Renfrew Victoria Hospital

Financial Statements

For the year ended 31 March 2022

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

Renfrew Victoria Hospital

Financial Statements Index

For the year ended 31 March 2022

MacKillican & Associates
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

The Chair and Board of Directors,
Renfrew Victoria Hospital,
RENFREW, Ontario.

Opinion

We have audited the financial statements of the Renfrew Victoria Hospital (the Hospital), which comprise the statement of financial position as at 31 March 2022, and the statements of current operations, capital operations, changes in net assets, accumulated remeasurement gains 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 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations.

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 for government not-for-profit organizations, 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.

620 Barnet Blvd.
Renfrew ON. K7V 0A8
T: 613.432.3664 | F: 613.432.8424

14 Madawaska Street – P.O. Box 94
Arnprior ON. K7S 3H2
T: 613.623.7926 | F: 613.623.7927

Email: info@mackillicans.com | Website: www.mackillicans.com

J.D. Healey, CPA, CA, LPA / R.K. Richards, CPA, CA, LPA / B.D. Thompson, CPA, CA, LPA / D.J. Thompson, CPA, CA, LPA

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKillican's website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

MacKillican & Associates

RENFREW, Ontario.
23 June 2022.

Chartered Professional Accountants,
Licensed Public Accountants.

Renfrew Victoria Hospital

Statement of Financial Position

As at 31 March 2022
(with 2021 figures for comparison)

	2022	2021
ASSETS		
Current:		
Cash and investments (Note 8)	$ 16,792,785	$ 16,177,885
Accounts receivable (Note 5)	3,807,031	2,272,260
Inventory (Note 2 (c))	375,184	487,241
Prepaid expenses	376,248	299,750
Loans receivable (Note 14)	75,000	170,746
	$ 21,426,248	$ 19,407,882
Capital assets (Notes 2 (e) and 6)	44,317,696	44,995,444
	$ 65,743,944	$ 64,403,326
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 9,935,441	$ 9,231,529
Deferred provincial grants (Note 2 (a))	61,528	53,528
Deferred revenue (Note 2 (a))	34,103	34,855
Current portion of long term liabilities	95,068	95,119
	$ 10,126,140	$ 9,415,031
Deferred capital grants (Notes 2 (a) and 9)	$ 27,760,211	$ 27,702,451
Employee future benefits (Notes 2 (g) and 11)	1,359,800	1,406,100
	$ 29,120,011	$ 29,108,551
Long term liabilities:		
Capital lease	$ 230,053	$ 325,121
Less current portion	(95,068)	(95,119)
	$ 134,985	$ 230,002
Total liabilities	$ 39,381,136	$ 38,753,584
Net assets:		
Investment in capital assets (Note 13 (a))	$ 26,797,327	$ 27,220,763
Unrestricted	(1,521,176)	(2,189,601)
	$ 25,276,151	$ 25,031,162
Accumulated remeasurement gains	1,086,657	618,580
	$ 26,362,808	$ 25,649,742
	$ 65,743,944	$ 64,403,326

Approved on behalf of the Board:

(See accompanying notes)

Renfrew Victoria Hospital

Statement of Current Operations

For the year ended 31 March 2022
(with 2021 figures for comparison)

	2022	2021
Revenue:		
Patient care services (Note 2 (a))	$ 47,330,383	$ 47,641,627
Cash recoveries and sundry	2,905,322	2,428,930
Investment income	17,984	38,423
	$ 50,253,689	$ 50,108,980
Expenses:		
Salaries, wages and benefits	$ 33,896,832	$ 32,263,192
Medical and surgical supplies	2,447,941	2,089,845
Drugs and medical gases	3,874,039	3,609,311
Other supplies and expenses	8,582,070	10,434,583
	$ 48,800,882	$ 48,396,931
Excess of revenue over expenses before amortization	$ 1,452,807	$ 1,712,049
Amortization of deferred contributions related to equipment	1,669,597	1,453,408
Amortization of equipment	(2,763,721)	(2,808,561)
Excess of revenue over expenses for the year	$ 358,683	$ 356,896

(See accompanying notes)

Renfrew Victoria Hospital

Statement of Capital Operations

For the year ended 31 March 2022
(with 2021 figures for comparison)

