

**TILLSONBURG DISTRICT
MEMORIAL HOSPITAL**

FINANCIAL STATEMENTS

For the year ended March 31, 2023

**TILLSONBURG DISTRICT
MEMORIAL HOSPITAL**

For the year ended March 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tillsonburg District Memorial Hospital

Opinion

We have audited the financial statements of Tillsonburg District Memorial Hospital (the 'Hospital'), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets, remeasurement gains and losses 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, 2023, and its results of operations, remeasurement gains and losses 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 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 relating 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.


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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



June 13, 2023
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
ASSETS		
Current Assets		
Cash and bank	1,537,694	3,598,860
Short term investments (Note 5)	13,923,220	12,522,341
Accounts receivable (Note 6)	4,775,990	2,707,289
Prepaid supplies	290,017	253,844
Prepaid expenses	293,868	286,615
	20,820,789	19,368,949
Long Term Investments (Note 7)	5,380,226	5,516,541
Capital Assets (Note 8)	18,547,789	17,625,004
	44,748,804	42,510,494
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	9,610,026	8,023,684
Government remittances payable	901	1,185
	9,610,927	8,024,869
Employee Future Benefits (Note 4)	1,351,057	1,395,018
Deferred Contributions Related to:		
Capital Assets (Note 13)	11,585,583	11,114,058
Deferred Contributions (Note 14)	4,953,657	4,994,860
Asset Retirement Obligations (Note 11)	1,249,330	-
	28,750,554	25,528,805
NET ASSETS		
Invested in capital assets (Note 15(a))	5,756,291	6,510,946
Unrestricted - Page 5	10,016,620	9,713,395
Remeasurement gains and losses - Page 6	225,339	757,348
	15,998,250	16,981,689
	44,748,804	42,510,494

Approved on behalf of the Board of Directors

 Director

 Director

See accompanying notes

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

STATEMENT OF OPERATIONS

For the year ended March 31	2023	2022
Revenue		
Ministry of Health	32,708,535	28,350,773
Preferred accommodation	9,970	13,200
Out patients	3,120,148	2,965,725
Chronic Care Co-payment	29,162	89,268
Other	1,812,739	1,579,274
Investment income (Note 16)	360,151	276,172
Amortization of deferred contributions related to capital assets	1,000,750	924,914
	39,041,455	34,199,326
Expenses		
Salaries, wages and medical staff remuneration	24,288,885	20,762,105
Employee benefits	4,638,531	4,465,621
Medical and surgical supplies	1,945,368	1,371,370
Drugs	738,939	679,413
Other supplies and expenses	6,035,355	5,087,712
Accretion expense	43,413	-
Amortization of capital assets	1,802,394	1,460,818
	39,492,885	33,827,039
Excess (Deficiency) of Revenue over Expenses	(451,430)	372,287

See accompanying notes

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31	Invested In Capital Assets	Unrestricted	2023	2022
Balance - beginning of year	6,510,946	9,713,395	16,224,341	15,852,054
Excess (Deficiency) of Revenue over Expenses (Note 15(b))	(801,644)	350,214	(451,430)	372,287
Net change in investment in capital assets (Note 15(b))	46,989	(46,989)	-	-
Balance - end of year	5,756,291	10,016,620	15,772,911	16,224,341

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended March 31	2023	2022
Accumulated Remeasurement Gains and (Losses) - beginning of year	757,348	462,085
Changes in unrealized gains (losses) attributable to short term investments in the current year	(389,776)	203,358
Change in unrealized gains (losses) attributable to long term investments in the current year	(142,233)	91,905
Accumulated Remeasurement Gains (Losses) - end of year	225,339	757,348

