
SUNDRIDGE AND DISTRICT MEDICAL CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2019

SUNDRIDGE AND DISTRICT MEDICAL CENTRE

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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Sundridge and District Medical Centre

Opinion

We have audited the financial statements of the Sundridge and District Medical Centre ("the Medical Centre"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, change in net financial 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 Sundridge and District Medical Centre as at December 31, 2019, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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 Medical Centre'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 Medical Centre'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 Medical Centre 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 identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada
June 24, 2020

Chartered Professional Accountants
Licensed Public Accountants

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

| | 2019 | 2018 |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | \$ 103,691 | \$ 71,992 |
| Accounts receivable | 1,957 | 370 |
| | 105,648 | 72,362 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 36,851 | 35,723 |
| Deferred revenue (Note 2) | 35,929 | - |
| Long-term debt (Note 3) | 12,896 | 22,496 |
| Employee benefits payable (Note 4) | 1,267 | 1,431 |
| | 86,943 | 59,650 |
| NET FINANCIAL ASSETS | 18,705 | 12,712 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets - net (Note 5) | 99,034 | 107,793 |
| Prepaid expenses | - | 1,000 |
| | 99,034 | 108,793 |
| ACCUMULATED SURPLUS (Note 6) | \$ 117,739 | \$ 121,505 |

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Budget 2019 <i>(see Note 7)</i> | Actual 2019 | Actual 2018 |
|---|---------------------------------------|-------------------|-------------------|
| REVENUE | | | |
| Rural and Northern Physicians Group and Nurse Practitioner | \$ 351,025 | \$ 311,194 | \$ 339,710 |
| Rental | 105,500 | 105,373 | 105,496 |
| Municipal contributions | 4,153 | 4,153 | 4,651 |
| Other | 1,000 | 2,288 | 1,191 |
| TOTAL REVENUE | 461,678 | 423,008 | 451,048 |
| EXPENSES | | | |
| Rural and Northern Physicians Group and Nurse Practitioner | 383,267 | 329,183 | 375,672 |
| Materials and supplies | 57,450 | 45,307 | 46,426 |
| Contracted services | 44,500 | 39,025 | 23,538 |
| Rents and financial expenses | - | 1 | - |
| Amortization | 13,300 | 13,258 | 13,034 |
| TOTAL EXPENSES | 498,517 | 426,774 | 458,670 |
| ANNUAL DEFICIT <i>(Note 6)</i> | (36,839) | (3,766) | (7,622) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 121,505 | 121,505 | 129,127 |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 84,666 | \$ 117,739 | \$ 121,505 |

The accompanying notes are an integral part of these financial statements

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Budget 2019 (see Note 7) | Actual 2019 | Actual 2018 |
|---|--------------------------------|------------------|------------------|
| Annual deficit | \$ (36,839) | \$ (3,766) | \$ (7,622) |
| Acquisition of tangible capital assets | (4,500) | (4,499) | - |
| Amortization of tangible capital assets | 13,300 | 13,258 | 13,034 |
| Change in prepaid expenses | - | 1,000 | (1,000) |
| Increase (decrease) in net financial assets | (28,039) | 5,993 | 4,412 |
| Net financial assets, beginning of year | 12,712 | 12,712 | 8,300 |
| Net financial assets (net debt), end of year | \$ (15,327) | \$ 18,705 | \$ 12,712 |

The accompanying notes are an integral part of these financial statements

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|--|-------------------|------------------|
| Operating transactions | | |
| Annual deficit | \$ (3,766) | \$ (7,622) |
| Non-cash charges to operations: | | |
| Amortization | 13,258 | 13,034 |
| Change in employee benefits payable | (164) | 1,431 |
| | 9,328 | 6,843 |
| Changes in non-cash items: | | |
| Accounts receivable | (1,587) | (370) |
| Accounts payable and accrued liabilities | 1,128 | (20,031) |
| Deferred revenue | 35,929 | (2,336) |
| Prepaid expenses | 1,000 | (1,000) |
| | 36,470 | (23,737) |
| Cash provided by (applied to) operating transactions | 45,798 | (16,894) |
| Capital transactions | | |
| Acquisition of tangible capital assets | (4,499) | - |
| Cash applied to capital transactions | (4,499) | - |
| Financing transactions | | |
| Debt principal repayments | (9,600) | (9,600) |
| Cash applied to financing transactions | (9,600) | (9,600) |
| Net change in cash and cash equivalents | 31,699 | (26,494) |
| Cash and cash equivalents, beginning of year | 71,992 | 98,486 |
| Cash and cash equivalents, end of year | \$ 103,691 | \$ 71,992 |

