

Sante Manitouwadge Health
Financial Statements
March 31, 2025

**Sante Manitouwadge Health
Contents**

For the year ended March 31, 2025

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To the Members and Board of Directors of Sante Manitouwadge Health:

Opinion

We have audited the financial statements of Sante Manitouwadge Health (the "Hospital"), which comprise the statement of financial position as at March 31, 2025, 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 Hospital as at March 31, 2025, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Thunder Bay, Ontario
June 24, 2025

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Sante Manitowadge Health
Statement of Financial Position

As at March 31, 2025

| | 2025 | 2024 |
|--|------------------|------------------|
| Assets | | |
| Current | | |
| Cash | 1,065,864 | 1,296,581 |
| Short-term investments (Note 3) | 440,704 | 103,225 |
| Accounts receivable (Note 5) | 456,731 | 415,530 |
| Inventory (Note 6) | 108,083 | 94,606 |
| Prepays expenses and deposits | 83,052 | 99,894 |
| | 2,154,434 | 2,009,836 |
| Capital assets (Note 7) | 6,597,762 | 6,634,294 |
| Long-term investments (Note 4) | - | 320,495 |
| Employee benefits receivable | 233,405 | 243,904 |
| Prepaid EMR system costs (Note 19) | 121,501 | - |
| | 9,107,102 | 9,208,529 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals (Note 9) | 1,508,697 | 1,989,321 |
| Deferred contributions (Note 10) | 5,324,293 | 5,259,521 |
| Employee future benefits (Note 11) | 471,100 | 470,100 |
| Employee benefits payable | 41,411 | 41,260 |
| Repayable to TBRHSC (Note 19) | 121,501 | - |
| | 7,467,002 | 7,760,202 |
| Contingencies (Note 12) | | |
| Net Assets | | |
| Invested in Capital Assets (Note 13) | 1,273,469 | 1,374,773 |
| Unrestricted | 366,631 | 73,554 |
| | 1,640,100 | 1,448,327 |
| | 9,107,102 | 9,208,529 |

Approved on behalf of the Board



Chief Executive Officer



Director of Finance

The accompanying notes are an integral part of these financial statements

Sante Manitouwadge Health
Statement of Operations
For the year ended March 31, 2025

| | 2025 | 2024 |
|---|------------------|------------------|
| Revenue | | |
| Ministry of Health <i>(Note 14)</i> | 7,768,576 | 7,243,398 |
| Other agencies and self pay <i>(Note 14)</i> | 539,971 | 588,767 |
| Other <i>(Note 14)</i> | 645,253 | 664,011 |
| Amortization of deferred contributions <i>(Note 10)</i> | 109,925 | 113,041 |
| | 9,063,725 | 8,609,217 |
| Expenses | | |
| Administrative services and supplies | 438,624 | 419,651 |
| Amortization of equipment and information systems | 196,792 | 196,308 |
| Bad debts | 21,244 | 5,891 |
| Dietary food and supplies | 142,689 | 131,032 |
| Drugs | 45,133 | 44,044 |
| Family Health Team | 763,121 | 726,700 |
| Medical and surgical supplies | 52,891 | 51,595 |
| Nursing and other patient care supplies | 337,389 | 317,135 |
| Other programs | 143,658 | 163,211 |
| Rent | 155,592 | 157,321 |
| Salaries and benefits <i>(Note 11), (Note 15)</i> | 5,705,968 | 5,658,784 |
| Support services | 249,943 | 219,824 |
| Utilities and insurance | 495,388 | 475,338 |
| | 8,748,432 | 8,566,834 |
| Excess of revenue over expenses before the following: | 315,293 | 42,383 |
| Amortization of land improvements and building | (515,142) | (510,122) |
| Amortization of deferred capital contributions - land improvements and building <i>(Note 10)</i> | 391,622 | 382,286 |
| | 191,773 | (85,453) |
| Excess (deficiency) of revenue over expenses | 191,773 | (85,453) |

