

ANNUAL REPORT

2022



Bermuda Hospitals Board

Contents

About BHB	2
Funding	2
Governance	2
Board and Committees	3
Message from the Minister of Health	4
Message from the Chairman	5
Message from the CEO & President	5
BHB Patient Satisfaction Survey Summary FY2012-2022	6
Financial Overview of Fiscal Year 2021-2022	7
Response to the COVID-19 Pandemic 2021-2022	7
New Strategic Plan	8
Clinical Performance	9
Integrating Care in the Community	9
Systems and Technology	10
Facility Improvements	11
BHB People	11
The Year in Review	11
BHB Employee Compensation Report 2021-2022	14
Statistical Analysis - King Edward VII Memorial Hospital	15
Statistical Analysis - Mid-Atlantic Wellness Institute	16
Management's Responsibility for the Financial Statements	18
Independent Auditor's Report	19
BHB Financial Statements for the Year Ended 31 March 2022	21
Notes to the BHB Financial Statements for the Year Ended 31 March 2022	25

About BHB

Bermuda Hospitals Board (BHB) delivers acute care, chronic care, long-term care, learning disability services, substance abuse services and mental health services. We are the only provider of 24/7 healthcare services in Bermuda. Our services are delivered from the King Edward VII Memorial Hospital (KEMH), Mid-Atlantic Wellness Institute (MWI) and Lamb Foggo Urgent Care Centre (UCC) campuses, as well as in various group home and community settings.

BHB serves Bermuda's resident population of approximately 64,000 people, as well as the many visitors who come to the island each year. BHB has the second

largest number of employees in Bermuda, with about 1,600 full-time staff and 200 on-call and locum staff.

BHB's mandate is set out in the Bermuda Hospitals Board Act 1970 and its amendments, and requires BHB to earn enough surplus to maintain and invest in high-quality, cost-effective services. Given Bermuda's relatively isolated geographic location, the community needs a range of services broader than would commonly be expected of hospitals serving a similar population base in a larger country. Highly specialist services that can't be provided safely on-island are referred overseas.

Funding

From June 2019, BHB's funding model was changed by Government to a fixed payment for all services included under the standard health benefit (SHB) legislation from the Mutual Reinsurance Fund (MRF). The total cash received from the MRF for SHB services in this fiscal year (1 April 2021 to 31 March 2022, or fiscal year 2022) was \$158.6 million. A total of \$23.6 million was receivable at fiscal year-end.

Government also pays a subsidy for seniors, youth and indigent patients. In fiscal year 2022, the amount of subsidy paid by Government was \$119.4 million.

\$857,000 was paid to BHB by insurance schemes, representing non-SHB services only. For the fiscal year, 76% of this total was from commercial insurers and 24% from Government insurance schemes, including FutureCare, Health Insurance Plan (HIP), Dialysis and Government Employees Health Insurance Fund.

Government paid a \$38.9 million grant that contributes towards the provision of mental health, substance abuse and learning disability services at MWI and its group homes. Also paid in this fiscal year was a \$4.5 million capital grant for the MWI facility, and a minor works/maintenance grant of \$120,000.

\$1.8 million was paid by individuals who did not have insurance, and \$844,000 came from non-residents who needed urgent or emergency healthcare services while on island. The decrease in payments from non-residents was due to the impact of the COVID pandemic.

All fees and rates charged by BHB and all grants are approved through a legislative process. Fees and rates are published by the Government and are available on the BHB website.

Governance

BHB operates under the Bermuda Hospitals Board Act 1970. It is overseen by a Government-appointed board, which is Gazetted each calendar year. The following are the Board members and the Board Committees for the calendar year 2021.

BOARD AND COMMITTEES

2021 Board and Committee Members 1 January – 31 December

BOARD

William Madeiros, Chair
Dr Edward Schultz, D Chair
Dr Sandy Desilva
Terry Faulkenberry
Ianthia Simmons-Wade
Dr Victor Scott
Kathy-Ann Swan
Ricky Brathwaite
Matthew Pifer
Dr Michael Richmond
*Lisa Sheppard, BHCT
*Davida Simons, HAB
**Shivon Washington
**Dr Ayoola Oyinloye
**Dr Wesley Miller
Scott Pearman
William (Bill) Shields
Judy Richardson
Preston Swan
Dr Chantelle Simmons
Debra Goins-Francis
Anna Nowak
Dr Andrew Spence
David Kendell

EXECUTIVE COMPENSATION

William Madeiros, Chair
Terry Faulkenberry
Dr Sandy Desilva
Dr Michael Richmond
Alana Rogers

LEGEND:

Board Member

*Ex-Officio Voting Members

**Ex-Officio Non-Voting Members

Staff

Co-opted/Other

GOVERNANCE & RISK

Dr Edward Schultz, Chair
Dr Michael Richmond, Co-Chair
Dr Wesley Miller
Kathy-Ann Swan
Matthew Pifer
Bill Shields
Judy Richardson
Preston Swan
Dr Chantelle Simmons
Danny Moore
Lynnette Bean

RISK MANAGEMENT SUBCOM

(reports to Gov & Risk)

Dr Michael Richmond, Chair
Scott Pearman
Bill Shields
Judy Richardson
Preston Swan
Anthony Fitzgerald
Danny Moore
Norma Smith
Arthur Ebbin
Paul Tohill
John Casey
Kennedy Wainwright

HUMAN RESOURCES & ENGAGEMENT

Dr Sandy Desilva, Chair
Dr Edward Schultz
Dr Michael Richmond
Dr Wesley Miller
Lisa Sheppard
Scott Pearman
Judy Richardson
Angela Fraser-Pitcher
Anna Nowak
Denise Riviere
Jennifer Smatt
Alana Rogers
Sharon Vesey

FINANCE & AUDIT

Terry Faulkenberry, Chair
Dr Michael Richmond
Ricky Brathwaite
Dr Wesley Miller
Bill Shields
Scott Pearman
Arthur Ebbin
Preston Swan
Shkysi Cummings
Nicole Edmunds
Paul Tohill
David Pugh
Shivon Washington

PENSION SUBCOMMITTEE

(reports to Finance & Audit)

Terry Faulkenberry, Chair
Dr Michael Richmond
Bill Shields
Scott Pearman
Angela Fraser-Pitcher
Zehena Davis
Stephen Gift
Union Representatives

CAPITAL & ESTATES SUBCOM

(reports to Finance & Audit)

Bill Shields, Chair
Scott Pearman
Preston Swan
Arthur Ebbin
Anthony Hunter
Danny Moore
Anthony Fitzgerald
Nicole Edmunds
Martha Taruvunga
Gina Benjamin
John Casey
Sylvia Johnson

MESSAGE FROM THE

Minister of Health, The Hon Kim N Wilson, JP, MP

I am pleased to introduce Bermuda Hospitals Board's (BHB's) annual report for the fiscal year April 2021 to March 2022.

Yet again, BHB is able to share audited financial statements that are unqualified, meaning there are no concerns with the statement to report. This fiscal year did, however, bring the greatest hardships and challenges to Bermuda and the staff at BHB with regard to the COVID-19 pandemic. There were more infections, more hospitalisations and more deaths from the alpha and delta waves in 2021 than in the first year of the pandemic. This was traumatic for our community and for everyone on the front line.

It was also the year in which we worked towards the hope that the end of the pandemic was in sight, with growing

numbers getting vaccinations that protected individuals against the worst complications of the disease. BHB was part of the national vaccination response. It ran a community vaccination clinic, providing staff and residents with free and easy access to vaccination.

There were certainly financial pressures that were caused by responding to the pandemic and the reduction in revenues from tourist visits. However, it is also a testament to the dedication and care that continued throughout, and amazingly BHB staff still made improvements to quality and services.

I'd therefore like to thank the BHB Board, management and staff for their tireless efforts in one of Bermuda's hardest years and for their continued drive to always improve.

MESSAGE FROM THE

Chairman, Matthew Pifer

It gives me great pleasure to publish the annual report for this fiscal year and share our unqualified (clean) audited financial statement.

Despite the pressures of the pandemic, the slow return of tourists to the island brought some additional revenue, and very generous donations of over \$1 million helped fund required activities such as the community vaccination clinic.

The overall picture is, however, is more concerning. BHB's financial challenges have been increasing since cuts were imposed in 2018, followed by a change in the funding model in June 2019, essentially requiring BHB to work within a revenue cap that was not increased in any year after. With the cost of the pandemic response, and with global costs of medical inflation running in excess of 6%, this has meant BHB has had to rely more on its cash reserves. BHB's operating cash has decreased from nearly \$66.5 million in the 2017 fiscal year to \$11.1 million in this fiscal year. This severe depletion of cash puts BHB's ability

to invest in improvements and sustain services under great pressure.

On the positive side, a BHB savings programme and Government concessions made a significant difference to the bottom line, with \$16.7 million in cash savings. The pressure to find more and more savings has its limits, though staff have worked hard to improve efficiencies and reduce costs wherever possible.

A sign of the impact of the pandemic on the community is highlighted by an increase in bad debt for this fiscal year.

Despite the financial difficulties BHB is working hard to manage, however, much was achieved in this year under review that gives me great optimism for BHB and its ability to continue to meet the needs of Bermuda. On behalf of the Board, I'd like to thank all those who worked tirelessly to respond to the pandemic and improve our ability to care for our community over this fiscal year.

MESSAGE FROM THE

CEO & President, R Scott Pearman

I would like to start my introduction by thanking all the BHB staff for their efforts in one of the hardest years many of us have ever experienced.

The story of our pandemic response in this annual report highlights the infection numbers, deaths, hospitalisations and financial costs, but the impact on the people who work within KEMH and MWI cannot be underestimated. They were true heroes, putting on their uniforms and coming in each day throughout. On the other hand, the amazing support shown by our community in our darkest hours, with hot meals and cards for our frontline workers, is one of the most moving collective acts of kindness I've experienced. For all who helped make this happen, please know it made the world of difference to us and we will forever be grateful for your support.

As this annual report highlights, however, this year was not just about responding to COVID-19.

Within this same dark year, we started a huge project to implement an organisation-wide electronic medical

record that involved hundreds of staff from the start. We successfully prepared for and went through an accreditation survey on the quality of our stroke programme, as well as achieving specialist accreditations – an international standard of quality and patient safety – in our lab, mammography and substance abuse programmes.

We also made advances in bringing hospital care to people in the community through the launch of an Integrated Healthcare Clinic in St David's, using the Lamb Foggo Urgent Care Centre, and the successful pilot of mental health services in doctors' offices and the courts. A new Community Intellectual Disability Team was also established to support intellectual disability clients at home with their families.

I would like to thank BHB staff for their amazing efforts this year, as well as the Board for its support and all our other healthcare and emergency services colleagues, who pulled together to help get Bermuda through the pandemic.

BHB Patient Satisfaction Survey Summary FY2012-2022

The full patient satisfaction results for each area are published on the Quality & Patient Satisfaction page of the BHB website (bermudahospitals.bm/about-us/quality-and-patient-satisfaction/).

The following are the percentage of people who rated the services of the area at 7 out of 10 or above.

Overall Satisfaction Emergency Department

% Satisfied with Overall Service										
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
88.3	92.9	90.7	92.3	93.2	94.2	92.4	94.5	94.1	95.2	90.0

Overall Satisfaction with Inpatient Units (Maternity, Gosling, Catlin Lindo, Ascendant Partner Re, Ace Barber)

% Satisfied with Overall Service										
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
88.0	90.8	89.7	90.3	95.3	93.2	93.7	93.9	93.9	95.0	92.0

Overall Satisfaction with Outpatient Services (Diagnostic Imaging, Pathology, Oncology, Dialysis, Wound Care and Allied Health Services)

% Satisfied with Overall Service										
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
94.6	96.0	95.0	95.5	97.0	98.3	96.5	97.3	97.8	95.5	97.0

Overall Satisfaction with Surgical Outpatient Services

% Satisfied with Overall Service										
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
93.3	96.5	93.1	92.5	97.1	97.0	99.0	99.0	97.5	99.5	98.0

Overall Satisfaction with Mid-Atlantic Wellness Institute Services

% Satisfied with Overall Service										
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
86.5	71.8	73.7	82.1	83.5	81.8	74.7	83.3	87.5	83.3	72.7

Overall Satisfaction with Long Term Care Services

% Satisfied with Overall Service										
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
n/a	72.9	82.05	84.2	67.5	81.0	68.9	90.2	57.5	92.9	87.0

Financial Overview of Fiscal Year 2021-2022

This fiscal year, BHB experienced its most challenging year of the COVID-19 pandemic with regard to patient numbers and stress on capacity. Despite this, BHB continued to work within the envelope set by Government. About 95% of BHB's income is reliant on Government.

