

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2015

NIPIGON DISTRICT MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

March 31, 2015

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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', written over a light blue horizontal line.

Carl White
Chief Executive Office

A handwritten signature in black ink, appearing to read 'Dan Hill', written over a light blue horizontal line.

Dan Hill
Chief Financial 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, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets (debt), and cash flow 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 entity'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 entity'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 Nipigon District Memorial Hospital as at March 31, 2015, and the results of its operations, changes in net assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
May 25, 2015

Chartered Accountants
Licensed Public Accountants

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

As at March 31	2015	2014
	\$	\$
ASSETS		
Current		
Cash	1,524,231	1,361,501
Term deposits [note 2]	116,282	369,718
Accounts receivable [note 3]	353,350	218,028
Inventory [note 4]	104,501	87,342
Prepaid expenses	116,490	128,811
	<u>2,214,854</u>	<u>2,165,400</u>
Restricted cash [note 5]	47,451	45,952
Capital assets, net [note 6]	9,369,242	9,163,356
	<u>11,631,547</u>	<u>11,374,708</u>
LIABILITIES		
Current		
Short-term portion of long-term debt [note 7]	74,652	1,033,034
Accounts payable and accrued liabilities [note 8]	1,339,485	1,103,328
Deferred operating contributions [note 9]	12,138	12,138
	<u>1,426,275</u>	<u>2,148,500</u>
Long term		
Long-term debt [note 7]	1,202,005	-
Deferred capital contributions [note 10]	6,576,438	6,604,441
Employee future benefits [note 11]	393,000	394,000
	<u>8,171,443</u>	<u>6,998,441</u>
NET ASSETS		
Investment in capital assets [note 12(a)]	1,516,147	1,525,881
Internally restricted [note 13]	48,618	77,141
Externally restricted [note 5]	47,451	45,952
Unrestricted	421,613	578,793
	<u>2,033,829</u>	<u>2,227,767</u>
	<u>11,631,547</u>	<u>11,374,708</u>

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

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NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF OPERATIONS

Year ended March 31	2015	2014
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care and North West Local Health Integration Network [note 16]	6,590,837	6,549,873
Patient services	206,560	222,374
Preferred accommodation and co-payments	547,425	522,159
Other revenue [note 17]	571,300	533,409
Beardmore Regional Health Centre [schedule 1]	269,021	249,907
Fundraising [schedule 2]	40,528	25,841
Assisted Living Program [schedule 3]	104,985	104,515
Municipal taxes	2,775	2,775
	8,333,431	8,210,853
EXPENSES		
Salaries and wages	4,650,512	4,510,694
Medical staff remuneration	184,666	188,380
Employee benefits	1,184,956	1,163,330
Supplies and expenses	1,660,591	1,465,912
Medical and surgical supplies	80,263	100,568
Drugs and medical gases	94,403	82,010
Provision for bad debts	6,122	14,154
Amortization of major equipment and information systems	163,995	152,463
Beardmore Regional Health Care [schedule 1]	269,021	250,649
Fundraising [schedule 2]	16,359	16,602
Assisted Living Program [schedule 3]	104,985	113,132
Municipal taxes	2,775	2,775
	8,418,648	8,060,669
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	(85,217)	150,184
Amortization of land improvements, buildings and building service equipment	(437,809)	(403,253)
Amortization of deferred capital contributions	329,088	330,207
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(193,938)	77,138

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

	\$	\$	\$	\$	2015 \$	2014 \$
	Invested in Capital Assets	Externally Restricted	Internally Restricted	Unrestricted	Total	Total
Balance at beginning of year	1,525,881	45,952	77,141	578,793	2,227,767	2,150,629
Excess (shortfall) of revenue over expenses	(236,511)	-	-	42,573	(193,938)	77,138
Net change in externally restricted funds	-	1,499	-	(1,499)	-	-
Net change in internally restricted funds	-	-	(28,523)	28,523	-	-
Net change in investment in capital assets [note 12 (b)]	226,777	-	-	(226,777)	-	-
BALANCE AT END OF YEAR	1,516,147	47,451	48,618	421,613	2,033,829	2,227,767