The accompanying notes are an integral part of these financial statements

SUNDRIDGE AND DISTRICT MEDICAL CENTRE

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2019

The Sundridge and District Medical Centre (the "organization") is a joint committee of the Corporation of the Village of Sundridge, the Corporation of the Township of Strong, and the Corporation of the Township of Joly, who contribute towards the organization in the following proportions: Sundridge - 40%; Strong - 50%; Joly - 10%.

Management Responsibility

The financial statements of the organization are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of 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.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the organization are as follows:

Basis of Accounting

- (i) Accrual basis of accounting
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (ii) Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances held at financial institutions and short-term deposits with original maturities of three months or less.
- (iii) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2019

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 50 years
Equipment and furniture - 5 to 10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(iv) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(v) Employee benefits

Obligations for sick leave under employee benefits payable are accrued as the employee renders the services necessary to earn the benefits.

(vi) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and employee benefits payable. Actual results could differ from these estimates.

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20192. DEFERRED REVENUE

The organization defers that portion of its Nurse Practitioner and Rural and Northern Physicians Group Agreement grants that must be used to cover expenditures of the subsequent year.

Details of the deferred revenue reported on the Statement of Financial Position are as follows:

| | 2019 | 2018 |
|---------------------------------------|-----------|-----------|
| Balance, beginning of year: | | |
| Rural and Northern Physicians Group | \$ - | \$ 2,336 |
| | - | 2,336 |
| Received during the year: | | |
| Rural and Northern Physicians Group | 192,143 | 190,047 |
| Nurse Practitioner | 154,980 | 147,327 |
| | 347,123 | 337,374 |
| Recognized in revenue during the year | | |
| Rural and Northern Physicians Group | (182,166) | (192,383) |
| Nurse Practitioner | (129,028) | (147,327) |
| | (311,194) | (339,710) |
| Balance, end of year | \$ 35,929 | \$ - |
| Rural and Northern Physicians Group | \$ 9,977 | \$ - |
| Nurse Practitioner | 25,952 | - |
| Balance, end of year | \$ 35,929 | \$ - |

SUNDRIDGE AND DISTRICT MEDICAL CENTRE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2019

3. LONG-TERM DEBT

(a) The balance of the long-term debt reported on the Statement of Financial Position is made up of the following:

| | 2019 | 2018 |
|---|------------------|------------------|
| Village of Sundridge, 0% loan, repayable in monthly payments of \$320 commencing January 2016 | \$ 5,158 | \$ 8,998 |
| Township of Strong, 0% loan, repayable in monthly payments of \$400 commencing January 2016 | 6,448 | 11,248 |
| Township of Joly, 0% loan, repayable in monthly payments of \$80 commencing January 2016 | 1,290 | 2,250 |
| | \$ 12,896 | \$ 22,496 |

(b) Future estimated principal and interest payments on the long-term debt are as follows:

| | Principal | Interest |
|------|------------------|-------------|
| 2020 | \$ 9,600 | \$ - |
| 2021 | 3,296 | - |
| 2022 | - | - |
| | \$ 12,896 | \$ - |

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

| | 2019 | 2018 |
|--------------------|----------|----------|
| Principal payments | \$ 9,600 | \$ 9,600 |

4. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the organization's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$1,267 (2018 \$1,431) at the end of the year.

