

Financial Statements of
**ALMONTE GENERAL
HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Almonte General Hospital

Opinion

We have audited the financial statements of Almonte General Hospital (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, its changes in net assets, its cash flows and its remeasurement gains and losses 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



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- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

July 3, 2024

ALMONTE GENERAL HOSPITAL

Statement of Financial Position

March 31, 2024, with comparative information for 2023
(in thousands of dollars)

	2024	2023
Assets		
Current assets:		
Cash	\$ 1,884	\$ 2,918
Accounts receivable	3,199	3,906
Inventory of supplies	268	301
Prepaid expenses	475	472
	5,826	7,597
Amount receivable – insurance proceeds (note 3)	533	533
Capital assets (note 3)	25,840	25,833
	\$ 32,199	\$ 33,963
Liabilities, Deferred Contributions and Net Assets (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,206	\$ 10,747
Current portion of long-term debt (note 4)	1,258	1,207
	11,464	11,954
Long-term liabilities:		
Long-term debt (note 4)	5,421	6,676
Deferred capital contributions (note 5)	14,518	13,964
Employee future benefits (note 6)	1,297	1,315
Interest rate swap contracts (note 7)	13	89
Asset retirement obligations (note 8)	2,384	2,300
	23,633	24,344
Net assets (deficiency):		
Invested in capital assets (note 9(a))	2,258	1,686
Unrestricted deficiency	(5,143)	(3,932)
	(2,885)	(2,246)
Accumulated remeasurement losses	(13)	(89)
	(2,898)	(2,335)
Contingencies (note 12)		
	\$ 32,199	\$ 33,963

See accompanying notes to financial statements. On behalf of the Board



Lyman Gardiner, Director



Randy Larkin, Director

ALMONTE GENERAL HOSPITAL

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Revenue:		
Ministry of Health	\$ 17,815	\$ 17,044
Ministry of Long-Term Care	8,989	7,799
Paramedic contract revenue (note 2)	14,588	12,077
Preferred accommodation differential	3,028	2,864
Other	3,036	3,151
Amortization of deferred capital contributions related to equipment	526	584
Patient	779	725
Co-payment	139	204
Investment income	188	92
	49,088	44,540
Expenses:		
Salaries and wages	21,354	20,782
Paramedic contract expenses (note 2)	14,588	12,077
General supplies and expenses	6,211	5,957
Employee benefits (note 6)	4,217	3,961
Medical staff remuneration	942	955
Amortization of equipment	665	652
Medical and surgical supplies	881	885
Drugs and medical gases	459	433
	49,317	45,702
Operating loss	(229)	(1,162)
Other income (expenses):		
Amortization of buildings and land improvements	(1,251)	(1,188)
Amortization of deferred capital contributions related to buildings	694	645
Asset retirement obligation inflationary adjustment (note 8)	(84)	—
Change in employee future benefits liability (note 6)	18	(7)
Interest expense	(290)	(335)
Ministry of Health:		
Operating pressures funding	—	550
Reimbursement of prior year Bill 124 costs (note 12(d))	503	—
	(410)	(335)
Deficiency of revenue over expenses	\$ (639)	\$ (1,497)

See accompanying notes to financial statements.

ALMONTE GENERAL HOSPITAL

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	Unrestricted	Invested in capital assets	2024 Total	2023 Total
Net assets (deficiency), beginning of year, restated	\$ (3,932)	\$ 1,686	\$ (2,246)	\$ (749)
Deficiency of revenue over expenses	(639)	—	(639)	(1,497)
Net change in invested in capital assets (note 9(b))	(572)	572	—	—
Balance, end of year	\$ (5,143)	\$ 2,258	\$ (2,885)	\$ (2,246)

See accompanying notes to financial statements.

ALMONTE GENERAL HOSPITAL

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (639)	\$ (1,497)
Items not involving cash:		
Amortization of deferred capital contributions	(1,220)	(1,229)
Amortization of capital assets	1,916	1,840
Asset retirement obligation inflationary adjustment	84	–
Accrued employee future benefits	(18)	7
Net change in non-cash working capital items (note 10)	196	1,911
	319	1,032
Capital activities:		
Acquisition of capital assets	(1,923)	(1,282)
Increase in deferred capital contributions	1,774	1,118
	(149)	(164)
Financing activities:		
Proceeds from long-term debt	–	200
Repayment of long-term debt	(1,204)	(1,197)
	(1,204)	(997)
Net decrease in cash	(1,034)	(129)
Cash, beginning of year	2,918	3,047
Cash, end of year	\$ 1,884	\$ 2,918
Cash consists of:		
Cash in bank	\$ 2,835	\$ 2,986
Less: outstanding items	(951)	(68)
Cash	\$ 1,884	\$ 2,918

See accompanying notes to financial statements.