The accompanying notes are an integral part of these financial statements

Sante Manitowadge Health
Statement of Changes in Net Assets

For the year ended March 31, 2025

| | <i>Invested in Capital Assets</i> | <i>Unrestricted</i> | <i>2025</i> | <i>2024</i> |
|--|---|---------------------|------------------|-------------|
| Net assets, beginning of year | 1,374,773 | 73,554 | 1,448,327 | 1,533,780 |
| Excess (deficiency) of revenue over expenses <i>(Note 16)</i> | (210,387) | 402,160 | 191,773 | (85,453) |
| Net change in capital assets <i>(Note 16)</i> | 109,083 | (109,083) | - | - |
| Net assets, end of year | 1,273,469 | 366,631 | 1,640,100 | 1,448,327 |

The accompanying notes are an integral part of these financial statements

Sante Manitouwadge Health
Statement of Cash Flows
For the year ended March 31, 2025

| | 2025 | 2024 |
|---|------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Cash received from patients and funding agencies | 8,912,599 | 8,160,106 |
| Cash paid to suppliers and employees | (9,009,377) | (7,489,102) |
| Interest received | (20,381) | 65,416 |
| | (117,159) | 736,420 |
| Capital activities | | |
| Capital contributions received | 566,319 | 436,098 |
| Purchase of tangible capital assets | (675,402) | (673,605) |
| | (109,083) | (237,507) |
| Investing | | |
| Purchase of investments | (104,475) | (423,720) |
| Proceeds on disposal of investments | 100,000 | 410,393 |
| | (4,475) | (13,327) |
| Increase (decrease) in cash resources | (230,717) | 485,586 |
| Cash resources, beginning of year | 1,296,581 | 810,995 |
| Cash resources, end of year | 1,065,864 | 1,296,581 |

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Sante Manitouwadge Health (the "Hospital") is principally involved in providing health care services to the Township of Manitouwadge and surrounding region of Northwestern Ontario.

The Hospital is incorporated under the Provincial Corporation Act as a not-for-profit organization and is a registered charity under the Income Tax Act. Accordingly, the Hospital is not subject to income taxes.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards including the following significant accounting policies, including accounting standards that apply to government not-for-profit organizations:

Cash and cash equivalents

Cash and cash equivalents include balances with a chartered bank and cash on hand. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value, less a provision for any obsolete or unusable inventory on hand. Cost of office and supplies is determined by the weighted average method. Cost of pharmacy inventory is determined by the weighted average method.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

| | Years |
|---------------------|---------------|
| Hospital building | 5 - 40 years |
| Equipment | 5 - 20 years |
| Land improvements | 10 - 15 years |
| Information systems | 5 - 10 years |
| Ambulance building | 5 - 20 years |
| Clinic building | 5 - 20 years |
| Residence building | 5 - 20 years |

Long-lived assets and discontinued operations

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Hospital determines that a long-lived asset no longer has any long-term service potential to the Hospital, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

2. Significant accounting policies *(Continued from previous page)*

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Deferred revenue

Deferred revenue is received from contributors who have restricted use of the funds for specific purposes. Recognition of these amounts as revenue is deferred to periods when the specific expenditures are made.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Hospital's capital asset. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Employee future benefits

The Hospital accrues its obligation for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages and expected health care costs. The attribution period for such cost begins the date of hire of the employee to the date of first payment. The discount rate used to determine accrued benefit obligations is reflective of the Hospital's long-term cost of borrowing.

Adjustments arising from plan amendments, including past service costs, are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

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 future employment contributions to the Plan for past employee service.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Funds externally restricted for the purchase of capital assets are recognized as revenue in an amount equal to the annual amortization of the related assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Contributed materials

The Hospital does not recognize the receipt of contributed materials and services.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred contributions related to capital assets and capital asset amortization are based on the estimated useful lives of capital assets.

Employee future benefits are based on actuarial valuations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Financial instruments

The Hospital recognizes its financial instruments when the Hospital becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value or amortized cost.

Fair Value

This category includes cash and investments. Financial instruments in this category 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, when they are transferred to 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 and accounts payable and accruals. 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.

