

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2014

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

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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 carries out this responsibility principally through its Operations Committee [the "Committee"]. The Committee 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. The Committee reports its findings to the Board for consideration when 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.

A handwritten signature in black ink, appearing to read "Carl White".

Carl White
Chief Executive Office

A handwritten signature in black ink, appearing to read "Dan Hill".

Dan Hill
Chief Financial & Operating Officer

Independent Auditor's Report

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To the Members of Nipigon District Memorial Hospital

We have audited the accompanying financial statements of Nipigon District Memorial Hospital ("Hospital") which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hospital's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada
May 26, 2014

Chartered Accountants
Licensed Public Accountants

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2014 \$	2013 \$
ASSETS		
Current		
Cash	1,361,501	1,060,313
Term deposits [note 2]	369,718	364,006
Accounts receivable [note 3]	218,028	199,450
Inventory [note 4]	87,342	92,790
Prepaid expenses	128,811	211,284
	2,165,400	1,927,843
Restricted Cash [note 5]	45,952	117,930
Capital assets, net [note 6]	9,163,356	9,433,643
	11,374,708	11,479,416
LIABILITIES		
Current		
Short-term borrowings [note 7]	1,033,034	1,004,721
Accounts payable and accrued liabilities [note 8]	1,103,328	1,170,945
Deferred operating contributions [note 9]	12,138	12,138
	2,148,500	2,187,804
Long term		
Deferred capital contributions [note 10]	6,604,441	6,738,883
Employee future benefits [note 11]	394,000	402,100
	6,998,441	7,140,983
NET ASSETS		
Investment in capital assets [note 12(a)]	1,525,881	1,690,039
Internally restricted [note 13]	77,141	38,032
Externally restricted [note 5]	45,952	117,930
Unrestricted	578,793	304,628
	2,227,767	2,150,629
	11,374,708	11,479,416

Commitments [note 14], Contingent liabilities [note 15]

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	2014	2013
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and North West Local Health Integration Network [note 16]	6,549,873	6,281,013
Patient services	222,374	233,100
Preferred accommodation and co-payments	522,159	538,089
Other revenue [note 17]	533,409	475,217
Beardmore Regional Health Centre [schedule 1]	249,907	257,846
Diabetes Education Program [schedule 2]	-	10,642
Fundraising [schedule 3]	25,841	18,862
Assisted Living Program [schedule 4]	104,515	48,771
Municipal taxes	2,775	2,775
	8,210,853	7,866,315
EXPENSES		
Salaries and wages	4,510,694	4,494,163
Medical staff remuneration	188,380	191,864
Employee benefits	1,163,330	1,057,274
Supplies and expenses	1,465,912	1,393,131
Medical and surgical supplies	100,568	83,938
Drugs and medical gases	82,010	98,365
Provision for bad debts	14,154	4,566
Amortization of major equipment and information systems	152,463	221,137
Beardmore Regional Health Care [schedule 1]	250,649	258,882
Diabetes Education Program [schedule 2]	-	10,642
Fundraising [schedule 3]	16,602	16,922
Assisted Living Program [schedule 4]	113,132	48,771
Municipal taxes	2,775	2,775
	8,060,669	7,882,430
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING		
	150,184	(16,115)
Amortization of land improvements, buildings and building service equipment	(403,253)	(389,914)
Amortization of deferred capital contributions	330,207	340,878
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	77,138	(65,151)

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS (DEBT)

Year ended March 31	\$	\$	\$	\$	2014 \$	2013 \$
	Invested in Capital Assets	Externally Restricted	Internally Restricted	Unrestricted	Total	Total
Balance at beginning of year	1,690,039	117,930	38,032	304,628	2,150,629	2,215,780
Excess (shortfall) of revenue over expenses	(189,389)	-	-	266,527	77,138	(65,151)
Net change in externally restricted funds	-	(71,978)	-	71,978	-	-
Net change in internally restricted funds	-	-	39,109	(39,109)	-	-
Net change in investment in capital assets [note 12 (b)]	25,231	-	-	(25,231)	-	-
BALANCE AT END OF YEAR	1,525,881	45,952	77,141	578,793	2,227,767	2,150,629

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2014 \$	2013 \$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses for year	77,138	(65,151)
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	560,286	615,876
Amortization of deferred capital contributions	(370,041)	(385,355)
Paymaster distributions	-	-
Gain on disposal of capital assets	(856)	(74)
Employee future benefits	(8,100)	(6,600)
Changes in non-cash operational balances [note 18]	1,726	179,918
Net Cash Provided By Operating Activities	260,153	338,614
CAPITAL ACTIVITIES		
Purchase of capital assets	(289,999)	(1,121,242)
Proceeds from sale of capital assets	856	74
Cash used in capital activities	(289,143)	(1,121,168)
INVESTING ACTIVITIES		
Increase in long-term deposit and accrued interest	(5,712)	(18,372)
Net Cash Used For Investing Activities	(5,712)	(18,372)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	1,068,684	26,870
Private and other donations	16,492	-
Paymaster distributions	(849,577)	-
Other funding providers		
Short-term borrowings	28,313	1,004,721
Net Cash Provided By Financing Activities	263,912	1,031,591
INCREASE IN CASH	229,210	230,665
Cash at beginning of year	1,178,243	947,578
CASH AT END OF YEAR	1,407,453	1,178,243
Represented by		
Cash	1,361,501	1,060,313
Restricted cash	45,952	117,930
	1,407,453	1,178,243

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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, 2014.

