****Year ended March 31, 2024 with comparative figures for 2023**

10. Long-term debt

	2024	2023
3.58% RBC mortgage, payable \$2,242 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing November 2024.	\$ 22,044	\$ 45,562
1.99% Ford Credit vehicle loan, payable \$698 monthly including interest, maturing February 2025, secured by specified equipment with a net book value of \$5,982.	7,552	15,691
4.98% RBC mortgage, payable \$3,165 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing June 2032.	255,317	279,913
	284,913	341,166
Less current portion	55,444	58,429
	\$ 229,469	\$ 282,737
Estimated principal repayments are as follows:		
2025	\$ 55,444	
2026	27,165	
2027	28,549	
2028	30,003	
2029	31,532	
Subsequent years	112,220	
	\$ 284,913	

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

11. Liability for post-retirement benefits

The Hospital provides for the reimbursement of dental and extended health care expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these financial statements.

The most recent valuation of the employee future benefits was completed as at March 31, 2024.

	2024	2023
Balance, beginning of year	\$ 870,400	\$ 836,600
Add: Benefit costs	83,500	70,900
Less: Benefit contributions	(71,100)	(37,100)
	\$ 882,800	\$ 870,400

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

The main assumptions employed for the valuations are as follows:

Interest (discount) rate:

The obligation as at March 31, 2024 of the present value of future liabilities and the expense for the period ended March 31, 2024 was determined using an annual discount rate of 4.04% (2023 - 3.89%). This corresponds to the provincial cost of borrowing rate recommended by the MOHLTC.

Dental cost trend rates: 5.00% per annum (2023 - 5.00%).

Extended Health Care trend rates: 5.60% per annum (2023 - 5.60%).

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

12. Deferred capital contributions

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

	2024	2023
Balance, beginning of year	\$ 5,482,110	\$ 5,826,889
Additional capital contributions received in the year	223,861	201,265
Less amounts amortized to revenue	(548,655)	(546,044)
Balance, end of year	\$ 5,157,316	\$ 5,482,110

13. Asset retirement obligation

The Hospital's asset retirement obligation represents management's best estimate of the present value of costs that are expected to be incurred for asbestos removal from the buildings located at 6 Broomhead Road, Chapleau and at 101 Pine Street, Chapleau. At March 31, 2024 the estimated discounted asset retirement obligation is \$247,173 at 6 Broomhead Road and \$21,199 at 101 Pine Street for a total asset retirement obligation obligation of \$268,372. There was accretion of \$10,190 for 6 Broomhead Road in fiscal 2024.

The asset retirement obligation for the building located at 6 Broomhead Road was calculated using a model provided by the Ministry of Health whereby the square footage was multiplied by a rate provided by the MOH to remove the asbestos from the building. The obligation related to the building at 101 Pine Street was estimated by a professional engineering firm.

The estimated future value is \$414,657 at March 31, 2037 using a discount rate of 4.30% over the estimated remaining useful life of the building of 13 years as estimated by management. The asset relating to the obligation is amortized over the remaining life of the building. There was amortization of \$15,185 expensed in fiscal 2024.

	2024	2023
Asset retirement obligation, beginning of year	\$ 258,181	\$ 248,979
Accretion expense	10,191	9,202
Asset retirement obligation, end of year	\$ 268,372	\$ 258,181

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

14. Equity in capital assets

	2024	2023
Capital assets, net book value	\$ 6,873,473	\$ 7,004,400
Amounts financed by long-term debt	(284,913)	(341,166)
Unamortized deferred capital contributions	(5,157,316)	(5,482,110)
Asset retirement obligation	(268,372)	(258,181)
Ending equity in capital assets	\$ 1,162,872	\$ 922,943

The change in equity in capital assets is calculated as follows:

	2024	2023
Purchase of capital assets	\$ 637,894	\$ 631,313
Amounts of capital contributions received	(223,861)	(201,265)
Amounts funded by long-term debt	-	-
Principal payments on long-term debt	56,253	64,537
Amortization of deferred capital contributions	548,655	546,044
Amortization of capital assets	(768,821)	(746,880)
Accretion of asset retirement obligation	(10,191)	(9,202)
	\$ 239,929	\$ 284,547

15. Contingent liabilities

The nature of the Hospital's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2024, management believes the Hospital has valid defences and appropriate insurance in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

16. Credit facilities

The Hospital has available to it, an RBC demand loan to a maximum of \$200,000 with interest payable at prime plus 0.4% per annum. As at March 31, 2024 there is a balance of \$Nil owing on this loan (2023 - \$Nil).

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

17. Pension plan

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. 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.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

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

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan indicates the plan is fully funded. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$557,672 (2023 - \$466,400) and are included in the statement of operations.

At December 31, 2023, the HOOPP had total assets of \$203.8 billion (2022 - \$185.1 billion) and an accumulated surplus of \$10.2 billion (2022 - \$11.0 billion).

