

Financial Statements of

**ORILLIA SOLDIERS'  
MEMORIAL HOSPITAL**

And Independent Auditors' Report thereon  
Year ended March 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Directors of Orillia Soldiers' Memorial Hospital

### ***Opinion***

We have audited the financial statements of Orillia Soldiers' Memorial Hospital (the Hospital), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2020, and its results of operations and its cash flows year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our 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 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.

### ***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.
- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 26, 2020

# ORILLIA SOLDERS' MEMORIAL HOSPITAL

## Statement of Operations

Year ended March 31, 2020, with comparative information for 2019  
(in thousands of dollars)

	2020	2019
Revenue:		
North Simcoe Muskoka Local Health Integration Network and Ministry of Health (note 2)	\$ 116,844	113,622
Patient services	9,572	8,966
Other	6,614	6,967
Specifically funded programs (note 3)	3,556	3,587
Amortization of deferred capital contributions (note 4)	1,082	1,065
	137,668	134,207
Expenses:		
Salaries and wages	66,700	66,877
Employee benefits	18,211	18,486
Medical staff remuneration	10,779	10,389
Drugs	5,563	4,670
Medical and surgical	8,450	8,293
Amortization of equipment	2,702	2,728
Other supplies and services	18,532	18,188
Specifically funded programs (note 3)	3,556	3,587
	134,493	133,218
Excess of revenue over expenses from hospital operations	3,175	989
Amortization of property, plant and equipment	(3,515)	(3,540)
Amortization of deferred contributions (note 4)	2,690	2,666
Excess of revenue over expenses	\$ 2,350	115

See accompanying notes to financial statements

# ORILLIA SOLDERS' MEMORIAL HOSPITAL

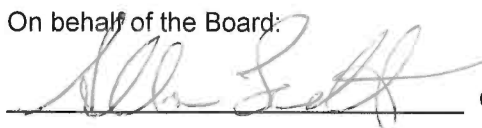
## Statement of Financial Position

March 31, 2020, with comparative information for 2019  
(in thousands of dollars)

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 7,792	4,673
Accounts receivable (note 5)	4,056	5,291
Inventories and prepaid expenses	2,676	2,191
	14,524	12,155
Property, plant and equipment (note 6)	113,742	112,484
	\$ 128,266	124,639
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current portion of bank indebtedness for capital expenditures (note 7)	\$ 1,360	831
Accounts payable and accrued liabilities (note 8)	18,241	18,450
Deferred contributions (note 9)	707	789
Current portion of obligations under capital leases (note 10)	103	72
	20,411	20,142
Bank indebtedness for capital expenditures (note 7)	3,484	1,116
Long-term obligations (note 11)	2,317	2,389
Employee post-retirement benefits (note 12)	5,946	6,050
Obligations under capital leases (note 10)	234	175
Deferred capital contributions (note 4)	79,889	81,132
	112,281	111,004
Net assets	15,985	13,635
Contingencies (note 13)		
Subsequent event (note 17)		
	\$ 128,266	124,639

See accompanying notes to financial statements

On behalf of the Board:

 Chair

# ORILLIA SOLDERS' MEMORIAL HOSPITAL

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019  
(in thousands of dollars)

	2020	2019
Net assets, beginning of year	\$ 13,635	13,520
Excess of revenue over expenses	2,350	115
Net assets, end of year	\$ 15,985	13,635

See accompanying notes to financial statements

# ORILLIA SOLDERS' MEMORIAL HOSPITAL

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019  
(in thousands of dollars)

	2020	2019
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 2,350	115
Adjustments for:		
Amortization of property, plant, and equipment	6,241	6,268
Amortization of deferred capital contributions	(3,796)	(3,731)
Loss on disposal of property, plant and equipment	15	6
Increase (decrease) in liability for employee post-retirement benefits	(104)	71
	4,706	2,729
Change in non-cash working capital:		
Decrease in accounts receivable	1,235	225
Increase in inventories and prepaid expenses	(485)	(335)
Decrease in accounts payable and accrued liabilities	(209)	(1,942)
Increase (decrease) in deferred contributions	(82)	263
	5,165	940
Cash flows from investing activities:		
Purchase of property, plant and equipment	(7,514)	(8,369)
Cash flows from financing activities:		
Payments on capital lease obligations	(97)	(153)
Proceeds from capital lease obligations	187	-
Increase in long-term obligations	(72)	527
Proceeds on bank indebtedness	3,865	-
Decrease in bank indebtedness for capital expenditure	(968)	(831)
Disposal of deferred capital contributions	-	(19)
Increase in deferred capital contributions	2,553	3,358
	5,468	2,882
Net increase (decrease) in cash	3,119	(4,547)
Cash, beginning of year	4,673	9,220
Cash, end of year	\$ 7,792	4,673

