

# **Espanola General Hospital**

## **Financial Statements**

**Year ended March 31, 2025**


## MANAGEMENT RESPONSIBILITY STATEMENT

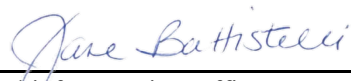
The accompanying financial statements of the Espanola General Hospital (“the Hospital”) are the responsibility of the Hospital’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Hospital. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital’s financial statements.

  
\_\_\_\_\_  
Chair, Board of Directors  
May 26, 2025

  
\_\_\_\_\_  
Chief Executive Officer



## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of  
**Espanola General Hospital**

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of **Espanola General Hospital**, which comprise the statement of financial position as at **March 31, 2025**, and the statements of operations, remeasurement gains and losses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at **March 31, 2025**, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Opinion*

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT, continued

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

## INDEPENDENT AUDITOR'S REPORT, continued

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

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Espanola, Ontario  
May 26, 2025

# Espanola General Hospital

## Statement of Financial Position

March 31, 2025 with comparative figures for 2024

	2025 \$	2024 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	3,968,041	3,703,828
Accounts receivable	2,495,659	1,997,095
Inventories	334,825	311,400
Prepaid expenses	313,855	245,077
	7,112,380	6,257,400
<b>Portfolio investments (note 3)</b>	3,873,760	3,606,829
<b>Capital assets (note 4)</b>	21,577,711	14,436,335
<b>Capital expenditures for projects in progress</b>	566,200	8,097,548
	33,130,051	32,398,112
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Demand operating loan (note 5)	-	1,385,500
Accounts payable and accrued liabilities (note 6)	6,577,578	6,198,066
Current portion of long-term debt	200,000	-
	6,777,578	7,583,566
<b>Long-term debt (note 7)</b>	1,733,334	-
<b>Deferred contributions for capital assets (note 8)</b>	15,713,420	14,987,461
<b>Post-employment benefits (note 9)</b>	847,062	838,566
	25,071,394	23,409,593
<b>Net Assets</b>		
Invested in capital assets (note 10)	6,430,491	7,546,422
Internally restricted for the acquisition of capital assets	-	(15,604)
Unrestricted	1,815,170	1,764,226
	8,245,661	9,295,044
<b>Accumulated remeasurement losses</b>	(187,004)	(306,525)
<b>Total net assets</b>	8,058,657	8,988,519
	33,130,051	32,398,112

Contingent liability (note 11)

# Espanola General Hospital

## Statement of Operations

Year ended March 31, 2025 with comparative figures for 2024

	2025	2024
	\$	\$
<b>Revenues</b>		
<b>Ministry of Health:</b>		
Hospital operations	18,736,109	18,310,628
<b>Sources other than Ministry of Health:</b>		
Recoveries and other revenues	3,590,687	3,395,974
Other patient revenue	1,961,774	1,748,468
Co-payments	649,137	617,310
Preferred accommodations	44,730	42,246
Gain on disposal of capital assets	365	-
Amortization of deferred contributions for allowable capital assets	103,820	128,241
	25,086,622	24,242,867
<b>Expenses</b>		
Salaries and wages	12,048,809	11,238,973
Supplies and services	5,215,713	4,830,082
Medical staff remuneration	3,567,884	3,196,278
Employee benefits	3,211,271	3,279,045
Amortization of allowable capital assets	745,735	509,454
Medical and surgical supplies	204,851	208,681
Drugs and medical gases	202,486	154,556
Bad debts	30,724	23,904
	25,227,473	23,440,973
<b>Excess (deficiency) of revenues over expenses before undernoted items</b>	(140,851)	801,894
<b>Other Revenues</b>		
Long-term care program (schedule 1)	4,558,979	3,732,454
Realized investment income on portfolio investments internally restricted for the acquisition of capital assets (note 15)	137,407	158,735
Realized loss on sale of portfolio investments internally restricted for the acquisition of capital assets (note 15)	-	(123,895)
Other votes and programs (note 12)	828,805	740,513
Amortization of deferred contributions for non-allowable capital assets	516,829	509,475
	6,042,020	5,017,282
<b>Other Expenses</b>		
Long-term care program (schedule 1)	5,403,820	4,779,581
Other votes and programs (note 12)	827,332	741,529
Amortization of non-allowable capital assets	719,400	713,321
	6,950,552	6,234,431
<b>Deficiency of revenues over expenses</b>	(1,049,383)	(415,255)

