

Consolidated Financial Statements of

BLANCHE RIVER HEALTH

And Independent Auditors' Report thereon

Period ended October 1 to March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Directors of Blanche River Health

Opinion

We have audited the consolidated financial statements of Blanche River Health (the Hospital), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of operations for the period then ended
- the consolidated statement of changes in net assets for the period then ended
- the consolidated statement of cash flows for the period then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2021, and its consolidated results of operations and its consolidated cash flows for the period 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 auditors' 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 Entity's financial reporting process.

Auditors' 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 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 Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 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 Hospital's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
June 22, 2021

BLANCHE RIVER HEALTH

Consolidated Statement of Operations

For the six month period ended March 31, 2021

Revenue:

North East Local Health Integration Network and Ministry of Health	\$ 17,310,217
Patient services	451,688
Preferred accommodations	188,317
Other	1,917,837
Amortization - deferred capital contributions for equipment	394,841
	<u>20,262,900</u>

Expenses:

Salaries and wages	9,508,210
Employee benefits	2,693,824
Medical staff remuneration	1,582,922
Drugs	640,506
Medical and surgical	311,250
Supplies and other	4,020,574
Amortization - equipment	775,478
	<u>19,532,764</u>

Excess of revenue over expenses before the undernoted 730,136

Ministry of Health pandemic funding (note 12) 1,018,739

Excess of revenue over expenses from Hospital Operations 1,748,875

Amortization - deferred capital contributions for buildings,
land improvements and building service equipment 349,595

Amortization - building, land improvements and building service equipment (541,999)

Excess of revenue over expenses before undernoted items 1,556,471

Working capital relief (note 17) 1,910,600

Specifically funded programs:


Revenue	53,082
Expenses	(53,082)

Excess of revenue over expenses - specifically funded programs -

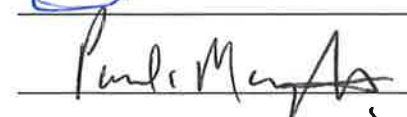
Excess of revenue over expenses \$ 3,467,071

See accompanying notes to consolidated financial statements

On behalf of the Board:



Paul M. ... Director



Paul M. ... Director

BLANCHE RIVER HEALTH

Consolidated Statement of Financial Position

As at March 31, 2021

Assets

Current assets:

Cash	\$	2,767,987
Cash - restricted (note 10)		1,953,923
Short-term investments		9,881
Accounts receivable (note 2)		5,370,526
Inventories		905,798
Prepayments		441,280
		<hr/>
		11,449,395

Long-term receivables		402,000
Restricted assets		101,001
Capital assets (note 3)		19,523,549

\$ 31,475,945

Liabilities, Deferred Contributions and Net Assets

Current liabilities:

Accounts payable and accrued liabilities (note 5)	\$	7,465,642
Current portion of long-term debt (note 6)		393,082
		<hr/>
		7,858,724

Long-term debt (note 6)		2,095,487
Employee post-retirement benefits (note 7)		2,835,427
Deferred capital contributions (note 8)		12,637,089
		<hr/>
		25,426,727

Net assets 6,049,218

Commitments (note 14)
Contingencies (note 15)
COVID-19 impacts (note 18)

\$ 31,475,945

See accompanying notes to consolidated financial statements

BLANCHE RIVER HEALTH

Consolidated Statement of Changes in Net Assets

For the six month period ended March 31, 2021

Net assets, beginning of period	\$	2,582,147
Excess of revenue over expenses		3,467,071
Net assets, end of period	\$	6,049,218

See accompanying notes to consolidated financial statements

BLANCHE RIVER HEALTH

Consolidated Statement of Cash Flows

For the six month period ended March 31, 2021

Cash flows from operating activities:	
Excess of revenue over expenses	\$ 3,467,071
Adjustments for:	
Amortization of capital assets	1,317,477
Amortization of deferred capital contributions	(744,436)
Increase in employee post-retirement benefits	25,095
	<u>4,065,207</u>
Change in non-cash working capital (note 9)	<u>(1,577,343)</u>
	2,487,864
Cash flows from capital activities:	
Purchase of capital assets	(1,830,426)
Increase in deferred capital contributions	2,076,080
	<u>245,654</u>
Cash flows from financing activities:	
Proceeds of long-term debt	500,000
Repayment of long-term debt	(212,227)
	<u>287,773</u>
Net increase in cash	3,021,291
Cash and cash equivalents, beginning of period	1,811,501
Cash and cash equivalents, end of period	<u>\$ 4,832,792</u>
Cash and cash equivalents is comprised of:	
Cash	\$ 2,767,987
Restricted cash	1,953,923
Short-term investments	9,881
Restricted assets	101,001
	<u>\$ 4,832,792</u>