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

For the year ended March 31	2023	2022
Cash Flows From Operating Activities		
Excess (deficiency) of Revenue over Expenses	(451,430)	372,287
Charges (credits) not involving cash		
Amortization of capital assets	1,802,394	1,460,818
Amortization of deferred contributions related to capital assets	(1,000,750)	(924,914)
Accretion expense	43,413	-
Unrealized gain (loss) on investments	(532,009)	295,263
	(138,382)	1,203,454
Net change in non-cash working capital balances related to operations (Note 9)	(567,269)	3,908,180
	(705,651)	5,111,634
Cash Flows From Financing and Investing Activities		
Increase in investments	(1,264,565)	(3,940,353)
Increase in deferred contributions related to capital assets	1,472,275	955,897
Decrease in employee future benefits	(43,961)	(27,667)
	163,749	(3,012,123)
Cash Flows From Capital Activities		
Purchase of capital assets	(1,519,264)	(1,611,244)
Net Decrease in Cash and Bank	(2,061,166)	488,267
Cash and Bank - Beginning of Year	3,598,860	3,110,593
Cash and Bank - End of Year	1,537,694	3,598,860

See accompanying notes

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

1. STATUS AND NATURE OF ACTIVITIES

Tillsonburg District Memorial Hospital is incorporated without share capital under the laws of Ontario and provides health care and hospital services to residents of Tillsonburg and the surrounding communities. The Hospital is a registered charity under the income tax act and accordingly is exempt from income taxes, provided certain requirements are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

(a) Use of Estimates

The preparation of financial statements in conformity with PSAB for Government NPOs 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 reported amounts of revenues and expenses during the period. In estimating the net realizable value of the accounts receivable and in estimating accrued liabilities, as well as general business and economic conditions that prevail, and are expected to prevail, actual results could differ from those estimates.

In addition, the Hospital's implementation of *PS3280 Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(b) Revenue Recognition

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of an accounting period, are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2023.

Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments

The Hospital classified its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

Fair Value

This category includes cash and cash equivalents and investments which are initially recognized at fair value and subsequently carried 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 related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

This category includes accounts receivable and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write down being recognized in the statement of operations.

(d) Prepaid Supplies

Prepaid supplies are valued at the lower of cost and net realizable value, with cost being determined on the first-in, first-out basis.

(e) Capital Assets

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on a straight-line basis using the following annual rates:

Building	2.5%
Equipment	5% - 20%

Capital assets under development are not subject to amortization.

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Contributed Services

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

(g) Employer Future Benefits and Pension Plan

Multi-employer plan

Substantially all of the employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan ("HOOPP") a multi-employer, defined benefit pension plan. Plan members will receive benefits based on the length of service and on the average annualised earnings during the five consecutive years prior to retirement, termination or death, that provides the highest earnings. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospitals and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit.

Employee future benefits

Included in the employee benefits is an expense for the Hospital's employee future benefits. The Hospital uses the statement of financial position of March 31 as the measurement date.

(h) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to a liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in the building owned by the Hospital has been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital asset. The increase to the tangible capital asset is being amortized in accordance with the depreciation accounting policies outlined in 2(e).

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. FINANCIAL INSTRUMENT CLASSIFICATION

The Hospital's financial instruments are initially recognized at fair value and then subsequently measured as follows:

Assets/Liabilities	Measurement Category
Cash	Fair Value
Investments	Fair Value
Accounts Receivable	Amortized Cost
Accounts Payable and Accrued Liabilities	Amortized Cost

The following classification system is used to describe the basis of the inputs used to measure the fair value of financial instruments in the fair value measurement category:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Cash and investments are measured as Level 1 financial instruments.

4. CHANGE IN ACCOUNTING POLICIES

(a) PS 3280 - Asset Retirement Obligations:

On April 1, 2022, the Hospital adopted Public Accounting Standard *PS 3280 - Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on a prospective basis at the date of adoption.

On April 1, 2022, the Hospital recognized an additional asset retirement obligation relating to a building owned by the Hospital that contains asbestos. The liability was measured as of the date the building was purchased and when the liability was assumed. The building has an expected useful life of 40 years, and the estimate has not been changed since purchase.

In accordance with the provisions of the new standard, the Hospital reflected the following adjustments at April 1, 2022:

- Asbestos obligation:
 - An increase of \$1,205,917 to the Buildings capital asset account, and
 - An asset retirement obligation in the amount of \$1,205,917.