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, 2014

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 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 (debt) and recognized in the statement of operations.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

ii) 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. Write-downs 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 write-down 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, 2014

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 revenue 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. INVESTMENTS

The term deposits consist of Guaranteed Investment Certificates in the amount \$112,758 [2013 - \$112,758] plus accrued interest of \$2,035 [2013 - \$573] and \$250,000 [2013 - \$250,000] plus accrued interest of \$4,925 [2013 - \$675]. The term deposits carry interest rates of 1.3% and 1.7% and mature in November, 2014 and August, 2014 respectively.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2014	2013
	\$	\$
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	36,330	14,085
Other non-patient accounts receivable	91,266	86,517
Patient accounts receivable	89,987	88,856
Provincial Insurance Plan	20,778	21,992
	238,361	211,450
Less allowance for doubtful accounts	20,333	12,000
	218,028	199,450

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

4. INVENTORY

	2014	2013
	\$	\$
Pharmacy inventory	33,758	32,480
Supplies inventory	53,584	60,310
	87,342	92,790

5. RESTRICTED CASH

Restricted cash of \$45,952 [2013 - \$117,930] represents endowments where the principle contribution is restricted for various time intervals which upon expiry is to be used for capital purchases.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2014 Net
	\$	\$	\$
Land	141,832	-	141,832
Land improvements	790,282	693,330	96,952
Buildings and building service equipment	15,094,091	6,908,210	8,185,881
Major equipment and computer systems	4,272,367	3,533,676	738,691
	20,298,572	11,135,216	9,163,356

	Cost	Accumulated Amortization	2013 Net
	\$	\$	\$
Land	141,832	-	141,832
Land improvements	790,282	680,837	109,445
Buildings and building service equipment	14,957,940	6,521,520	8,436,420
Major equipment and computer systems	4,118,520	3,372,574	745,946
	20,008,574	10,574,931	9,433,643

Included in capital assets for 2014 is buildings and building service equipment costs of \$nil [2013 - \$988,257] which have not being amortized. These capitalized costs relate to the energy retrofit project that began in early 2011 and is in progress at year-end.

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

7. SHORT-TERM BORROWINGS

The Hospital has \$1,033,034 construction facility outstanding at March 31, 2014 [2013 - \$1,004,721] to finance the energy retrofit project that was in progress at year-end. The short-term debt outstanding at year-end is owed to a major financial institution and bears interest at that bank's prime minus 0.5% per annum. Interest payments are being made monthly until the energy retrofit project is complete at which time the short-term credit facility will be rolled into a long-term loan. The construction facility is unsecured.

The Hospital has available an operating loan of \$300,000 of which \$nil [2013- \$nil] was borrowed at year-end. Interest on line of credit is calculated at Royal Bank Prime [3% at year-end].

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2014	2013
	\$	\$
Accounts payable and accrued liabilities	366,471	415,950
Accrued salaries and wages	650,563	627,860
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	21	21
Government remittances payable	86,273	127,114
	<u>1,103,328</u>	<u>1,170,945</u>

9. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions consist of the following:

	2014	2013
	\$	\$
Balance, beginning of year	12,138	12,138
Amount received related to future years	-	-
	<u>12,138</u>	<u>12,138</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

10. 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.

	2014	2013
	\$	\$
Balance, beginning of year	6,738,883	7,097,368
Receipts	1,085,176	26,870
Paymaster distributions	(849,577)	-
Amortization	(370,041)	(385,355)
	6,604,441	6,738,883
Represented by		
Unamortized portion	6,113,459	6,222,753
Unexpended portion	490,982	516,130
	6,604,441	6,738,883

11. 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, 2014, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$394,000 [2013 - \$402,100]. The most recent actuarial estimate was provided as at April 1, 2012. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.5%
Dental benefits cost escalation	4.0%
Medical benefits cost escalation – extended health care	8.0%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

Included in employee benefits on the statement of operations is an amount of (\$8,100) [2013 – (\$6,600)] regarding employee future benefits. This amount is comprised of:

	2014	2013
	\$	\$
Additional benefit expense	16,900	16,900
Estimated payments made by the Hospital during the year	(25,000)	(23,500)
	(8,100)	(6,600)

12. INVESTMENT IN CAPITAL ASSETS

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

	2014	2013
	\$	\$
Capital assets at net book value	9,163,356	9,433,643
Amounts financed by deferred capital contributions	(6,604,441)	(6,738,883)
Short-term borrowings	(1,033,034)	(1,004,721)
	1,525,881	1,690,039

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

	2014	2013
	\$	\$
Excess (shortfall) of revenue over expenses		
Amortization of deferred capital contributions	370,041	385,355
Amortization of capital assets	(560,286)	(615,876)
Gain on disposal of capital assets	856	74
	(189,389)	(230,447)
Net change in capital assets		
Purchase of capital assets	289,999	1,121,242
Deferred capital contributions applied	(1,085,176)	(26,870)
Capital contributions paymaster distribution	849,577	-
Proceeds from short-term borrowings	(28,313)	(1,004,721)
Proceeds from sale of capital assets	(856)	(74)
	25,231	89,577
Change in investment in capital assets	(164,158)	(140,870)

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

13. 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.