See accompanying notes to consolidated financial statements

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements

Period ended March 31, 2021

The Blanche River Health (the "Hospital") was incorporated under the laws of Ontario and was established on October 1, 2020 through the amalgamation of the Englehart and District Hospital Inc. ("EDH") and Kirkland and District Hospital ("KDH"). The Hospital is principally involved in providing health care services to Kirkland Lake, Englehart and the surrounding areas. The Hospital is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

The consolidated financial statements present the financial position of the Hospital at March 31, 2021 and the results of the Hospital's operations from the date of amalgamation to the period then ended. The supplementary schedules included in the consolidated financial statements provide additional disclosure concerning the Hospital and its predecessor organizations.

1. Significant accounting policies:

The consolidated 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) 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 East Local Health Integration Network ("NELHIN"). 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 the 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.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

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

Amortization is provided on the straight-line basis over their estimated useful lives at the following range of annual rates:

Land improvements	5.0%
Buildings	2.5% - 20.0%
Furniture and equipment	7.0% - 33.0%
Service equipment	4.0% - 20.0%

In the year of acquisition, amortization is pro-rated based on the date of service.

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 consolidated 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 consolidated statement of financial position.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

1. Significant accounting policies (continued):

(d) Related entities:

The notes to consolidated financial statements include information of the following entity (note 13):

Blanche River Health Foundation ("Foundation")

(e) Employee post-retirement benefits:

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in 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 employee benefit plan is 9.2 years.

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

The Hospital is an employer member of the Health Care 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.

(f) Use of estimates:

The preparation of the consolidated 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 consolidated 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; accounts payable and accrued liabilities; 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.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

1. Significant accounting policies (continued):

(g) Funding adjustments:

The Hospital receives grants from the NELHIN and Ministry for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the Ministry or NELHIN 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.

(h) 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 consolidated financial statements.

(i) Investment in Joint Venture:

The Hospital accounts for its interest in a joint venture using the proportionate consolidation method. These consolidated financial statements include the Hospital's proportionate share of any assets, liabilities, revenues and expenses of the joint venture.

(j) Financial instruments:

All financial instruments are initially recorded on the consolidated 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 consolidated statement of operations.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

2. Accounts receivable:

	2021
Patients and clients	\$ 1,122,138
Ministry of Health	4,232,626
Other	1,644,439
Allowance for doubtful accounts	(1,628,677)
	<u>\$ 5,370,526</u>

3. Capital assets:

	Cost	Accumulated Amortization	Net book Value
Land	\$ 89,604	\$ —	\$ 89,604
Land improvements	1,119,884	874,548	245,336
Buildings and service equipment	30,060,589	18,801,174	11,259,415
Furniture and equipment	24,989,137	17,059,943	7,929,194
	<u>\$ 56,259,214</u>	<u>\$ 36,735,665</u>	<u>\$ 19,523,549</u>

4. Bank indebtedness:

The Hospital has arranged for aggregate revolving demand loans totaling \$2,000,000 to be used for general operating purposes. The credit facilities bear interest at the bank's prime rate less 0.85%. No amount was drawn on this facility at period-end.

5. Accounts payable and accrued liabilities:

	2021
Accounts payable and accrued liabilities:	
- NELHIN, Ministry of Health	\$ 669,659
- Other	3,333,359
Payroll accruals:	
- Salaries and wages	628,925
- Vacation pay and other entitlements	2,711,214
Deferred revenue	122,485
	<u>\$ 7,465,642</u>

