

Grey Bruce Health Services
Financial Statements
For the year ended March 31, 2022

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Financial Statements
For the year ended March 31, 2022

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Independent Auditor's Report

**To the Board of Directors and the Members of
Grey Bruce Health Services**

Opinion

We have audited the accompanying financial statements of Grey Bruce Health Services, which comprise the statement of financial position as at March 31, 2022 and the statements of changes in net assets, remeasurement gains, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Grey Bruce Health Services as at March 31, 2022 and the results of its 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 Grey Bruce Health Services in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing Grey Bruce Health Services 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 Grey Bruce Health Services or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Grey Bruce Health Services 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 Grey Bruce Health Services 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 Grey Bruce Health Services 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 Grey Bruce Health Services 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

Owen Sound, Ontario
June 9, 2022

Grey Bruce Health Services
Statement of Financial Position
(In Thousands of Dollars)

March 31	2022	2021
Assets		
Current		
Cash and investments (Note 3)	\$ 69,785	\$ 50,866
Accounts receivable (Note 4)	16,038	13,526
Inventory	5,070	5,098
Prepaid expenses	3,104	2,364
	93,997	71,854
Capital assets (Note 5)	105,675	80,497
Promissory notes (Note 6)	468	202
Long term investments (Note 7)	10,431	10,082
	\$ 210,571	\$ 162,635
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 58,355	\$ 45,373
Post-employment benefits and compensated absences (Note 9)	10,773	10,598
Deferred contributions (Note 10)	93,085	67,926
	162,213	123,897
Net assets (Page 5)		
Internally restricted for capital asset replacement	7,858	11,897
Endowment fund	171	157
Unrestricted	40,833	26,617
	48,862	38,671
Accumulated remeasurement gains (Page 6)	(504)	67
	48,358	38,738
	\$ 210,571	\$ 162,635

Approved on behalf of the Board:



Director Paul Sinclair



Director Gary Sims

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

Grey Bruce Health Services
Statement of Changes in Net Assets
(In Thousands of Dollars)

March 31	Internally Restricted for Capital Asset Replacement	Endowment Fund	Unrestricted	Total 2022	Total 2021
Balance, beginning of the year	\$ 11,897	\$ 157	\$ 26,617	\$ 38,671	\$ 25,637
Revenue over expenditures (Page 7)	-	-	10,191	10,191	13,034
Interfund transfers	(4,039)	14	4,025	-	-
Balance, end of the year	\$ 7,858	\$ 171	\$ 40,833	\$ 48,862	\$ 38,671

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

Grey Bruce Health Services
Statement of Remeasurement Gains
(In Thousands of Dollars)

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
Accumulated remeasurement gains, beginning of the year	\$ 67	\$ 6
Unrealized gains (losses) attributed to investment	<u>(571)</u>	<u>61</u>
Accumulated remeasurement gains, end of the year	<u>\$ (504)</u>	<u>\$ 67</u>

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

Grey Bruce Health Services
Statement of Operations
(In Thousands of Dollars)

For the year ended March 31	2022	2021
Revenue		
Ministry of Health and Long-Term Care (Note 11)	\$ 180,763	\$ 180,456
Patient revenue from other payors	16,307	15,533
Differential and co-payment revenue	3,135	2,550
Undistributed and miscellaneous revenue	22,404	17,878
Amortization of deferred contributions	5,000	5,343
	<u>227,609</u>	<u>221,760</u>
Expenses		
Salaries and wages	97,436	97,898
Employee benefits	28,668	25,062
Medical staff remuneration	19,246	18,996
Supplies and other expenses	34,189	31,224
Medical and surgical supplies	10,644	10,362
Drugs and medical gases	20,477	19,138
Equipment amortization	6,875	5,698
	<u>217,535</u>	<u>208,378</u>
Excess of revenue over expenditures before other	<u>10,074</u>	<u>13,382</u>
Other revenue (expenses)		
Program revenue from Ministry of Health and Long-Term Care	8,597	7,742
Program expenses for Ministry of Health and Long-Term Care	(8,673)	(7,742)
Amortization of deferred contributions	3,998	3,234
Amortization of building assets	(3,805)	(3,582)
	<u>117</u>	<u>(348)</u>
Excess of revenue over expenditures	<u>\$ 10,191</u>	<u>\$ 13,034</u>

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

Grey Bruce Health Services
Statement of Cash Flows
(In Thousands of Dollars)

