

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2019

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2019

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**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

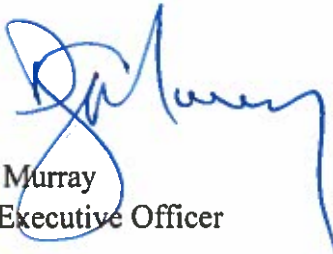
The accompanying financial statements of Nipigon District Memorial Hospital [the "Hospital"] are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The preparation of the financial statements necessarily involves management's judgment and estimates of the expected outcomes of current events and transactions with appropriate consideration to materiality.

Nipigon District Memorial Hospital maintains systems of internal accounting and financial controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, accurate, and that assets are properly accounted for and safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the financial statements and the external independent auditor's report before approving the financial statements.

The financial statements have been audited by Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards.



David Murray
Chief Executive Officer



Lauren Haskell
Chief Financial Officer

Independent auditor's report

To the Board of Directors and Members of
Nipigon District Memorial Hospital

Opinion

We have audited the financial statements of Nipigon District Memorial Hospital, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Nipigon District Memorial Hospital as at March 31, 2019, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, Canada
June 24, 2019

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2019	2018
	\$	\$
ASSETS		
Current		
Cash	1,008,267	1,166,620
Term deposits [note 2]	100,000	100,000
Accounts receivable [note 3]	278,798	208,867
Inventory [note 4]	102,146	91,193
Prepaid expenses	201,799	139,300
	<u>1,691,010</u>	<u>1,705,980</u>
Restricted cash [note 5]	48,725	46,260
Capital assets, net [note 6]	9,207,406	9,738,486
	<u>10,947,141</u>	<u>11,490,726</u>
LIABILITIES		
Current		
Short-term portion of long-term debt [note 7]	83,203	81,548
Accounts payable and accrued liabilities [note 8]	1,242,382	1,182,804
	<u>1,325,585</u>	<u>1,264,352</u>
Long-term		
Long-term debt [note 7]	878,691	961,893
Deferred capital contributions [note 9]	6,702,782	7,020,969
Employee future benefits [note 10]	450,800	436,100
	<u>8,032,273</u>	<u>8,418,962</u>
NET ASSETS		
Investment in capital assets [note 11(a)]	1,542,730	1,674,076
Internally restricted [note 12]	201,354	166,099
Externally restricted [note 5]	48,725	46,260
Unrestricted	(203,526)	(79,023)
	<u>1,589,283</u>	<u>1,807,412</u>
	<u>10,947,141</u>	<u>11,490,726</u>
Commitments [note 13], Contingent liabilities [note 14]		

Approved on behalf of the Board of Directors:

Director

Director

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF OPERATIONS

Year ended March 31	2019	2018
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and North West Local Health Integration Network [note 15]	7,055,098	7,065,726
Patient services	187,958	204,300
Preferred accommodation and co-payments	542,724	560,620
Other revenue [note 16]	800,558	575,553
Beardmore Regional Health Centre [schedule 1]	276,114	267,533
Fundraising [schedule 2]	33	29
Assisted Living Program [schedule 3]	116,022	119,843
Hospital On-Call Coverage	106,196	106,196
Municipal taxes funding	2,775	2,775
	<u>9,087,478</u>	<u>8,902,575</u>
EXPENSES		
Salaries and wages	5,127,478	4,841,381
Medical staff remuneration	65,160	64,921
Employee benefits	1,348,022	1,186,573
Supplies and expenses	1,643,068	1,636,495
Medical and surgical supplies	102,376	98,768
Drugs and medical gases	94,780	117,283
Provision for bad debts	6,451	8,837
Amortization of major equipment and information systems	272,134	229,915
Beardmore Regional Health Care [schedule 1]	276,114	267,533
Fundraising [schedule 2]	16,513	16,022
Assisted Living Program [schedule 3]	116,022	119,843
Hospital On-Call Coverage	106,196	106,196
Municipal taxes expense	2,775	2,775
	<u>9,177,089</u>	<u>8,696,542</u>
SHORTFALL OF REVENUE OVER EXPENSES		
BEFORE THE FOLLOWING	(89,611)	206,033
Amortization of land improvements, buildings and building service equipment	(556,003)	(520,074)
Amortization of deferred capital contributions	427,485	403,337
SHORTFALL OF REVENUE OVER EXPENSES	<u>(218,129)</u>	<u>89,296</u>