See accompanying notes to financial statements

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020  
(In thousands of dollars)

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The Orillia Soldiers' Memorial Hospital (the "Hospital") was incorporated under the laws of Ontario in 1908. The Hospital is principally involved in providing health care services to Orillia and the surrounding area. 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.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

#### (a) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (the "Ministry") and the North Simcoe Muskoka Local Health Integration Network ("NSMLHIN"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on 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. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

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### 1. Significant accounting policies (continued):

#### (c) Property, plant and equipment:

Property, plant and equipment 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. Contributed assets are recorded at fair market value.

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

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

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Land improvements	5.0%
Buildings	2.5%
Building service equipment	5% - 20%
Furniture and equipment	5% - 20%

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

#### (d) Related entities:

The notes to financial statements include information of the following entities (note 16):

Orillia Soldiers' Memorial Hospital Foundation ("OSMH Foundation")

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020  
(In thousands of dollars)

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### 1. Significant accounting policies (continued):

#### (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 13 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 financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

#### (g) Funding adjustments:

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

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

### 1. Significant accounting policies (continued):

#### (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 financial statements.

#### (i) Financial instruments:

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

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

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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

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

### 2. North Simcoe Muskoka Local Health Integration Network/Ministry of Health:

	2020	2019
MOH/NSMLHIN	\$ 104,015	101,836
Ontario Renal Network	23,004	22,266
Cancer Care Ontario	3,111	2,344
Paymaster	(13,286)	(12,824)
	\$ 116,844	113,622

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

### 3. Specifically funded programs:

The Hospital administers a number of programs which are separately funded. The revenue and expenses related to these programs are recorded separately from the base funding operations of the Hospital and any excess or deficiency of revenue over expenses is settled with the funding agencies on an annual basis.

	2020	2019
Community Mental Health and Addictions	\$ 2,148	2,171
CTN Occupational Therapy	700	707
Simcoe – Occupational/Physiotherapy	490	471
MCSS Social Work program	200	220
Municipal taxes	18	18
	\$ 3,556	3,587

### 4. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2020	2019
Balance, beginning of year	\$ 81,132	81,524
Contributions received during the year:		
OSMH Foundation	325	1,435
MOH/NSMLHIN	2,022	1,086
Other	206	837
	83,685	84,882
Less: Contributions disposed of during the year	–	(19)
	83,685	84,863
Amounts amortized to revenue		
Hospital operations	(3,772)	(3,731)
Specifically funded programs	(24)	–
	(3,796)	(3,731)
Balance, end of year	\$ 79,889	81,132

The balance of unamortized and unspent funds consists of the following:

	2020	2019
Unamortized	\$ 70,729	74,076
Unspent:		
Capital projects	9,160	7,056
	\$ 79,889	81,132

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

### 5. Accounts receivable:

	2020	2019
MOH/NSMLHIN	\$ 606	463
Insurers and patients	1,628	1,360
OSMH Foundation	257	1,318
Other	1,565	2,150
	\$ 4,056	5,291

### 6. Property, plant and equipment:

		2020	
	Cost	Accumulated Amortization	Net book Value
Land	\$ 3,808	—	3,808
Land improvements	3,368	2,672	696
Buildings	119,944	49,707	70,237
Building service equipment	9,302	5,475	3,827
Furniture and equipment	80,184	61,912	18,272
Work in progress	16,902	—	16,902
	\$ 233,508	119,766	113,742

		2019	
	Cost	Accumulated Amortization	Net book Value
Land	\$ 3,808	—	3,808
Land improvements	3,368	2,497	871
Buildings	119,856	46,732	73,124
Building service equipment	9,252	5,112	4,140
Furniture and equipment	78,074	59,344	18,730
Work in progress	11,811	—	11,811
	\$ 226,169	113,685	112,484