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 10,191	\$ 13,034
Items not involving cash:		
Amortization of capital assets - equipment	6,875	5,698
Amortization of capital assets - building assets	3,805	3,582
Amortization of deferred contributions	(8,983)	(8,573)
Unrealized gains (losses)	(571)	61
Accrued for post-employment benefits and compensated absences	175	228
Gain on disposal of capital assets	(21)	(124)
	11,471	13,906
Changes in non-cash working capital balances		
Accounts receivable	(2,512)	(5,427)
Inventory	28	27
Prepaid expenses	(740)	(549)
Accounts payable and accrued liabilities	12,982	11,947
	21,229	19,904
Financing activities		
Advance of promissory notes	(600)	(100)
Repayment of promissory notes	334	187
Purchase of long term investments	(349)	(10,082)
	(615)	(9,995)
Capital activities		
Purchase of capital assets	(36,261)	(17,174)
Receipt of capital grants	21,543	6,356
Receipt of restricted donations	12,599	5,115
Proceeds on disposition of capital assets	424	124
	(1,695)	(5,579)
Net increase in cash and investments during the year	18,919	4,330
Cash and investments, beginning of the year	50,866	46,536
Cash and investments, end of the year	\$ 69,785	\$ 50,866

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

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Grey Bruce Health Services (the Hospital) is incorporated without share capital under the laws of Ontario. Grey Bruce Health Services is principally involved in providing health services to the Villages of Lion's Head and Markdale, the Towns of Meaford, Wiarton and Southampton, the City of Owen Sound and surrounding areas. The Hospital is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Basis of Presentation

The financial statements of the Hospital have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. The Hospital Foundations referred to in the notes, are separate entities whose financial information is reported separately from the Hospital.

Cash and Investments

Cash and investments include cash on hand, deposits with banks and other highly liquid investments recorded at fair market value.

Inventories

Inventories are valued at the lower of cost and net realizable value. Warehouse inventory is determined on an average cost basis. All other inventory items are valued on a first-in, first-out basis. Inventory consists of medical and general supplies that are used in the Hospital's operations.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Capital

Assets (continued)

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings, service equipment and land improvements 5 - 40 years
Major equipment 3 - 15 years

Financial Instruments

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

Fair value

This category includes cash and investments. They are initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, then they are transferred to the statement of operations. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

Interest and dividends attributable to these financial instruments are reported in the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

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

Amortized cost

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

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Financial

Instruments (continued)

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

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

**Retirement and Post-
Employment Benefits and
Compensated Absences**

The Hospital provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, vesting sick leave and non-vesting sick leave. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

- (i) 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 over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past services costs are recognized as an expense in the period of the plan amendment.
- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The costs of vesting sick leave benefits are determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.
- (iv) The discount rate used in the determination of the above mentioned liabilities is provided by the Ministry of Health, and the rate at March 31, 2022 is 3.89%.

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions, which includes 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 and Long-Term Care (MOHLTC), and Ontario Health West. The Hospital entered into a Hospital Service Accountability Agreement (the H-SAA) in fiscal 2021/2022 with the Ministry and Ontario Health West that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the Ministry and Ontario Health West. 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, the Ministry and Ontario Health West has the right to adjust funding received by the Hospital. The Ministry and Ontario Health West 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 and Ontario Health West funding received by the Hospital during the year may be increased or decreased subsequent to year-end.

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 and endowment contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Amortization of buildings is not funded by the Ontario Health West and, accordingly, the amortization of the buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenues for deferred contributions.

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue

Recognition (continued)

Externally restricted and endowment investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital.

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

Ancillary revenues consists of parking, cafeteria, retail pharmacy and GBIN and revenue is recognized when the goods are sold and services provided.

**Contributed Materials
and Services**

Contributed materials, which are used in the normal course of the hospital's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Volunteers contribute many hours per year to assist the hospital in carrying out its service delivery activities. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in accordance with PSAS for Government NPO's 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 the financial statements are the determination of the allowance for doubtful accounts, inventory obsolescence and estimated useful life of buildings, improvements and equipment, actuarial estimation of post-employment benefits and compensated absences liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

The amount of revenue recognized from the MOH and the Ontario Health West requires a number of estimates. The Hospital has entered into a number of accountability agreements with the Ontario Health West that set out the rights and obligations of the two parties in respect of the funding provided to the Hospital by the Ontario Health West for fiscal 2022.

These accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas, such as total margin, liquidity and operating volumes.

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Use of Estimates
(continued)

If the Hospital does not meet its performance standards or obligation, the Ontario Health West have the right to adjust funding received by the Hospital. The MOH and Ontario Health West are not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOH and Ontario Health West funding received during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year.