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.

2. Significant accounting policies *(Continued from previous page)*

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Hospital to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Hospital reviews the carrying amount of the liability. The Hospital recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Hospital continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

3. Short-term investments

| | 2025 | 2024 |
|--|----------------|---------|
| Measured at fair value: | | |
| CIBC GIC account paying interest at 4.15% with a maturity date of June 2025 (cost \$310,357; 2024 - \$310,357) | 333,464 | - |
| CIBC GIC account paying interest at 3.5% (2024 - 4.25%) with a maturity date of June 2025 (cost \$104,475; 2024 - \$100,000) | 107,240 | 103,225 |
| | 440,704 | 103,225 |

4. Long-term investments

| | 2025 | 2024 |
|--|------|---------|
| Measured at fair value: | | |
| CIBC GIC account, presented as short term in current year. | - | 320,495 |
| | - | 320,495 |

5. Accounts receivable

| | 2025 | 2024 |
|---------------------------------|-----------------|---------|
| Ministry of Health | 230,323 | 203,624 |
| Other | 46,945 | 49,517 |
| Harmonized Sales Tax | 94,607 | 102,232 |
| Insurers and patients | 102,630 | 62,299 |
| | 474,505 | 417,672 |
| Allowance for doubtful accounts | (17,774) | (2,142) |
| | 456,731 | 415,530 |

Sante Manitouwadge Health
Notes to the Financial Statements
For the year ended March 31, 2025

6. Inventory

The breakdown of inventory on hand at the end of the year is as follows:

| | 2025 | 2024 |
|----------------------|----------------|---------------|
| Office | 6,884 | 7,412 |
| Medical and surgical | 73,045 | 67,574 |
| Drugs | 28,154 | 19,620 |
| | 108,083 | 94,606 |

7. Capital assets

| | Cost | Accumulated amortization | 2025 Net book value | 2024 Net book value |
|--------------------------|-------------------|-------------------------------------|------------------------------------|------------------------------------|
| Hospital building | 15,438,945 | 9,941,202 | 5,497,743 | 5,546,369 |
| Equipment | 4,640,849 | 3,811,092 | 829,757 | 803,089 |
| Land | 59,209 | - | 59,209 | 59,209 |
| Land improvements | 298,185 | 296,637 | 1,548 | 2,148 |
| Information systems | 745,986 | 692,719 | 53,267 | 70,854 |
| Ambulance building | 496,550 | 489,345 | 7,205 | 2,419 |
| Clinic building | 160,629 | 105,867 | 54,762 | 63,775 |
| Residence building | 326,686 | 305,006 | 21,680 | 27,861 |
| Construction-in-progress | 72,591 | - | 72,591 | 58,570 |
| | 22,239,630 | 15,641,868 | 6,597,762 | 6,634,294 |

8. Bank indebtedness

At March 31, 2025, the Hospital had lines of credit totaling \$120,000 (2024 - \$120,000), bearing interest at bank prime plus 4% (2024 - 4%) none of which were drawn. The following has been collateralized in connection with this line of credit:

- General security agreement

9. Accounts payable and accruals

| | 2025 | 2024 |
|-------------------------------|------------------|------------------|
| Accrued salaries and benefits | 617,999 | 556,245 |
| Trade payables | 86,197 | 340,154 |
| Other | 32,629 | 28,588 |
| Ministry of Health | 771,872 | 1,064,334 |
| | 1,508,697 | 1,989,321 |

Sante Manitouwadge Health Notes to the Financial Statements

For the year ended March 31, 2025

10. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

| | <i>Government</i> | <i>Donations</i> | 2025 | 2024 |
|-----------------------------|-------------------|------------------|-------------|-----------|
| Balance, beginning of year | 4,751,516 | 508,005 | 5,259,521 | 5,318,750 |
| Received during the year | 561,319 | 5,000 | 566,319 | 436,098 |
| Amount amortized to revenue | (391,622) | (109,925) | (501,547) | (495,327) |
| Balance, end of year | 4,921,213 | 403,080 | 5,324,293 | 5,259,521 |

