
SUNDRIDGE AND DISTRICT MEDICAL CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, and the statements of operations and accumulated surplus, change in net debt 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, 2022, and its results of operations, its changes in its net debt, 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.

North Bay, Canada
September 13, 2023

Chartered Professional Accountants
Licensed Public Accountants

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 535,135	\$ 345,766
Accounts receivable	813,835	14,777
	1,348,970	360,543
LIABILITIES		
Accounts payable and accrued liabilities	303,276	102,592
Construction loan payable (Note 2)	-	250,000
Deferred revenue (Note 3)	73,396	78,981
Long-term debt (Note 4)	1,500,000	-
Employee benefits payable (Note 6)	716	1,119
	1,877,388	432,692
NET DEBT	(528,418)	(72,149)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 7)	1,500,197	276,630
	1,500,197	276,630
ACCUMULATED SURPLUS (Note 8)	\$ 971,779	\$ 204,481

Contractual Obligations (Note 5)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2022 (see Note 9)	Actual 2022	Actual 2021
REVENUE			
Rural and Northern Physicians Group and Nurse Practitioner	\$ 390,690	\$ 390,947	\$ 320,402
Rental	108,175	108,176	86,691
Municipal contributions	158,602	158,602	118,766
NOHFC grant	744,567	659,821	-
Other	250	12,864	99
Loss on disposal of capital assets	-	(3,071)	(116)
TOTAL REVENUE	1,402,284	1,327,339	525,842
EXPENSES			
Rural and Northern Physicians Group and Nurse Practitioner	461,990	429,819	341,734
Other expenses:			
Long-term debt charges (interest)	-	9,155	-
Materials and supplies	68,997	48,589	48,797
Contracted services	41,800	35,581	41,645
Rents and financial expenses	9,900	14,259	2,881
Amortization	22,600	22,638	10,879
TOTAL EXPENSES	605,287	560,041	445,936
ANNUAL SURPLUS (Note 8)	796,997	767,298	79,906
ACCUMULATED SURPLUS, BEGINNING OF YEAR	204,481	204,481	124,575
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,001,478	\$ 971,779	\$ 204,481

The accompanying notes are an integral part of these financial statements

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2022 (see Note 9)	Actual 2022	Actual 2021
Annual surplus	\$ 796,997	\$ 767,298	\$ 79,906
Acquisition of tangible capital assets	(1,994,567)	(1,249,276)	(171,879)
Amortization of tangible capital assets	22,600	22,638	10,879
Loss on disposal of tangible capital assets	-	3,071	116
Increase in net debt	(1,174,970)	(456,269)	(80,978)
Net financial assets (net debt), beginning of year	(72,149)	(72,149)	8,829
Net debt, end of year	\$ (1,247,119)	\$ (528,418)	\$ (72,149)

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, 2022

	2022	2021
Operating transactions		
Annual surplus	\$ 767,298	\$ 79,906
Non-cash charges to operations:		
Amortization	22,638	10,879
Loss on disposal of tangible capital assets	3,071	116
Change in employee benefits payable	(403)	806
	792,604	91,707
Changes in non-cash items:		
Accounts receivable	(799,058)	(13,190)
Accounts payable and accrued liabilities	200,684	71,680
Deferred revenue	(5,585)	(31,636)
	(603,959)	26,854
Cash provided by operating transactions	188,645	118,561
Capital transactions		
Acquisition of tangible capital assets	(1,249,276)	(171,879)
Cash applied to capital transactions	(1,249,276)	(171,879)
Financing transactions		
Increase (decrease) in construction loan	(250,000)	250,000
Proceeds from long-term debt	1,500,000	-
Debt principal repayments	-	(3,296)
Cash provided by financing transactions	1,250,000	246,704
Net change in cash and cash equivalents	189,369	193,386
Cash and cash equivalents, beginning of year	345,766	152,380
Cash and cash equivalents, end of year	\$ 535,135	\$ 345,766
Cash flow supplementary information:		
Interest paid	\$ 13,518	\$ -

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, 2022

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 CENTRE

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2022

(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 - 20 to 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.

2. CONSTRUCTION LOAN PAYABLE

On behalf of the organization, in 2021 the Village of Sundridge entered into an agreement with the Ontario Infrastructure and Lands Corporation (OILC) for the purposes of financing renovations to the organization's facility. The agreement provided for the issuance of debentures when construction is completed, up to a maximum principal amount of \$1,500,000. During the construction period, advances of funds on a temporary basis could be made. Advances bear interest at OILC's floating rate of interest for construction loans.

In December 2021 a \$250,000 advance was received by the Village of Sundridge and transferred to the organization. In 2022, the construction loan was paid off, and a long-term debenture was issued (see Note 4). During the year \$13,518 (2021 NIL) of interest was paid on the construction loan.