2. Financial Instruments

The following table provides amortized costs and fair value information of the financial instruments by category.

	2022		
	Fair Value	Amortized Cost	Total
Cash and investments	\$ 69,785	\$ -	\$ 69,785
Accounts receivable	-	16,038	16,038
Promissory notes	468		468
Long term investments	10,431	-	10,431
Accounts payable and accrued liabilities		58,355	58,355
	2021		
	Fair Value	Amortized Cost	Total
Cash and investments	\$ 50,866	\$ -	\$ 50,866
Accounts receivable	-	13,526	13,526
Promissory notes	201		201
Long term investments	10,082	-	10,082
Accounts payable and accrued liabilities		45,373	45,373

The only financial instruments that are measured subsequent to initial recognition at fair value are cash and investments. These are fair value measurements that are derived from quoted prices (unadjusted) in the active markets for identical assets or liabilities using the last bid price.

March 31, 2022

2. Financial Instruments (continued)

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 investments, promissory notes and accounts receivable. The Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to \$500,000 (2021 - \$500,000).

The Hospital's investment policy operates within the constraints of the investment guidelines issued by the Ministry of Health and Long-Term Care in relation to their funding agreements and puts limits on the investment portfolio including portfolio composition limits, issuer type limits, bonds quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographical exposure.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care 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.

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

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

Market risk

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

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

March 31, 2022

2. Financial Instruments (continued)

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Hospital is exposed to currency risk through foreign investments purchased and sold in foreign currencies.

Approximately 8% (2021 - 20%) of the Hospital's portfolio investments are in foreign currency and converted to Canadian dollars at year-end.

The organization considers this risk to be acceptable and therefore does not hedge its foreign exchange risks.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to this risk through its interest bearing investments.

The Hospital's bond portfolio has interest ranging from 0.25% to 9.125% with maturities ranging from June 1, 2022 to October 1, 2083.

At March 31, 2022, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$536.

There has been an increase in interest rate risk in the March 31, 2022 year end as the amount invested in the investment portfolio increased in the year.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Hospital is exposed to this risk through its equity holdings within its investment portfolios. At March 31, 2022, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the Hospital's equities of \$2,658.

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 mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

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

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

2. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - 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)

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2022			
	Level 1	Level 2	Level 3	Total
Funds Restricted for Endowment Purposes	\$ 82	\$ -	\$ -	\$ 82
Long-term Investments	10,431	-	-	10,431
Short-term investments	19,767			19,767
	\$ 30,280	\$ -	\$ -	\$ 30,280

	2021			
	Level 1	Level 2	Level 3	Total
Funds Restricted for Endowment Purposes	\$ 69	\$ -	\$ -	\$ 69
Long-term Investments	10,082	-	-	10,082
	10,151	-	-	10,151

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

3. Cash and Investments

	2022	2021
Unrestricted Investments		
Cash	\$ 41,989	\$ 38,812
Investments managed by an Investment Advisor		
Cash Equivalents	(26)	-
Fixed Income (Private Client Short Term Bonds)	14,929	-
Hedge Strategies	4,864	-
	61,756	38,812
 Funds Internally Restricted for Capital Replacement		
Cash	7,858	11,897
 Funds Restricted for Endowment Purposes		
Cash	89	88
Guaranteed Investment Certificate	1	1
BCE shares	81	68
	171	157
	\$ 69,785	\$ 50,866

Grey Bruce Health Services has a demand operating facility agreement with a financial institution. At March 31, 2022, the Hospital had undrawn credit capacity of \$6,750. Interest is calculated at bank prime rate minus 0.65%.

Investments managed by an Investment Advisor have a cost value of \$20,314 at the end of the year. The Hospital's bond portfolio has interest ranging from 0.75% to 7.3% with maturities ranging from June 1, 2022 to October 1, 2083.

4. Accounts Receivable

	2022	2021
Patient accounts and other	\$ 8,298	\$ 7,155
Ministry of Health and Long-Term Care	8,813	7,546
Current portion of promissory notes (Note 6)	295	193
	17,406	14,894
Less: Allowance for doubtful	(1,368)	(1,368)
	\$ 16,038	\$ 13,526

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

5. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,073	\$ -	\$ 853	\$ -
Buildings, service equipment and land improvements	175,153	96,446	149,083	92,641
Major equipment	142,916	117,021	135,204	112,002
	\$ 319,142	\$ 213,467	\$ 285,140	\$ 204,643
		\$ 105,675		\$ 80,497

The Hospital acquired capital assets at an aggregate cost of \$36,261 (2021 - \$17,174) during the year.