ALMONTE GENERAL HOSPITAL

Statement of Remeasurement Gains and Losses

Year ended March 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Accumulated remeasurement losses, beginning of year	\$ (89)	\$ (298)
Unrealized gains attributable to:		
Interest rate swap contracts (note 7)	76	209
Accumulated remeasurement losses, end of year	\$ (13)	\$ (89)

See accompanying notes to financial statements.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

The Almonte General Hospital (the "Hospital") is incorporated without share capital under the Corporations Act of Ontario. The organization operates as a general hospital, as a long-term care facility and provides Paramedic service. The Hospital is a registered charity and is exempt from income tax under paragraph 149(1) of the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 series of standards for government not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

The Hospital follows the deferral method of accounting for contributions for government not-for-profit organizations.

(b) Revenue recognition:

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 Ministry of Long-Term Care. Operating grants are recorded as revenue in the period to which they relate. Contributions 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. Any adjustments arising from the Ministry of Health review are recorded in the period in which the adjustments are made.

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

Externally restricted contributions are recognized as revenue in the period in which the related conditions for the restriction have been met. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis at amortization rates corresponding to those of the related capital assets.

Revenues related to the sale of goods or provision of services are recognized in the year in which the underlying transaction or event occurred, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. These revenues include paramedic contract revenue, preferred accommodation differential, patient services, co-payment, and other revenues.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition.

Derivative instruments and equity instruments that are quoted in an active market are subsequently reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value.

Unrealized changes in fair value are recognized in deferred contributions until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through deferred contributions.

When the asset is sold, the unrealized gains and losses previously recognized in deferred contributions are reversed and recognized in the statement of operations.

The Hospital uses derivative financial instruments to manage interest rate risk. The only derivative products used are interest rate swaps (see note 7 for further details). Derivative instruments are recorded on the statement of financial position as assets or liabilities and are measured at fair value. Derivatives with positive fair value are reported as assets and derivatives with negative fair value are reported as liabilities.

The Hospital uses hedge interest rate swaps to hedge variability in forecasted cash flows. Changes in the fair value of the swap are included directly in the statement of remeasurement gains and losses.

The periodic exchanges of payments on interest rate swaps designated as hedges of debt are recorded as an adjustment to interest expenses of the hedged item in the same period.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

A statement of remeasurement gains and losses is not presented in these financial statements as the Hospital does not have financial instruments requiring remeasurement.

(d) Inventory of supplies:

Inventory of supplies is stated at the lower of cost (which is determined using the average cost basis) and replacement value.

(e) Capital assets:

The Hospital capitalizes the cost of all additions to buildings, major renovations and major equipment that have an expected useful life of five years or longer. When capital assets are disposed of, the cost of the asset and the related accumulated amortization are removed from the books and the resulting gain or loss on disposal, if significant, is included in net assets on the statement of financial position. Costs of construction in progress are capitalized. Amortization is not recognized until construction is complete and the assets are ready for productive use.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When a capital asset no longer contributes to the Hospital's ability to provide services, the carrying amount is written down to its residual value. The Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

1. Significant accounting policies (continued):

(e) Capital assets (continued):

The capital assets are amortized on a straight-line basis over their expected useful life as follows:

Asset	Years
Land improvements	20
Building - Hospital	40
Building - District Health Unit	20
Building - Service equipment	20 to 40
Major equipment	5 to 20

(f) Deferred capital contributions:

Deferred capital contributions relate to the unamortized amount of grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

(g) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in the buildings owned by the Hospital has been recognized based on estimated future expenses on closure of the site and post-closure care. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

Actual remediation costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the consolidated financial statements are recognized in the Statement of Operations at the time of remediation occurs.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

1. Significant accounting policies (continued):

(h) Employee future benefits:

The Hospital is an employer member of the Healthcare of Ontario Pension 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 provides future benefits for substantially all retirees and employees. These future benefits include extended health care, dental care, and life insurance benefits. These benefit plans are un-funded.

The Hospital accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension, compensated absences, and other retirement benefits. The actuarial determination of the accrued benefit obligations for other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2023, and the next required valuation will be as of March 31, 2026.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the 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 plan is 12 years (2023 - 12 years).