The deferred capital contributions amortized into revenue for \$501,547 (2024 - \$495,327) is comprised of \$109,925 (2024 - \$113,041) for equipment and mixed contributions along with \$391,622 (2024 - \$382,286) for land improvements and the hospital building.

| | | | | |
|----------------------|-----------|---------|-----------|-----------|
| Unamortized portion | 4,840,805 | 398,080 | 5,238,885 | 5,235,208 |
| Unexpended portion | 80,408 | 5,000 | 85,408 | 24,313 |
| Balance, end of year | 4,921,213 | 403,080 | 5,324,293 | 5,259,521 |

A portion of the unexpended contributions may be used for future operating expenses but the amount cannot be determined.

Health Infrastructure Renewal Fund ("HIRF")

HIRF funding was received from the Ministry of Health and was provided to assist with the renewal of health care infrastructure activities.

11. Employee future benefits

The Hospital participates in a multi-employer benefit plan on behalf of its employees. The Hospital's contributions to this plan totaled \$657,366 (2024 - \$613,754). The data available from the administrator of the multi-employer pension plan is not sufficient to determine the accumulated benefit obligations, nor the net assets attributable to the multi-employer plan in which the Hospital employees participate.

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 as at December 31, 2024 indicates the plan is 109% funded. The Hospital contributions to the plan made during the year on behalf of its employees are included in the statement of operations. Of this, \$365,303 (2024 - \$341,620) were Hospital contributions and \$291,789 (2024 - \$272,134) were employee contributions.

The Hospital's other post-retirement benefits programs include certain health care insurance benefits provided to retired employees and eligible surviving dependants. Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation. At March 31, 2025, the Hospital's total accrued benefit obligation related to the post-retirement benefit plans (other than pension) is \$471,100 (2024 - \$470,100). The most recent actuarial valuation was provided March 31, 2022 and the next required actuarial valuation will be as at March 31, 2026.

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

| | | | |
|---|---|-------------|-------------|
| Discount rate for calculation of net benefit cost | 4.8% per annum | | |
| Dental cost trend rates | 4.0% per annum | | |
| Extended health care trend rates | 7.0% in 2022; decreasing by 0.25% per annum to an ultimate rate of 5.0% per annum | | |
| Retirement age | Age 60 or immediate if older than 60 | | |
| Full eligibility age | Age 55 | | |
| Members electing coverage at retirement | | | |
| ONA | 50% | | |
| All other members | 100% | | |
| | | 2025 | 2024 |
| Retirement and Other Employee Future Benefit Liability | | | |
| Liability for post-retirement benefits - opening balance | 470,100 | 465,100 | |
| Expense related to post-retirement benefits | 37,700 | 40,000 | |
| Funding contributions | (36,700) | (35,000) | |
| Liability for post-retirement benefits - closing balance | 471,100 | 470,100 | |
| Retirement and Other Employee Future Benefit Expense | | | |
| Current period benefit cost | 23,700 | 25,300 | |
| Post-retirement benefit interest expense | 20,300 | 18,300 | |
| Amortization of actuarial losses | (6,300) | (3,600) | |
| | 37,700 | 40,000 | |

Sante Manitouwadge Health
Notes to the Financial Statements
For the year ended March 31, 2025

12. Contingent liabilities

Insurance

A group of hospitals, including Sante Manitouwadge Health, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2025.

Employee fringe benefits

The Hospital, together with a group of other regional hospitals, has a self-insured employee benefit plan for semi-private, dental and extended health care benefits. Under the terms of the plan, the Hospital will pay for certain employee benefit claims not exceeding \$10,000 per employee per year. Any excess claims would be insured.