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

6. Long-term debt:

	2021
Long-term obligation, unsecured, payable in monthly instalments of \$1,832, bearing interest at 2.95%, final instalment due April 2021	\$ 1,117
Long-term obligation, unsecured, payable in monthly instalments of \$1,743, bearing interest at 1.79%, final instalment due August 2021	8,676
Long-term obligation, unsecured, payable in monthly instalments of \$2,888, bearing interest at 2.55%, final instalment due October 2022	53,735
Long-term obligation, secured, payable in monthly instalments of \$3,132, bearing interest at 3.50%, final instalment due August 2024	105,041
Long-term obligation, unsecured, payable in quarterly instalments of \$80,000 without interest, final instalment due December 2027	2,320,000
	2,488,569
Current portion of long-term debt	(393,082)
	\$ 2,095,487

Scheduled principal repayments are as follows:

2021	\$ 393,082
2022	370,734
2023	351,761
2024	332,992
2025	1,040,000
	\$ 2,488,569

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

7. Employee post-retirement benefits:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all unionized full time employees with various cost-sharing arrangements as determined by their collective agreements. 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 consolidated financial statements as follows:

	2021
Balance, beginning of period	\$ 2,810,332
Add: benefit costs	76,180
	2,886,512
Less: benefit contributions	(51,085)
Balance, end of period	\$ 2,835,427

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

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

	2021
Discount rate	3.21%
Dental cost trend rates	4.00%
Extended health care trend rates	6.5%, decreasing annually by 0.5% thereafter to 5%

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balance of donations and grants received for the purchase of capital assets. Details of the continuity of these funds are as follows:

	2021
Balance, beginning of period	\$ 11,305,445
Additional contributions received	2,076,080
Less amounts amortized to revenue	(744,436)
Balance, end of period	\$ 12,637,089

The deferred contributions related to capital assets consist of the following:

	2021
Unamortized	\$ 11,855,492
Unspent	781,597
	\$ 12,637,089

9. Change in non-cash working capital:

	2021
Accounts receivable	\$ (2,024,413)
Inventories	(99,162)
Prepaid expenses	(54,332)
Accounts payable and accrued liabilities	600,564
	\$ 1,577,343

10. Restricted cash:

Restricted cash consists of proceeds from fundraising initiatives in which the funds have been set aside for specific purposes.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

11. Pension plan:

Substantially all of the employees of the Hospital are members of the Health Care of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit plan. Contributions made to the plan during the period by the Hospital on behalf of its employees amounted to \$724,346 and are included in employee benefits in the statement of operations.

12. Ministry of Health pandemic funding:

In connection with the ongoing coronavirus pandemic ("COVID-19"), the Ministry 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 Ministry 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 Ministry 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 Ministry 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 Ministry revenue for COVID-19 is based on the most recent guidance provided by Ministry and the impacts of COVID-19 on the Hospital's operations, revenues and expenses. Given the potential for future changes to funding based on the results of the Ministry's review, the Hospital has recognized a provision for potential recoveries. Any adjustments to Management's estimate of Ministry revenues will be reflected in the Hospital's financial statements in the year of settlement.

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

Funding for incremental COVID-19 operating expenses	\$ 1,018,739
Funding for revenue losses resulting from COVID-19	1,373,700
Broad-based funding reconciliation for other eligible costs and revenue losses	—
	<hr/> 2,392,439
Less: Provision for potential Ministry recoveries	(1,373,700)
	<hr/> \$ 1,018,739

In addition to the above, the Hospital has also recognized \$663,261 in Ministry funding for COVID-19 related capital expenditures, which has been recorded as an additional to deferred capital contributions during the year.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

13. Related entity:

The Hospital has an economic interest in the Blanche River Health Foundation. The Foundation was created for the purposes of promoting and participating in fundraising programs in order to raise money for capital projects, training and medical research. During the period, the Hospital received donations amounting to \$nil.

14. Commitments:

Kirkland District Family Health Team:

The Hospital has agreed to fund one-half of the annual operating deficit of the Kirkland District Family Health Team ("KDFHT"). During the current period, the Hospital was not required to contribute towards the operations of the KDFHT.

15. Contingencies:

(a) Legal matters and litigation:

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(b) 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.

(c) Insurance:

A group of healthcare institutions, including the Hospital, are members of the Health Care 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.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

16. Financial risks and concentration of credit risk:

(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 and other investments.

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.

The Hospital follows an investment policy approved by the Board of Directors. The maximum exposure to credit risk of the Hospital at March 31, 2021, is the carrying value of these assets.

(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.