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**Espanola General Hospital****Statement of Remeasurement Gains and Losses****Year ended March 31, 2025 with comparative figures for 2024**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Accumulated remeasurement losses, beginning of year	(306,525)	(417,009)
Unrealized gains (losses) attributable to portfolio investments	119,521	(13,411)
Realized loss attributable to portfolio investments transferred to the statement of operations	-	123,895
<b>Accumulated remeasurement losses, end of year</b>	<b>(187,004)</b>	<b>(306,525)</b>



**Espanola General Hospital****Statement of Changes in Net Assets****Year ended March 31, 2025 with comparative figures for 2024**

	Invested in capital assets	Internally restricted for acquisition of capital assets	Unrestricted			2025	2024
			Queensway Place Operations	Hospital Operations	Long-Term Care Operations		
\$	\$	\$	\$	\$	\$	\$	
(note 10)	(note 15)	(note 16)		(schedule 1)			
Net assets, beginning of year	7,546,422	(15,604)	660,454	10,168,283	(9,064,511)	9,295,044	9,710,299
Excess (deficiency) of revenues over expenses	(849,360)	137,407	118,117	384,055	(839,602)	(1,049,383)	(415,255)
Transfers for net assets invested in capital assets	(266,571)	(121,803)	-	388,374	-	-	-
Net assets, end of year	6,430,491	-	778,571	10,940,712	(9,904,113)	8,245,661	9,295,044

# **Espanola General Hospital**

## **Statement of Cash Flows**

**Year ended March 31, 2025 with comparative figures for 2024**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Operating transactions</b>		
Cash provided by (used for):		
Deficiency of revenues over expenses	(1,049,383)	(415,255)
Items not involving cash		
Amortization of capital assets	1,766,485	1,327,965
Amortization of deferred contributions for capital assets	(916,760)	(735,977)
Loss on sale of portfolio investments	-	123,895
Gain on disposal of capital assets	(365)	-
	(200,023)	300,628
Net change in operational working capital		
Accounts receivable	(498,564)	(300,071)
Inventories	(23,425)	12,790
Prepaid expenses	(68,778)	49,522
Accounts payable and accrued liabilities	379,512	563,973
Post-employment benefits	8,496	(18,605)
	(402,782)	608,237
<b>Investing transactions</b>		
Change in portfolio investments	(147,410)	1,320,140
<b>Capital transactions</b>		
Purchase of capital assets	(296,988)	(521,564)
Purchase of construction projects in progress capital assets	(1,079,160)	(4,009,607)
	(1,376,148)	(4,531,171)
<b>Financing transactions</b>		
Demand operating loan	(1,385,500)	750,000
Proceeds of long-term debt	2,000,000	-
Repayments on long-term debt	(66,666)	-
Deferred contributions for capital assets received	1,642,719	3,048,249
	2,190,553	3,798,249
Net increase in cash	264,213	1,195,455
<b>Cash, beginning of year</b>	<b>3,703,828</b>	<b>2,508,373</b>
<b>Cash, end of year</b>	<b>3,968,041</b>	<b>3,703,828</b>

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# **Espanola General Hospital**

## **Notes to the Financial Statements**

**Year ended March 31, 2025 with comparative figures for 2024**

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### **1. Nature of operations**

Espanola General Hospital (“the Hospital”) is principally involved in providing health care services to the residents of the Espanola area. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income tax.

### **2. Significant accounting policies**

The financial statements of the Hospital are prepared using Canadian public sector accounting standards, including the PS 4200 series of standard applicable to government not-for-profit organizations, as issued by the Public Sector Accounting Board. The significant accounting policies are detailed as follows:

#### **(a) Revenue recognition**

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

The Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and the Ministry of Long-Term Care. These financial statements reflect agreed arrangements approved by the Ministries with respect to the year ended March 31, 2025.

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

Externally restricted contributions are recognized as revenue in the year 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 a rate corresponding with the amortization rate for the related capital assets.

Revenue from provincial insurance plan, preferred accommodation and marketed services are recognized when the goods are sold, or the service is provided.

Realized investment income is recognized as revenue when earned.