Revenues had begun to recover, with tourism revenue increasing although not anywhere near pre-pandemic levels. However, activity was negatively impacted by the alpha (spring) and delta (late summer) waves of COVID-19. During both waves, BHB had to cease elective surgeries and postpone non-urgent outpatient appointments. However, outpatient activity revenue was up 7.4% compared to fiscal year 2021, with inpatient activity revenue down 4.3%.

Expenses were well managed, with total expenses down \$5.3 million year on year. BHB expenses were also partially offset by \$6.5 million in Government concessions and \$6.2 million in salary savings related to the new electronic medical record.

Cash continued to be the most pressing issue for BHB. Over the year in review, cash balances did not significantly

recover, with only a slight increase from \$9.0 million to \$11.1 million. This represents less than 13.4 days of cash on hand to fund operations. Most hospitals aim for 60 to 90 days. There were also no longer any funds in reserve deposits, so there was increasing use of an overdraft facility of \$20.0 million with a local bank, especially when payments from Government were delayed.

Improving cash balances is critical but very difficult under the current funding model and the set cap. A cash reserve enables investments in maintaining and improving services and serves as a reserve for unanticipated expenses, ensuring stability for the organisation. During the pandemic, available cash ensured BHB could fund unanticipated COVID-related costs.

Savings programme

Part of BHB's plan to achieve financial sustainability was the continuation of a multiyear savings programme. The savings goal in this fiscal year was increased to \$13.8 million, up from \$12.3 million. The cash savings actually achieved for the year were \$16.7 million.

Response to the COVID-19 Pandemic 2021-2022

For the second year in a row, the COVID-19 pandemic had a serious impact on BHB finances, services and staff. The 2022 fiscal year was more pressured and deadly than the previous year, with surges in spring 2021 from the alpha variant, in late summer and fall from the delta variant, and from December through to the end of the year under review from the omicron variant.

Throughout the entire pandemic, BHB staff continued to deliver uninterrupted urgent and emergency care, surgeries, and diagnostics across all services. Unfortunately, there were cancellations and postponements of non-urgent (elective) surgeries and appointments, which were ceased twice in this year during the alpha and delta waves.

One of the most challenging aspects of these surges was the significant differences in infectivity, incubation period, severity and mortality of each variant. Each required adjustments in visiting, quarantine and isolation policies for staff and patients at BHB.

For example, delta caused the most severe patient surge,

causing BHB to move to its highest disaster alert level in September 2021 due to the operational pressure the hospital was under. At its peak there were over 70 COVID patients in hospital, with 17 in the intensive care unit, and staff who tested positive or came into contact with a positive case were off for more days as the incubation period was longer. About 60 staff were out during the peak of delta. Omicron was by far the most infectious of the variants, but incubation was shorter and the disease less severe. This meant fewer hospitalisations. More staff were impacted than delta, with about 150 off work at the peak.

The large number of deaths during the delta wave meant normal morgue capacity was exceeded and refrigerated overflow containers had to be used. It was in this surge that the additional oxygenator, bought the previous year in anticipation of its need, helped save lives. BHB would have exceeded its oxygen capacity without it.

The constant adjustments were not easy for patients, visitors or staff. However, setting procedures based on the particular variant was critical for maintaining the safest

possible care environment. For the less severe omicron variant, for example, BHB did not cease any services and did not further restrict visitation, with the exception of outbreaks in long-term care units.

There should be much gratitude to BHB staff who worked through all the waves to keep care services running for us in Bermuda and shouldered the additional pressures the pandemic brought.

Alleviating staff stress

BHB recognised the impact of stress on its staff in the workplace in addition to the general stress of the pandemic on their families in Bermuda and overseas. There was a focus on providing mental health support, especially to teams on the front line. Along with mental health advisories, sharing of support materials and videos, and access to the confidential Employee Assistance Programme, staff from the Mid-Atlantic Wellness Institute also provided support for individuals and teams within BHB.

Community support for BHB staff during the pandemic was greatly appreciated. There were cards, gifts, flowers, food and financial donations, all of which helped staff feel connected and supported by the community through some of the darkest days of the pandemic. Over 6,500 meals were donated between September and December 2021 during some of the most challenging times of the delta surge, when staff were working round the clock with the highest number of very sick and dying patients. This generosity helped make staff feel cared for and sustained, and BHB staff want the community to know how much it meant to them. BHB also received 1,850 \$50 gift cards – one for each staff member – in June 2021 for a

variety of local businesses from the charity the FrontLine Foundation.

Vaccination

Vaccination against COVID-19 started at the end of the prior fiscal year in January 2021. The focus within BHB was on staff and long-term-care residents. Both groups were offered free vaccination on site. By the end of 2021, 81% of all BHB nurses and 85% of all BHB doctors were fully vaccinated.

BHB also was part of Government's national COVID vaccine programme and was supported in this by major donations from individuals and companies through the Bermuda Hospitals Charitable Foundation. These donations helped pay for nurses, facilities costs and the supplies needed to deliver the Pfizer vaccine. The BHB clinic gave 43% of all vaccinations in Bermuda, which translates to over 50,000 vaccinations.

Patient safety in the pandemic

It was a great testament to BHB staff that outbreaks in patient units within the hospital were limited. Where they did occur, they were identified quickly and infection prevention and control processes, such as unit quarantine, were implemented immediately. All patients who were admitted to BHB or transferred between areas were tested, and rooms with infected patients were put under negative pressure to reduce spread. There was only one suspected case of in-hospital transmission within the acute care units throughout the entire pandemic. The successful limitation of outbreaks and transmission is down to the actions of the many staff in the care environment.

New Strategic Plan

BHB launched a new strategic plan in this fiscal year, outlining its plans for the five years from 2021 to 2026.

Over 360 leaders and staff from across BHB attended forums and workshops and filled in surveys, and over 400 community members provided their insights and perspectives. In April 2021, the new strategic plan was published, focusing BHB on a new vision: *to pursue excellence through improvement, to make Bermuda proud.*

The key pillars of the strategy were: care, people, performance and collaboration. Major projects, such as the electronic medical record, performance reporting and integrated healthcare programme, were stated as foundational stones of the strategy.

Clinical Performance

Accreditation achievements for the Lab and Mammography

Accreditation at BHB is undertaken by overseas accreditors who test standards in areas across BHB, ensuring safe, high-quality services are being delivered. In addition to BHB's overall four-year accreditation awarded by Accreditation Canada in 2019, two specialist accreditation surveys were successfully maintained in fiscal year 2021. The BHB lab was accredited by the Joint Commission International after its May 2021 survey, and in November 2021 Mammography renewed its accreditation by the College of American Radiology.

Primary Stroke Centre achievements

BHB's Primary Stroke Centre – launched in 2019 with support from Johns Hopkins Medicine International – underwent a review by Accreditation Canada from 28 February to 3 March 2022, with onsite surveyors interviewing staff, stroke patients, their families and organisations BHB partners with. BHB was awarded Distinction in Stroke Services for its acute stroke services and inpatient rehabilitation services.

To achieve this certification, BHB demonstrated excellence in the care of stroke patients across multiple departments, staff organisation-wide demonstrated their ability to recognise signs of stroke, and BHB provided proof of ongoing education in the community. The importance of education relates to the importance of seeking care within four hours of the start of a stroke. Getting to hospital in time can make the difference between permanent disability and a near-complete recovery.

To maintain stroke certification, BHB is required to report on key performance indicators, including timely brain imaging for suspected stroke patients, timely

treatments and assessments, admission to a dedicated stroke unit, avoidance of preventable complications, length of stay, mortality rates, rehabilitation rates, timely falls assessments, depression screening and cognitive impairment screening.

BHB has a multidisciplinary team working with Johns Hopkins to ensure we deliver the best possible care when someone presents at Emergency with a stroke. BHB launched the world's first transoceanic tele-stroke service in the previous fiscal year in partnership with Johns Hopkins. This allows BHB patients to benefit from BHB and Johns Hopkins clinicians working together in real time to make time-sensitive treatment recommendations. In July 2021, the first transoceanic transfer occurred from BHB to a comprehensive stroke centre in the US for the removal of a large clot, a surgery that is not possible in Bermuda. This is a time-sensitive procedure, as patients have to be at the overseas hospital within 16 hours of the onset of symptoms.

Depression screening for stroke patients was also established in this fiscal year to address the emotional and mental toll a stroke can have on an individual.

Breast screening improvements

Breast screening took a big leap forward at BHB in 2021 with the introduction of BHB's first 3D mammography machine and first breast ultrasound equipment. 3D mammography offers improved image quality, and breast ultrasound will be offered to women with denser breasts as these are harder to read on mammograms. The earlier breast cancer can be diagnosed, the better chance people have of a full recovery. This improvement in clinical equipment will help us diagnose earlier and improve outcomes for women in Bermuda.

Integrating Care in the Community

BHB has been shifting its clinical structure across KEMH and MWI over the last year to better reach patients where they are in the community. This is part of BHB's strategy to deliver existing services closer to the people who need them, to connect services around the patient, and to collaborate in the delivery of care across departments within BHB and with organisations and providers in the community.

Integrated healthcare clinic at the Lamb Foggo Urgent Care Centre

In June 2021, BHB launched an integrated healthcare clinic at the UCC. Initially run as a pilot, the clinic brought together mental health outpatient services, patient-centred medical home appointments, asthma appointments and diabetes appointments. The pilot offered patients who needed these services the opportunity to receive this care in the east end rather

than travelling to KEMH or MWI. Despite going through the delta and omicron COVID surges the clinic continued, offering mostly in-person appointments and also some remote appointments via phone and Webex. As of February 2022, there were nearly 400 attendances. The clinic continues to run once a week in the daytime, when the UCC is not being used for urgent care services.

Not only is the integrated healthcare clinic more convenient for patients in the east end, but the centre runs from an available space owned by BHB. Over time, this type of multi-clinic service in the community is easier for patients to access, hopefully improving the management of chronic illnesses and reducing emergency and inpatient admissions.

Other mental health services in the community

In October 2021, BHB announced it would be piloting the delivery of mental health services from the Hamilton Health Centre in partnership with the Department of Health. A similar pilot was also underway in partnership with a GP's community office. Similar to the integrated healthcare clinic, this partnership aims to bring mental health services closer to those who need it and in settings where people may feel more relaxed.

In September 2021, BHB announced the formalisation of a joint initiative between MWI, Magistrate's Court, the Department of Court Services and Bermuda Police Services following a pilot that started in February 2021. The initiative established a new liaison and diversion officer (LDO) position, filled by a psychiatric nurse, to support people with mental health challenges who are attending court or interacting with the police. During the 11-month pilot, the LDO had 510 encounters with individuals seeking support. Thirty-three percent of them were known to MWI and 18% were current clients.

Community intellectual disabilities team launched

The Intellectual Disabilities Programme offers a residential service in group homes. The new community intellectual disabilities team, launched in July 2021, supports clients with intellectual disabilities who live at home with their families. This multidisciplinary team brings a number of professions together to support these families and clients, improving access to safe and equitable care, increasing levels of independence, and helping clients develop new skills so they can thrive at home and in their community.

Systems and Technology

Through this fiscal year, BHB worked on implementing a new electronic medical record (EMR). While over 95% of non-federal acute care hospitals in the US have EMRs, this was BHB's first organisation-wide, integrated system.

Cerner and their Millennium EMR were selected in 2019 after a competitive process that involved about 100 BHB staff. The selection was approved following a full business case going to the Board.

The project, originally planned to start in 2020 and go live in 2021, was postponed for a year due to the emergence of COVID-19. It launched April 2021 and went live outside of the year under review, in October 2022, with large parts of the design and build taking place through remote meetings due to pandemic restrictions. Despite this, over 350 BHB staff were involved in over 1,000 workshops and meetings in 2021 for the design and build process. A further 1,000 staff were involved in testing the system and training in 2022 before the launch.

The need to implement an EMR was driven by the retirement of an old clinical system that was no longer supported by the vendor. There was no exact replacement for this system, as most hospitals are moving to integrated EMRs because they bring such compelling benefits to the quality and safety of patient care, offer innovation opportunities and support improved operational efficiency.

For BHB, it meant several IT systems and platforms could be replaced. Excluding implementation costs, the cost of the integrated EMR across clinical and support services is about the same as the total cost of the different systems, which all had to be individually supported.