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

5.	SHORT TERM INVESTMENTS	2023 Cost	2023 Market	2022 Cost	2022 Market
	Short term investments	13,807,402	13,923,220	12,016,747	12,522,341
6.	ACCOUNTS RECEIVABLE			2023	2022
	Total			4,906,057	2,728,770
	Less: Allowance for doubtful accounts			(130,067)	(21,481)
				4,775,990	2,707,289
7.	LONG TERM INVESTMENTS	2023 Cost	2023 Market	2022 Cost	2022 Market
	Restricted	694,815	747,373	692,021	755,849
	Unrestricted	4,575,891	4,632,853	4,572,767	4,760,692
		5,270,706	5,380,226	5,264,788	5,516,541
8.	CAPITAL ASSETS	Cost	Accumulated Amortization	2023	2022
	Land and land improvements	1,005,248	-	1,005,248	1,005,248
	Capital assets under development	422,771	-	422,771	581,212
	Building	24,378,221	12,575,823	11,802,398	10,614,193
	Equipment	24,756,873	21,078,234	3,678,639	3,785,618
		50,563,113	33,654,057	16,909,056	15,986,271
	Real estate held for future use	1,638,733	-	1,638,733	1,638,733
		52,201,846	33,654,057	18,547,789	17,625,004

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

9. CASH FLOW FROM OPERATIONS	2023	2022
Accounts receivable	(2,068,702)	(570,368)
Prepaid supplies	(36,173)	27,691
Prepaid expenses	(7,253)	(113,724)
Accounts payable and accrued liabilities	1,586,061	4,216,728
Deferred contributions	(41,202)	347,853
	(567,269)	3,908,180

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2023	2022
Accounts payable	7,460,771	6,582,462
Salaries, wages and benefits, other	2,149,255	1,441,222
	9,610,026	8,023,684

11. ASSET RETIREMENT OBLIGATION

(a) Asbestos obligation

The Hospital owns and operates a building that is known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS3280 - Asset Retirement Obligations*, the Hospital recognized an obligation relating to the removal and post-removal care of the asbestos in this building as estimated at April 1, 2022. The building had an estimated useful life of 40 years when they purchased, of which 7 remain. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have been discounted to the present value using a discount rate of 3.60% per annum.

Changes to the asset retirement obligation in the year are as follows:

	Balance at March 31, 2023
Opening balance	1,205,917
Accretion expense	43,413
Closing balance	1,249,330

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

12. EMPLOYEE FUTURE BENEFITS

(a) Other Employee Future Benefits

The Hospital has an unfunded defined benefit dental, life insurance and health care plan for eligible retirees and their dependents. The Hospital uses the statement of financial position date of March 31 as the measurement date. The most recent actuarial valuation of the employee future benefits for funding purposes was performed as at March 31, 2023. The 2023 expense is based on the results of the March 31, 2021 actuarial valuation, extrapolated forward using a discount rate assumption of 2.90% per annum. The 2023 year end disclosures are based on the March 31, 2023 actuarial valuation using a discount rate assumption of 4.05% per annum. The plan is a defined benefit plan funded on a cash basis by contributions from the Hospital and certain retirees.

The post-retirement benefits as at March 31 include the following components:

	2023	2022
Accrued benefit obligation	1,395,018	1,422,685
Unamortized net actuarial gain (loss)	(43,961)	(27,667)
Post-retirement benefit liability	1,351,057	1,395,018
	2023	2022
Post-retirement liability, beginning of year	1,395,018	1,422,685
Current service cost	71,997	74,500
Interest cost	35,490	31,254
Amortization of net actuarial (gain)/loss	(40,407)	(35,581)
	1,462,098	1,492,858
Non-pension post-retirement funding contributions by the Hospital	(111,041)	(97,840)
Non-pension post-retirement funding contributions by the retiree	-	-
Post-retirement liability, end of year	1,351,057	1,395,018

Significant assumptions

	2023	2022
Discount rate	4.05%	2.90%
Dental trend rates	5.20%	4.98%
Withdrawal rate	Age based on rate table	Age based on rate table
Expected average remaining service life - years	5	5
Extended health care trend rates	7.00% in 2021 decreasing by 0.15% per annum to 4.00%	7.00% in 2021 decreasing by 0.15% per annum to 4.00%

The expected and actual return on plan assets during the period is nil as the plan is funded on a cash basis.