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

					2019	2018
	Invested in Capital Assets \$	Externally Restricted \$	Internally Restricted \$	Unrestricted \$	Total \$	Total \$
Balance at beginning of year	1,674,076	46,260	166,099	(79,023)	1,807,412	1,718,116
Excess (shortfall) of revenue over expenses	(269,510)			51,381	(218,129)	89,296
Net change in externally restricted funds		2,465		(2,465)	-	-
Net change in internally restricted funds			35,255	(35,255)	-	-
Net change in investment in capital assets [note 11 (b)]	138,164			(138,164)	-	-
BALANCE AT END OF YEAR	1,542,730	48,725	201,354	(203,526)	1,589,283	1,807,412

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Shortfall of revenue over expenses for year	(218,129)	89,296
Add charges (deduct credits) to excess of revenue over expenses not involving a current payment (receipt) of cash		
Amortization of capital assets and deferred charges	830,043	752,084
Amortization of deferred capital contributions	(559,351)	(491,072)
Gain on disposal of capital assets	(1,182)	(278)
Employee future benefits	14,700	14,700
Changes in non-cash operational balances [note 17]	(83,805)	(444,439)
Net Cash (Used For) Provided By Operating Activities	(17,724)	(79,709)
CAPITAL ACTIVITIES		
Purchase of capital assets	(298,963)	(1,149,713)
Proceeds from sale of capital assets	1,182	278
Cash Used In Capital Activities	(297,781)	(1,149,435)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	216,194	681,761
Private and other donations	24,875	28,939
Paymaster distributions and other transfers	95	66,154
Borrowings repayments	(81,547)	(79,928)
Net Cash Provided By Financing Activities	159,617	696,926
DECREASE IN CASH	(155,888)	(532,218)
Cash at beginning of year	1,212,880	1,745,098
CASH AT END OF YEAR	1,056,992	1,212,880
Represented by		
Cash	1,008,267	1,166,620
Restricted cash	48,725	46,260
	1,056,992	1,212,880

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

General

Nipigon District Memorial Hospital (the "Hospital") was incorporated under the Corporations Act in January, 1956. The Hospital is principally involved in providing health care services to the Nipigon-Red Rock region of Northwestern Ontario. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Hospital have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Standards Board ("PSAB for Government NPOs").

Cash

Cash includes cash on hand, other short-term highly liquid investments with original maturities of 3 months or less.

Contributed services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The Fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC"), and the North West Local Health Integration Network ("LHIN"). Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of an accounting period, are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the MOHLTC and the LHIN with respect to the year ended March 31, 2019.

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

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.

Revenue from patient services is recognized when the services are provided.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of for the related capital assets.

Amortization of buildings is not funded by the LHIN and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital. As these assets become unrestricted they may be used for such purposes that the Board approves including current operations and capital purchases. Unrestricted investment income is recognized as revenue when earned.

Financial instruments

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

i) Fair Value

Financial instruments are initially recognized at cost subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met. 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 recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses is removed from net assets and recognized in the statement of operations.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

i) Amortized cost

This category includes cash, accounts receivable, investments, accounts payable and accrued liabilities, and short-term borrowing. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on the financial assets. Transaction costs related to the financial instruments in amortized cost category are added to the carrying value of the instrument. Writedowns on financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Inventory

Inventory of general, medical and surgical supplies is valued at the lower of average cost and replacement value, whereas drugs and medical gases are carried at cost on a first-in, first-out basis.

Capital assets and amortization

Purchased capital assets are valued at cost and contributed assets are valued at their fair market value at the time of contribution. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

The amortization of the capital assets is recorded annually with a corresponding reduction in investment in capital assets. All assets are amortized over their expected useful lives using the straight-line basis, at the following annual rates:

Buildings	20 to 40 years
Building service equipment	10 to 20 years
Computer software	3 years
Major equipment	5 to 20 years
Land improvements	10 to 20 years

Employee future benefits

The Hospital provides extended health care, dental and life insurance benefits to substantially all employees and accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service from management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

The cost of post-employment benefits future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

The Hospital is an employer member of the Health Care of Ontario Pension, which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the benefit plans of the Hospital.

Management estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Areas of key estimation include determination of allowance for doubtful accounts and actuarial estimation of post-employment benefits, estimated useful lives of capital assets and compensated absences.

2. TERM DEPOSITS

The term deposits consists of guaranteed investment certificates in the amount \$100,000 [2018 - \$100,000]. The term deposit carries interest rates of 2.00% and matures in March 2020.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2019	2018
	\$	\$
Other non-patient accounts receivable	186,028	88,111
Patient accounts receivable	88,446	115,210
Provincial Insurance Plan	15,546	16,312
	290,020	219,633
Less allowance for doubtful accounts	11,222	10,766
	278,798	208,867

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

4. INVENTORY

	2019 \$	2018 \$
Pharmacy inventory	31,368	30,315
Supplies inventory	70,778	60,878
	102,146	91,193

5. RESTRICTED CASH

Restricted cash of \$48,725 [2018 - \$46,260] represents endowments where the principal contribution is restricted for various time intervals which upon expiry is to be used for capital purchases.

6. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2019 Net \$
Land	141,832	-	141,832
Land improvements	1,263,570	804,237	459,333
Buildings and building service equipment	16,664,363	9,215,047	7,449,316
Major equipment and computer systems	5,773,127	4,616,202	1,156,925
	23,842,892	14,635,486	9,207,406

	Cost \$	Accumulated Amortization \$	2018 Net \$
Land	141,832	-	141,832
Land improvements	1,260,887	765,287	495,600
Buildings and building service equipment	16,441,829	8,699,770	7,742,059
Major equipment and computer systems	5,712,343	4,353,348	1,358,995
	23,556,891	13,818,405	9,738,486

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

7. LONG-TERM DEBT

The Hospital has loan of \$961,894 standing at March 31, 2019 that was used to finance an energy retrofit of the facility [2018 - \$1,043,441]. The unsecured loan is repayable to RBC in monthly installments of \$8,481, including interest of at 2.01%, maturing in December 2029. The five year repayment schedule is as follows:

Year	Principal
2020	83,203
2021	84,890
2022	86,613
2023	88,370
2024	90,162
Thereafter	528,656
	<u>961,894</u>

The Hospital has available an operating loan of \$300,000 of which \$nil [2018- nil] was borrowed at year-end. Interest on line of credit is calculated at Royal Bank Prime [3.95% at year end].

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2019	2018
	\$	\$
Accounts payable and accrued liabilities	468,516	494,342
Accrued salaries and wages	517,712	495,510
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	246,102	183,760
Government remittances payable	10,052	9,192
	<u>1,242,382</u>	<u>1,182,804</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent current and prior fiscal years' funding expended for the purchase of capital assets. These capital contributions are realized as the related capital assets are amortized.

	2019	2018
	\$	\$
Balance, beginning of year	7,020,969	6,735,187
Receipts	241,164	776,854
Amortization	(559,351)	(491,072)
	<u>6,702,782</u>	<u>7,020,969</u>
Represented by		
Unamortized portion	6,430,966	6,768,507
Unexpended portion	271,816	252,462
	<u>6,702,782</u>	<u>7,020,969</u>

10. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health care, dental and life insurance benefits to substantially all full-time employees. Under the terms of employee contracts, some employee groups, who elect to retire early, are entitled to continue to receive these health and dental benefits from the date of early retirement until they reach the age of 65. The Hospital is required to fund either 50% or 75% of the costs of these post employment benefits on behalf of the retired employee groups.

At March 31, 2019, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$450,800 [2018 - \$436,100]. The most recent actuarial estimate was provided as at March 31, 2018. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.37%
Dental benefits cost escalation	4.00%
Medical benefits cost escalation – extended health care	6.50%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

Included in employee benefits on the statement of operations is an amount of \$14,600 [2018 – \$11,900] regarding employee future benefits. This amount is comprised of:

	2019	2018
	\$	\$
Additional benefit expense	50,500	40,600
Estimated payments made by the Hospital during the year	(35,800)	(28,700)
	14,700	11,900

11. INVESTMENT IN CAPITAL ASSETS

(a) Investment in capital assets is calculated as follows:

	2019	2018
	\$	\$
Capital assets at net book value	9,207,406	9,738,486
Amounts financed by deferred capital contributions	(6,702,782)	(7,020,969)
Borrowings	(961,894)	(1,043,441)
	1,542,730	1,674,076

(b) Change in net assets invested in capital assets is calculated as follows:

	2019	2018
	\$	\$
Shortfall of revenue over expenses		
Amortization of deferred capital contributions	559,351	491,072
Amortization of capital assets	(830,043)	(752,084)
Gain on disposal of capital assets	1,182	278
	(269,510)	(260,734)
Net change in capital assets		
Purchase of capital assets	298,963	1,149,713
Deferred capital contributions applied	(241,164)	(776,854)
Repayment of long-term debt	81,547	79,928
Proceeds from sale of capital assets	(1,182)	(278)
	138,164	452,509
Change in investment in capital assets	(131,346)	191,775

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

12. INTERNALLY RESTRICTED ASSETS

Each year the Hospital sets aside 25% of rental income to be used for capital equipment and repairs for the premises which the Hospital acts as a landlord.