The EMR is not the only improvement in systems and technology at BHB. A new platform for safety event reporting that provides easier reporting, follow-up and risk management capabilities went live in October 2021. A new policy management system that supports collaborative policy updating, tracking and compliance went live in January 2022.

Facility Improvements

Emergency power was made more reliable in the KEMH General Wing with the installation of two new generators and seven new automatic transfer switches. As a part of the project, local company Noesis Ltd, which provided and installed the equipment, traced all the emergency circuits to the branch circuit panels located on each floor and provided BHB with the drawings. Prior to this, there was

no documentation detailing any of the electrical circuits in the General Wing, which was built in the 1960s.

At MWI, a new electrical system and a new propane fuel tank were installed.

BHB People

BHB undertook an organisation-wide survey of its employees late in 2021. The goal of the survey was to give staff a voice about their experience at BHB. A response rate of 43% was achieved (699 surveys). Results indicated that staff were satisfied overall with BHB as an employer and felt BHB was committed to patient-centred care, but wanted to feel heard and see a better resolution for harassment, bullying and incivility concerns.

Bermuda College student nurses get training experience at BHB

During this fiscal year, a total of 14 nursing students were obtaining clinical experience throughout BHB, at both KEMH and MWI. BHB is one of Bermuda College's major clinical sites for its Associate of Science (Nursing) Programme. Bermuda College expressed appreciation for the nurse preceptors who share their knowledge and experience with its nursing students, and their impact on the success of the programme. The Bermuda College thanked Chief of Nursing Judy Richardson, the nursing leadership team and each of BHB's nurse preceptors for their continued support and for providing the learning environment necessary for the students' success.

The Year in Review

April 2021

Fire in MWI kitchen

The quick and decisive actions of a number of MWI staff members helped tackle a fire that broke out in the MWI kitchen on Sunday 4 April. The swift call to action meant the Fire Department arrived quickly and was able to contain the blaze. Thankfully no one was hurt and kitchen services were back in business within a few days.

May 2021

"Be Kind" promotion on Marketplace bags

Acknowledging the stress the pandemic placed on many in our community, BHB urged the public to be kind with the release of its Be Kind logo. The logo was printed on all Marketplace grocery bags as part of the campaign.

Donations of gifts for nurses in Nurses Month

Donations from the community recognised the contribution of nurses, who were on the COVID-19 frontline in this year. Local resident Judith Lawrence put together special gift bags for nurses in memory of her sister Freida Nusum, the Salvation Army brought thank-you cards, local couple Richard and Rebecca Wilson gave \$2,500, and Demco delivered 300 roses.

June 2021

World Blood Donor Day

There was activity around World Blood Donor Day on 14 June, with the theme 'Give blood and keep the world beating.' Following a remote launch by the Pan American Health Organisation, which included Bermuda, BHB's Bermuda Blood Donor Centre held a virtual dance-off to draw attention to the need for

blood donation. Participants included local youth dance group DanceSations, the Royal Bermuda Regiment, H&H Gombey's and BHB's Allied Health team, who also won an internal blood drive competition. There were online interviews with local donors, the Hamilton Princess & Beach Club donated raffle prizes for new and existing donors, and Freisenbruch Meyer was announced as the winner of the Corporate Blood Drive Competition 2021.

BIU and BHB sign agreement

Bermuda Industrial Union and BHB completed negotiations for the three years up to October 2021. Negotiating teams from the two organisations signed the agreement in June 2021 at the BIU headquarters.

July 2021

Cup Match at BHB

HSBC made special stops at KEMH and MWI to share goodies and flags for Cup Match with staff. In addition, 10 cricket sets were donated to clients with intellectual disabilities and seniors with mental health issues who live onsite at MWI and in BHB's group homes.

August 2021

BHB scholarships awarded

Despite the pandemic, BHB still awarded 17 scholarships in this year. Fifteen were for clinical studies and two were for finance. There were new scholarships for laboratory sciences in honour of Dr Keith Cunningham, who passed away in early 2021. Dr Cunningham was the first black pathologist at BHB and headed up the BHB lab for several decades. His daughter Jacqui attended the scholarship presentation. Another of the scholarships is funded by GlaxoSmithKline and is administered by BHB.

September 2021

MindFrame PhotoVoice exhibition

Unfortunately, the COVID-19 delta wave impacted the launch of the annual MindFrame PhotoVoice exhibition, which showcases photos and art by MWI clients. The opening event scheduled for 24 September 2021, usually well attended by the community, staff and clients, had to be cancelled. The exhibition, however, went ahead.

BHB hosts virtual panel to support and inspire recovery from substance abuse

On 30 September 2021, BHB's substance use service, Turning Point, hosted an online panel to support people recovering from substance abuse.

October 2021

Bermuda College students tour sewage treatment plant

BHB welcomed 10 students from Bermuda College's Applied Science and Technology Department to tour the MWI sewage treatment facility. BHB was celebrating Facilities Management Week, and the students were invited to see first-hand how the plant works.

BHB encourages us to make nature part of our everyday life

The theme for the Mental Health Awareness Week in October was to make nature a part of your everyday life. There is a correlation between being in nature and improvements in mental wellbeing. It reduces stress hormones, lowers blood pressure, reduces nervous system arousal, increases self-esteem and improves mood.

November 2021

BHB's new electronic medical record is named PEARL

The BHB electronic medical record was given a name in this month, following a competition in which all staff were invited to submit their suggestions. The finalists were voted on by the 350 staff involved in the designing and building the EMR. Surgical nurse Shann-Kay Brown came up with the winning name of PEARL, for Patient Electronic & Administrative Records Log.

December 2021

International Day of Disabilities

A motorcade drove through Bermuda to celebrate International Day of Disabilities on 3 December, with staff and clients of BHB's Intellectual Disability Programme.

January 2022

New year's baby

The first baby of 2022 waited five days to make her appearance. Kalysta Rayne Hayward was born at 1:40pm on 5 January, weighing in at 6lb 2oz, to parents Danielle Pacheco and Daniel Hayward.

February 2022

Hamilton Princess winners

Hamilton Princess & Beach Club shared the love this Valentine's Day. To show their appreciation for frontline workers and their incredible work during the pandemic, the hotel gave away vouchers for stays at the hotel to three frontline organisations: BHB, Bermuda Fire

& Rescue Service and the Government COVID testing team. Hamilton Princess General Manager Tim Morrison presented the vouchers to the BHB recipients with Deputy CEO Scott Pearman.

March 2022

Hamilton Rotary bestows highest honour on BHB's Primary Stroke Centre director

Dr Francene Gayle, director of BHB's Primary Stroke Centre, received the highest commendation of Rotary International – the Paul Harris Fellow – for her commitment and outstanding contribution to the community in leading the implementation of the stroke centre. They made the announcement following a speech she gave to the Hamilton Rotary Club this month.

BHB Employee Compensation Report 2021-2022

LEVELS	Notes	Base Pay Range	Total Compensation ²	Total Cost ³
BIU	This group includes Nursing Aides, and non-management staff in support departments including Environmental Services, Facilities, Dietary, and Laundry. Salaries are negotiated every two years with the BIU.	\$45,140.00 to \$104,500.00	\$49,130.00 to \$122,400.00	\$55,600.00 to \$136,670.00
BPSU	This group includes Managers, Clinical Directors, staff in support departments such as HR, IT, Finance, Materials Management, Procurement and Health Information Management Services, and health care professionals, including Medical & Surgical Residents, Psychiatrists, Registered Nurses, Allied Health Professionals, Pharmacists, Pathology staff, Diagnostic Imaging Technicians. Salaries are negotiated every two years with the BPSU.	\$47,520.00 to \$182,010.00	\$48,510.00 to \$248,720.00	\$54,140.00 to \$279,010.00
Non-union Staff and Directors	This group comprises employees who are exempt from joining a union and non-clinical directors. Salaries for this group were set by an HR Compensation team in consultation with the Executive.	\$89,780.00 to \$291,590.00	\$89,820.00 to \$374,600.00	\$100,480.00 to \$388,260.00
Physicians	This group includes all physicians employed by BHB (except Medical Residents, Psychiatrists and Surgical Resident physicians which are included under BPSU). Physician salaries and compensation are determined by the Chief of Staff.	\$214,340.00 to \$592,860.00	\$265,030.00 to \$735,460.00	\$294,460.00 to \$746,920.00
Executive	This group includes Chiefs and Vice Presidents. Changes to salaries and compensation were made with the oversight of Board sub-committees or the Chairman during this period. There was no performance pay for this group in 2021/22.	\$146,860.00 to \$485,010.00	\$146,860.00 to \$557,010.00	\$157,210.00 to \$637,140.00

1. Allied Health includes: Physiotherapy, Occupational Therapy, Speech Pathology, Dietitians, and Medical and MWI Social Workers
2. Total Compensation includes base pay, performance pay and, for work permit holders, housing benefits and relocation expenses.
3. Total Cost includes Total Compensation, current years movement in leave pay provision, and the following deductions: social insurance, health insurance, payroll tax and pension.

Notes:

- Salary data ranges were correct as of 31 March 2022.
- The above is based on employees who worked at least 1560 hours during the year.
- All employees receive the same pension, health and life insurance benefits.

Key Executives Compensation Report -FY2022

Group	Basic Pay	Total Compensation	Total Cost
CHIEF EXECUTIVE OFFICER	485,010.59	557,010.59	637,140.91
CHIEF OF STAFF	475,010.44	503,946.54	541,015.30
DEPUTY C.E.O.	360,444.21	360,444.21	404,923.53
CHIEF OF NURSING	219,313.74	219,313.74	242,025.29
CHIEF FINANCIAL OFFICER	415,256.17	487,256.17	509,905.03
ACTING CHIEF OPERATING	244,539.18	244,539.18	270,065.35

STATISTICAL ANALYSIS - King Edward VII Memorial Hospital

APRIL 2019– MARCH 2020 APRIL 2020– MARCH 2021 APRIL 2021– MARCH 2022

INPATIENT – GENERAL WING (Curtis, Gosling, ICU, Maternity, Nursery, SCBU)

Beds (at 31 March)	97	98	98
Patient Days	14,972	13,838	14,770
Discharges (incl. deaths)	2,166	1,806	1,809
Length of Stay	5.1	5.6	6.2
Births (Live & Stillborn)	542	527	477
Percentage of Occupancy	42%	39%	41%

INPATIENT – ACUTE CARE WING (Ace Barber, Ascendant Partner Re, Catlin Lindo)

Beds (at 31 March)	90	90	90
Patient Days	30,947	30,833	31,454
Discharges (incl. deaths)	3,785	3,113	3,254
Length of Stay	7.5	8.3	8.5
Percentage of Occupancy	94%	94%	96%

LONG TERM CARE UNITS – COOPER, GORDON & PERRY

Beds (at 31 March)	105	105	113
Patient Days	37,383	36,219	36,002
Discharges (incl. deaths)	72	55	70
Length of Stay	352.7	441.7	339.6
Percentage of Occupancy	97%	95%	87%

HOSPICE

Beds (at 31 March)	8	8	8
Patient Days	1,507	1,458	1,431
Discharges (incl. deaths)	60	39	77
Length of Stay	25.1	36.5	18.6
Percentage of Occupancy	52%	50%	49%

ALL PATIENTS

Emergency Dept. Visits – KEMH	30,847	21,830	23,357
Lamb Foggo Urgent Care Centre Visits	4,826	1,985	2,690
Operations (Inpatients & SDA)	1,410	1,393	1,293
Operations (Outpatients)	6,191	4,607	4,753
X-Ray (exams) (In & Out)	32,513	24,520	23,909
Laboratory (Thousand Units) (In & Out)	3,434,440	3,072,005	3,509,081
Cardiac Investigations (ECG & EEG) (In & Out)	11,547	9,490	9,560
Ultrasound Exams (In & Out)	5,685	5,305	5,269
Nuclear Medicine (In & Out)	1,148	1,069	1,258
Chemotherapy Treatments (Outpatients)	3,943	3,984	3,945
Cat Scans (In & Out)	14,962	15,050	15,216
MRI Scans (In & Out)	4,378	3,539	3,779
Hyperbarics Patients	16	4	12
Hyperbarics Treatments	119	19	89