17. 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 Ministry 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 Ministry. Any future adjustments to working capital funding will be reflected in the Hospital's financial statements in the year of settlement.

18. COVID-19 impacts:

In response to COVID-19 and consistent with guidance provided by the Ministry 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.

BLANCHE RIVER HEALTH

Notes to Consolidated Financial Statements (continued)

Period ended March 31, 2021

19. Amalgamation:

On June 23, 2020, EDH and KDH approved the amalgamation of their respective entities under the Ontario Corporations Act, with the amalgamation effective October 1, 2020 pursuant to the provisions of an Amalgamation Agreement (the "Agreement"). Under the terms of the Agreement, the Hospital assumed the property, rights and assets of EDH and KDH, as well as all debts, contracts, liabilities and duties of EDH and KDH. The Agreement also indicates that the Hospital will be the party to any legal action commenced against EDH and/or KDH before the date of amalgamation.

The amalgamation constitutes a restructuring transaction under Canadian public sector accounting standards and as such, all assets and liabilities assumed by the Hospital on amalgamation were recorded at the previously reported balances in the respective financial statements of EDH and KDH.

No compensation was paid to the Hospital, EDH or KDH in connection with the amalgamation.

Costs associated with the restructuring by the Hospital, EDH or KDH have been recorded as an expense in the period incurred.

Additional information relating to the financial performance of the Hospital, EDH and KDH for the year ended March 31, 2021 is included in the attached schedules.

BLANCHE RIVER HEALTH

Schedule A - Statement of Operations - Englehart Site

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

	March 31, 2021	March 31, 2020
Revenue:		
North East Local Health Integration Network and Ministry of Health	\$ 8,949,747	\$ 7,172,942
Patient services	163,555	180,840
Preferred accommodations	230,759	111,099
Other	1,303,295	2,797,533
Amortization - deferred capital contributions for equipment	196,231	182,579
	<u>10,843,587</u>	<u>10,444,993</u>
Expenses:		
Salaries and wages	5,221,338	4,946,647
Employee benefits	1,303,051	1,092,016
Medical staff remuneration	1,413,729	1,527,137
Drugs	142,895	150,435
Medical and surgical	133,742	115,592
Supplies and other	2,066,154	1,975,066
Amortization - equipment	387,422	317,502
	<u>10,668,331</u>	<u>10,124,395</u>
Excess of revenue over expenses before the undernoted	175,256	320,598
Ministry of Health pandemic funding	689,306	-
Excess of revenue over expenses from Hospital Operations	864,562	320,598
Amortization - deferred capital contributions for buildings, land improvements and building service equipment	181,302	178,102
Amortization - building, land improvements and building service equipment	(241,356)	(230,721)
Excess of revenue over expenses before undernoted items	804,508	267,979
Working capital relief	326,600	-
Specifically funded programs:		
Revenue	2,550	2,550
Expenses	(2,550)	(2,550)
Excess of revenue over expenses - specifically funded programs	-	-
Excess of revenue over expenses	\$ 1,131,108	\$ 267,979

BLANCHE RIVER HEALTH

Schedule B - Statement of Operations - Kirkland Lake Site

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

	March 31, 2021	March 31, 2020
Revenue:		
North East Local Health Integration Network and Ministry of Health	\$ 23,730,431	\$ 22,598,341
Patient services	844,546	911,199
Preferred accommodations	137,517	174,962
Other	3,295,785	3,030,518
Amortization - deferred capital contributions for equipment	569,647	252,420
	<u>28,577,926</u>	<u>26,967,440</u>
Expenses:		
Salaries and wages	14,801,968	13,644,274
Employee benefits	4,595,362	3,980,731
Medical staff remuneration	1,631,574	1,791,823
Drugs	1,000,166	932,563
Medical and surgical	464,793	463,890
Supplies and other	5,248,058	4,983,886
Amortization - equipment	1,136,068	716,006
	<u>28,877,989</u>	<u>26,513,173</u>
Excess (deficiency) of revenue over expenses before the undernoted	(300,063)	454,267
Ministry of Health pandemic funding	1,652,580	-
Excess of revenue over expenses from Hospital Operations	1,352,517	454,267
Amortization - deferred capital contributions for buildings, land improvements and building service equipment	518,088	493,343
Amortization - building, land improvements and building service equipment	(838,238)	(819,455)
Excess of revenue over expenses before undernoted items	1,032,367	128,155
Working capital relief	1,584,000	-
Specifically funded programs:		
Revenue	99,913	119,462
Expenses	(99,913)	(119,462)
Excess of revenue over expenses - specifically funded programs	-	-
Excess of revenue over expenses	\$ 2,616,367	\$ 128,155