The net book value of assets not being amortized because they are under construction (or in development) is \$27,169 (2021 - \$7,683).

In addition, the Hospital disposed of capital assets with a net book value of \$21 (2021 - \$124).

6. Promissory Notes

	2022	2021
Promissory notes, non-interest bearing, due dates vary from 2023 to 2026	\$ 763	\$ 395
Less: Current portion (Note 4)	(295)	(193)
	\$ 468	\$ 202

Annual repayments due over the next four years are as follows:

2023	\$ 295
2024	232
2025	151
2026	85
	\$ 763

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

7. Long-term Investments

	2022	2021
Investments managed by an Investment Advisor		
Cash Equivalents	\$ 12	\$ (5)
Fixed Income		
Private Client Bonds	4,145	5,234
Canadian Income Equity	1,687	885
Global Equity	2,092	1,846
Hedge Strategies	2,134	2,122
Alternative Investments	361	-
	\$ 10,431	\$ 10,082

Long-term investments have a cost value of \$10,408 at the end of the year (2021 - \$10,021). The Hospital's bond portfolio has interest ranging from 0.25% to 9.125% with maturities ranging from June 1, 2022 to October 1, 2083. Long-term investments are held to cover the funds required for internally restricted capital assets projects. The significant projects include \$2.5 million for MDRD/Warehouse, \$2 million for Same Day Surgery service, \$1.8 million for parking lot expansion, \$1.2 million for Laundry Plant, \$1 million for a Women's and Children Unit and \$0.8 million for the transportation services.

8. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable and accrued liabilities	\$ 35,977	\$ 32,399
Ministry of Health and Long-Term Care	22,378	12,974
	\$ 58,355	\$ 45,373

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

9. Post-Employment Benefits and Compensated Absences

(a) Post-Employment Benefits

The Hospital provides post-employment benefits comprised of extended health care, dental and semi-private insurance benefits to substantially all full-time employees. At March 31, 2022, the Hospital's accrued benefit obligation relating to these post-retirement benefit plans is \$10,654 (2021 - \$10,185) comprised as follows:

	2022	2021
Accrued benefit obligation, beginning of the year	\$ 10,438	\$ 10,185
Annual benefit cost	562	499
Employer contributions	(619)	(471)
Other	273	225
Employee future benefits liability	10,654	10,438
Vested sick leave	119	160
Accrued benefit obligation	\$ 10,773	\$ 10,598

Annual benefit costs are comprised as follows:

	2022	2021
Current service cost	\$ 431	\$ 397
Interest cost	250	242
Amortization of net actuarial loss	(119)	(140)
Annual benefit cost	\$ 562	\$ 499

The most recent actuarial valuation was done as of March 31, 2019. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation and benefit costs are as follows:

	2022	2021
Discount rate	3.89%	3.21%
Hospital cost escalation	4.00%	4.00%
Drug, vision and other medical cost escalation (decreasing to 4% over 20 years)	7.00%	7.00%
Dental benefits cost escalation	4.00%	4.00%

March 31, 2022

9. Post-Employment Benefits and Compensated Absences (continued)

(b) Pension Plan

Substantially all of the employees of the Grey Bruce Health Services are eligible for membership in the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer, defined benefit pension plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five consecutive years prior to retirement, termination or death.

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, in consultation with its actuaries, of the amount, together with amounts contributed by the 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.

Variances between actuarial funding estimates and the actual experience may be material and any differences are generally to be funded by the participating members. Employer contributions made to the Plan during the year by Grey Bruce Health Services amounted to \$7,839 (2021 - \$7,634). These amounts are included in employee benefits expense in the Statement of Revenues and Expenditures. The most recent actuarial valuation of the Plan was as at December 31, 2021.

HOOPP is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of the employers and employees. Grey Bruce Health Services does not recognize any share of the HOOPP pension surplus or deficit. The plan has reported a \$28.5 billion actuarial surplus at the end of December 31, 2021 (2020 - \$24.1 billion surplus), based on actuarial liabilities of \$85.9 billion (2020 - \$79.8 billion) and actuarial net assets of \$114.4 billion (2020 - \$103.9 billion).