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS

STATISTICAL ANALYSIS - King Edward VII Memorial Hospital *cont'd*

	APRIL 2019– MARCH 2020	APRIL 2020– MARCH 2021	APRIL 2021– MARCH 2022
Wound Care Patients	1,994	1,485	1,571
Wound Care Treatments	5,913	4,490	4,223
Rehab Day Hospital – New Patients	229	185	217
Rehab Day Hospital – # of Clients	1,298	516	630
Rehab Day Hospital – # of Discharges	225	69	131
Home Care Visits	3,949	2,704	3,052
Blood Donations	1,751	1,816	2,001

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS

STATISTICAL ANALYSIS - Mid-Atlantic Wellness Institute

	APRIL 2019– MARCH 2020	APRIL 2020– MARCH 2021	APRIL 2021– MARCH 2022
INPATIENT – ACUTE CARE			
Beds (at 31 March)	23	23	23
Discharges (including deaths)	259	266	213
Length of Stay	17	13.7	18.6
Admissions	258	255	225
Percentage of Occupancy	81%	78%	77%
Patient Days	6,842	6,559	6,460
LONG TERM & REHABILITATION			
Beds (at 31 March)	40	40	40
Discharges (excluding deaths)	10	6	17
Patient Days (excluding respite)	14,583	14,273	14,463
Length of Stay	1,325	1,784	850.7
Deaths	0	0	0
Percentage of Occupancy	100%	98%	99%
Average Length of Stay of Deaths (days)	N/A	N/A	N/A
GROUP HOMES (Mental Health, Intellectual Disability)			
Beds (at 31 March)			103**
Percentage of Occupancy			89%
TURNING POINT (Substance Abuse Detox Unit)			
Beds (at 31 March)	8	8	8
Discharges	90	66	54
Patient Days	1,135	540	705
Length of Stay	12	6.7	12.8
Admissions	89	75	47
Percentage of Occupancy	39%	18%	24%

STATISTICAL ANALYSIS - Mid-Atlantic Wellness Institute *cont'd*

APRIL 2019– MARCH 2020 APRIL 2020– MARCH 2021 APRIL 2021– MARCH 2022

CHILD & ADOLESCENT SERVICES

Beds (at 31 March)	4	4	4
Discharges	33	11	24
Patient Days	481	565	528
Length of Stay	15	47	22
Admissions	32	10	19
Percentage of Occupancy	33%	39%	36%

OUTPATIENTS (Child & Adolescent, Mental Health & Substance Abuse)

Total New Admissions / Referrals	379	261	269
Total Re-admissions / Referrals	158	106	128
Total Follow-up Appointments	6,205	6,778	7,117
Total Day Patient Visits	9,404	1,150	1,931
Total Walk-ins / Unscheduled Visits	9,357	5,586	3,791
Total DNA to Scheduled Appointments	1,959	1,104	1,118
Total Terminations of Pregnancy	11	27	17
Total Home Visits	7,114	10,689	9,134

** In fiscal year 2022, 10 of these beds were reserved for respite care



Bermuda Hospitals Board

Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using the management's best estimates and judgments, where appropriate.

Management are responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

The Bermuda Hospital Board's board members through the Finance and Audit Committee, is responsible for ensuring that management fulfils its responsibility for financial reporting and internal controls. The Finance and Audit Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Finance and Audit Committee also reviews the financial statements before recommending approval by the board members. The financial statements have been approved by the board members and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.

Mr. R. Scott Pearson
Chief Executive Officer and President

Mr. Arthur S.W. Ebbin Jr.
Chief Financial Officer

King Edward VII Memorial Hospital | P.O. Box HM1023, Hamilton HMDX, Bermuda | Telephone: 441 236 2345

Mid-Atlantic Wellness Institute | P.O. Box DV 501, Devonshire DVBX, Bermuda | Telephone: 441 236 3770

www.bermudahospitals.bm



Office of the Auditor General

Reid Hall, Penthouse
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148
Fax: (441) 295-3849
Email: oag@oagbermuda.bm
Website: www.oagbermuda.bm

INDEPENDENT AUDITOR'S REPORT

To the Ministry of Health

Opinion

I have audited the financial statements of the Bermuda Hospitals Board, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Hospitals Board as at March 31, 2022, and the results of its operations, changes in its net assets and losses and its cash flows for the year then ended in accordance with public sector accounting standards for government not-for-profit organizations generally accepted in Bermuda and Canada.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of my report. I am independent of the Bermuda Hospitals Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with public sector accounting standards for government not-for-profit organizations generally accepted in Bermuda and Canada, 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 Bermuda Hospitals Board'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 Bermuda Hospitals Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bermuda Hospitals Board's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada 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 auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from 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 Bermuda Hospitals Board'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 Bermuda Hospitals Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Hospitals Board 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.

I 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 I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of our auditor's report.

Hamilton, Bermuda
May 17, 2024



Heather Thomas, CPA, CFE, CGMA
Auditor General

Bermuda Hospitals Board
Statement of Financial Position
As at March 31, 2022
(Presented in Bermuda Dollars)

	2022	2021
ASSETS		
Current assets		
Cash	\$ 11,115,788	\$ 8,993,781
Term deposits (Note 5a)	-	14,020,765
Restricted cash (Note 4)	1,897,181	4,862,660
Accounts receivable (net of allowance for doubtful accounts) (Notes 13 & 17a)	24,890,931	24,667,013
Other receivables (Notes 13g & 17a)	2,651,654	2,081,846
Prepaid expenses	5,648,127	4,281,105
Inventories	16,822,286	15,876,515
	63,025,967	74,783,685
Non-current assets		
Acute Care Wing building (Note 9)	294,097,521	299,830,798
Capital assets (Note 10)	146,786,055	140,131,624
Deferred lifecycle asset (Note 9)	5,691,334	2,444,625
Term deposits (Note 5b)	884,608	878,639
Restricted investment (Note 4)	365,970	-
	447,825,488	443,285,686
Total assets	\$ 510,851,455	\$ 518,069,371
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (Notes 13g & 17b)	\$ 25,478,610	\$ 21,235,518
Accrued salary and payroll expenses (Notes 8b & 13g)	27,514,092	26,374,884
Current portion of other liability (Notes 6 & 17b)	9,993,081	9,240,823
Current portion of deferred capital contributions (Note 7)	2,306,450	2,306,450
	65,292,233	59,157,675
Non-current liabilities		
Other liability – Acute Care Wing (Notes 6 & 17b)	241,058,808	251,051,889
Deferred capital contributions (Note 7)	43,359,864	44,306,782
Accrued health insurance (Notes 8b & 17b)	25,912,055	29,327,626
	310,330,727	324,686,297
Total liabilities	375,622,960	383,843,972
Net assets		
Internally restricted for education (Note 4 & 11)	427,145	424,645
Unrestricted net assets	134,801,350	133,800,754
	135,228,495	134,225,399
Total liabilities and net assets	\$ 510,851,455	\$ 518,069,371

Contractual obligations and contingencies (Notes 14 & 15)

The accompanying notes are an integral part of these financial statements.

Bermuda Hospitals Board
Statement of Operations
For the Year Ended March 31, 2022
(Presented in Bermuda Dollars)

	2022 Budget (Note 19)	2022	2021
REVENUE (Note 18)			
Mutual Re-insurance Fund (MRF) (Note 13e)	\$ 164,851,895	\$ 158,646,050	\$ 154,476,228
Subsidy (Note 13b)	112,924,307	119,430,364	108,330,364
Government grant MWI (Note 13a)	49,624,376	43,540,799	40,441,000
Patient related revenue – other	-	8,511,533	5,889,579
Amortisation of deferred capital contributions (Note 7)	2,100,000	2,569,935	2,303,447
Non-medical	4,000,711	2,432,950	4,047,814
Donations – other (Note 16)	-	1,244,047	3,277,707
Donations in kind (Note 16)	-	11,295	26,059
Interest income	48,711	6,218	37,917
Realized gain on the sale of investment	-	-	1,546,413
Total revenues	333,550,000	336,393,191	320,376,528
EXPENSES (Note 18)			
Salaries and employee benefits (Notes 8, 10 & 13g)	214,216,353	201,212,599	204,700,449
General supplies and services	30,625,152	31,263,358	29,780,022
Medical supplies	30,280,865	30,106,200	25,120,680
Repairs and maintenance	22,822,550	27,327,995	25,681,733
Interest (Note 9)	16,072,973	14,242,407	16,071,501
Amortisation of capital assets	10,763,287	11,837,362	18,561,996
Utilities	10,234,358	9,839,310	9,441,629
Amortisation of Acute Care Wing building (Note 9)	5,733,275	5,733,275	5,733,275
Bad debt	70,386	3,852,991	1,468,455
Food	3,286,899	2,990,316	3,030,534
Scholarships issued	-	390,613	184,571
Impairment of other investments	-	7,395	-
Loss on disposal of capital assets	-	1,845	-
Accrued health insurance (gain)/ loss (Note 8b)	-	(3,415,571)	878,379
Non-recurring cost savings	(11,000,000)	-	-
Total expenses	333,106,098	335,390,095	340,653,224
Excess/(Deficiency) of revenues over expenses	\$ 443,902	\$ 1,003,096	\$ (20,276,696)

The accompanying notes are an integral part of these financial statements.

Bermuda Hospitals Board
Statement of Changes in Net Assets
For the Year Ended March 31, 2022
(Presented in Bermuda Dollars)

	2022			
Net assets	Budgeted net assets	Internally restricted for education	Unrestricted net assets	Total
Balance, beginning of year	\$ 134,225,399	\$ 424,645	\$ 133,800,754	\$ 134,225,399
Excess of revenues over expenses	443,902	2,500	1,000,596	1,003,096
Balance, end of year	\$ 134,669,301	\$ 427,145	\$ 134,801,350	\$ 135,228,495

	2021			
Net assets	Budgeted net assets	Internally restricted for education	Unrestricted net assets	Total
Balance, beginning of year	\$ 154,502,095	\$ 582,145	\$ 153,919,950	\$ 154,502,095
(Deficiency)/ Excess of revenues over expenses	1,263,196	(157,500)	(20,119,196)	(20,276,696)
Balance, end of year	\$ 155,765,291	\$ 424,645	\$ 133,800,754	\$ 134,225,399

The accompanying notes are an integral part of these financial statements

Bermuda Hospitals Board
Statement of Cash Flows
For the Year Ended March 31, 2022
(Presented in Bermuda Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(Deficiency) of revenues over expenses	\$ 1,003,096	\$ (20,276,696)
Amortisation of capital assets	11,837,362	18,561,996
Amortisation of Acute Care Wing building	5,733,275	5,733,275
Amortisation of deferred capital contributions	(2,569,935)	(2,303,447)
Bad debt	(3,852,991)	(1,468,455)
Interest income	(6,218)	(37,917)
Interest expense	14,242,407	16,071,501
Realised gains on sale of other investment	-	(1,546,413)
Net change in non-cash working capital (Note 20)	2,713,203	4,672,457
Impairment of other investments	7,395	-
Loss on disposal of capital assets	1,845	-
Net cash flows generated from operating activities	29,109,439	19,406,301
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	(18,493,638)	(12,395,744)
Deferred lifecycle asset	(3,246,709)	(2,444,625)
Deferred capital contributions	1,623,017	-
Net cash used in capital activities	(20,117,330)	(14,840,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase of)/proceeds from investments	(379,334)	812,426
Interest income received	6,218	37,917
Net cash used in investing activities	(373,116)	850,343
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of other liability	(9,240,823)	(7,494,951)
Interest paid	(14,242,407)	(16,071,501)
Net cash used in financing activities	(23,483,230)	(23,566,452)
Net decrease in cash and cash equivalents	(14,864,237)	(18,150,177)
Cash and cash equivalents, beginning of year	27,877,206	46,027,383
Cash and cash equivalents, end of year	\$ 13,012,969	\$ 27,877,206
Cash and cash equivalents consist of the following:		
Cash	\$ 11,115,788	\$ 8,993,781
Term deposits	-	14,020,765
Restricted cash	1,897,181	4,862,660
	\$ 13,012,969	\$ 27,877,206

The accompanying notes are an integral part of these financial statements.

1. AUTHORITY AND ORGANISATION

a. Authority

The Bermuda Hospitals Board (“BHB”) was established under the provisions of the Bermuda Hospitals Board Act 1970 as amended.

b. Organisation

The Board of Directors of BHB (“Directors”) are responsible for operating both the King Edward VII Memorial Hospital (“KEMH”) and Mid-Atlantic Wellness Institute (“MWI”). The BHB receives donations and fixed income (consisting of, subsidies, government grants, mutual re-insurance fund (MRF)) as well as income from commercial insurers and individual patients based on services rendered.

KEMH is an inpatient acute care and extended care hospital with 116 acute care beds (2021: 116 beds) and 215 general and continuing care beds (2021: 215 beds).