#### **(b) Contributed services**

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

#### **(c) Inventory**

Inventories are valued at the lower of cost and current replacement cost.

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# Espanola General Hospital

## Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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### 2. Significant accounting policies, continued

#### (d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its estimated realizable value.

Amortization is provided on assets placed into use on a straight-line basis over their estimated useful lives as follows:

Land improvements	5 to 25 years
Buildings	40 years
Equipment and software	5 to 20 years
Building service equipment	5 to 25 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Capital expenditures for projects in progress are not recorded as a capital asset or amortized until construction is complete and the asset is put into service.

#### (e) Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's policies for vacation, overtime and post-employment benefits.

#### (f) Retirement and post-employment benefits

The Hospital provides retirement and post-employment benefits to certain employee groups. These benefits include pension, extended health and dental benefits. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of post-employment benefits are determined using management's best estimate of health care costs, employee turnover rates and discount rates. Adjustments to these costs arising from plan amendments and changes in estimates are accounted for in the period of the amendment or change.
- (ii) The expense related to the multi-employer defined benefit pension plan are the employer's contributions to the plan in the year.
- (iii) The discount rate used in the determination of post-employment benefits is equal to the Hospital's internal rate of borrowing.

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**Espanola General Hospital**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

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**2. Significant accounting policies, continued**

**(g) Other entities**

The notes to the financial statements include information about the following entities:

One Health Information Technology Services  
Espanola General Hospital Auxiliary  
Espanola General Hospital Foundation

These entities are not consolidated.

**(h) Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are estimated useful lives of capital assets and the post-employment benefits liability.

**(i) Financial instruments**

The Hospital initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Hospital subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments in equity securities that are quoted in an active market or financial assets designated to the fair value category, which 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, at which point they are transferred to the statement of operations.

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, demand operating loan, accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include portfolio investments. The Hospital has designated its bond portfolio that would otherwise be classified into the amortized cost category, at fair value as the Hospital manages and reports performance on the portfolio on a fair value basis.

# Espanola General Hospital

## Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

### 3. Portfolio investments

	2025	2024
Investments at cost		
Bonds and debentures (including accrued interest)	\$ 2,548,365	\$ 2,484,049
Cash	1,512,399	1,429,305
	4,060,764	3,913,354
Investments at fair market value		
Bonds and debentures (including accrued interest)	2,361,361	2,177,524
Cash	1,512,399	1,429,305
	3,873,760	3,606,829
Accumulated remeasurement losses	\$ (187,004)	\$ (306,525)

The Hospital's portfolio investments include bonds and debentures which bear interest at varying rates between 2.82% and 6.22% per annum with maturity dates between December 2026 and April 2042.

Maturity profile of bonds held is as follows:

	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Fair market value	\$ -	\$ 1,100,322	\$ 270,759	\$ 990,280	\$ 2,361,361

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Market value of the Hospital's portfolio investments have been determined using Level 1 measures in the fair value hierarchy.

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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 4. Capital assets

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 129,275	\$ -	\$ 129,275	\$ -
Land improvements	1,688,231	1,308,950	1,688,231	1,271,198
Buildings	25,935,891	11,561,119	20,758,854	10,867,279
Equipment and software	14,212,349	10,006,168	10,958,461	9,276,759
Building service equipment	8,289,234	5,801,032	7,823,599	5,506,849
Leasehold improvements	270,796	270,796	270,796	270,796
	50,525,776	28,948,065	41,629,216	27,192,881
Net book value	\$ 21,577,711		\$ 14,436,335	

#### 5. Credit facilities

Toronto Dominion Bank has authorized a demand operating credit facility to a maximum of \$300,000 which is unsecured and bears interest at the bank's prime rate of interest less 0.75% per annum.

The Toronto Dominion Bank has also authorized an interim demand credit facility to a maximum of \$2,000,000 which is unsecured and bears interest at the bank's prime rate of interest less 0.85% per annum.

Finally, the Toronto Dominion Bank has authorized a single draw credit facility to a maximum of \$2,000,000 to retire the interim demand credit facility, unsecured and bears interest at the bank's prime rate of interest less 0.85% per annum, for a term of up to 20 years.

At March 31, 2025, \$NIL (2024 - \$1,385,500) has been drawn on the interim demand credit facility.