13. COMMITMENTS

Under the terms of equipment leases, the Hospital is committed to the following lease payments:

2020	\$	7,553
2021	\$	7,553
2022	\$	7,553
2023	\$	1,888

The lease expiry dates are June 2023.

14. CONTINGENT LIABILITIES

Insurance

A group of hospitals, including Nipigon District Memorial Hospital, have formed the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2019.

Employee fringe benefits

The Hospital, together with five other regional hospitals, has entered into a self insured employee benefit plan for semi-private, dental and extended health care benefits. Under the terms of the plan, the Hospital will pay for certain employee benefit claims not exceeding \$10,000 per employee per year. Any excess claims would be insured.

15. MINISTRY OF HEALTH AND LONG-TERM CARE AND NORTH WEST LOCAL INTEGRATION NETWORKING FUNDING

Under the Health Insurance Act, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC) and North West Local Health Integration Network (NW LHIN).

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

16. OTHER REVENUE

	2019	2018
	\$	\$
Amortization of deferred capital contributions for major equipment	131,074	86,717
Donations - other	2,560	2,552
Gain (Loss) on disposal of capital assets	1,182	278
Interest	20,055	13,537
Recoveries:		
Administrative and support services	382,229	186,417
Diagnostic and therapeutic services	3,588	4,284
Food services	31,499	35,189
Meals	44,979	44,014
Patient service	1,216	859
Residences	13,680	17,760
Telephone	607	369
Television	6,511	7,423
Union secondment	20,357	17,762
Rentals	141,021	158,392
	800,558	575,553

17. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2019	2018
	\$	\$
Accounts receivable	(69,931)	9,167
Inventory	(10,953)	(6,285)
Prepaid expenses	(62,499)	49,895
Accounts payable and accrued liabilities	59,578	(497,216)
	(83,805)	(444,439)

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

18. PENSION PLAN

Most of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management’s best estimates, in consultation with its actuaries, of the amount require to provide a high level of assurance that benefits will be fully represented by fund assets at retirements, as provided by the Plan. On January 1, 2019 the contribution rates were 6.9% [2018 – 6.9%] up to the year’s maximum pensionable earnings (YMPE) and 9.2% [2018 – 9.2%] above the YMPE. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees’ contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2018 indicates the Plan is 121% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$396,532 [2018 - \$373,048] and are included in the statement of operations.

19. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Hospital’s main financial instrument risk exposure is detailed as follows:

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. Hospital is exposed to this risk relating to its cash, investments, and accounts receivable.

Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Investments consist of guaranteed investment certificates (“GICs”).

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population. An allowance for doubtful patient accounts is set up based on historical experience regarding collections.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

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

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flow of financial instruments because of changes in market interest rates. Currently, there is minimal interest rate risk for investments as the majority of them are held at fixed rates. There is minor interest rate risk on short term borrowings as the interest rate contains a floating component.

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

Liquidity risk

Liquidity risk is the risk that Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise.

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

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 1****BEARDMORE REGIONAL HEALTH CENTER****Year ended March 31**

	2019	2018
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	278,094	283,794
Repayable to Ministries and other agencies	(3,770)	(18,148)
Amortization of deferred capital contributions for equipment	792	1,018
Other revenue and recoveries	998	869
	276,114	267,533
EXPENSES		
Salaries and employee benefits	188,604	201,135
Supplies and expenses	79,468	57,589
Medical supplies and drugs	6,994	7,572
Amortization of major equipment and information systems	1,048	1,237
	276,114	267,533
REVENUE OVER EXPENSES	-	-

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 2****FUNDRAISING**

Year ended March 31	2019	2018
	\$	\$
REVENUE		
Donations	24,875	28,846
Transferred to deferred capital contributions	(24,875)	(28,846)
Other revenue and recoveries	33	29
	33	29
EXPENSES		
Salaries and employee benefits	15,626	15,028
Supplies and expenses	29	136
Amortization of major equipment and information systems	858	858
	16,513	16,022
SHORTFALL OF REVENUE OVER EXPENSES	(16,480)	(15,993)

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 3****ASSISTED LIVING PROGRAM**

Year ended March 31	2019	2018
	\$	\$
REVENUE		
Local Health Integration Network	156,260	156,000
Patient services	18,221	19,661
Repayable to Ministries and other agencies	(58,459)	(55,818)
	116,022	119,843
EXPENSES		
Salaries and employee benefits	103,597	107,984
Supplies and expenses	12,425	11,859
	116,022	119,843
REVENUE OVER EXPENSES	-	-