MWI is a psychiatric facility with 4 beds (2021: 4 beds) for children and adolescents and 75 long-term rehabilitation beds (2021: 72), which include 23 beds for acute care. BHB also operates fifteen group homes for intellectual disability clients.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Public Sector Accounting Standards (“PSAS”) for government not-for-profit organisations (“GNFPOs”) issued by the Canadian Public Sector Accounting Board (“PSAB”).

For financial reporting purposes, the BHB is classified as a GNFPO and has adopted accounting policies appropriate for this classification. The policies considered significant are as follows:

a. Revenue recognition

The BHB follows the deferral method of accounting for contributions, which include donations, government subsidies and grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred and recognised in that subsequent period.

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

Externally restricted contributions are recognised as revenue in the year in which the related expenses are recognised. Contributions restricted for the purchase of capital assets are deferred and amortised into revenue at a rate corresponding with the amortisation rate for the related capital assets.

Revenue from patient care, consulting and other activities is recognised when the service is provided. Diagnostic Related Group (“DRG”) revenue can only be accurately calculated upon patient discharge. Prior to discharge, an estimate of DRG revenue is accrued; this accrual is reversed at discharge when the actual DRG revenue is recognised.

Starting June 1, 2019, BHB moved from a fee for service to a fixed funding model where all standard health benefits (SHB) related services delivered to locally insured patients, are funded by the Government of Bermuda by a fixed portion of the MRF premiums paid to BHB (refer to note 13(e)). All SHB services are delivered to locally insured patients as well as subsidy claims. The BHB recognises revenue for these services based on the pre-agreed amount expected to be received for the year. The BHB is still able to bill overseas patients as well as certain miscellaneous services, and the revenue related to these services continue to be accounted for as before, based on the service provided.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a. Revenue recognition (cont'd)

Non-medical income comprises revenue that is not derived directly from the treatment of patients or contributions, and is recognised on an accrual basis when the services are provided or goods are sold.

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

Investment income includes dividends and interest income and realised investment gains and losses. Gains and losses on financial instruments carried at fair value are recognised in the statement of remeasurement gains and losses until they are realised, then they are transferred to the statement of operations.

b. Capital assets and leases

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution. Capital assets are stated at historical cost, or estimated fair value, less impairment losses and are amortised, using the straight-line method, over their estimated useful lives.

Betterments, which extend the estimated life of an asset, are capitalised. When a capital asset no longer contributes to the BHB's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortised on a straight-line basis using the following annual rates:

Land	Nil years	(0.0%)
ACW Building	60 years	(1.9%)
Buildings	40 years	(2.5%)
Equipment	10 years	(10.0%)
Software	5 years	(20.0%)
Computer equipment	5 years	(20.0%)

Capital assets are subject to an impairment review if there are indications that the carrying amount may not be recoverable. The recoverable amount of an asset is calculated as the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the statement of operations.

There were no capital leases as at March 31, 2022 (2021: \$nil). During the year the BHB held assets under construction valued at \$20.3 million (2021: \$5.0 million), which are not amortised.

c. Cash and cash equivalents

The BHB considers all cash on hand, deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of 90 days or less, as equivalent to cash. Cash and term deposits are classified as restricted if externally restricted by legal or contractual requirements or internally restricted by the BHB.

d. Inventories

Inventories consisting of general stores, medical stores, pharmacy, orthopaedic supplies, and stationery are valued at the lower of cost, using the weighted average method of accounting, and net realisable value. Operating room inventories are valued at the lower of cost, using the first-in first-out method of accounting, and net realisable value. An allowance is provided where inventory is considered obsolete.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e. Donated services

The BHB receives substantial donated services from volunteers in the normal course of operations. These services are recognised when fair value can be reasonably estimated and services are used in the normal course of the organisation's operations and would otherwise have been purchased.

f. Financial instruments

The BHB measures its financial instruments at fair value on initial recognition. Subsequently financial instruments are recorded at either fair value, cost or amortised cost. The BHB's accounting policy for each category is as follows:

(i) Fair value

This category includes bonds and equity instruments quoted in an active market. Other investments consist of investment in equity shares, which are quoted on the Bermuda stock market.

These are initially recognised at cost and subsequently carried at fair value. Gains and losses on financial instruments carried at fair value are recognised in the statement of remeasurement gains and losses until they are realised, then they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognised in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed and recognised in the statement of operations.

There were no financial instruments held at fair value as at March 31, 2022 (2021: \$nil).

(ii) Cost or amortised cost

Cash, restricted cash, restricted investments and term deposits are recognised at cost.

Investments, accounts receivable, other receivables, accounts payable, other liability, pension accrual and accrued health insurance are initially recognised at cost and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the cost or amortised cost category are added to the carrying value of the instrument when initially recognised.

Write-downs on financial assets in the cost or amortised cost category are recognised when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to their estimated net recoverable value with the write-down being recognised in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g. Employee future benefits

The BHB has defined benefit and defined contribution plans providing pension, post-employment benefits and compensated absences to most of its employees.

The cost related to the defined contribution pension plan is expensed as incurred.

The BHB accrues its obligations under defined benefit plans and the related costs, net of plan assets. The defined benefit plans consist of a retirement insurance plan. The BHB has adopted the following policies:

- The retirement benefits for defined benefit plans earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and expected future health care costs.
- No plan asset is maintained for the post-employment defined benefit plans.
- The excess net actuarial gain (loss) is amortised over the average remaining service period of active employees. The average remaining service period of the active employees covered by the retirement plan is nil years (2021: nil years) as there are no active employees in the plan. The average remaining service life of the active employees covered by the health benefit plan is 4.20 years (2021: 4.70 years).

h. Employee health insurance plan

The BHB has a policy funding agreement with a third-party health insurance administrator, which covers both active and retired employees. In substance, this agreement results in the BHB self-insuring its employees' healthcare benefits.

The plan's cumulative deficit or surplus incorporates the net premium, incurred claims, interest and administration charges. The BHB is liable for any deficit incurred by the plan and can address the deficit by restructuring the plan, changing premiums paid or by depositing funds into the plan. The BHB accrues all gratuitous payments to the fund as approved by the Directors. The cumulative surplus allocated to the BHB shall be available to the BHB plan, to fund transactions, which benefit its employees who are insured under the health insurance plan. The cumulative surplus may also be carried forward to the next period or transferred to a Human Resources Benefits Fund. The BHB elected to carry the balance forward to the following financial year.

Upon termination of the agreement, the cumulative surplus, if any, will be refunded to the BHB within 31 days of the end of the 12-month period following termination, subsequent to the deduction of any unpaid premiums.

i. Acute Care Wing (ACW) building

The ACW is recorded at cost, which is considered to represent its initial fair value. The ACW cost includes development and financing costs estimated at fair value, which required the extraction of cost information from the financial model embedded in the Agreement. Interest during construction was also included in the ACW cost and was calculated on the ACW repayment schedule. The interest rate used was the project internal rate of return. The BHB has capitalized these costs as a separate non-current asset on the Statement of Financial Position (see Note 9 – ACW Building). Correspondingly, a liability, net of the contributions received, is recorded as "Other liability". The liability is being met via the monthly payments over the term of the Agreement. These costs are detailed in Note 6 – Other Liability. The "Other liability" represents the unpaid obligation related to costs incurred by Paget Health Services Limited ("PHS"), for the ACW construction. PHS is a consortium of Bermuda and international companies which was formed to design, build, finance and maintain the ACW. The "Other liability" does not represent the future commitments for annual service payments, which are not yet due (Note 14b).

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i. Acute Care Wing (ACW) building (cont'd)

On September 14, 2014, the ACW became available for operations and amortisation commenced. The ACW building is amortised over the estimated useful life of the building of 60 years (1.7% per annum).

j. Measurement uncertainty

The preparation of financial statements in conformity with PSAS for GNFPOs 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 revenues and expenses during the year. Significant areas requiring the use of estimates include the estimated useful lives of capital assets and ACW building, bad debt allowance, amounts to settle retirement obligations, contingent liabilities, accruals, future cost to settle employee benefit and health insurance plan obligations and ACW contractual obligations. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

k. Related parties

Related parties are identified as entities under the common control or shared control, directly or indirectly of the Government, entities in which the BHB has shareholding with significant influence and key management personnel. The BHB enters into transactions with these entities in the normal course of business and transactions and balances due to/from related parties are disclosed separately. Related party transactions are recorded at the exchange amount as agreed between the respective parties.

l. Remeasurement gains or losses

Remeasurement gains or losses measures the unrealized change in the value of financial instruments, such as investments, being measured at fair market value at the Statement of Financial Position date. There were no remeasurement gains or losses as at March 31, 2022 (2021: \$nil).

3. ECONOMIC DEPENDENCE

The BHB receives a significant amount of its revenues from the Ministry of Health ("MoH") with proceeds from the Mutual Re-insurance Fund (MRF), and subsidies and grants from the Ministry of Finance ("MoF"). Accordingly, any disruption in that funding could have a significant impact on the operations of the BHB (See Note 17a – Credit Risk).

4. RESTRICTED CASH AND RESTRICTED INVESTMENTS

	2022	2021
Restricted cash	\$ 1,897,181	\$ 4,862,660
Restricted investment	\$ 365,970	\$ -
	<u><u>\$ 2,263,151</u></u>	<u><u>\$ 4,862,660</u></u>

4. RESTRICTED CASH AND RESTRICTED INVESTMENTS (CONT'D)

The balance is externally and internally restricted for specific purposes, as follows:

	2022	2021
External		
Special Project – Biological Oxidizer	\$ -	\$ 1,964,558
Patient comfort funds	1,655,872	1,908,331
Forensic Mental Health funds (Note 13a)	174,037	460,657
COVID Clinic	-	98,372
Construction projects and capital assets (Note 7)	6,097	6,097
	<u>1,836,006</u>	<u>4,438,015</u>
Internal		
Educational purposes (Note 11)	427,145	424,645
	<u>\$ 2,263,151</u>	<u>\$ 4,862,660</u>

5. TERM DEPOSITS

Term deposits are fixed-term investments that includes the deposit of cash into an account at a financial institution. Term deposits usually carry short or long-term maturities ranging from three months to five years. The BHB has several term deposits comprising the following:

	2022	2021
a. Current:		
The Bank of N.T. Butterfield – matured April 30, 2021	\$ -	\$ 14,020,765
	<u>\$ -</u>	<u>\$ 14,020,765</u>
b. Non-Current:		
The Bank of N.T. Butterfield – matures August 15, 2025	884,608	878,639
	<u>\$ 884,608</u>	<u>\$ 878,639</u>
	<u>\$ 884,608</u>	<u>\$ 14,899,404</u>

6. OTHER LIABILITY – ACW

	2022	2021
Other liability	\$ 251,051,889	\$ 260,292,712
Less: Current portion	(9,993,081)	(9,240,823)
	<u>\$ 241,058,808</u>	<u>\$ 251,051,889</u>

6. OTHER LIABILITY – ACW (CONT'D)

Principal repayments to PHS on the long-term obligation relating to ACW scheduled for the next five years and thereafter are as follows:

2023	\$ 9,993,081
2024	11,002,701
2025	11,930,178
2026	12,950,461
2027	13,808,588
2028 – 2044	191,366,880
	<u>\$ 251,051,889</u>

The BHB's contractual obligations to PHS in respect of the ACW are disclosed in Note 14b – Contractual Obligations.

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortised and unspent amount of donations and grants received for the acquisition of capital assets. The amortisation of capital contributions is recorded as revenue in the statement of operations.

	2022	2021
Deferred capital contributions	\$ 45,666,314	\$ 46,613,232
Less: Current portion	(2,306,450)	(2,306,450)
	<u>\$ 43,359,864</u>	<u>\$ 44,306,782</u>

The change in deferred capital contributions during the year is as follows:

	2022	2021
Balance, beginning of year	\$ 46,613,232	\$ 48,916,679
Add: contributions received	1,623,017	-
Less: amounts amortised to revenue	(2,569,935)	(2,303,447)
Balance, end of year	<u>\$ 45,666,314</u>	<u>\$ 46,613,232</u>

The balance of deferred capital contributions is comprised of the following:

	2022	2021
Unamortised capital contributions used to purchase assets	\$ 45,660,217	\$ 46,607,135
Unspent contributions (Note 4)	6,097	6,097
	<u>\$ 45,666,314</u>	<u>\$ 46,613,232</u>

8. EMPLOYEE FUTURE BENEFITS

a. Pension plans and retirement benefits

Defined contribution plan

There is a defined contribution pension plan in place for all employees, whereby the BHB contributes 5% (2021: 5%) of gross salary and the employee contributes 5% (2021: 5%) of gross salary. Prior to January 1, 2000, vesting rights began to accrue after five years with respect to the BHB's contributions. Beginning January 1, 2000, 100% of the BHB's contributions vest after two years. When an employee ceases employment with the BHB, other than through retirement, the BHB's unvested contributions are reflected as a reduction in employee benefits expense. The expense for the year ended March 31, 2022 totalled \$6,277,350 (2021: \$5,691,540) and is included in salaries and employee benefits.

b. Post-employment benefits and compensated absences

Post-employment benefits and compensated absences include maternity/paternity leave, sick leave, vacation days and health insurance. All of these benefits are unfunded.