During the year the interim demand credit facility balance was retired and the balance was converted to the single draw credit facility (note 7).

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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 6. Accounts payable and accrued liabilities

	2025	2024
Payroll related accruals:		
Wages and payroll remittances	\$ 1,371,074	\$ 1,385,551
Vacation and statutory holiday pay	1,285,346	1,132,766
Total payroll related accruals	2,656,420	2,518,317
Payable to Ontario Ministry of Health	353,364	547,026
Payable to Ontario Ministry of Long-Term Care	899,321	809,108
Other payables and accrued liabilities	2,668,473	2,323,615
	\$ 6,577,578	\$ 6,198,066

#### 7. Long-term debt

	2025	2024
Toronto Dominion Bank Term loan payable, repayable at \$16,667 monthly plus interest at the bank's prime rate of interest less 0.85% per annum, unsecured and maturing November 2034	\$ 1,933,334	-
Less current portion	200,000	-
	\$ 1,733,334	-
Estimated principal repayments are as follows:		
2026	\$ 200,000	
2027	200,000	
2028	200,000	
2029	200,000	
2030	200,000	
Subsequent years	933,334	
	\$ 1,933,334	



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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 8. Deferred contributions for capital assets

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

	2025	2024
Balance, beginning of year	\$ 14,987,461	\$ 12,675,189
Additional contributions received	1,642,719	3,048,249
Amounts amortized to revenue	(916,760)	(735,977)
Balance, end of year	\$ 15,713,420	\$ 14,987,461

#### 9. Post employment benefits

Espanola General Hospital pays certain benefits on behalf of its retired employees. The Hospital recognizes these post-retirement costs in the period in which the employees rendered their services. The accrued benefit liability of \$847,062 (2024 - \$838,566) and the expense for the period ended March 31, 2025, in the amount of \$53,847 (2024 - \$28,597) were determined using a discount rate of 3.95% (2024 - 3.95%) per annum.

Information about Espanola General Hospital's defined benefit plan is as follows:

	2025	2024
Accrued benefit obligation, beginning of year	\$ 838,566	\$ 857,171
Expense for the period	53,847	28,597
Benefits paid for the period	(45,351)	(47,202)
Accrued benefit obligation, end of year	\$ 847,062	\$ 838,566

The main assumptions employed for the valuations are as follows:

(a) Interest (discount) rate:

The obligation as at March 31, 2025 for the present value of future liabilities and the expense for the period ended March 31, 2025 were determined using an annual discount rate of 3.95% (2024 - 3.95%) per annum.

(b) Benefits costs:

Dental costs were assumed to increase at a rate of 4.0% per annum and extended health care costs were assumed to increase at a rate of 5.5% per annum decreasing to a rate of 4.0% per annum over 15 years.

The post-employment benefits obligation was estimated based on an actuarial valuation performed as at March 31, 2025.

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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 10. Net assets invested in capital assets

	2025	2024
Net assets invested in capital assets are calculated as follows:		
Capital assets	\$ 21,577,711	\$ 14,436,335
Capital expenditures for projects in progress	566,200	8,097,548
	22,143,911	22,533,883
Deferred contributions for capital assets	15,713,420	14,987,461
Net assets invested in capital assets	\$ 6,430,491	\$ 7,546,422
	2025	2024
Change in net assets invested in capital assets is calculated as follows:		
Amortization of deferred contributions for capital assets	\$ 916,760	\$ 735,977
Gain on disposal of capital assets	365	-
Amortization of capital assets	(1,766,485)	(1,327,965)
	(849,360)	(591,988)
Purchase of capital assets	296,988	521,564
Expenditures for projects in progress	1,079,160	4,009,607
Deferred capital contributions received	(1,642,719)	(3,048,249)
Net investment in capital assets	(266,571)	1,482,922
Change in net assets invested in capital assets	\$ (1,115,931)	\$ 890,934

#### 11. Contingent liabilities

The Hospital was named as a defendant in a breach of contract claim totaling \$950,000. This claim is being contested by the Hospital and that process remains ongoing. At this time it is not possible to predict the ultimate outcome of this matter.

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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 12. Other votes and programs

	Revenue	Expenses	2024 Surplus
Community support services	\$ 824,155	\$ 822,682	1,473
Municipal taxes	4,650	4,650	-
	\$ 828,805	\$ 827,332	1,473

#### 13. 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 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 of annualised 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.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan indicates the Plan is fully funded.

Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$1,078,812 (2024 - \$1,058,601) and are included in the statement of operations.

At December 31, 2024, the HOOPP pension plan had total assets of \$240.5 billion (2023 - \$203.8 billion) and an accumulated surplus of \$10.4 billion (2023 - \$10.2 billion).

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# **Espanola General Hospital**

## **Notes to the Financial Statements**

**Year ended March 31, 2025 with comparative figures for 2024**

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### **14. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The Hospital is exposed to the following risks in relation to financial instruments and transactions it is a party to:

#### **(a) Credit risk**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Hospital is exposed to this risk relating to its cash, portfolio investments and accounts receivable.

The Hospital manages credit risk relating to cash and portfolio investments by holding these financial assets with large reputable financial institutions with high credit ratings.

The Hospital is exposed to credit risk in accounts receivable, which includes patient, insurance, government and other receivables. The Hospital measures and manages its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's on-going monitoring of accounts receivable balances and collections.

#### **(b) Liquidity risk**

Liquidity risk is the risk that the Hospital cannot repay its obligations when they become due to its creditors. The Hospital is exposed to this risk relating to its accounts payable and accrued liabilities and long-term debt.

The Hospital reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash and investments to repay creditors as payables become due.

#### **(c) Interest rate risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to interest rate risk associated with its long-term debt interest, which is variable based on prime lending rates and fluctuates over time due to a variety of financial market factors. Changes in the long-term debt interest rate may cause future changes in interest expenses and associated cash flows and excess (deficiency) of revenue over expenses.

There have been no significant changes from the previous year in policies, procedures and methods used to measure this risk.

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# **Espanola General Hospital**

## **Notes to the Financial Statements**

**Year ended March 31, 2025 with comparative figures for 2024**

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### **14. Financial instruments, continued**

#### **(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

##### **(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Hospital does not have material transactions or financial instruments denominated in foreign currencies.

##### **(ii) Interest rate risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its interest-bearing investments.

The Hospital's bond portfolio has interest rates and maturities as detailed in note 3 to the financial statements. The Hospital does not use derivative instruments to reduce its exposure to interest rate risk.

##### **(iii) Other price risk**

Other price risk is the uncertainty associated with the valuation of financial assets arising from changes in equity markets. The Hospital does not have material equity holdings within its investment portfolio.

##### **(iv) There have not been significant changes from the previous year in the exposure to any of the above market risks or policies, procedures and methods used to measure these risks.**

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## **Espanola General Hospital**

### **Notes to the Financial Statements**

**Year ended March 31, 2025 with comparative figures for 2024**

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**15. Internal restrictions for capital assets**

The Board of Directors has restricted net assets for the acquisition of capital assets. This internally restricted amount is not available for other purposes without approval by the Board of Directors.

Investment income recorded in the statement of operations is calculated as follows:

	2025	2024
Total portfolio investment income	\$ 137,407	\$ 158,735
Loss on disposal of portfolio investments	-	(123,895)
Less: amounts internally restricted for the purchase of capital assets	(137,407)	(34,840)
	\$ -	\$ -

**16. Queensway Place**

Queensway Place is a supportive housing program of the Hospital which is designed to be self-supporting over the long term. The program tracks revenues and expenses and each year the Board segregates the portion of surplus or deficit which pertains to Queensway Place.

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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 17. ONE Health Information Technology Services

ONE Health Information Technology Services (ONE HITS) is a shared service organization established for the purposes of providing technology, information systems and related capital implementation and support services to participating member hospitals (the members) in Northeastern Ontario on a cost recovery basis through a Master Services Agreement and a Membership Agreement. The Hospital is a member of ONE HITS and is responsible for a 1.38% proportionate share of its financing requirements. In turn, ONE HITS provides the Hospital with access to shared software platforms and information technology solutions for an initial term of ten years to December 31, 2031, and will automatically renew for additional five year renewal terms unless terminated by the members. The Hospital accounts for its interest in ONE HITS using the modified equity method.

