



APPENDIX A

AUDITED FINANCIAL STATEMENTS

Financial Statements of

**MUSKOKA ALGONQUIN
HEALTHCARE**

Year ended March 31, 2021

MUSKOKA ALGONQUIN HEALTHCARE

Financial Statements Index

Year ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Muskoka Algonquin Healthcare

Opinion

We have audited the accompanying financial statements of Muskoka Algonquin Healthcare (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in deficiency in net assets for the year then ended
- the statement of cash flows 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 Muskoka Algonquin Healthcare as at March 31, 2021, and its results of operations, its changes in deficiency 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 ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our 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 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 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.

Auditors' Responsibility 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 auditors' 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.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 10, 2021

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Ministry of Health	\$ 74,377,262	\$ 65,497,983
Ministry of Health - one-time	218,568	4,766,942
Ministry of Health pandemic funding (note 12)	9,376,151	-
Patient charges	6,084,686	7,921,521
Other (note 11)	5,043,615	5,248,634
Amortization of deferred equipment contributions	2,719,203	3,106,667
	<u>97,819,485</u>	<u>86,541,747</u>
Expenses:		
Salaries and wages	49,229,576	43,554,488
Employee benefits	12,873,787	11,530,035
Supplies and other	14,225,506	13,690,487
Medical staff remuneration	7,698,796	7,657,322
Drugs	3,104,388	3,108,521
Medical and surgical supplies	4,432,776	3,796,299
Amortization of equipment	2,278,356	3,353,672
	<u>93,843,185</u>	<u>86,690,824</u>
Excess (deficiency) of revenue over expenses before the undernoted items	3,976,300	(149,077)
Other program:		
Revenue	13,950	13,950
Expenses	(17,066)	(17,121)
	<u>(3,116)</u>	<u>(3,171)</u>
Excess (deficiency) of revenue over expenses from Hospital operations	3,973,184	(152,248)
Amortization of deferred capital contributions	1,450,482	1,401,401
Amortization of buildings and building service equipment	(1,799,134)	(1,721,656)
Excess (deficiency) of revenue over expenses before the undernoted items	3,624,532	(472,503)
Ministry of Health working capital funding (note 13)	7,712,500	-
Excess (deficiency) of revenue over expenses	<u>\$ 11,337,032</u>	<u>\$ (472,503)</u>

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Financial Position

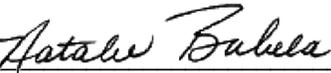
March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 432,518	\$ 795,378
Accounts receivable (note 2)	18,008,079	2,032,549
Inventories	561,043	557,047
Due from related parties (note 3)	743,627	1,377,209
Prepaid expenses	488,181	404,755
	<u>20,233,448</u>	<u>5,166,938</u>
Capital assets (note 4)	43,558,016	42,635,570
	<u>\$ 63,791,464</u>	<u>\$ 47,802,508</u>
Liabilities, Deferred Contributions and Deficiency in Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 15,793,001	\$ 13,095,538
Deferred operating contributions (note 7)	300,837	300,837
Current portion of long-term obligations (note 8)	590,000	340,000
	<u>16,683,838</u>	<u>13,736,375</u>
Long-term obligations (note 8)	6,446,542	5,158,841
Deferred contributions related to capital assets (note 9)	41,727,386	41,310,626
	<u>64,857,766</u>	<u>60,205,842</u>
Deficiency in net assets	(1,066,302)	(12,403,334)
Contingencies (note 14)		
COVID-19 impact (note 16)		
	<u>\$ 63,791,464</u>	<u>\$ 47,802,508</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

MUSKOKA ALONGQUIN HEALTHCARE

Statement of Changes in Deficiency in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Deficiency in net assets, beginning of year	\$ (12,403,334)	\$ (11,930,831)
Excess (deficiency) of revenue over expenses	11,337,032	(472,503)
Deficiency in net assets, end of year	\$ (1,066,302)	\$ (12,403,334)