Maternity/paternity leave does not accumulate nor vest and therefore an expense and liability is only recognised when leave has been applied for and approved or when a settlement amount can be reasonably determined. The total approved maternity/paternity leave for the year ended March 31, 2022 was \$669,636 (2021: \$630,385) and is included in accrued salary and payroll expenses.

Sick leave does not accumulate or vest, and like maternity leave, a liability is recorded only when sick leave is applied for and approved. For the year ended March 31, 2022, the amount was \$197,364 (2021: \$155,613) and is included in accrued salary and payroll expenses.

Vacation days accumulate and vest and therefore a liability is accrued each year. As at March 31, 2022 the leave pay liability was \$13,814,126 (2021: \$14,494,189) and is included in accrued salary and payroll expenses. The expense for the year ended March 31, 2022 was \$12,783,117 (2021: \$13,115,625) and the benefits paid out were \$13,463,180 (2021: \$10,274,018).

The BHB pays 50% of the health insurance premiums for eligible employees who retire from the BHB. The significant actuarial assumptions adopted in measuring the BHB's accrued benefit obligation include a discount rate of 3.0% (2021: 3.0%) and an annual increase in health insurance premiums of 7% per annum, decreasing by 1% per annum to an ultimate rate of 3% per annum after 5 years.

Accrued health insurance

	2022	2021
Balance, beginning of year	\$ 29,327,626	\$ 28,449,247
Current cost	196,938	207,846
Interest	1,300,000	1,300,000
Benefits paid	(1,020,000)	(1,080,000)
Current year amortisation of experience (gain)/loss	(3,892,509)	450,533
Balance, end of year	\$ 25,912,055	\$ 29,327,626

During the 2017 financial year, a plan curtailment was approved. As part of the plan curtailment, the required employee service period was increased from 10 years to 20 years. Under the amended health insurance plan, only employees with twenty years of service (calculated at April 1, 2016) who reach mandatory or early retirement prior to April 1, 2021, will be eligible for this health insurance benefit.

8. EMPLOYEE FUTURE BENEFITS (CONT'D)

b. Post-employment benefits and compensated absences (Cont'd)

An actuarial gain/(loss) of \$2,123,628 (2021: \$(1,227,626)) will be deferred and amortised over a period of 4.20 years (2021: 4.70 years). The values of the liability for the 2022 and 2021 fiscal years are based on an independent actuarial valuation report.

c. Health insurance plan

As at March 31, 2022, the BHB Health Plan had a net surplus of \$2,178,495 (2021: \$1,254,448). In the 2019 financial year, the BHB made a gratuitous payment of \$1 million into the BHB Health Plan, which was offset against the net deficit from prior year. There were no gratuitous payments made during the current or prior financial year.

9. ACUTE CARE WING BUILDING

After a competitive bidding process, on December 1, 2010 the BHB entered into a Public Private Partnership ("PPP") Agreement ("Agreement") with PHS to develop the new Acute Care Wing ("ACW") ("Project").

Under the terms of the Agreement, PHS has the responsibility to design, build, finance, operate and maintain the ACW for a period of 30 years from the date the Agreement commences. The ACW construction commenced in December 2010 and on September 14, 2014, the ACW became available for operations. Under the terms of the Agreement, the BHB retains ownership of the ACW.

PHS has raised finance through senior debt and equity. Commencing June 1, 2014, the BHB started paying a monthly service fee to PHS for the repayment of the principal debt, interest on principal debt, life cycle replacement cost, and maintaining and running the hard facilities management (structural, mechanical and electrical) of the building. These contractual obligations have been disclosed in Note 14b – Contractual Obligations: Acute Care Wing.

The BHB paid \$40 million as a service commencement payment to PHS on June 1, 2014 under the terms of the Agreement. This service commencement payment was capitalized as part of the cost of ACW.

In 2011, the Bermuda Hospitals Charitable Trust ("BHCT") launched the campaign "Why it Matters" to raise the \$40 million required to be paid. The BHB received \$25 million from BHCT and the difference was paid from the BHB's own resources. The table below outlines the impact of the Agreement as at March 31:

Statement of Financial Position

	2022	2021
Capital assets – land and buildings (ACW PPP Agreement)		
Cost	\$ 337,251,486	\$ 337,251,486
Accumulated amortisation	(43,153,965)	(37,420,688)
Net book value	<u>\$ 294,097,521</u>	<u>\$ 299,830,798</u>
Other liability – Acute Care Wing (Note 6)	<u>\$ 251,051,889</u>	<u>\$ 260,292,712</u>

Statement of Operations

	2022	2021
Repairs and maintenance expense	\$ (3,488,592)	\$ (3,657,786)
Interest expense	(14,242,407)	(16,071,501)
Amortisation expense	(5,733,275)	(5,733,275)
	<u>\$ (23,464,274)</u>	<u>\$ (25,462,562)</u>

9. ACUTE CARE WING BUILDING (CONT'D)

Lifecycle payments

The financial statements include deferred lifecycle amounts which represent amounts for betterments in accordance with the requirements of PS3160. Betterments represents improvements that will be made to the ACW building that increases its utility, extend its useful life, or reduce the operating costs beyond the level originally anticipated. Betterments are recognised at cost and are capitalized and amortized over their estimated useful lives or expensed if they do not meet the criteria for capitalization. As at March 31, 2022, the amount deferred is \$5,691,334 (2021: \$2,444,625), which has not been amortised. This amount represents prepaid amounts to PHS for work to be completed in the future as agreed per the contract. PHS must obtain BHB's approval if the specified work is not completed according to contract. BHB is entitled to penalize the PHS and potentially receive compensation for breach of contract.

10. CAPITAL ASSETS

	Cost	Accumulated Amortisation	2022 Net Book Value	2021 Net Book Value
Land and buildings	\$ 196,807,880	\$ 95,098,653	\$ 101,709,227	\$ 105,187,317
Construction in progress	707,494	-	707,494	3,113,224
Equipment	108,355,228	90,502,228	17,853,000	21,673,447
Software	29,523,276	23,587,893	5,935,383	7,933,842
Software: asset in progress	20,357,947	-	20,357,947	1,885,360
Computer equipment	11,817,059	11,594,055	223,004	338,434
	\$ 367,568,884	\$ 220,782,829	\$ 146,786,055	\$ 140,131,624

The total cost of the capital assets as at March 31, 2022 was \$366,844,993 (2021: \$349,070,241) and the accumulated amortisation was \$220,782,829 (2021: \$208,938,617).

On March 27, 1997, the land on which the hospital buildings stand was conveyed to the BHB by the Government. As part of this transfer, the Government has right of first refusal on any sales of the land and buildings.

The insured value of the BHB's buildings, contents and business interruption coverage is approximately \$714.5 million (2021: \$705.0 million).

Software – asset in progress

On December 31, 2019, BHB entered into a 10-year agreement with an external software provider for the configuration, delivery and implementation of an Electronic Medical Record ("EMR") system. This agreement provides BHB with a non-exclusive, non-transferable right to use the vendor's proprietary Licensed Software, Sublicensed Software and certain equipment pursuant to the creation of BHB's EMR system. The agreement also covers the provision of necessary support services for the ongoing maintenance of the software as well as related Functional and Service Warranties. Contractually agreed payments commenced April 2021 and will be capitalised to a work in progress capital asset (software) account up to the date that BHB are able to exercise "First Productive Use" of the Software, anticipated to occur within 18 months from the date of first payment and subject to discussions between BHB and the vendor on the specific needs of the EMR. As of the date of these financial statements, while BHB were able to exercise productive use of the completed EMR system during November 2022, discussions with the vendor were ongoing as to the finalization of additional modules of the system.

As at March 31, 2022, BHB has capitalized \$13,965,542 (2021: \$1,885,360) in relation to the software in progress. BHB also capitalized salaries amounts directly attributable to the development and implementation of the software. As at March 31, 2022, the amount capitalized was \$5,442,659 (2021: \$nil).

11. NET ASSETS

Internally restricted amounts are not available for other uses unless approved by the BHB. The Education Fund reflects an accumulation of donations and investment income designated for educational purposes. The balance of the Education Fund at March 31, 2022 is \$427,145 (2021: \$424,645).

12. MANAGEMENT CHARGE

A number of administrative services are provided by KEMH to MWI for which a management charge is made. These services include information system management, employee recruitment and administration, facility repairs, purchasing, pharmacy, telecommunications, dietary, accounting, and general administration. The BHB uses the employee cost for each department and cost of hardware and software maintenance contracts to calculate the management charge. The management charge is calculated based on the estimated percentage of time that each department spends working on matters related to MWI. The amount charged by KEMH to MWI for the year ended March 31, 2022 was \$2,000,000 (2021: \$2,000,000). These amounts are eliminated on consolidation. See Note 18 – KEMH and MWI Statements of Operations.

13. RELATED PARTY TRANSACTIONS AND BALANCES

The BHB entered into various related party transactions with the Government and Government controlled entities. Refer to Note 3 – Economic Dependence, outlining the BHB's dependence on these related parties.

a. Government grants

Government grants received and included in operating revenue were as follows:

	2022	2021
Operating grant – MWI	\$ 38,920,799	\$ 38,921,000
Minor Works/Maintenance grant – MWI	120,000	120,000
MWI Capital grant	4,500,000	1,400,000
Total grants	<u>\$ 43,540,799</u>	<u>\$ 40,441,000</u>

As at March 31, 2022, \$120,000 (2021: \$ nil) was receivable from the Government. These balances receivable are included in accounts receivable.

In the 2017 financial year, the BHB was granted \$1,327,000 from the MoH. These funds relate to the Forensic Mental Health program that commenced in the 2018 financial year. The balance payable by BHB to this program, as at March 31, 2022, was \$174,037 (2021: \$460,657) and is included in Accounts payable and accrued liabilities. This balance is also included in Restricted cash (Note 4 – Restricted Cash and Restricted Investments).

b. Government subsidy program

The Government's Health Insurance Department ("HID") funds claims in respect of services rendered to patients covered under the Government's subsidy program. HID funds cover Aged, Youth, Geriatric and Indigent subsidies respectively.

	2022	2021
Final subsidy funding budgeted for the year	\$ 116,584,411	\$ 105,748,916
Clinical drug subsidy budgeted for the year	2,845,953	2,581,448
Total subsidy revenue	<u>\$ 119,430,364</u>	<u>\$ 108,330,364</u>

13. RELATED PARTY TRANSACTIONS AND BALANCES

b. Government subsidy program (cont'd)

	2022	2021
Subsidy payments received in the year	\$ 119,430,364	\$ 116,169,781

As at March 31, 2022, \$nil (2021: \$ nil) was outstanding from the Government for subsidy programs.

During the 2022 and 2021 financial year, the budgeted amount was final, and there was no expectation that additional funds would be received. This resulted in subsidy revenue being recorded only up to the amount budgeted for and paid for by Government.

c. Health Insurance Plan (HIP) and FutureCare Plan

During the financial year, the HID approved and paid the following claims:

	2022	2021
Payments received in the year	\$ 93,407	\$ 116,603

As at March 31, 2022, \$854,921 (2021: \$847,166) is receivable from the HIP and \$210,876 (2021: \$203,896) is receivable from the FutureCare Plan. These amounts are included in accounts receivable.

The Health Insurance Committee (HIC) administers the HIP and FutureCare Plan. The HIP plan is a program for individuals who are between the ages of 18 – 65 providing standard medical benefits. The FutureCare Plan is a program for individuals who are over the age of 65 providing certain medical benefits.

