
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 is written in a cursive, handwritten-style font. The words "Grant Thornton" are in a larger, more prominent script, and "LLP" is in a smaller, simpler script to the right.

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.