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

The costs of multi-employer defined contribution pension plan benefits, such as the Healthcare of Ontario Pension Plan (HOOPP), are the employer's contributions due to the plan in the period.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. In particular, the assumptions underlying the employee future benefits and asset retirement obligations contain significant estimates. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period they become known.

(j) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to the benefit of the Hospital. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(k) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is a non-monetary exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(l) Implementation of new accounting standard:

The Hospital has adopted the following new public sector accounting standard in the year:

(i) PS 3400 Revenue:

On April 1, 2023, the Hospital adopted Public Sector Accounting Standard PS 3400 – Revenue. This new accounting standard provides requirements for the recognition, measurement, presentation, and disclosure of revenue transactions. This standard was adopted prospectively from the date of adoption. The implementation of this standard did not require the Hospital to reflect any adjustments in these financial statements.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

2. Lanark County Paramedic Service:

Effective September 1, 2000, the Hospital became the sponsoring agent for the Lanark County Paramedic Service in return for an administration fee. The funding for the Paramedic Service is provided by Lanark County, to whom the Hospital provides regular financial reporting.

3. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 118	\$ —	\$ 118	\$ 118
Land improvements	192	168	24	28
Buildings and service equipment	42,629	21,424	21,205	21,706
Major equipment	17,061	13,164	3,897	3,981
Construction in progress	596	—	596	—
	<u>\$ 60,596</u>	<u>\$ 34,756</u>	<u>\$ 25,840</u>	<u>\$ 25,833</u>

Cost and accumulated amortization as at March 31, 2023, amounted to \$58,673 and \$32,840, respectively.

(a) Write-off of building due to fire:

On March 31, 2023, a fire occurred in the ambulance base building owned by the Hospital. The building, which had cost of \$805 and accumulated amortization of \$272 was written off from capital assets. In the prior year, the net book value of \$533 was recorded in long-term amounts receivable as the building is covered under the Hospital's insurance plan and the Hospital is uncertain as to the timing of receipt of the insurance proceeds. Any additional insurance proceeds received above the amount receivable will be recognized in the year received.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

4. Long-term debt:

	2024	2023
The long-term debt related to the construction of the New Fairview Manor is due to the Bank of Montreal, repayable at approximately \$33 per month including interest at prime less one-half percent, with an effective fixed rate of 4.84% achieved through the interest rate swap contract, due September 2027.	\$ 2,469	\$ 3,105
The long-term debt related to the construction of the Almonte Ambulance Base is due to Bank of Montreal, repayable at approximately \$5 per month including interest at 3.51%, originally due November 2019.	345	401
The long-term debt related to the renovation of 95 Spring Street is due to the Royal Bank, repayable at approximately \$23 per month including interest at 4.33%, due January 2032.	1,871	2,066
The long-term debt related to the financing of software and equipment is due to the Bank of Montreal, repayable at approximately \$33 per month including interest at 2.37%, due November 30, 2029.	1,815	2,116
The long-term debt related to the renovation of 95 Spring Street is due to the Bank of Montreal, repayable at approximately \$2 per month including interest at 5.25%, due November 2032.	179	195
	6,679	7,883
Less: current portion	1,258	1,207
	\$ 5,421	\$ 6,676

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

4. Long-term debt (continued):

The Hospital is committed to annual principal and interest payments over the next five fiscal years and thereafter approximately as follows:

2025	\$	1,258
2026		1,311
2027		1,360
2028		980
2029		640
Thereafter		1,130
	\$	6,679

5. Deferred capital contributions:

	2024	2023
Balance, beginning of year	\$ 13,964	\$ 14,075
Add: contributions received during the year	1,774	1,118
Less: amounts amortized to revenue	(1,220)	(1,229)
Balance, end of year	\$ 14,518	\$ 13,964

6. Employee future benefits:

(a) Health, dental and life insurance plans:

The Hospital provides extended health care, dental care, and life insurance benefits for certain of its retired employees. These defined benefit plans are not funded. The Hospital made total cash payments to the beneficiaries of its unfunded employee benefit plan of \$79 in 2024 (2023 - \$79).

The Hospital measures its accrued employee future benefit liability as at March 31 of each year. The most recent actuarial valuation of the plan was as of March 31, 2024, and the next required valuation will be as of March 31, 2027.