BLANCHE RIVER HEALTH

Schedule C - Statement of Operations - by Site

Year ended ended March 31, 2021

	April 1 - September 30		October 1 - March 31		Total
	Englehart Site	Kirkland Lake Site	Blanche River Health		
Revenue:					
North East Local Health Integration Network and Ministry of Health	\$ 4,178,858	\$ 11,191,103	\$ 17,310,217	\$ 32,680,178	
Patient services	83,500	472,913	451,688	1,008,101	
Preferred accommodations	95,722	84,237	188,317	368,276	
Other	516,463	1,310,918	1,917,837	3,745,218	
Amortization - deferred capital contributions for equipment	95,925	275,115	394,841	765,881	
	4,970,468	13,334,286	20,262,900	38,567,654	
Expenses:					
Salaries and wages	2,462,261	7,198,976	9,508,210	19,169,447	
Employee benefits	713,818	2,490,771	2,693,824	5,898,413	
Medical staff remuneration	690,569	771,812	1,582,922	3,045,303	
Drugs	69,118	433,437	640,506	1,143,061	
Medical and surgical	69,101	218,184	311,250	598,535	
Supplies and other	845,060	2,448,578	4,020,574	7,314,212	
Amortization - equipment	190,998	557,014	775,478	1,523,490	
	5,040,925	14,118,772	19,532,764	38,692,461	
Excess (deficiency) of revenue over expenses before the undermc	(70,457)	(784,486)	730,136	(124,807)	
Ministry of Health pandemic funding	316,115	1,007,032	1,018,739	2,341,886	
Excess of revenue over expenses from Hospital Operations	245,658	222,546	1,748,875	2,217,079	
Amortization - deferred capital contributions for buildings, land improvements and building service equipment	90,423	259,372	349,595	699,390	
Amortization - building, land improvements and building service equipment	(120,286)	(417,309)	(541,999)	(1,079,594)	
Excess of revenue over expenses before undermoted items	215,795	64,609	1,556,471	1,836,875	
Working capital relief	-	-	1,910,600	1,910,600	
Specifically funded programs:					
Revenue	1,275	49,381	53,082	102,463	
Expenses	(1,275)	(49,381)	(53,082)	(102,463)	
Excess of revenue over expenses - specifically funded program	-	-	-	-	
Excess of revenue over expenses	\$ 215,795	\$ 64,609	\$ 3,467,071	\$ 3,747,475	

BLANCHE RIVER HEALTH

Schedule D - Statement of Financial Position by Site

As at March 31, 2021

	Englehart Site	Kirkland Lake Site	Total
Assets			
Current assets:			
Cash	\$ 2,150,331	\$ 617,656	\$ 2,767,987
Cash - restricted	-	1,953,923	1,953,923
Short-term investments	9,881	-	9,881
Accounts receivable	1,424,493	3,946,033	5,370,526
Inventories	159,933	745,865	905,798
Prepayments	67,267	374,013	441,280
	3,811,905	7,637,490	11,449,395
Due to/from other site	(333,333)	333,333	-
Long-term receivables	-	402,000	402,000
Restricted assets	101,001	-	101,001
Capital assets	5,172,849	14,350,700	19,523,549
	\$ 8,752,422	\$ 22,723,523	\$ 31,475,945
Liabilities, Deferred Contributions and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,221,587	\$ 5,244,055	\$ 7,465,642
Current portion of long-term debt	1,117	391,965	393,082
	2,222,704	5,636,020	7,858,724
Long-term debt	-	2,095,487	2,095,487
Employee post-retirement benefits	167,752	2,667,675	2,835,427
Deferred capital contributions	4,180,774	8,456,315	12,637,089
	6,571,230	18,855,497	25,426,727
Net assets	2,181,192	3,868,026	6,049,218
	\$ 8,752,422	\$ 22,723,523	\$ 31,475,945