	2022	2021
Revenue:		
Investment income	$ 257,001	$ 218,949
Rental income	14,910	11,500
	$ 271,911	$ 230,449
Expenses:		
Other supplies and expenses	$ 48,325	$ 35,645
Excess of revenue over expenses before amortization	$ 223,586	$ 194,804
Amortization of deferred contributions related to buildings	675,547	665,296
Amortization of buildings	(1,012,827)	(998,347)
Deficiency of revenue over expenses for the year	$ (113,694)	$ (138,247)

(See accompanying notes)

Renfrew Victoria Hospital

Statement of Changes in Net Assets

For the year ended 31 March 2022
(with 2021 figures for comparison)

	Investment in Capital Assets	Unrestricted	2022	2021
Net assets (deficiencies) at the beginning of the year	$ 27,220,763	$ (2,189,601)	$ 25,031,162	$ 24,812,513
Excess (deficiency) of revenue over expenses for the year	(113,694)	358,683	244,989	218,649
Transfer between funds (Note 13 (b))	(309,742)	309,742		
Net assets (deficiencies) at the end of the year	$ 26,797,327	$ (1,521,176)	$ 25,276,151	$ 25,031,162

(See accompanying notes)

Renfrew Victoria Hospital

Statement of Accumulated Remeasurement Gains

For the year ended 31 March 2022
(with 2021 figures for comparison)

	2022	2021
Accumulated remeasurement gains at beginning of year	$ 618,580	$ 118,446
Net unrealized (realized) gains attributable to investments	468,077	500,134
Accumulated remeasurement gains at end of year	$ 1,086,657	$ 618,580

(See accompanying notes)

Renfrew Victoria Hospital

Statement of Cash Flows

For the year ended 31 March 2022
(with 2021 figures for comparison)

	2022	2021
Cash flows from operating activities:		
Excess of revenue over expenses for the year	$ 244,989	$ 218,649
Add (deduct) items which do not involve cash:		
- amortization of buildings and equipment	3,776,548	3,806,908
- amortization of deferred capital grants	(2,345,144)	(2,118,704)
- increase (decrease) in employee future benefits	(46,300)	(25,707)
- unrealized (realized) gains	468,077	500,134
	$ 2,098,170	$ 2,381,280
Net change in non cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	$ (1,534,771)	$ (688,867)
Decrease (increase) in inventory	112,057	(76,261)
Decrease (increase) in prepaid expenses	(76,498)	34,230
Increase (decrease) in accounts payable and accrued liabilities	703,912	(314,293)
Increase (decrease) in deferred provincial grants	8,000	
Increase (decrease) in deferred revenue	(752)	4,073
	$ (788,052)	$ (1,041,118)
Cash flows from operating activities	$ 1,310,118	$ 1,340,162
Cash flows from financing activities:		
Deferred grants for capital assets received	$ 2,402,904	$ 2,139,532
Repayment of capital lease	(95,068)	(94,988)
Cash flows from financing activities	$ 2,307,836	$ 2,044,544
Cash flows used for investing activities:		
Additions to construction in progress	$ (432,977)	$ (2,845,373)
Additions to - land	(326,961)	(35,805)
- buildings	(400,542)	
- equipment	(1,938,320)	(1,096,798)
Decrease (increase) in loans receivable	95,746	(75,000)
Cash flows used for investing activities	$ (3,003,054)	$ (4,052,976)
Net increase (decrease) in cash and investments during the year	$ 614,900	$ (668,270)
Cash and investments at the beginning of the year	16,177,885	16,846,155
Cash and investments at the end of the year	$ 16,792,785	$ 16,177,885

(See accompanying notes)

1. GENERAL INFORMATION

   The Renfrew Victoria Hospital is incorporated without share capital under the laws of the Province of Ontario. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

   These financial statements reflect the assets, liabilities and operations of the Renfrew Victoria Hospital. They do not include the assets, liabilities or operations of its related entities which, although associated with the Hospital, are separately managed and report to a separate Board of Directors.

   The Hospital is principally involved in providing health care services as a community hospital to the residents of the Town of Renfrew and surrounding area.

2. SIGNIFICANT ACCOUNTING POLICIES

   The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations, including the 4200 series of the standards, as issued by the Public Sector Accounting Board.

   a) Revenue recognition:
      The Hospital follows the deferral method of accounting for contributions which include donations and government grants.