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 11,337,032	\$ (472,503)
Adjustments for:		
Amortization of capital assets	4,077,490	5,075,328
Amortization of deferred contributions related to capital assets	(4,169,685)	(4,508,068)
Increase in post-retirement benefit obligations	112,900	17,400
	<u>11,357,737</u>	<u>112,157</u>
Change in non-cash working capital:		
Accounts receivable	(15,975,530)	295,871
Inventories	(3,996)	(42,899)
Due from related parties	633,582	(25,087)
Prepaid expenses	(83,426)	65,326
Accounts payable and accrued liabilities	2,697,463	389,640
Other long-term liabilities	1,185,473	284,522
Deferred operating contributions	-	24,988
	<u>(188,697)</u>	<u>1,104,518</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	579,328	344,384
Principal repayment on long-term debt	(340,000)	(671,642)
	<u>239,328</u>	<u>(327,258)</u>
Cash flows from capital activities:		
Purchase of capital assets	(4,999,936)	(4,588,689)
Deferred contributions related to capital assets	4,586,445	4,409,042
	<u>(413,491)</u>	<u>(179,647)</u>
Net increase (decrease) in cash	<u>(362,860)</u>	<u>597,613</u>
Cash, beginning of year	795,378	197,765
Cash, end of year	<u>\$ 432,518</u>	<u>\$ 795,378</u>

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

Muskoka Algonquin Healthcare (the “Hospital”) is incorporated without share capital under the laws of the Province of Ontario. Its principal activity is the provision of health care services to the residents of Burk’s Falls, Huntsville, Bracebridge, Gravenhurst, Township of Muskoka Lakes, Township of Georgian Bay, Township of Lake of Bays and the surrounding areas. The Hospital is a registered charity and, as such, is exempt from income taxes provided certain requirements under the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(a) Revenue recognition:

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

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 (the “Ministry”) and the North Simcoe Muskoka Local Health Integration Network (“NSMLHIN”). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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 expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

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

(b) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

(c) Donated assets:

Donated capital assets are recorded at fair value when received.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. The original cost does not reflect replacement cost or market value upon liquidation. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

	Rate
Land improvements	5%
Buildings	2.5% and 5%
Major equipment	10% - 33%
Computer software	20% - 33%

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. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, 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.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(e) Employee future benefits:

The Hospital sponsors a defined benefit health and dental plan for certain employees and retirees funded on a pay-as-you-go basis. The Hospital is also a member of a defined benefit pension plan. The Hospital has adopted the following policies:

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 pensions and 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, 2021, and the next required valuation will be as of March 31, 2024.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. 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 pension plan is 14 years. The average remaining service period of the active employees covered by the other retirement benefits plan is 14 years.

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

(f) Healthcare of Ontario Pension Plan:

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

(g) 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 periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(h) Funding adjustments:

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

(i) Contributed services:

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

(j) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized 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 incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

2. Accounts receivable:

	2021	2020
Insurers and patients	\$ 1,217,625	\$ 1,021,789
Ministry of Health	16,325,903	542,831
Other	605,526	608,150
	18,149,054	2,172,770
Allowance for doubtful accounts	(140,975)	(140,221)
	\$ 18,008,079	\$ 2,032,549

3. Related party transactions:

(a) Huntsville District Memorial Hospital Foundation:

The Hospital has an economic interest in the Huntsville District Memorial Hospital Foundation ("HDMHF") in that HDMHF solicits funds on behalf of the Hospital to be used for approved capital projects. During the year, the HDMHF contributed donations of \$1,047,844 (2020 - \$2,150,898) to fund capital costs.

(b) South Muskoka Hospital Foundation:

The Hospital has an economic interest in the South Muskoka Hospital Foundation ("SMHF") in that SMHF solicits funds on behalf of the Hospital and other organizations in the community with similar objectives. During the year, SMHF contributed donations of \$783,723 (2020 - \$1,339,525) to fund capital costs.