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

18. Related entity

The Chapleau General Hospital Foundation was created with the purpose of promoting and participating in fundraising initiatives for programs and capital projects. Pertinent financial information of the Foundation is as follows:

	2024	2023
Assets	\$ 1,274,116	\$ 1,211,363
Liabilities	\$ 47,123	\$ 82,277
Fund balance	1,226,993	1,129,086
	\$ 1,274,116	\$ 1,211,363
Results of Operations:	2024	2023
Revenues:		
Donations	\$ 71,778	\$ 92,942
Investment income	39,467	32,792
Fundraising	36,054	24,148
Total revenue	\$ 147,299	\$ 149,882
Expenses:		
Other expenses	\$ 43,647	\$ 45,736
Charitable contributions	66,983	70,267
Total expenses	\$ 110,630	\$ 116,003
Other income (expense):		
Gain on sale of investments	\$ -	\$ 9,645
Unrealized gain (loss) on market value of investments	61,238	(92,508)
	\$ 61,238	\$ (82,863)
Excess (deficiency) of revenues over expenses	\$ 97,907	\$ (48,984)

All charitable contributions were directed to the Hospital, of which the Chapleau General Hospital Foundation approved contributions of \$66,483 (2023 - \$70,267) to be used for capital acquisitions.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

19. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The organization is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause another party to incur a financial loss. The organization is exposed to credit risk associated with its cash and cash equivalents, investments, accounts receivable, and receivable from Chapleau General Hospital Foundation.

The organization minimizes risk associated with cash and cash equivalents, and investments by holding these financial assets with large reputable financial institutions with high credit ratings.

The organization has credit risk associated with its accounts receivable balances of \$772,870 (2023 - \$785,116). The organization manages its exposure to this credit risk through managements on-going monitoring of accounts receivable balances and collections including performing credit valuations on a regular basis. An allowance for bad debts is recorded when applicable.

Refer to note 3(j)(ii) regarding the organizations policies for assessing impairment of financial assets measured at other than fair value, which includes its receivable from Chapleau General Hospital Foundation.

(b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization has liquidity risk exposure associated with its accounts payable and accrued liabilities of \$3,797,045 (2023 - \$3,141,725). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and through extensive budgeting and monitoring cash requirements to ensure adequate cash resources or arrangements exist to repay creditors including long-term debt interest and principal payments as those liabilities become due.

20. Comparative figures

Certain 2023 comparative figures have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements. The changes do not affect prior year excess of revenues over expenditures.

Services De Santé De Chapleau Health Services
Chapleau General Hospital Operations - Schedule Of Operations
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
Revenues		
Ministry of Health	\$ 10,381,553	\$ 9,476,823
Physician funding	920,352	885,155
Patient accommodation	724,038	699,950
Recoveries and miscellaneous	704,042	829,452
Amortization of deferred capital contributions	548,031	545,296
Patient services	151,539	143,212
	13,429,555	12,579,888
Expenditures		
Salaries and wages	7,155,580	6,359,569
Supplies and other (including amortization of \$13,929 (2023 - \$308))	3,259,909	2,969,983
Employee benefits	1,789,326	1,686,968
Physician remuneration	1,424,192	1,361,922
Amortization of capital assets	728,721	720,111
Employee future benefits	21,730	41,703
Interest and bank charges	15,798	15,119
Accretion of asset retirement obligation	10,190	9,202
	14,405,446	13,164,577
Deficiency of revenues over expenditures	\$ (975,891)	\$ (584,689)

Services De Santé De Chapleau Health Services
Other Votes - Schedule Of Operations
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
Revenues		
Family Health Team	\$ 499,673	\$ -
Turning Point Mental Health	422,239	379,155
Home Support Program	316,477	295,382
Assisted Living	259,874	231,018
Nurse Practitioner	187,287	174,981
Nursing Station	179,118	192,163
Medical Clinic	52,520	57,363
Turning Point Addictions	37,315	35,515
Foundation salaries and benefits	7,831	26,016
Municipal taxes	2,250	2,250
	1,964,584	1,393,843
Expenditures		
Family Health Team	499,673	-
Turning Point Mental Health	422,239	379,156
Home Support Program	316,477	295,382
Assisted Living	259,874	231,018
Nurse Practitioner	187,287	174,981
Nursing Station (including amortization of \$2,861 (2023 - \$2,861))	179,118	192,163
Medical Clinic (including amortization of \$3,446 (2023 - \$3,446))	84,351	57,608
Turning Point Addictions	37,315	35,515
Foundation salaries and benefits	7,831	26,016
Municipal taxes	2,250	2,250
	1,996,415	1,394,089
Deficiency of revenues over expenditures	\$ (31,831)	\$ (246)

Services De Santé De Chapleau Health Services
Cedar Grove - Schedule Of Operations
Year ended March 31, 2024 with comparative figures for 2023

	2024	2023
Revenues		
Rent and accommodation charges	\$ 243,131	\$ 226,317
Elderly Person Centre	74,184	75,985
Other income	25,900	70
Provincial subsidy - Apartments	22,776	20,326
	365,991	322,698
Expenditures		
General and administrative	161,673	105,261
Building operations	143,535	121,298
Elderly Person Centre	74,184	75,985
Amortization - Buildings	19,864	20,154
	399,256	322,698
Deficiency of revenues over expenditures	\$ (33,265)	\$ -