Grey Bruce Health Services
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(In Thousands of Dollars)

March 31, 2022

9. Post-Employment Benefits and Compensated Absences (continued)

(c) Compensated Absences

Vested Sick Leave

Past union contracts included provisions for employees to accrue 1.5 days per month for use as a compensated absence in the event of illness or injury. Employees were permitted to accumulate their unused allocation up to the allowable maximum provided in their respective union contract.

Upon termination of employment, the employee is eligible for cash payment of 50% of the vested hours. The hours are paid out at the salary rate in effect at the time of payment, unless the employees payment amount has been pre-determined.

At March 31, 2022, included in post-employment benefits and compensated absences is vested sick leave of \$119 (2021 - \$160).

The assumptions used in the valuation of vesting sick leave are the Hospital's best estimates of expected rates of:

	2022	2021
Discount rate	3.89%	3.21%
Wage and salary escalation	2.00%	2.00%

10. Deferred Contributions

Deferred contributions represent the unamortized and unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2022	2021
Balance, beginning of the year	\$ 67,926	\$ 65,028
Add: Contributions of capital grants	21,543	6,356
Add: Contributions of restricted donations	12,599	5,115
Less: Amortization of contributions	(8,983)	(8,573)
Balance, end of the year	\$ 93,085	\$ 67,926

Grey Bruce Health Services
Notes to Financial Statements
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March 31, 2022

11. Ministry of Health and Long-Term Care

	2022	2021 (restated)
Global Funding	\$ 84,178	\$ 83,203
Growth and Efficiency Model (GEM)	42,404	41,673
Quality Based Procedures (QBP)	16,386	16,684
Cancer Care Ontario (CCO)	15,456	15,385
Covid-19 funding (Note 12)	12,962	12,423
Hospital On-Call Coverage	3,395	3,395
Ontario Health West One Time Funding	5,982	7,693
	\$ 180,763	\$ 180,456

Prior year funding allocations were restated to agree to the current year presentation.

12. COVID-19 Ministry of Health Funding

In response to the ongoing COVID-19 pandemic, the MOH has announced funding programs to assist hospitals with incremental operating and capital costs, and working fund support. Additionally, as part of the broad based funding reconciliation, the MOH is allowing hospitals to reallocate surplus funding that otherwise would have been repayable from certain programs to offset budget constraints created by COVID-19.

Management's estimate of the Hospital's MOH revenue is based on guidance which continues to evolve and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. This guidance includes the maximum amount of funding potentially available to the Hospital, as well as the criteria for eligibility. As a result, there is measurement uncertainty associated with the MOH revenue related to COVID-19. In addition, as the funding is subject to review and reconciliation in subsequent periods, funding recognized as revenue during a period may be increased or decreased in subsequent periods.

13. Hospital Foundations

The Hospital receives support from various Foundations and Auxiliaries. The Foundations and Auxiliaries are independent corporations incorporated without share capital with their own independent Boards of Directors.

At March 31, 2022, the Hospital has a receivable from the Foundations of \$552 (2021 - \$Nil). Total funds received from the Foundations and Auxiliaries for fiscal 2022 amounted to \$11,822 (2021 - \$5,110).

Grey Bruce Health Services
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March 31, 2022

14. Ontario Transfer Payment Agreement

The Hospital is part of an approved Ontario Health Team (OHT) and has been nominated as a transfer payment recipient in relation to the transfer payment agreement with the Ministry of Health. The revenue and expenses included in the statement of operations are as follows:

	<u>2022</u>	<u>2021</u>
Annual funding	\$ 200	\$ -
Operating Expenses		
Planning and implementing	151	-
Physician participation	10	-
Project management	30	-
Professional fees	9	-
	<u>200</u>	<u>-</u>
Operating income	<u>\$ -</u>	<u>\$ -</u>

Grey Bruce Health Services
Notes to Financial Statements
(In Thousands of Dollars)

March 31, 2022

15. Georgian Bay Information Network (GBIN)

The Georgian Bay Information Network (GBIN) represents the collaboration of 6 partner hospitals in a shared services agreement for core Cerner-related services, together with related incidental and ancillary services. The operational costs are shared by the respective partners based on an agreed upon percentage distribution methodology.

GBIN revenues and expenses are included in the total revenue and expenses on the statement of operations.