Only non-SHB services can be claimed from this fund.

d. Government Employees Health Insurance Plan

The Government Employees Health Insurance Plan ("GEHI") approved and paid the following claims:

	2022	2021
Payments received in the year	\$ 75,207	\$ 148,091

As at March 31, 2022, \$15,655 (2021: \$34,378) is receivable from GEHI. This amount is included in accounts receivable. GEHI is a Government issued insurance for the Government employees, ministers and members of the legislature and their enrolled dependents. Due to the change in the funding model, only non-SHB services can still be claimed from GEHI. This caused a material decrease in the claims approved and paid.

13. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

e. Mutual Re-insurance Fund – Standard Health Benefits

The MRF is financed by all persons who pay SHB premiums through a Bermuda licensed insurer, and every employer who operates an approved scheme. These funds are transferred to and managed by the HID. A prescribed sum of these MRF premiums received by HID, is then transferred to the BHB.

	2022	2021
MRF SHB	\$135,385,890	\$129,379,767
MRF Dialysis	20,079,710	19,698,073
MRF Dialysis MOU	2,801,433	4,755,208
MRF Patient-Centred Medical Home (PCMH)	379,017	643,180
Total MRF revenue	\$158,646,050	\$ 154,476,228

As at March 31, 2022, \$23,571,327 (2021: \$23,958,008) is receivable from the MRF, and is included in accounts receivable.

All SHB provided to eligible persons, are to be covered in full by the BHB, through MRF funding received.

Starting November 2022, the funding changed as follows:

	Post Nov. 1, 2022	Pre Nov. 1, 2022
MRF SHB	\$ 260.12	\$ 231.33
MRF Dialysis	37.26	35.22
MRF Dialysis MOU	-	8.50
MRF PCMH	-	1.15
Total MRF revenue per insured person	\$ 297.38	\$ 276.20

f. Memorandum of understanding with Government

During the 2019 financial year, the BHB entered into a memoranda of understandings (MOU) with the HID, related to long-term care (LTC) costs incurred by the BHB during the 2018 and 2019 financial years. These came about due to various changes in legislation during the 2018 financial year that resulted in certain LTC claims remaining unpaid. In the MOU, HID agreed to pay the LTC claims to BHB.

Balances receivable at March 31:

	2022	2021
LTC MOU	\$ 3,079,443	\$ 3,079,443

13. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

g. Other amounts

Concessions:

During the year, the BHB availed itself of Government concessions during the reporting period, which are recognized and accounted for in accordance with applicable accounting standards. These concessions aim to provide financial support or incentives to the BHB in the form of relief from payroll taxes, which allowed the BHB to pay only the employee portion of the tax. As at March 31, 2022, the total benefit derived from payroll tax concessions was \$6,471,374 (2021: \$nil). The amount was netted against salaries and employee benefits expense.

Other:

During the year, the BHB recorded the following additional related party expenses:

	2022	2021
Payroll tax	\$ 229,795	\$ 6,491,195
Social insurance	2,874,804	2,311,874
Non-refundable duty	1,466,111	1,111,742
Services provided by the Ministry of Public Works	672,872	780,330
Miscellaneous charges	481,767	681,323

The following amounts were remitted to the Government on behalf of the BHB's employees:

	2022	2021
Payroll tax	\$ 4,078,113	\$ 10,393,267
Social insurance	2,186,885	2,534,045
	\$ 6,264,998	\$ 12,927,312

The following are other related party balances with the Government at March 31:

	2022	2021
<i>Other receivables</i>		
Refundable deposits paid for duty	\$ 245,291	\$ 93,589
<i>Accounts payable and accrued liabilities</i>		
Ministry of Public Works	\$ 125,000	\$ 125,550
<i>Accrued salary and payroll expenses</i>		
Payroll tax	\$ 2,726,292	\$ 4,123,643
Social insurance	1,043,425	(205,217)

14. CONTRACTUAL OBLIGATIONS

a. Property leases

The BHB has entered into various operating lease agreements, which include commercial properties for business purposes, as well as residential properties used to provide accommodations to staff and patients. The minimum annual commitment scheduled for the next year is \$1,590,358 (2021: \$1,676,908).

14. CONTRACTUAL OBLIGATIONS (CONT'D)

b. Acute Care Wing

As a result of the contractual obligation to PHS in respect of the ACW, the BHB has entered into the following long term contractual obligations. These payments commenced upon completion of construction. The contractual commitment outlined below excludes the annual commitment disclosed as part of Note 6 – Other Liability – ACW.

2023	\$ 20,259,253
2024	20,303,084
2025	20,768,867
2026	20,666,711
2027 – 2044	425,147,553
	<u>\$ 507,145,468</u>

c. Electronic Medical Records (EMR)

On December 31, 2018, BHB entered into a 10-year agreement with Cerner pursuant to the EMR system being implemented by the BHB. As a result of the contractual obligation to Cerner in respect of the EMR project, the BHB has entered into the following long term contractual obligations. These payments commenced upon completion of construction. The contractual commitment is outlined below:

2023	\$ 6,021,916
2024	5,986,136
2025	5,986,136
2026	5,986,089
2027 – 2030	22,274,853
	<u>\$ 46,255,130</u>

d. Other contractual obligations

The BHB also entered into various other long-term contracts, resulting in an estimated average annual contractual commitment of \$3.6 million (2021: \$5.2 million).

In addition to the above contractual obligations, the BHB is also in the process of discussion with the Bermuda Public Service Union (BPSU) regarding back pay owed to the employees in the Diagnostic Imaging department that were eligible to move from level 2 to level 3 but were not progressed to the next level. The payout amount is estimated at \$260,000.

15. CONTINGENCIES

The BHB is a defendant in or party to a number of pending or threatened legal actions and proceedings, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the period in which the outcomes of such matters become known and determinable.

The BHB has medical malpractice insurance in place of up to \$20 million per claim and \$40 million in the annual aggregate. The BHB has Directors' and Officers' Liability and Company Reimbursement insurance in place with an indemnity limit of \$10 million in the annual aggregate, including defence costs and expenses.

15. CONTINGENCIES (CONT'D)

The BHB also has Crime Insurance and Employment Practice Liability Insurance in place, with each policy having indemnity limits of \$5 and \$3 million, respectively, in the annual aggregate.

With the increase in cyber-attacks both locally and internationally, the BHB has a Security and Privacy Protection in place, with coverage up to \$2 million.

16. DONATIONS

Donations received during the year amounted to \$1,244,047 (2021: \$3,277,707) and relates to general donations as well as donations for COVID-19. Donations in kind of \$11,295 (2021: \$26,059) relates to services donated by volunteers and is recognised as revenue. The related expense is included in the general supplies and services expense.

17. FINANCIAL RISK MANAGEMENT

The BHB has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Directors have overall responsibility for the establishment and oversight of the BHB's risk management framework. The Directors established finance, audit and risk committees that are responsible for developing and monitoring the BHB's compliance with risk management policies and procedures. These committees regularly report to the Directors on their activities. The BHB's risk management program seeks to minimize potential adverse effects on the BHB's financial performance. The BHB manages its risks and risk exposures through a combination of insurance and sound business practices.

a. Credit risk

Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The BHB assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of 90 days or less. Credit risk associated with cash and cash equivalents is minimised substantially by ensuring that these financial assets are invested with financial institutions whose rating and status are consistently monitored by the BHB. Cash and cash equivalents are held with financial institutions rated BBB+ or above by Standard & Poor's.

Accounts receivable and other receivables

Accounts receivable consist primarily of trade accounts receivable from billings of services provided and Government subsidies and grants receivable. The BHB's credit risk arises from the possibility that a counterparty, which owes the BHB money, is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the BHB, which would result in a financial loss for the BHB. This risk is mitigated through established credit management techniques and supplemented by use of professional credit agencies. For the year ended March 31, 2022, the maximum credit risk to which the BHB is exposed represents the fair value of its accounts receivable.

17. FINANCIAL RISK MANAGEMENT (Cont'd)

a. Credit risk (cont'd)

The BHB measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the BHB's historical experience regarding collections. The amounts outstanding at year-end were as follows:

2022	Total	Current	31 – 60 days	61 – 90 days	91 + days
Subsidy and grants/ insurers	\$ 28,417,331	\$ 13,995,895	\$ 3,813,146	\$ 7,351	\$ 10,600,939
Non-insured, overseas	5,881,384	1,105,057	466,771	361,542	3,948,014
Other receivables	2,651,654	1,520,228	153,476	17,795	960,155
	<u>36,950,369</u>	<u>16,621,180</u>	<u>4,433,393</u>	<u>386,688</u>	<u>15,509,108</u>
Gross receivables					
Less: impairment allowance	(9,407,784)	(831,931)	(351,403)	(272,183)	(7,952,267)
	<u>\$ 27,542,585</u>	<u>\$ 15,789,249</u>	<u>\$ 4,081,990</u>	<u>\$ 114,505</u>	<u>\$ 7,556,841</u>
Net receivables					
	<u><u>\$ 27,542,585</u></u>	<u><u>\$ 15,789,249</u></u>	<u><u>\$ 4,081,990</u></u>	<u><u>\$ 114,505</u></u>	<u><u>\$ 7,556,841</u></u>
2021	Total	Current	31 – 60 days	61 – 90 days	91 + days
Subsidy and grants/ insurers	\$ 28,601,648	\$ 13,089,193	\$ 4,959,127	\$ 250,420	\$ 10,302,908
Non-insured, overseas	6,881,619	617,337	333,934	399,729	5,530,619
Other receivables	2,081,846	623,094	143,361	50,933	1,264,458
	<u>37,565,113</u>	<u>14,329,624</u>	<u>5,436,422</u>	<u>701,082</u>	<u>17,097,985</u>
Gross receivables					
Less: impairment allowance	(10,816,254)	-	-	(193,409)	(10,622,845)
	<u>\$ 26,748,859</u>	<u>\$ 14,329,624</u>	<u>\$ 5,436,422</u>	<u>\$ 507,673</u>	<u>\$ 6,475,140</u>
Net receivables					
	<u><u>\$ 26,748,859</u></u>	<u><u>\$ 14,329,624</u></u>	<u><u>\$ 5,436,422</u></u>	<u><u>\$ 507,673</u></u>	<u><u>\$ 6,475,140</u></u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit risk, other than the risk related to the COVID-19 Pandemic as outlined in Note 23 – Subsequent Events. The following table provides an analysis of the significant credit risk concentration to which BHB is exposed as at March 31, 2022:

	2022	2021
MRF Grant (Note 13e)	\$ 23,571,327	\$ 23,958,008
LTC MOU with HID (Note 13f)	3,079,443	3,079,443
Non-Residents	2,042,472	2,004,829

b. Liquidity risk

Liquidity risk is the risk the BHB will not be able to meet its financial obligations as they fall due. The BHB's objective in managing liquidity is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the BHB's reputation. The BHB manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on receivables collection, generating positive cash flows from operations and establishing and maintaining good relationships with various financial institutions.

17. FINANCIAL RISK MANAGEMENT (Cont'd)

b. Liquidity risk (cont'd)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

2022	Within 1 year	2 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 25,478,610	\$ -	\$ -	\$ 25,478,610
Other liability – ACW	9,993,081	49,691,928	191,366,880	251,051,889
Accrued salaries and payroll expenses	27,514,092	-	-	27,514,092
Accrued health insurance *	1,270,000	4,802,777	21,962,906	28,035,683
	<u>\$ 64,255,783</u>	<u>\$ 54,494,705</u>	<u>\$ 213,329,786</u>	<u>\$ 332,080,274</u>
2021	Within 1 year	2 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 21,235,518	\$ -	\$ -	\$ 21,235,518
Other liability – ACW	9,240,823	45,876,421	205,175,468	260,292,712
Accrued salaries and payroll expenses	26,374,884	-	-	26,374,884
Accrued health insurance *	970,000	3,784,905	23,345,095	28,100,000
	<u>\$ 57,821,255</u>	<u>\$ 49,661,326</u>	<u>\$ 228,520,563</u>	<u>\$ 336,003,114</u>

* This amount excludes the deferred experience (gain)/loss for the year (refer to Note 8b).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure liquidity risk.

Contractual commitments contained in Note 14 are not included in the above liquidity risk assessment.

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value of recognised assets and liabilities or future cash flows of the BHB's results of operations. The BHB has minimal exposure to market risk.

Foreign exchange risk

The BHB's business transactions are mainly conducted in Bermuda dollars and the PPP Agreement is also denominated in US dollars and Bermuda dollars. The Bermuda dollar is pegged to the US dollar. For this reason, the BHB believes it has minimal exposure to foreign exchange risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The BHB has minimal exposure to interest rate risk.