	2024	2023
Accrued benefit liability, beginning of year	\$ 1,315	\$ 1,308
Current service cost	61	60
Interest cost	42	40
Amortization of actuarial loss	(24)	(14)
Benefits paid	(97)	(79)
Accrued benefit liability, end of year	\$ 1,297	\$ 1,315

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

6. Employee future benefits (continued):

(a) Health, dental and life insurance plans (continued):

	2024	2023
Accrued benefit obligations	\$ 991	\$ 1,056
Unamortized actuarial gain	306	259
Accrued benefit liability	\$ 1,297	\$ 1,315

The significant actuarial assumptions and economic factors adopted in measuring the Hospital's accrued benefit obligation are as follows. All rates and percentages are annualized.

	2024	2023
Discount rate	3.95%	4.04%
Initial health care cost trend rate	5.65%	5.00%
Health care cost trend declines to	3.57%	3.75%
Year that the rate reaches the rate it is assumed to remain at	2043	2040
Dental cost increase	4.00%	4.00%
Expenses - Life	10.00%	10.00%

(b) Healthcare of Ontario Pension Plan:

Substantially all full-time employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan (the "Plan"). This Plan is a multi-employer, defined benefit pension plan. Employer contributions to the Plan during the year amounted to \$2,562 (2023 - \$2,084). These amounts are included in employee benefits expense in the statement of operations.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, 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.

Variations 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 triennial actuarial valuation of the Plan as at December 31, 2021 indicates the Plan is fully funded.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

7. Interest rate swap contracts:

Interest rate swaps are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount in a single currency. Interest rate swaps are used to adjust exposure to interest rate risk by modifying the repricing or maturity characteristics of existing and/or anticipated assets and liabilities.

The Hospital has entered into interest rate swap agreements to manage the volatility of interest rates. The Hospital has converted a net notional \$13 million of floating rate long-term debt related to construction projects (note 4). The fixed rates received under the interest rate swaps range from 3.00% to 4.59%. The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt ranging from 2023 to 2032.

The interest rate swaps have unrealized accumulated losses of \$13 (2023 - \$89) which are recorded on the statement of financial position as at March 31, 2024. The current year impact of the change in fair value of the interest rate swap is a decrease of accumulated remeasurement gain of \$76 (2023 - \$209).

The fair value of the interest rate swap has been determined using Level 3 of the fair value hierarchy. The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

8. Asset retirement obligations:

The Hospital owns and operates buildings that are known to have asbestos, which represents a health hazard upon demolition of the buildings and there is a legal requirement to eventually remove or remediate. Following the adoption of PS 3280 Asset Retirement Obligations effective April 1, 2021, the Hospital recognized an obligation of \$2,300 relating to the removal and post-removal care of the asbestos in these buildings. The buildings were fully amortized as at April 1, 2021.

The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material and any other soil contaminants in accordance with current legislation. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

In the current year, the Hospital increased the asset retirement obligation estimate by \$84 to reflect a 3.66% escalation rate for building construction indexes for asbestos removal. This amount is included as an asset retirement obligation inflationary adjustment expense in the statement of operations. There was no remediation performed on the affected buildings in the current year.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

9. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2024	2023
Capital assets	\$ 25,840	\$ 25,833
Less amounts financed by:		
Deferred capital contributions	(14,518)	(13,964)
Long-term debt	(6,680)	(7,883)
Asset retirement obligations	(2,384)	(2,300)
	\$ 2,258	\$ 1,686

(b) The net change in invested in capital assets is calculated as follows:

	2024	2023
Acquisition of capital assets	\$ 1,923	\$ 1,282
Write-off of building due to fire	–	(533)
Amounts funded by deferred capital contributions	(1,774)	(1,118)
Amounts funded by long-term debt	–	(200)
Repayment of long-term debt	1,203	1,197
Amortization of capital assets	(1,916)	(1,840)
Amortization of deferred capital contributions	1,220	1,229
Asset retirement obligation inflationary adjustment	(84)	–
	\$ 572	\$ 17

10. Net change in non-cash working capital items:

	2024	2023
Accounts receivable	\$ 707	\$ (1626)
Inventory of supplies	33	–
Prepaid expenses	(3)	(63)
Accounts payable and accrued liabilities	(541)	3,600
	\$ 196	\$ 1,911

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

11. Related party transactions:

(a) Mississippi River Health Alliance:

Under the terms of the Mississippi River Health Alliance agreement, the Hospital and the Carleton Place & District Memorial Hospital (CPDMH) are related by virtue of having common membership on the separate Board of Directors and an integrated executive management team. The two hospitals operate as individual corporations under the Public Hospitals Act of Ontario, receive their own funding from the Government and are separate employers.