	2022	2021
Revenue		
Partner Contributions (Fees)		
Almonte General Hospital	\$ 444	\$ 408
Grey Bruce Health Services	5,143	4,637
Hanover District Hospital	572	533
Muskoka Algonquin Hospital	2,031	1,848
Orillia Soldiers Memorial Hospital	2,858	2,753
South Bruce Grey Health Centre	1,288	1,286
	12,336	11,465
Other Revenue	69	27
Total Revenue	12,405	11,492
Due to Partners	(1,230)	(1,561)
Net Revenue	11,175	9,931
Expenses		
Compensation - Salaries and Wages	2,932	2,907
Benefit Contributions to Employees	710	615
Purchased Service Personnel	26	18
Licensing and Maintenance Contracts	3,571	3,826
Supplies and Other Expenses	3,936	2,565
Total Expenses	11,175	9,931
Net Revenue Over Expenses	\$ -	\$ -

Grey Bruce Health Services
Notes to Financial Statements
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March 31, 2022

16. Commitments

- (a) The Markdale Hospital redevelopment project is a ministry supported project for which eligible building and design costs will be 90% funded from the Ministry. The remaining 10% represents the local share which will be funded by the Hospital and its fundraising sources. On November 4, 2020 an agreement with Bird Construction for the Markdale Hospital redevelopment project for a bid price of \$47,794 was accepted. To date, \$18,955 (2021 \$1,324) has been spent related to this commitment.
 - (b) As at March 31, 2020, the Hospital had awarded a contract to Cerner Canada ULC for the migration and update of the GBIN Cerner instance to a Remote Hosting Option. The provision of services is for the GBIN, which represents a partnership agreement including Grey Bruce Health Services, South Bruce Grey Health Centre, Hanover & District Hospital, Muskoka Algonquin Hospital, Orillia Soldiers' Memorial Hospital and Almonte General Hospital, to which each partner shares in the financial commitment. The contract was awarded on December 21, 2018 at an approximate cost of \$18,427, with the Hospital's partnership share being approximately \$7,127 (38.26%). To date, the Hospital has incurred net costs totaling approximately \$3,600 (2021 - \$2,286) relating to this commitment
 - (c) During the year the Hospital had awarded a contract to Siemens Healthcare Limited and Western Medical for a CT Nuclear Medicine Camera. The total project costs approved total \$2,550. To date, the Hospital has incurred net costs totaling approximately \$453 relating to this commitment.
 - (d) During the year the Hospital had awarded a contract to Trane for the Owen Sound Steam Boiler Replacement. The total project costs approved total \$1,900. To date, the Hospital has incurred net costs totaling approximately \$118 relating to this commitment.
 - (e) During the year the Hospital completed an RFP for the equipment and securement of a construction vendor for the CT scanner in the Southampton Hospital Site. The final application for the CT scanner is pending the mechanical, electrical and structural drawings to be submitted to the Ministry for approval.
 - (f) Subsequent to year end on May 13, 2022, the Hospital signed a purchase and sale agreement for the purchase of a property for \$24,000. The purchase of the property is pending financing and Ministry approval.
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March 31, 2022

17. Contingencies

Grey Bruce Health Services is involved in various legal proceedings and believes it has adequate legal defences and/or insurance coverage with respect to these actions. However, it is possible that these cases could result in outcomes unfavourable to the Hospital. The outcome of litigation is inherently difficult to predict. In the event of an adverse outcome, management believes the amount of any such loss in excess of insurance coverage would not be material.

The Hospital participates in the Healthcare Insurance Reciprocal of Canada, a pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined. Members are subject to assessment for losses, if any, experienced by the pool for the year in which they were members. No assessments have been made to March 31, 2022, with respect to claims.

18. Uncertainty due to COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of 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. During the year, governments world wide continued to enact emergency measures to combat the spread of the virus. As a result, the Hospital continues to experience changes in demand for its services and is working to mitigate the financial impacts while carrying out its response to the impacts of COVID-19.

The impact of COVID-19 has led to significant volatility and declines in the global equity and fixed income markets. It is uncertain how long this volatility will continue and could potentially lead to further decreases in the value and income of portfolio investments. As COVID-19 continues to spread, the potential impacts including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Management considered the impact of COVID-19 in its assessment of the Hospital's assets and liabilities and its ability to continue as a going concern.

Although COVID-19 has had an impact on the Hospital's operations, as well as the funding and operations of its related entities, the Hospital has sufficient liquidity to maintain current operations as well as the additional operational demands relating to the Hospital's COVID-19 response. In addition, the Hospital is tracking and reporting expenses related to the COVID-19 response and have received government reimbursement of expenses incurred by the Hospital in order to mitigate the financial impacts of the Hospital's COVID-19 response during the year ended March 31, 2022 and thereafter.

The duration and impact of the COVID-19 outbreak is unknown at this time as well as the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions and slow the spread of the disease. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Hospital in future years.