      Under the Health Insurance Act and regulations thereto, the Hospital is funded primarily by the Local Health Integration Networks (LHIN) in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended 31 March 2022.

      Capital grants for acquisition of capital assets are recorded as deferred credits and amortized to income in future years at the same rate as the related capital assets are amortized.

      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.

   b) Contributed services:
      A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

   c) Inventory:
      Inventory is valued at the lower of cost and net realizable value. Cost is determined on an average cost basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of estimates:
The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Areas of key estimation include determination of fair value for long term investments, allowance for doubtful accounts and actuarial estimation of employee future benefits.

e) Capital assets:
Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When capital assets are disposed of, the cost of the asset and the resulting gain or loss on disposal, if significant, is included in net assets. Costs of construction in progress are capitalized. Amortization is not recognized until construction is complete and the assets are ready for productive use.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2.5%
Equipment	12.5%
Land improvements	12.5%

Assets acquired during the year are not amortized until the following year.

f) Vacation pay:
Vacation pay for all employees is accrued as entitlement is earned.

g) Employee future benefits:
The Hospital accrues its obligations under employee future benefits and the related costs. These costs include extended health and dental insurance to certain employee groups. The costs of retirement benefits earned by employees is actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected health care costs. 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.

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.

h) 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 equity instruments quoted in an active market.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of accumulated remeasurement gains until they are realized, when they are transferred to the statements of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transaction costs related to the 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 recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains associated with that instrument is removed from net assets and recognized in the statements of operations.

Amortized cost:
This category includes accounts receivable, loans receivable and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using 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 the 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 statements of operations.

i) Cash and cash equivalents:
Cash and cash equivalents are comprised of cash on hand and in bank and short term investments or investments quoted on an active market.

j) Related party transactions:
Monetary related party transactions and non-monetary related party transactions are measured at the exchange amount when they are in the normal course of business. When the transaction is not in the normal course of operations, it is measured at the exchange amount when there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

3. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit risk:
Credit risk is the risk that 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 accounts receivable and loans receivable.

Accounts receivable is mainly composed of amounts from the Provincial Ministry of Health and patient services. Allowance for doubtful accounts is set up based on the Hospital's historical experience regarding collecting.

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.

3. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

Market risk:
The Hospital's investment policy operates within the constraints of the investment guidelines set out by the Board of Directors. Investment portfolios are reviewed for performance on a monthly basis and monitored by management on a monthly basis.

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.

Currency risk:
Currency risk relates to the Hospital operating in different currencies and converting non-Canadian earnings at different points in time. The Hospital does not have any material transactions or financial instruments denominated in foreign currencies.

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.

Interest rate risk:
Interest rate risk is the potential for financial loss caused by fluctuation 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 rates ranging from 0.400% to 4.300% with maturities ranging from June 2022 to March 2025.

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.

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 portfolio.

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.

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.

Renfrew Victoria Hospital

Notes to the Financial Statements

For the year ended 31 March 2022

4. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments reported on the Statement of Financial Position of the Hospital. The maximum exposure to credit risk would be the carrying value as shown below.

		2022	
	Fair Value	Amortized Cost	Total
Cash and investments	$ 16,792,785		$ 16,792,785
Accounts receivable		$ 3,807,031	3,807,031
Loans receivable		75,000	75,000
Accounts payable and accrued liabilities		9,935,441	9,935,441

Investments consist of equity instruments in Canadian and International public companies and various government bonds. The fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price.

5. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable is comprised as follows:		
Services to patients	$ 1,015,299	$ 980,164
Other	2,812,232	2,281,352
	$ 3,827,531	$ 3,261,516
Less allowance for doubtful accounts	20,500	989,256
	$ 3,807,031	$ 2,272,260

6. CAPITAL ASSETS	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 441,416		$ 441,416	$ 114,455
Land improvements	1,892,057	$ 481,165	1,410,892	1,451,938
Buildings	39,271,766	15,718,061	23,553,705	23,545,645
Equipment	50,524,897	32,299,026	18,225,871	16,108,882
Construction in progress	685,812		685,812	3,774,524
	$ 92,815,948	$ 48,498,252	$ 44,317,696	$ 44,995,444

7. COMMITMENTS AND CONTINGENCIES

a) The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at 31 March 2022, management believes the Hospital has valid defenses and appropriate insurance coverages 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.