13. Invested in capital assets

| | 2025 | 2024 |
|--|--------------------|-------------|
| Capital assets at net book value | 6,597,762 | 6,634,294 |
| Amounts financed by deferred capital contributions | (5,324,293) | (5,259,521) |
| | 1,273,469 | 1,374,773 |

14. Revenue

| | 2025 | 2024 |
|--------------------------------------|------------------|-------------|
| Ministry of Health | | |
| Operating grant | 6,761,040 | 5,870,208 |
| One time funding | 244,415 | 646,490 |
| Family Health Team | 763,121 | 726,700 |
| | 7,768,576 | 7,243,398 |
| Other agencies and self pay | | |
| In-patient | 308,103 | 300,537 |
| Out-patient | 154,145 | 138,062 |
| Other programs | 77,723 | 150,168 |
| | 539,971 | 588,767 |
| Other | | |
| Donations | 37,646 | 33,403 |
| Interest and other investment income | 83,730 | 65,416 |
| Food services | 25,279 | 21,741 |
| Recoveries and sundries | 139,731 | 190,573 |
| Rental | 358,867 | 352,878 |
| | 645,253 | 664,011 |

Sante Manitouwadge Health
Notes to the Financial Statements
For the year ended March 31, 2025

15. Salaries and benefits

| | 2025 | 2024 |
|-----------------------------|-----------|-----------|
| Administrative | 785,125 | 677,050 |
| Employee benefits | 965,491 | 914,586 |
| Medical staff remuneration | 108,457 | 86,587 |
| Nursing | 2,038,098 | 2,261,371 |
| Other patient care services | 962,818 | 946,502 |
| Support services | 845,979 | 772,688 |
| | 5,705,968 | 5,658,784 |

16. Changes in net assets invested in capital assets

| | 2025 | 2024 |
|--|-----------|-----------|
| Balance, beginning of year | 1,374,773 | 1,376,379 |
| Amortization of deferred capital contributions | 501,547 | 495,327 |
| Amortization of capital assets | (711,934) | (706,430) |
| | (210,387) | (211,103) |
| Purchase of capital assets | 675,402 | 673,605 |
| Amounts funded by deferred capital contributions | (566,319) | (436,098) |
| Disposal of capital assets | - | (28,010) |
| Net change in capital assets | 109,083 | 209,497 |
| | 1,273,469 | 1,374,773 |

17. Economic dependence

The Hospital's primary source of revenue is funding from the Ministry of Health. The grant funding can be cancelled if the Hospital does not observe certain established guidelines. The Hospital's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within Ministry guidelines. As at the date of these financial statements the Hospital believes that it is in compliance with the guidelines.

18. Financial instruments

The Hospital, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Hospital is exposed to interest rate price risk on its investments as they have fixed rates. The Hospital's investments have fixed interest rates ranging from 3.50% to 4.15% (2024 - 4.15% - 4.25%).

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Hospital enters into transactions to purchase stocks in publicly traded companies, for which the market price fluctuates.

19. EMR system

Through a collaboration with twelve (12) hospitals in the north west region, the Hospitals initiated a project to upgrade the primary electronic medical record. This project is being led by Thunder Bay Regional Health Sciences Centre (TBRHSC). As the project lead, TBRHSC has legal ownership of the capital assets associated with the project. All remaining participating hospitals have entered into a contract with TBRHSC which obligates each respective hospital to pay for the unfunded share of the project. The Health Centre's share of the project is approximately 1% of total project costs. It is estimated that this project will take two years to complete with an estimated total cost to Sante Manitouwadge Health of \$1,071,972. As of March 31, 2025 the Hospitals share of the unfunded project costs, which is reported as Repayable to TBRHSC, is \$121,501.

To fund the project, TBRHSC has entered into interim financing which is repayable at interest only. On completion of the project, this will be converted to permanent financing with fixed payments over a term of 15 - 20 years. During the interim financing period, the Hospital is obligated to pay on its amount due to the TBRHSC at amounts equal to its share of the monthly interest payments incurred by TBRHSC. On conversion of the financing to permanent financing, the Hospital will be obligated to pay down its due to the TBRHSC at amounts equal to their proportionate share of the fixed monthly payment of the TBRHSC's loan.

As the project is under development, costs are being accumulated as prepaid EMR system costs on the balance sheet. Once the electronic medical record is operational, these costs will be amortized over the life of the service contract, which is anticipated to be 10 years.