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

### 7. Bank indebtedness:

The Hospital has arranged for credit facilities which include the following:

- \$12 million credit facility available to fund operating requirements
- \$16.7 million credit facility available to fund capital expenditures

The following amounts were outstanding under the Hospital's credit facilities:

Credit facility	Type of Indebtedness	Interest Rate	2020	2019
Capital - Other	Term loans	Prime less 0.25% to Prime plus 0.25%	\$ 1,116	1,947
Capital – Cogeneration	Term loan	Prime less 0.25%	3,728	–
			4,844	1,947
Less: current portion of bank indebtedness for capital expenditures			(1,360)	(831)
			\$ 3,484	1,116

Principal payments in the next five years and thereafter are as follows:

2021	\$ 1,359
2022	842
2023	572
2024	552
2025	552
Thereafter	967
	\$ 4,844

### 8. Accounts payable and accrued liabilities:

	2020	2019
Accounts payable and accrued liabilities:		
- NSMLHIN/MOH	\$ 2,134	2,817
- Trade accounts payable	3,414	3,701
- Other	3,317	2,689
Payroll accruals:		
- salaries and wages	2,017	1,594
- vacation pay and other entitlements	7,359	7,649
	\$ 18,241	18,450

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

### 9. Deferred contributions:

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

### 10. Obligations under capital leases:

	2020	2019
Capital lease obligation, bearing interest at 2.50%, expiring 2022	\$ 174	247
Capital lease obligation, bearing interest at 2.26%, expiring 2025	163	–
	337	247
Less current portion	(103)	(72)
	\$ 234	175

Future minimum lease payments are as follows:

2021	\$ 110
2022	110
2023	60
2024	35
2025 and thereafter	38
	353
Less: interest included in lease payments	(16)
Present value of future minimum lease payments	\$ 337

### 11. Long-term obligations:

Included in this balance are amounts owing for various pay-equity and other labour settlements beyond the next fiscal year.

### 12. 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 April 1, 2019.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020  
(In thousands of dollars)

### 12. Employee post-retirement benefits (continued):

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

	2020	2019
Balance, beginning of year	\$ 6,050	5,979
Add: benefit costs	362	561
	6,412	6,540
Less: benefit contributions	(466)	(490)
Balance, end of year	\$ 5,946	6,050

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:

	2020	2019
Discount rate	2.90%	3.10%
Dental cost trend rates	3.00%	2.75%
Extended health care trend rates	5.50%	5.75%

### 13. 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) HealthCare Insurance Reciprocal of Canada:

The Hospital is a member of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2020, no assessments have been received by the Hospital.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

## Notes to Financial Statements

Year ended March 31, 2020  
(In thousands of dollars)

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### **14. 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, 2020 is the carrying value of these assets.

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

There have been no significant changes to the credit risk exposure from 2019.

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

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2019.

### **15. Pension plan:**

Substantially all of the employees of the Hospital are members of the Plan, which is a multi-employer defined benefit plan. Contributions to the Plan made during the year on behalf of employees amounted to \$5,543 (2019 – \$5,927).

### **16. Related entity:**

The Hospital has an economic interest in the OSMH Foundation. The OSMH Foundation was created for the purpose of promoting and participating in fundraising programs in order to raise money for capital projects, training and medical research. During the year, the Hospital received donations amounting to \$755 (2019 – \$2,248) from the OSMH Foundation.

# ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2020

(In thousands of dollars)

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## 17. Subsequent event:

Prior to the Hospital's year-end, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Hospital has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID- 19 pandemic:

- The closure of certain facilities to the general public, with temporary facilities opened to deal with screening and testing activities; and
- Revisions to the delivery of a number of services in order to create capacity for pandemic response and limit the potential for transmission within the Hospital, including the cancellation of elective surgeries and the transfer of alternative level of care patients to other facilities;

As a result of these measures, the Hospital continues to experience decreases in operating revenues and increases in operating costs in the subsequent period. The Ministry has allowed the Hospital to redirect revenue from certain funded programs towards COVID-related costs incurred during the year ended March 31, 2020, and has also committed to providing additional funding for COVID-related operating and capital costs in the subsequent period.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