Financial summaries of ONE HITS at March 31 are as follows:

	2025	2024
Assets:		
Current assets	\$ 19,884,611	\$ 19,641,329
Capital assets	30,617,479	26,951,105
	50,502,090	46,592,434
Liabilities:		
Current liabilities	13,498,497	17,636,234
Non-current liabilities	37,003,593	28,956,200
	50,502,090	46,592,434
Net assets	\$ -	\$ -

	2025	2024
Results of operations:		
Total revenue	\$ 16,087,528	\$ 12,019,379
Total expenses	(16,087,528)	(12,019,379)
Excess of revenue over expenses	\$ -	\$ -

Included in accounts payable and accrued liabilities at March 31, 2025 are amounts owing to ONE HITS of \$114,697 (2024 - \$23,840).

Included in capital assets - equipment and software at March 31, 2025 are capital assets with a cost of \$765,982 and accumulated amortization of \$57,449 and a net carrying amount of \$708,533 representing the Hospital's capital contributions to ONE HITS.

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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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18. **Espanola General Hospital Auxiliary**

The Espanola General Hospital Auxiliary is an ancillary volunteer organization. Under their constitutions and by-laws, the stated purpose of the Auxiliary is to assist the Espanola General Hospital. The Auxiliary is managed by an Executive Board elected by the members.

The financial statements of the Auxiliary have not been consolidated in the Espanola General Hospital financial statements. Financial statements of the auxiliary are available upon request. Financial summaries of the Auxiliary at March 31 are as follows:

	2025	2024
Financial Position		
Total assets	\$ 50,011	\$ 44,474
	2025	2024
Results of Operations		
Total revenues	\$ 54,685	\$ 50,733
Total expenditures	(49,148)	(29,241)
Excess of revenues over expenditures	\$ 5,537	\$ 21,492



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## Espanola General Hospital

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 19. Espanola General Hospital Foundation

The Foundation is incorporated without share capital under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada). The Espanola General Hospital Foundation raises funds from the community for the benefit of the Hospital.

The financial statements of the Foundation have not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available upon request. Financial summaries of the Foundation at March 31 are as follows:

	2025	2024
Financial Position:		
Total assets	\$ 168,970	\$ 261,471
Total liabilities	(12,322)	(215,266)
Net assets	\$ 156,648	\$ 46,205
	2025	2024
Results of Operations:		
Total revenues	\$ 160,037	\$ 297,714
Total expenditures	(49,594)	(310,877)
Unrealised gain (loss) on investments	-	21,336
Excess of revenues over expenditures	\$ 110,443	\$ 8,173

During the year, amounts not separately disclosed in the financial statements include the following:

An amount receivable of \$NIL (2024 - \$210,000) has resulted from the Hospital paying for expenses of the Foundation on their behalf in excess of amounts reimbursed. The amount is included in accounts receivable on the statement of financial position.

An amount of \$2,548 (2024 - \$233,225) has been donated by the Foundation to the Hospital.

#### 20. Comparative figures

The financial statements have been reclassified where applicable, to conform to the presentation adopted in the current year. The changes do not affect the prior year deficiency of revenues over expenses.

**Espanola General Hospital****SCHEDULE 1****Schedule of Long-Term Care Operations****Year ended March 31, 2025 with comparative figures for 2024**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues:</b>		
Ministry of Long-Term Care - Operations	3,425,082	2,863,293
Co-payments	728,393	669,502
Preferred accommodations	70,272	64,290
Recoveries and other revenue	39,121	37,108
Amortization of deferred contributions for capital assets	296,111	98,261
	<b>4,558,979</b>	<b>3,732,454</b>
<b>Expenses:</b>		
<b>Medical Remuneration</b>	<b>16,732</b>	<b>15,844</b>
<b>Nursing Expenses</b>		
Salaries and benefits	2,892,993	2,707,498
Supplies and other	290,209	196,032
<b>Program and Support</b>		
Salaries and benefits	283,763	179,836
Supplies and other	51,269	57,317
<b>Accommodation Expenses</b>		
Salaries and benefits	1,159,965	1,116,093
Supplies and other	201,654	143,952
Food costs	152,690	139,059
Plant operations	100,619	95,424
Bad debts	(47,424)	23,336
Amortization of capital assets	301,350	105,190
	<b>5,403,820</b>	<b>4,779,581</b>
<b>Deficiency of revenues over expenses</b>	<b>(844,841)</b>	<b>(1,047,127)</b>