(c) Due from related parties:

	2021	2020
Huntsville District Memorial Hospital Foundation	\$ 38,133	\$ 661,276
South Muskoka Hospital Foundation	705,494	715,933
	\$ 743,627	\$ 1,377,209

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

4. Capital assets:

2021	Cost	Accumulated amortization	Net book value
Land	\$ 669,783	\$ –	\$ 669,783
Land improvements	538,228	511,020	27,208
Buildings	63,575,106	32,036,978	31,538,128
Equipment	61,831,193	50,508,296	11,322,897
	<u>\$ 126,614,310</u>	<u>\$ 83,056,294</u>	<u>\$ 43,558,016</u>

2020	Cost	Accumulated amortization	Net book value
Land	\$ 669,783	\$ –	\$ 669,783
Land improvements	538,228	507,997	30,231
Buildings	63,063,712	30,253,775	32,809,937
Equipment	57,342,651	48,217,032	9,125,619
	<u>\$ 121,614,374</u>	<u>\$ 78,978,804</u>	<u>\$ 42,635,570</u>

5. Short-term demand loans:

The Hospital has an unutilized demand operating line of credit authorized to a maximum of \$7,500,000, which bears interest at a rate of 3.45%. The line of credit is secured by a general security agreement. As of March 31, 2021 there was \$Nil drawn on this line of credit (2020 - \$Nil).

6. Accounts payable and accrued liabilities:

	2021	2020
Ministry of Health	\$ 1,133,339	\$ 531,422
Trade payables	6,033,554	4,946,207
Accrued wages and benefits	8,626,108	7,617,909
	<u>\$ 15,793,001</u>	<u>\$ 13,095,538</u>

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

7. Deferred contributions:

Deferred contributions represent unspent funding externally restricted for specific programs received in the current and/or prior periods that are related to a subsequent period.

	2021	2020
Balance, beginning of year	\$ 300,837	\$ 275,849
Add contributions received	–	24,988
Balance, end of year	\$ 300,837	\$ 300,837

8. Long-term obligations:

	2021	2020
Post-retirement benefit obligation (a)	\$ 2,552,700	\$ 2,439,800
Long-term debt (b)	1,405,379	1,166,051
Other and pay equity	3,078,463	1,892,990
	7,036,542	5,498,841
Less current portion of long-term obligations	(590,000)	(340,000)
	\$ 6,446,542	\$ 5,158,841

(a) Post-retirement benefit obligation:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for employees with various cost-sharing arrangements as determined by their collective agreements and conditions of employment. The most recent valuation of the employee future benefits was completed as at March 31, 2021. The next full valuation of the plan will be as of March 31, 2024.

The accrued benefit obligation is recorded in the financial statements as follows:

	2021	2020
Balance, beginning of year	\$ 2,439,800	\$ 2,422,400
Add: benefit costs	360,100	256,000
	2,799,900	2,678,400
Less: benefit contributions	(247,200)	(238,600)
Balance, end of year	\$ 2,552,700	\$ 2,439,800

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

8. Long-term obligations (continued):

(a) Post-retirement benefit obligation (continued):

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

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

	2021	2020
Discount rate	3.21%	3.29%
Initial health care cost trend rate	6.00%	6.00%
Dental care cost trend rate	2.75%	3.75%
Health Care cost trend rate declining to	4.50%	4.50%

(b) Long-term debt:

	2021	2020
Non-revolving loan payable (Energy Retrofit), Scotiabank interest payable monthly at prime minus 0.5%, principal repayable \$28,333 monthly, balance due August 2022	\$ 481,667	\$ 821,667
Non-revolving loan payable (Cerner Patient Care System), Scotiabank interest payable monthly at prime minus 0.5%, principal repayable \$250,000 annually commencing May 31, 2021, with the balance due May 31, 2023	923,712	344,384
	1,405,379	1,166,051
Less current portion of long-term debt	(590,000)	(340,000)
	\$ 815,379	\$ 826,051

Total interest paid on long-term debt during the year was \$25,660 (2020 - \$41,475).