During the year ended March 31, 2024, the Hospital charged CPDMH \$1,390 (2023 - \$1,099) for administrative services. As at March 31, 2024, of these administrative services, \$120 are receivable (2023 - \$119).

During the year ended March 31, 2024, CPDMH charged the Hospital \$452(2023 - \$522) for administrative services. As at March 31, 2024, of these administrative services, \$58 are payable (2023 - \$166).

These transactions are recorded at cost.

(b) Economic interest:

The Hospital is related to the Almonte General Hospital Foundation, the Volunteer Services Committee, and the Fairview Manor Auxiliary by virtue of its economic interest with these entities.

(i) The Almonte General Hospital Foundation raises funds to support the Hospital. The Foundation is a separate entity and reports to its own board. Included in accounts receivable is an amount of \$171(2023 - \$277) due from the Foundation. This represents the net of salaries, employee benefits and supplies paid by the Hospital on behalf of the Foundation during the fiscal year less cash transfers, employee contributions and capital grants provided by the Foundation.

During the year, the Foundation contributed \$952 (2023 - \$565) towards Almonte General Hospital purchases of capital assets.

(ii) The Almonte General Hospital Volunteer Services Committee and the Fairview Manor Auxiliary raise funds through various activities, such as the gift shop, bake sales and raffles. Funds are used to support Hospital and Fairview Manor programs and to purchase equipment for the Hospital and the Fairview Manor.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

12. Contingencies:

(a) Legal matters and litigation:

The nature of the Hospital's activities is such that there is usually litigation pending or in process at any time. With respect to claims at March 31, 2024, management believes the Hospital has valid defenses and appropriate insurance coverage 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.

(b) Healthcare Insurance Reciprocal of Canada:

The Hospital is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces and territories where it is licensed. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the year in which they were a subscriber. No such assessments were required during the year ended March 31, 2024.

(c) Employment matters:

During the normal course of operations, the Hospital is involved in certain employment related negotiations and other matters and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable and deemed likely to occur.

(d) Bill 124:

On November 29, 2022, the Ontario Superior Court rendered a decision to declare the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, known as Bill 124, to be void and of no effect. On December 29, 2022, The Province of Ontario appealed the Superior Court's decision, but the Government has not sought a stay of decision. This ruling triggered reopener provisions that required renewed negotiations with certain labour groups on compensation for the years that were previously capped by the legislation. The Hospital has made payments as required for settled contracts, and recorded liabilities based on subsequent settlement amounts and management's estimate of potential settlement amounts.

In the year, the Ministry of Health provided funding to the Hospital to partially offset the cost of both the retroactive adjustments related to prior years, and the current year impact on salaries and wages. The funding received with respect to the retroactive adjustments is presented separately in the statement of operations. The Ministry of Health has not committed to providing funding to offset the additional costs related to the impact of Bill 124.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

13. Financial risks:

The Hospital is subject to the following risks from its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to this risk relating to its cash, investments, and accounts receivable. The Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

The Hospital's receivables are with governments, government funding agencies, patients and residents and corporate entities. The Hospital believes that these receivables do not have significant credit risk in excess of allowances for doubtful accounts that have been established.

(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 requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

The Hospital's liquidity risk has increased in the year due to the effect of on-going operating losses, payments made related to Bill 124, and payments made on long-term debt on its overall liquidity. The Hospital will require sufficient and timely funding from the Ministry of Health to fulfill its obligations on a timely basis and at a reasonable cost.

(c) 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: currency risk, interest rate risk and other price risk. The Hospital monitors market risk by adhering to a Board-approved investment policy.

ALMONTE GENERAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2024

(In thousands of dollars unless otherwise noted)

13. Financial risks (continued):

(c) Market risk (continued):

(i) 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 bank loans and term debt.

The Hospital mitigates interest rate risk on certain of its term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the debt for a fixed rate (see note 7). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

(ii) Currency and other price risk:

The Hospital believes it is not subject to significant currency or other price risk from its financial instruments as it holds insignificant amounts in foreign currencies and does not hold investments traded in an active market.

Other than liquidity risk disclosed above, the Hospital's financial risks arising from its financial instruments have not changed significantly in the year. Management believes that its financial risks are appropriately mitigated and do not pose a significant risk to the Hospital's on-going operations. There have been no significant changes in the policies, procedures and methods used to manage these risks in the year.

14. Comparative information:

Certain 2023 comparative information has been reclassified to conform with the financial statement presentation adopted for 2024.