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20195. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below.

| 2019 | | | | | |
|-----------------------------|-------------------------------|------------|----------------------------|-------|---------|
| | Land and Land Improvements | Buildings | Equipment and Furniture | TOTAL | |
| COST | | | | | |
| Balance, beginning of year | \$ 15,028 | \$ 252,518 | \$ 59,130 | \$ | 326,676 |
| Additions and betterments | - | - | 4,499 | | 4,499 |
| BALANCE, END OF YEAR | 15,028 | 252,518 | 63,629 | | 331,175 |
| ACCUMULATED AMORTIZATION | | | | | |
| Balance, beginning of year | 4,286 | 171,756 | 42,841 | | 218,883 |
| Annual amortization | 571 | 5,050 | 7,637 | | 13,258 |
| BALANCE, END OF YEAR | 4,857 | 176,806 | 50,478 | | 232,141 |
| TANGIBLE CAPITAL ASSETS-NET | \$ 10,171 | \$ 75,712 | \$ 13,151 | \$ | 99,034 |

| 2018 | | | | | |
|------------------------------------|-------------------------------|------------|----------------------------|-------|---------|
| | Land and Land Improvements | Buildings | Equipment and Furniture | TOTAL | |
| COST | | | | | |
| BALANCE, BEGINNING AND END OF YEAR | \$ 15,028 | \$ 252,518 | \$ 59,130 | \$ | 326,676 |
| ACCUMULATED AMORTIZATION | | | | | |
| Balance, beginning of year | 3,714 | 166,705 | 35,430 | | 205,849 |
| Annual amortization | 572 | 5,051 | 7,411 | | 13,034 |
| BALANCE, END OF YEAR | 4,286 | 171,756 | 42,841 | | 218,883 |
| TANGIBLE CAPITAL ASSETS-NET | \$ 10,742 | \$ 80,762 | \$ 16,289 | \$ | 107,793 |

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20196. ACCUMULATED SURPLUS

The 2019 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

| | Balance Beginning of Year | Annual Surplus (Deficit) | Balance End of Year |
|----------------------------|---------------------------------|--------------------------------|------------------------|
| Tangible capital assets | \$ 107,793 | \$ (8,759) | \$ 99,034 |
| General operating surplus | 37,639 | (4,771) | 32,868 |
| Unfunded long-term debt | (22,496) | 9,600 | (12,896) |
| Unfunded employee benefits | (1,431) | 164 | (1,267) |
| | \$ 121,505 | \$ (3,766) | \$ 117,739 |

7. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

| | Budget |
|---|--------------------|
| ADOPTED BUDGET: | |
| Decrease in general operating surplus | \$ (37,639) |
| ADJUSTMENTS: | |
| Acquisition of tangible capital assets | 4,500 |
| Amortization of tangible capital assets | (13,300) |
| Debt principal repayments | 9,600 |
| ANNUAL DEFICIT | \$ (36,839) |

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20198. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes the organization's related party transactions with its contributing municipalities during the year:

| | 2019 | 2018 |
|--|----------|----------|
| Municipal contributions | | |
| Township of Strong | \$ 2,077 | \$ 2,325 |
| Village of Sundridge | 1,661 | 1,861 |
| Township of Joly | 415 | 465 |
| Expenses | | |
| Village of Sundridge | | |
| Administration - Rural and Northern Physicians Group and Nurse Practitioner | 7,320 | 7,320 |
| Administration and secretary - general operations | 2,850 | 2,325 |
| Property taxes | 10,886 | 11,309 |

At the end of the year, amounts due to contributing municipalities are as follows:

| | | |
|----------------------|-------|--------|
| Township of Strong | | |
| - 0% loan | 5,158 | 11,248 |
| Village of Sundridge | | |
| - 0% loan | 6,448 | 8,998 |
| - Other | 6,378 | 1,267 |
| Township of Joly | | |
| - 0% loan | 1,290 | 2,250 |

The amounts due to contributing municipalities related to the 0% loan are reported in Note 3. Amounts due for other transactions are reported in accounts payable and accrued liabilities on the Statement of Financial Position.

9. SEGMENT DISCLOSURE

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 201910. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Statement of Operations by the object of the expense. Expenses incurred by the Nurse Practitioner are categorized by object. Expenses incurred under the Northern Physician Group agreement are categorized as contracted services.

| | 2019 | 2018 |
|------------------------------|-------------------|-------------------|
| Salaries, wages and benefits | \$ 121,435 | \$ 151,144 |
| Materials and supplies | 54,184 | 58,090 |
| Contracted services | 222,733 | 221,239 |
| Rents and financial expenses | 15,164 | 15,163 |
| Amortization | 13,258 | 13,034 |
| | \$ 426,774 | \$ 458,670 |

11. SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

To date, the COVID-19 pandemic has had no significant financial impact on the organization due to the nature of the services being provided.

The organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.