14. COMMITMENTS

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

2015	\$	18,173
2016	\$	18,173
2017	\$	16,316
2018	\$	7,776
2019	\$	6,610

The lease expiry dates range from December, 2016 to August, 2019.

15. 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, 2014.

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 \$5,000 per employee per year. Any excess claims would be insured.

16. 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, 2014

17. OTHER REVENUE

	2014	2013
	\$	\$
Amortization of deferred capital contributions for major equipment	36,340	40,510
Donations	14,346	8,738
Gain on disposal of capital assets	856	74
Interest	10,542	6,360
Lifeline	-	254
Recoveries:		
Administrative and support services	163,716	155,578
Diagnostic and therapeutic services	5,644	10,280
Food services	38,031	32,912
Meals	31,838	34,279
Patient services	3,155	2,540
Residences	9,120	12,360
Telephone	2,302	1,733
Television	9,221	12,058
Union secondment	26,723	5,726
Salary recoveries	25,000	-
Rentals	156,575	151,815
	<u>533,409</u>	<u>475,217</u>

18. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2014	2013
	\$	\$
Accounts receivable	(18,578)	86,302
Inventory	5,448	(8,774)
Prepaid expenses	82,473	(120,246)
Accounts payable and accrued liabilities	(67,617)	222,636
	<u>1,726</u>	<u>179,918</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

19. PENSION PLAN

Most of the employees of the Hospital are members of the Hospitals 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 of 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 required 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, 2014 the contribution rates were 6.9% [2013 – 6.9%] up to the year's maximum pensionable earnings (YMPE) and 9.2% [2013 – 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, 2013 indicates the Plan is 114% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$340,018 [2013 - \$353,320] and are included in the statement of operations.

20. 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. The Hospital is exposed to this risk relating to its cash, investments, and accounts receivable.

The 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, 2014

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 the 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.

21. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to adhere to the presentation adopted for the current year.

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 1****BEARDMORE REGIONAL HEALTH CENTRE**

Year ended March 31

	2014	2013
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	245,209	252,541
Other one-time or transfers from other agencies		
Repayable to Ministries and other agencies	-	-
Amortization of deferred capital contributions for major equipment	3,494	3,967
Other revenue and recoveries	1,204	1,338
	<u>249,907</u>	<u>257,846</u>
EXPENSES		
Salaries and employee benefits	184,662	182,653
Supplies and expenses	54,743	63,408
Medical supplies and drugs	7,531	8,854
Amortization of major equipment and information systems	3,713	3,967
	<u>250,649</u>	<u>258,882</u>
SHORTFALL OF REVENUE OVER EXPENSES	<u>(742)</u>	<u>(1,036)</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 2****DIABETES EDUCATION PROGRAM****Year ended March 31**

	2014	2013
	\$	\$
<hr/>		
REVENUE		
Ministry of Health and Long-Term Care paymaster	-	12,795
Repayable to Ministries and other agencies	-	(2,467)
Other revenue and recoveries	-	314
	-	<u>10,642</u>
<hr/>		
EXPENSES		
Salaries and employee benefits	-	9,456
Supplies and expenses	-	1,186
	-	<u>10,642</u>
EXCESS OF REVENUE OVER EXPENSES	<u>-</u>	<u>-</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 3****FUNDRAISING**

Year ended March 31	2014	2013
	\$	\$
<hr/>		
REVENUE		
Donations	25,821	18,842
Other revenue and recoveries	20	20
	<hr/>	<hr/>
	25,841	18,862
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EXPENDITURE		
Salaries and employee benefits	15,197	14,758
Supplies and expenses	547	1,306
Amortization of major equipment and information systems	858	858
	<hr/>	<hr/>
	16,602	16,922
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EXCESS OF REVENUE OVER EXPENSES	9,239	1,940
	<hr/>	<hr/>

NIPIGON DISTRICT MEMORIAL HOSPITAL**Schedule 4****ASSISTED LIVING PROGRAM**

Year ended March 31	2014	2013
	\$	\$
REVENUE		
Local Health Integration Network	84,000	84,000
Patient services	20,515	4,651
Repayable to Ministries and other agencies	-	(39,880)
Other revenue and recoveries	-	-
	104,515	48,771
EXPENDITURE		
Salaries and employee benefits	105,355	42,571
Supplies and expenses	7,777	6,200
	113,132	48,771
DEFICIENCY OF REVENUE OVER EXPENSES	(8,617)	-