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20223. 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:

	2022	2021
Balance, beginning of year:		
Rural and Northern Physicians Group	\$ 11,407	\$ 40,250
Nurse Practitioner	67,574	70,367
	78,981	110,617
Received during the year:		
Rural and Northern Physicians Group	219,906	122,170
Nurse Practitioner	165,456	165,456
	385,362	287,626
Recognized in revenue during the year		
Rural and Northern Physicians Group	(213,789)	(151,013)
Nurse Practitioner	(177,158)	(168,249)
	(390,947)	(319,262)
Balance, end of year	\$ 73,396	\$ 78,981
Rural and Northern Physicians Group	\$ 17,524	\$ 11,407
Nurse Practitioner	55,872	67,574
Balance, end of year	\$ 73,396	\$ 78,981

SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended December 31, 2022

4. LONG-TERM DEBT

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

	2022	2021
Ontario Infrastructure and Lands Corporation amortizing debenture, assumed from the Village of Sundridge, due November 2052, repayable in semi-annual payments of \$47,103 including interest calculated at 4.74%.	\$ 1,500,000	\$ -

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

	Principal	Interest
2023	\$ 23,379	\$ 70,826
2024	24,500	69,705
2025	25,675	68,530
2026	26,907	67,298
2027	28,198	27,007
2028 onwards	1,371,341	982,796
	\$ 1,500,000	\$ 1,286,162

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

	2022	2021
Interest	\$ 9,155	\$ -

5. CONTRACTUAL OBLIGATIONS

In 2021, a contract for the renovation of the organization's facility was awarded to W. S. Morgan Construction Limited, at a cost, including change orders, of \$1,409,242 plus HST. To the end of 2022, \$1,209,304 of work under this contract had been completed. The balance of the work is expected to be completed in 2023.

6. 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 \$716 (2021 \$1,119) at the end of the year.

SUNDRIDGE AND DISTRICT MEDICAL CENTRE
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2022
7. TANGIBLE CAPITAL ASSETS

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

2022											
	Land and Land Improvements		Buildings	Equipment and Furniture	Construction in Progress	TOTAL					
COST											
Balance, beginning of year	\$	72,722	\$	267,409	\$	48,348	\$	110,277	\$	498,756	
Additions and betterments		351,007		393,666		-		504,603		1,249,276	
Disposals and writedowns		-		(73,925)		-		-		(73,925)	
BALANCE, END OF YEAR		423,729		587,150		48,348		614,880		1,674,107	
ACCUMULATED AMORTIZATION											
Balance, beginning of year		5,999		182,604		33,523		-		222,126	
Annual amortization		9,347		9,245		4,046		-		22,638	
Amortization disposals		-		(70,854)		-		-		(70,854)	
BALANCE, END OF YEAR		15,346		120,995		37,569		-		173,910	
TANGIBLE CAPITAL ASSETS-NET	\$	408,383	\$	466,155	\$	10,779	\$	614,880	\$	1,500,197	
2021											
	Land and Land Improvements		Buildings	Equipment and Furniture	Construction in Progress	TOTAL					
COST											
Balance, beginning of year	\$	15,028	\$	258,913	\$	68,519	\$	6,485	\$	348,945	
Additions and betterments		57,694		10,393		-		103,792		171,879	
Disposals and writedowns		-		(1,897)		(20,171)		-		(22,068)	
BALANCE, END OF YEAR		72,722		267,409		48,348		110,277		498,756	
ACCUMULATED AMORTIZATION											
Balance, beginning of year		5,428		178,577		49,194		-		233,199	
Annual amortization		571		5,808		4,500		-		10,879	
Amortization disposals		-		(1,781)		(20,171)		-		(21,952)	
BALANCE, END OF YEAR		5,999		182,604		33,523		-		222,126	
TANGIBLE CAPITAL ASSETS-NET	\$	66,723	\$	84,805	\$	14,825	\$	110,277	\$	276,630	

SUNDRIDGE AND DISTRICT MEDICAL CENTRENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20228. ACCUMULATED SURPLUS

The 2022 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	\$ 276,630	\$ 1,223,567	\$ 1,500,197
General operating surplus (deficit)	(71,030)	1,043,328	972,298
Unfunded long-term debt	-	(1,500,000)	(1,500,000)
Unfunded employee benefits	(1,119)	403	(716)
	\$ 204,481	\$ 767,298	\$ 971,779

9. 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:	
Increase in general operating surplus	\$ 71,030
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,994,567
Amortization of tangible capital assets	(22,600)
Debt proceeds	(1,246,000)
ANNUAL SURPLUS	\$ 796,997

SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended December 31, 2022

10. 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:

	2022	2021
Municipal contributions		
Township of Strong	\$ 79,301	\$ 59,383
Village of Sundridge	63,441	47,506
Township of Joly	15,860	11,877
Expenses		
Village of Sundridge		
Administration - Rural and Northern Physicians Group and Nurse Practitioner	7,320	7,320
Administration and secretary - general operations	2,700	2,700
Janitorial services	17,501	29,659
Snow removal	1,950	-
Property taxes	11,925	11,086
Sundridge-Strong-Joly Arena & Hall		
Facility rental	-	2,713

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

Village of Sundridge		
- Construction loan payable	-	250,000
- Other payables	23,467	48,911
Township of Joly		
- Annual contribution receivable	(15,860)	-

Details of the construction loan payable is reported in Note 2. Amounts due to the organization for other transactions are reported in accounts receivable on the Statement of Financial Position. Amounts owing by the organization for other transactions are reported in accounts payable and accrued liabilities on the Statement of Financial Position.

11. 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, 202212. 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.

	2022	2021
Salaries, wages and benefits	\$ 156,724	\$ 161,356
Long-term debt charges (interest)	9,155	-
Materials and supplies	60,078	58,481
Contracted services	281,620	196,773
Rents and financial expenses	29,826	18,447
Amortization	22,638	10,879
	\$ 560,041	\$ 445,936