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

12. EMPLOYEE FUTURE BENEFITS (continued)

(b) Multi-Employer Plan

Employer contributions made to the plan during the year by the Hospital amounted to \$1,371,474 (2022 - \$1,365,045). These amounts are included as part of employee future benefits expense in the Statement of Operations. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2022 disclosed net assets available for benefits of \$103,674,000 with accrued benefits obligations of \$92,721,000, resulting in a going concern surplus of \$10,953,000.

13. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

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

	2023	2022
Balance - beginning of year	11,114,058	11,293,475
Additional contributions received	1,472,275	955,897
Less: disposal of capital assets	-	(210,400)
Less: amounts amortized to revenue	(1,000,750)	(924,914)
	11,585,583	11,114,058

14. DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent amount of donations and grants received for the purchase of capital assets. The balance is comprised of as follows:

	2023	2022
Balance - beginning of year	4,994,860	4,647,007
Net investment income and other deposits	(41,203)	347,853
	4,953,657	4,994,860

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

15. INVESTED IN CAPITAL ASSETS	2023	2022
(a) Invested in capital assets is calculated as follows:		
Net book value of capital assets	18,547,789	17,625,004
Less: amount capitalized for asset retirement obligation	(1,205,915)	-
Amounts financed by deferred contributions	(11,585,583)	(11,114,058)
	5,756,291	6,510,946
(b) Change in net assets invested in capital assets is calculated as follows:		
Amortization of deferred contributions related to capital assets	1,000,750	924,914
Amortization of capital assets	(1,802,394)	(1,460,818)
	(801,644)	(535,904)
Net change in investment in capital assets		
Purchase of capital assets	1,519,264	1,611,244
Amounts funded by deferred contributions	(1,472,275)	(955,897)
	46,989	655,347
16. INVESTMENT INCOME	2023	2022
Interest	73,879	75,328
Dividends	305,568	176,471
Realized (loss) gain on disposal of investments	(19,296)	24,373
	360,151	276,172

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

17. RELATED PARTY TRANSACTIONS

The Hospital has an economic interest in the Tillsonburg District Memorial Hospital Foundation (the Foundation). As of March 31, 2023, the Foundation held net assets of \$10,117,755 (2022 - \$8,241,310), the benefits of which are to be used for capital assets purchases and other activities of the Hospital. During the year, the Foundation granted \$1,081,860 (2022 - \$449,987) to the Hospital to purchase capital assets.

The Hospital has an economic interest in the Tillsonburg District Memorial Hospital Volunteer Association (the Association). As at March 31, 2023, the Association held net assets of \$22,870 (2022 - \$27,800), the benefits of which are to be used to support activities of the Hospital. During the year, the Association granted \$29,000 (2022 - \$nil) to the Hospital to purchase capital assets.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Recognition and Measurement

All financial instruments are initially recorded on the statement of financial position at fair value. Investments in equity instruments that are quoted in a active market are subsequently measured at fair value. All other financial instruments are measured at amortized cost.

The Hospital has also identified the following financial risks:

Credit Risk

The Hospital is exposed to credit risk with respect to its accounts receivable. The risk of significant credit loss is considered remote. The Hospital assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Interest Rate Risk

The Hospital's exposure to interest rate risk relates to its short term investments, long term investments and employee future benefits. (See Notes 5, 7 and 12).

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade accounts payable and accrued liabilities are generally paid within 30 days.

19. ECONOMIC DEPENDENCE

The Hospital received 83.8% of its revenue for the year ended March 31, 2023 (2022 - 82.9%) from the Ministry of Health and Long Term Care.

TILLSONBURG DISTRICT MEMORIAL HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

20. COVID-19 PANDEMIC

Prior to and subsequent to year end, the Hospital has been impacted by the effects of the world-wide coronavirus pandemic. The Hospital is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impacts of this unprecedented situation.

Additional financial costs incurred as a result of COVID-19 are being tracked by the Hospital. The Hospital has received additional funding from the Ministry of Health to cover these costs.

The above impacts to expenses and revenues will carry over to fiscal 2024 and it is not possible to determine the ultimate financial impact to the Hospital at this time.