7. COMMITMENTS AND CONTINGENCIES (Continued)

b) On 1 July 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal pursuant to Provincial Insurance Acts, which permits 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 of Ontario, Manitoba, Saskatchewan and Newfoundland. 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 years in which they were a subscriber. No such assessments have been made to 31 March 2022.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premiums plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivable from HIROC as of 31 March 2022.

8. INVESTMENTS	2022	2021
Investments consist of:		
Cash	$ 275,034	$ 101,778
Fixed income	5,960,093	5,664,993
Common shares	2,948,413	2,173,055
Mutual funds and other	2,372,981	2,931,645
	$ 11,556,521	$ 10,871,471

The investments are managed by investment managers who are under the direction of the Board of Directors. Market value is determined by reference to public markets as reported by the investment manager.

9. DEFERRED CAPITAL GRANTS	2022	2021
Balance at the beginning of the year	$ 27,702,451	$ 27,681,623
Contributions during the year (net)	2,402,904	2,139,532
Less amortization to revenue during the year	(2,345,144)	(2,118,704)
Balance at the end of the year	$ 27,760,211	$ 27,702,451

10. PENSION PLAN

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

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

10. PENSION PLAN (Continued)

Pension expense is based on management's best estimate, in consultation with its actuaries, of the amount, together with employee contributions, 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 employee contributions.

Variances between actuarial funding estimates and actual experiences may be material and any differences are generally to be funded by the participating members. Contributions made during the year by the Hospital, amounted to $ 1,704,931 (2021 - $ 1,689,165) and are included in salaries, wages and benefits in the statements of operations.

11. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health and dental to certain employees. An independent actuarial study of the post-retirement and post-employment benefits has been undertaken. The most recent valuation of employee future benefits was completed as at 31 March 2021.

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

Discount rate for calculation of net benefit costs of 3.37%.

Discount rate to determine accrued benefit obligation for disclosure at end of period 3.21%.

Dental and extended health costs in 2022 were based on the following assumed rates. Dental cost increases are assumed to be 2.75% per annum thereafter. Extended health care costs were assumed to be 6.00% in 2020 decreasing by 0.25% per annum to an ultimate rate of 4.50% per annum.

Information with respect to the Hospital's employee future benefit obligations is as follows:

Employee future benefit liabilities:

	2022	2021
Accrued benefit obligation	$ 983,600	$ 976,800
Unamortized actuarial gain	376,200	429,300
Accrued employee benefit obligation	$ 1,359,800	$ 1,406,100

Employee future benefit expense:

	2022	2021
Current year benefit cost	$ 82,800	$ 62,000
Interest on accrued benefit obligation	32,300	41,100
Amortized actuarial (gain) loss	(53,100)	(34,800)
Employee future benefit expense	$ 62,000	$ 68,300

12. RELATED ENTITIES

Renfrew Victoria Hospital Foundation:
The Renfrew Victoria Hospital Foundation is a separate legal entity and reports to its own Board. Incorporated without share capital under the laws of Ontario, it is a registered charity under the Income Tax Act and was established in 1988 to raise funds for the use of the Hospital. Included in accounts receivable is an amount of $ 917,580 (2021 - $ 14,350) 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 and amounts pledged by the Foundation for capital purchases.

Eastern Ontario Regional Laboratory Association Inc.:
The Hospital is an owner/member of Eastern Ontario Regional Laboratory Association Inc. ("EORLA"). EORLA was established to provide an integration of laboratory and pathology services to the 16 member Hospitals on a cost of service basis. Effective 1 April 2012, a number of non-medical laboratory employees became employees of EORLA. The current contract is for 10 years, with a no escape clause for the first 5 years. EORLA has assumed all liabilities related to lab and pathology services and charge all member Hospitals on a semi-monthly basis for their share of lab costs based on useage. Included in other supplies and expenses is an amount of $ 1,664,660 (2021 - $ 1,653,230) for the provision of laboratory and pathology services paid to EORLA. As an owner, the Hospital would be responsible for a portion of any operating losses, liabilities or significant capital requirements agreed to by the EORLA Board of Directors.

13. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is comprised as follows:

	2022	2021
Capital assets	$ 44,317,696	$ 44,995,444
Cash and investments	10,469,895	10,252,891
Less amounts financed by: Deferred contributions	(27,760,211)	(27,702,451)
Capital lease	(230,053)	(325,121)
	$ 26,797,327	$ 27,220,763

b) Net transfer between investment in capital assets and unrestricted is calculated as follows:

	2022	2021
Amortization of deferred capital grants related to capital assets	$ 1,669,597	$ 1,453,408
Purchase of capital assets	3,098,800	3,977,976
Amortization of capital assets	(2,763,721)	(2,808,561)
Capital lease payment	95,068	94,988
Rental income	(14,910)	(11,500)
Other supplies and expenses	8,328	1,375
Amounts funded by deferred capital grants	(2,402,904)	(2,139,532)
	$ (309,742)	$ 568,154

14. LOANS RECEIVABLE

The Hospital has provided financing to Renfrew and Area Health Services Village for physician recruitment incentives. The loans are over a one year period, they are non-interest bearing and will be paid back prior to 31 December 2022.

15. HOSPITAL INFORMATION SYSTEM

On 1 June 2019, Renfrew Victoria Hospital along with the Ottawa Hospital, The University of Ottawa Heart Institute, Hawkesbury General Hospital and St. Francis Memorial Hospital went live with a shared Hospital Information System (HIS), EPIC. Each partner hospital is responsible for their respective on-site support costs as well as a percentage of the shared HIS costs. The Ottawa Hospital is the lead hospital for the partnership providing support and maintenance for the group and acting as paymaster for shared HIS operating costs.

The HIS partnership approves an annual budget for provision of services to support and maintain the single instance of EPIC. Each partner is responsible for shared HIS costs as determined using an agreed upon cost allocation methodology.

As a partner of the shared HIS, Renfrew Victoria Hospital is responsible for shared HIS operating costs of $ 691,282 for the period 1 April 2021 to 31 March 2022. The actual shared HIS cost amount is determined based on actual HIS shared operating costs incurred by the partnership. A reconciliation at year end of actual HIS operating costs incurred will determine if a partner is required to contribute additional funds or be provided a refund.

Included in long term liabilities are capital payments payable to the Ottawa Hospital for EPIC software. The terms of payment for the software was spread over a seven year period with no interest accruing. As the Ottawa Hospital is the lead agency, Renfrew Victoria Hospital is committed to pay to the Ottawa Hospital their proportionate share of the outstanding balance.

At year end, Renfrew Victoria Hospital had commitments under capital lease requiring payments of:

2023	$ 95,068
2024	95,068
2025	39,917
	$ 230,053

16. MINISTRY OF HEALTH PANDEMIC FUNDING

In connection with the ongoing Coronavirus pandemic (COVID-19), MOH announced a number of funding programs intended to assist hospitals with incremental operating and capital costs resulting from COVID-19. In addition to these funding programs, the MOH is also permitting hospitals to redirect unused funding from certain programs towards COVID-19 costs, revenue losses and other budgetary pressures through a broad-based funding reconciliation.

While the MOH has provided guidance with respect to the maximum amount of funding potentially available to the Hospital, as well as criteria for eligibility and revenue recognition, this guidance continues to evolve and is subject to revision. The MOH has also indicated that all funding related to COVID-19 is subject to review and reconciliation, with the potential for adjustments during the subsequent fiscal year.

Management's estimate of MOH revenue for COVID-19 is based on the most recent guidance provided by MOH, and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. Management has analyzed the requirements and has provided an estimate for the supportable amounts based on the current available information. Due to the uncertainty of the amount of funding that will be confirmed in future years, management has recorded an allowance for doubtful collection of $ 242,826 on the receivable of $ 1,155,683. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

Details of the MOH funding for COVID-19 recognized as revenue in the current year are summarized below:

Ministry of Health:	
Funding for incremental COVID-19 operating expenses	$ 1,530,400
Funding for revenue losses resulting from COVID-19	26,000
Funding for Temporary Pandemic Pay and Wage Enhancement	177,757
Capital	53,404
	$ 1,787,561

17. COVID-19 IMPACTS

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market, health and societal impacts. In response to COVID-19 and consistent with guidance provided by the MOH and other government agencies, the Hospital has implemented a number of measures to protect patients and staff from COVID-19. In addition, the Hospital has actively contributed towards the care of COVID-19 patients and the delivery of programs that protect public health.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditor's report which provide additional evidence relating to conditions that existed at year end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2023 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues that compromise its ongoing operations. The outcome and time frame to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.