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31	2015 \$	2014 \$
OPERATING ACTIVITIES		
(Shortfall) excess of revenue over expenses for year	(193,938)	77,138
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	606,375	560,286
Amortization of deferred capital contributions	(369,906)	(370,041)
Loss (gain) on disposal of capital assets	42	(856)
Employee future benefits	(1,000)	(8,100)
Changes in non-cash operational balances [note 18]	95,997	1,726
Net Cash Provided By (Used For) Operating Activities	137,570	260,153
CAPITAL ACTIVITIES		
Purchase of capital assets	(814,154)	(289,999)
Proceeds from sale of capital assets	1,852	856
Cash used in capital activities	(812,302)	(289,143)
INVESTING ACTIVITIES		
Decrease (increase) in long-term deposit and accrued interest	253,436	(5,712)
Net Cash Provided by (Used For) Investing Activities	253,436	(5,712)
FINANCING ACTIVITIES		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	396,034	1,068,684
Private and other donations	815	16,492
Paymaster distributions	(54,947)	(849,577)
Borrowings	262,433	28,313
Borrowings repayments	(18,810)	-
Net Cash Provided By Financing Activities	585,525	263,912
INCREASE IN CASH	164,229	229,210
Cash at beginning of year	1,407,453	1,178,243
CASH AT END OF YEAR	1,571,682	1,407,453
Represented by		
Cash	1,524,231	1,361,501
Restricted cash	47,451	45,952
	1,571,682	1,407,453

The accompanying notes are an integral part of these financial statements

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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, 2015.

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, 2015

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, 2015

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 expenses 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 \$115,713 [2014 - \$112,758] plus accrued interest of \$569 [2014 - \$2,035] and \$Nil [2014 - \$250,000] plus accrued interest of \$Nil [2014 - \$4,925]. The term deposit carries interest rates of 1.65% and matures in November 2016.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:	2015	2014
	\$	\$
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	-	36,330
Other non-patient accounts receivable	274,831	91,266
Patient accounts receivable	78,645	89,987
Provincial Insurance Plan	17,530	20,778
	371,006	238,361
Less allowance for doubtful accounts	17,656	20,333
	353,350	218,028

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

4. INVENTORY

	2015 \$	2014 \$
Pharmacy inventory	39,626	33,758
Supplies inventory	64,875	53,584
	104,501	87,342

5. RESTRICTED CASH

Restricted cash of \$47,451 [2014 - \$45,952] 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 \$	2015 Net \$
Land	141,832	-	141,832
Land improvements	820,719	708,820	111,899
Buildings and building service equipment	15,300,362	7,329,122	7,971,240
Major equipment and computer systems	4,848,624	3,704,353	1,144,271
	21,111,537	11,742,295	9,369,242

	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

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

7. LONG-TERM DEBT

The Hospital has loan of \$1,276,657 outstanding at March 31, 2015 that was used to finance an energy retrofit of the facility [2014 - short-term construction facility of \$1,033,034]. The project was substantially complete in 2015 at which time the existing short-term construction facility was rolled into a long-term loan. The unsecured loan is repayable to RBC in monthly installments of \$8,396, including interest of at 2.1%, maturing in December, 2029. The five-year repayment schedule is as follows:

Year	Principal
2015	74,652
2016	76,235
2017	77,852
2018	79,503
2019	81,188
Thereafter	887,227
	<u>1,276,657</u>

The Hospital has available an operating loan of \$300,000 of which \$Nil [2014- nil] was borrowed at year-end.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consist of the following:

	2015	2014
	\$	\$
Accounts payable and accrued liabilities	762,823	366,471
Accrued salaries and wages	565,612	650,563
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	21	21
Government remittances payable	11,029	86,273
	<u>1,339,485</u>	<u>1,103,328</u>

9. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions consist of the following:

	2015	2014
	\$	\$
Balance, beginning of year	12,138	12,138
	<u>12,138</u>	<u>12,138</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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.

	2015	2014
	\$	\$
Balance, beginning of year	6,604,441	6,738,883
Receipts	396,849	1,085,176
Paymaster distributions	(54,947)	(849,577)
Amortization	(369,905)	(370,041)
	<u>6,576,438</u>	<u>6,604,441</u>
Represented by		
Unamortized portion	5,856,176	6,113,459
Unexpended portion	720,262	490,982
	<u>6,576,438</u>	<u>6,604,441</u>

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, 2015, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$393,000 [2014 - \$394,000]. The most recent actuarial estimate was provided as at March 31, 2015. The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	3.8%
Dental benefits cost escalation	4.0%
Medical benefits cost escalation – extended health care	7.0%

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

Included in employee benefits on the statement of operations is an amount of (\$1,000) [2014 – (\$8,100)] regarding employee future benefits. This amount is comprised of:

	2015	2014
	\$	\$
Additional benefit expense	21,700	16,900
Estimated payments made by the Hospital during the year	(22,700)	(25,000)
	<u>(1,000)</u>	<u>(8,100)</u>

12. INVESTMENT IN CAPITAL ASSETS

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

	2015	2014
	\$	\$
Capital assets at net book value	9,369,242	9,163,356
Amounts financed by deferred capital contributions	(6,576,438)	(6,604,441)
Borrowings	(1,276,657)	(1,033,034)
	<u>1,516,147</u>	<u>1,525,881</u>

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

	2015	2014
	\$	\$
Excess (shortfall) of revenue over expenses		
Amortization of deferred capital contributions	369,906	370,041
Amortization of capital assets	(606,375)	(560,286)
Gain on disposal of capital assets	(42)	856
	<u>(236,511)</u>	<u>(189,389)</u>
Net change in capital assets		
Purchase of capital assets	814,154	289,999
Deferred capital contributions applied	(396,849)	(1,085,176)
Capital contributions paymaster distribution	54,947	849,577
Proceeds from short-term borrowings	(243,623)	(28,313)
Proceeds from sale of capital assets	(1,852)	(856)
	<u>226,777</u>	<u>25,231</u>
Change in investment in capital assets	<u>(9,734)</u>	<u>(164,158)</u>

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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:

2016	\$	18,173
2017	\$	16,316
2018	\$	7,776
2019	\$	6,610
2020	\$	2,754

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, 2015.

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, 2015

17. OTHER REVENUE

	2015	2014
	\$	\$
Amortization of deferred capital contributions for major equipment	37,324	36,340
Donations	7,887	14,346
Gain (Loss) on disposal of capital assets	(42)	856
Interest	14,941	10,542
Recoveries:		
Administrative and support services	202,552	163,716
Diagnostic and therapeutic services	17,976	5,644
Food services	39,807	38,031
Meals	35,918	31,838
Patient services	11,726	3,155
Residences	3,600	9,120
Telephone	2,089	2,302
Television	7,467	9,221
Union secondment	9,566	26,723
Salary recoveries	25,000	25,000
Rentals	155,489	156,575
	571,300	533,409

18. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2015	2014
	\$	\$
Accounts receivable	(135,322)	(18,578)
Inventory	(17,159)	5,448
Prepaid expenses	12,321	82,473
Accounts payable and accruals	236,157	(67,617)
	95,997	1,726

NIPIGON DISTRICT MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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, 2015 the contribution rates were 6.9% [2014 – 6.9%] up to the year's maximum pensionable earnings (YMPE) and 9.2% [2014 – 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, 2015 indicates the Plan is 115% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$363,307 [2014 - \$340,018] 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. 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, 2015

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

	2015	2014
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	248,328	245,209
Other one time funding from MOHLTC	18,760	-
Repayable to Ministries and other agencies	(2,571)	-
Amortization of deferred capital contributions for major equipment	3,494	3,494
Other revenue and recoveries	1,010	1,204
	<u>269,021</u>	<u>249,907</u>
EXPENSES		
Salaries and employee benefits	190,263	184,662
Supplies and expenses	65,540	54,743
Medical supplies and drugs	9,505	7,531
Amortization of major equipment and information systems	3,713	3,713
	<u>269,021</u>	<u>250,649</u>
SHORTFALL OF REVENUE OVER EXPENSES	-	(742)

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

Year ended March 31	2015	2014
	\$	\$
REVENUE		
Donations	40,506	25,821
Other revenue and recoveries	22	20
	40,528	25,841
EXPENDITURE		
Salaries and employee benefits	15,218	15,197
Supplies and expenses	283	547
Amortization of major equipment and information systems	858	858
	16,359	16,602
EXCESS OF REVENUE OVER EXPENSES	24,169	9,239

NIPIGON DISTRICT MEMORIAL HOSPITAL

Schedule 3

ASSISTED LIVING PROGRAM

Year ended March 31	2015	2014
	\$	\$
REVENUE		
Local Health Integration Network	100,785	84,000
Patient services	19,829	20,515
Repayable to Ministries and other agencies	(15,629)	-
Other revenue and recoveries	-	-
	104,985	104,515
EXPENDITURE		
Salaries and employee benefits	97,690	105,355
Supplies and expenses	7,295	7,777
	104,985	113,132
SHORTFALL OF REVENUE OVER EXPENSES	-	(8,617)