17. FINANCIAL RISK MANAGEMENT (Cont'd)

c. Market risk (cont'd)

Inflation risk

The PPP Agreement (Note 2i – Acute Care Wing PPP Agreement) exposes the BHB to inflation risk. On an annual basis the contractual payments are adjusted based on the difference between the base inflation rate and the actual inflation rate. Both the Bermuda Consumer Price Index as published by the Government and the United States Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States Department of Labour, are applied in calculating the actual inflation rate.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure market risk.

18. KEMH AND MWI STATEMENTS OF OPERATIONS

2022

REVENUE	KEMH	MWI	Total
MRF (Note 13e)	\$153,857,287	\$ 4,788,763	\$158,646,050
Subsidy (Note 13b)	116,072,123	3,358,241	119,430,364
Government grant MWI (Note 13a)	3,099,799	40,441,000	43,540,799
Patient related revenue – other	8,328,947	182,586	8,511,533
Amortisation of deferred capital contributions (Note 7)	1,847,319	722,616	2,569,935
Non-medical	2,259,026	173,924	2,432,950
Donations – other (Note 16)	1,244,047	-	1,244,047
Donations in kind (Note 16)	11,295	-	11,295
Interest income	6,218	-	6,218
Total revenues	\$286,726,061	\$49,667,130	\$ 336,393,191
EXPENSES			
Salaries and employee benefits (Notes 8 and 13g)	\$169,653,886	\$ 31,558,713	\$ 201,212,599
General supplies and services	26,823,312	4,440,046	31,263,358
Medical supplies	28,821,510	1,284,690	30,106,200
Repairs and maintenance	25,561,503	1,766,492	27,327,995
Interest (Note 9)	14,242,407	-	14,242,407
Amortisation of capital assets	11,052,448	784,914	11,837,362
Utilities	8,816,123	1,023,187	9,839,310
Amortisation of Acute Care Wing Building (Note 9)	5,733,275	-	5,733,275
Bad debt	3,852,991	-	3,852,991
Food	2,168,032	822,284	2,990,316
Scholarships issued	390,613	-	390,613
Impairment of other investment	7,395	-	7,395
Loss on disposal of capital assets	1,845	-	1,845
Accrued health insurance (Note 8b)	(3,415,571)	-	(3,415,571)
Management charge (Note 12)	(2,000,000)	2,000,000	-
Total expenses	\$291,709,769	\$ 43,680,326	\$ 335,390,095
Excess/(Deficiency) of revenues over expenses	\$ (4,983,708)	\$ 5,986,804	\$ 1,003,096

Bermuda Hospitals Board
Notes to the Financial Statements
For the Year Ended March 31, 2022
(Presented in Bermuda Dollars)

18. KEMH AND MWI STATEMENTS OF OPERATIONS (Cont'd)

2021

REVENUE	KEMH	MWI	Total
MRF (Note 13e)	\$149,687,465	\$ 4,788,763	\$154,476,228
Subsidy (Note 13b)	104,972,123	3,358,241	108,330,364
Government grant MWI (Note 13a)	-	40,441,000	40,441,000
Patient related revenue – other	5,706,993	182,586	5,889,579
Non-medical	3,937,533	110,281	4,047,814
Donations – other (Note 16)	3,277,707	-	3,277,707
Amortisation of deferred capital contributions (Note 7)	1,575,831	727,616	2,303,447
Realized gains from the sale of investments	1,546,413	-	1,546,413
Interest income	37,917	-	37,917
Donations in kind (Note 16)	26,059	-	26,059
Total revenues	\$270,768,041	\$ 49,608,487	\$ 320,376,528
EXPENSES			
Salaries and employee benefits (Notes 8 and 13g)	\$172,962,021	\$ 31,738,428	\$ 204,700,449
General supplies and services	25,593,040	4,186,982	29,780,022
Repairs and maintenance	24,147,670	1,534,063	25,681,733
Medical supplies	23,989,179	1,131,501	25,120,680
Amortisation of capital assets	17,646,141	915,855	18,561,996
Interest (Note 9)	16,071,501	-	16,071,501
Utilities	8,416,751	1,024,878	9,441,629
Amortisation of Acute Care Wing Building (Note 9)	5,733,275	-	5,733,275
Food	2,231,559	798,975	3,030,534
Bad debt	1,468,455	-	1,468,455
Accrued health insurance (Note 8b)	878,379	-	878,379
Scholarships issued	184,571	-	184,571
Management charge (Note 12)	(2,000,000)	2,000,000	-
Total expenses	\$297,322,542	\$ 43,330,682	\$ 340,653,224
(Deficiency)/ Excess of revenues over expenses	\$(26,554,501)	\$ 6,277,805	\$ (20,276,696)

19. BUDGET FIGURES

The budget was approved by the Board of Directors on March 23, 2021.

20. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital consists of the following:

	2022	2021
Accounts and other receivables	\$ 3,059,265	\$ 6,291,836
Prepaid expenses	(1,367,022)	174,114
Inventory	(945,771)	(5,827,892)
Accounts payable and other liabilities	5,382,302	3,156,020
Accrued health insurance (Notes 8b & 17b)	(3,415,571)	878,379
	\$ 2,713,203	\$ 4,672,457

21. COMPARATIVE FIGURES

No material adjustments were made to comparative figures. Certain comparative figures have been adjusted to conform to current year's presentation.

22. GOVERNMENT GUARANTEE FOR THE PPP AGREEMENT

On December 1, 2010, the Government of Bermuda provided an irrevocable guarantee to PHS on behalf of the BHB to facilitate the completion of the new ACW. The Government guarantees all debt and contractual obligations under the Agreement as disclosed in Note 6 – Other Liability – ACW and Note 14 – Contractual Obligations.

23. SUBSEQUENT EVENTS

COVID-19 Pandemic

During the year ended March 31, 2022, the COVID-19 pandemic continued to impact the BHB's operations and financial performance. The BHB implemented various measures to protect the health and safety of its patients, staff and community, including cancelling elective procedures and increasing personal protective equipment. The BHB also received financial assistance from the Government and local businesses in the form of grants and donations to help cover the additional costs associated with responding to the pandemic. The BHB continues to monitor the situation and assesses the impact on its financial statements. Any such material impact will be reflected in the period in which it is determined.

Management has continued to closely monitor the evolution of this pandemic, including how it may affect Bermuda's economy, health insurance system and general population. COVID-19 has caused significant disruption to businesses and economic activity in Bermuda and has resulted in a number of people being furloughed or laid off. The going concern basis of preparation assumption for BHB's financial statements is dependent upon the continued effective operation of the health insurance system in Bermuda and the future financial support from the Government. The impact on BHB's operations of additional procurement of equipment and supplies in response to the pandemic was weathered by BHB's cash reserves and donations. The forward impacts of the pandemic are not expected to have a long-term impact on BHB at this stage.

BHB purchases Craig Appin building

On January 2, 2024, the BHB announced it had purchased Craig Appin House in Hamilton in order to protect from future rental increases. The building was purchased at a cost of \$8 million.

Craig Appin was offered at favourable and flexible terms for purchase. BHB will pay the same amount it has been paying each year in rent as it pays for the building. Rental income from other services in the building will help offset maintenance costs for the immediate future. Critically, this deal protects the BHB from the rental market increases over the coming years and provides options for estate planning to benefit our services to the community.

As is required, the deal was approved by the Minister of Health and Minister of Finance, as well as the BHB Board and Executive.

23. SUBSEQUENT EVENTS (CONT'D)

New Collective Bargaining Agreement (CBA)

During the 2023/2024 financial year, a new CBA was reached between the BHB and the Bermuda Industrial Union (BIU). BHB agreed a cost-of-living adjustment (COLA) increase for this fiscal year and employees were also awarded an ex-gratia payment in response to their savings initiatives. BIU members received their COLA and ex-gratia payments in December 2023. Additionally, BHB is entering discussions with the Bermuda Public Service Union (BPSU) in regard to a new CBA for their members as well. This will likely have a material financial impact on BHB upon conclusion. BHB has accrued an estimate of \$5 million in the 2022 financial statements for the relevant periods.

24. FUTURE CHANGES IN ACCOUNTING STANDARDS

A number of new standards and amendments to standards issued by PSAB are not yet effective and have not been applied in preparing these financial statements.

The following standards becomes effective for fiscal years beginning on or after April 1, 2022, and will be assessed in the 2023 financial statements.

*PS1201 – Financial Statement Presentation**

The amendment under this standard relates to intangible assets. This is not applicable to the BHB as the BHB does not hold any intangible assets. This standard becomes effective for fiscal years beginning on or after April 1, 2022, and will be assessed in the 2023 financial statements.

** When sections of PS2601 and PS3450 are adopted.*

PS2601 – Foreign Currency Translation

This section relates to transactions whose terms are denominated in a currency other than the BHB's reporting currency, including transactions arising when the BHB either:

- Borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency; or
- Becomes a party to a contract involving foreign currencies.

At transaction date, assets, liabilities and amounts reported in the Statement of Operations arising from foreign currency transactions, must be translated into Bermudian dollars by applying the exchange rate in effect at that date. This standard becomes effective for fiscal years beginning on or after April 1, 2022, and will be assessed in the 2023 financial statements.

PS3041 – Portfolio Investments

The amendment under this standard relates to how the BHB would account for and reports portfolio investments in the financial statements. However, this is not applicable as the BHB do not currently hold any investments. This standard becomes effective for fiscal years beginning on or after April 1, 2022, and will be assessed in the 2023 financial statements.

PS3280 – Asset Retirement Obligations

This standard requires the BHB to establish a liability for any costs associated with the retirement of its asset retirement (i.e. decommissioning or dismantling, remediation, post-retirement costs). The BHB would need to account for the liability required at the end of the assets' lifecycle. This standard becomes effective on April 1, 2022, and will be assessed in the 2023 financial statements.

PS3450 – Financial Instruments

The amendment to this standard requires that all changes in the fair value of financial instruments be identified in the statement of remeasurement as opposed to the statement of operations. However, this is not applicable as the BHB do not currently hold any investments. This standard becomes effective for fiscal years beginning on or after April 1, 2022, and will be assessed in the 2023 financial statements.

24. FUTURE CHANGES IN ACCOUNTING STANDARDS (Cont'd)

The following standards becomes effective for fiscal years beginning on or after April 1, 2023, and will be assessed in the 2024 financial statements.

PSG8 – Purchased Intangibles

The amendment to this standard requires the BHB to recognise intangibles purchased through an exchange transaction. However, this is not applicable as the BHB as does not currently own any purchased intangible assets. This standard becomes effective for fiscal years beginning on or after April 1, 2023, and will be assessed in the 2024 financial statements.

PS3160 – Public Private Partnerships

The main features of the new section are:

- PPP infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use; and operate and/or maintain the infrastructure.
- PPP infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is recognized when the public sector entity recognizes an asset.
- An infrastructure asset acquired in a private partnership arrangement is recorded at the public sector entity's cost. The liability is initially measured at the cost of the infrastructure asset. Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset.
- Subsequent measurement of a financial liability should be at amortized cost using the effective interest method. For a performance obligation, revenue should be recognized, and the liability reduced in accordance with the substance of the public private partnership agreement.

This standard becomes effective for fiscal years beginning on or after April 1, 2023, and will be assessed in the 2024 financial statements.

PS3400 – Revenue

This standard establishes how revenue should be accounted for and reported. It separates revenue transactions into those with and without performance obligations. All public sector entities are required to recognize revenue arising from transactions with no associated performance obligations, at net realizable value. The BHB will now be required to disclose its revenue in accordance with the above. This standard becomes effective for fiscal years beginning on or after April 1, 2023, and will be assessed in the 2024 financial statements.

The following standards becomes effective for fiscal years beginning on or after April 1, 2026, and will be assessed in the 2027 financial statements.

The Conceptual Framework for Financial Reporting in the Public Sector

This becomes applicable on or after April 1, 2026 and will be assessed in the 2027 financial statements. Earlier adoption is permitted.

PS1202 – Financial Statement Presentation

This becomes applicable on or after April 1, 2026 and will be assessed in the 2027 financial statements. Earlier adoption is permitted only if *The Conceptual Framework for Financial Reporting in the Public Sector* is also adopted at the same time.

King Edward VII Memorial Hospital

T: 441 236 2345

MAILING ADDRESS

PO Box HM 1023 | Hamilton, Bermuda HMDX

STREET ADDRESS

7 Point Finger Road | Paget, Bermuda DV04



Bermuda Hospitals Board

www.bermudahospitals.bm