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

8. Long-term obligations (continued):

(b) Long-term debt (continued):

Payments on long-term debt are due as follows:

2022	\$	590,000
2023		391,667
2024		423,712
	\$	1,405,379

9. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized or unspent balances of donations and grants received for capital asset acquisitions. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	\$ 41,310,626	\$ 41,409,652
Less amount amortized to revenue	(4,169,685)	(4,508,068)
Add contributions received:		
Foundations	1,831,567	3,490,423
Ministry of Health	2,606,128	700,111
Hospital Auxiliary and other	148,750	218,508
	4,586,445	4,409,042
Balance, end of year	\$ 41,727,386	\$ 41,310,626

	2021	2020
Unamortized	\$ 37,048,648	\$ 38,566,221
Unspent:		
Capital projects	4,678,738	2,744,405
	\$ 41,727,386	\$ 41,310,626

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

10. Pension plan:

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit plan. Employer contributions made to the Plan during the year by the Hospital amounted to \$3,647,291 (2020 - \$3,753,467).

11. Other revenue:

	2021	2020
Differential and co-payment fees	\$ 570,655	\$ 661,794
Parking fees	324,524	729,686
Wages and material recoveries	1,901,184	2,076,530
Laundry recoveries	595,291	576,942
Rental income	63,966	150,627
Interest income	191	1,812
Other	1,587,804	1,051,243
	\$ 5,043,615	\$ 5,248,634

12. Ministry of Health pandemic funding:

In connection with the ongoing coronavirus pandemic ("COVID-19"), the MOH has announced a number of funding programs intended to assist hospitals with incremental operating and capital costs and revenue decreases 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 and clarification subsequent to the time of approval of these financial statements. 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. As a result of Management's estimation process, the Hospital has determined a range of reasonably possible amounts that are considered by Management to be realistic, supportable and consistent with the guidance provided by the MOH. However, given the potential for future changes to funding programs that could be announced by the MOH, the Hospital has recognized revenue related to COVID-19 based on the lower end of the range. Any adjustments to Management's estimate of MOH revenues will be reflected in the Hospital's financial statements in the year of settlement.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

12. Ministry of Health pandemic funding (continued):

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

Funding for incremental COVID-19 operating expenses	\$ 5,126,800
Funding for temporary pandemic pay	1,363,495
Funding for revenue losses resulting from COVID-19	2,001,900
Broad-based funding reconciliation for other eligible costs and revenue losses	677,005
COVID swab assessment centre funding losses	343,502
COVID funding for ICU beds	177,000
Other COVID funding	228,449
	<hr/> 9,918,151
Less: Provision for measurement uncertainty	(542,000)
	<hr/> \$ 9,376,151

In addition to the above, the Hospital has also recognized \$922,724 in MOH funding for COVID-19 related capital expenditures, which has been recorded as an addition to deferred capital contributions during the year.

13. Ministry of Health working capital funding:

In March 2021, the Hospital was advised that it was eligible for one-time funding to address its working capital deficit. The Hospital is eligible to receive this funding based on defined eligibility criteria with the stipulation that the funding will only be used to reduce the Hospital's working capital deficit and is not to be used for operating purposes.

As at the date of approval of these financial statements, the MOH has provided a preliminary estimate of working capital funding and has indicated that the final amount of funding is subject to further analysis and validation by the MOH. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

14. 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 given time. With respect to claims at March 31, 2021, 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.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

14. Contingencies (continued):

(b) HealthCare Insurance Reciprocal of Canada:

The Hospital is a member of the HealthCare Insurance Reciprocal of Canada (“HIROC”). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2021, no assessments have been received by the Hospital.

(c) Employment matters:

During the normal course of business, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management’s estimate of potential settlement amounts where these amounts are reasonably determinable. Where amounts are not reasonably determinable, costs, if any, relating to these matters would be recognized when known.

15. Financial risks and concentration of credit risks:

(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 credit risk with respect to accounts receivable.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2021 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2020.

(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 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2020.

MUSKOKA ALGONQUIN HEALTHCARE

Notes to Financial Statements

Year ended March 31, 2021

16. COVID-19 impact:

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.

The Hospital continues to respond to the pandemic and plans for continued operational and financial impacts during the 2022 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 timeframe 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.