

**NIPIGON DISTRICT MEMORIAL HOSPITAL**

**FINANCIAL STATEMENTS**

**March 31, 2018**

# **NIPIGON DISTRICT MEMORIAL HOSPITAL**

## **FINANCIAL STATEMENTS**

**March 31, 2018**

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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



Justin Garofalo  
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, 2018, 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, 2018, 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 28, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# NIPIGON DISTRICT MEMORIAL HOSPITAL

## STATEMENT OF FINANCIAL POSITION

As at March 31

	2018 \$	2017 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash		
Term deposits [note 2]	1,166,620	1,699,838
Accounts receivable [note 3]	100,000	100,000
Inventory [note 4]	208,867	218,034
Prepaid expenses	91,193	84,908
	139,300	189,195
	<u>1,705,980</u>	<u>2,291,975</u>
Restricted cash [note 5]	46,260	45,260
Capital assets, net [note 6]	9,738,486	9,340,857
	<u>11,490,726</u>	<u>11,678,092</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Short-term portion of long-term debt [note 7]	81,548	79,927
Accounts payable and accrued liabilities [note 8]	1,182,804	1,680,020
	<u>1,264,352</u>	<u>1,759,947</u>
<b>Long-term</b>		
Long-term debt [note 7]	961,893	1,043,442
Deferred capital contributions [note 9]	7,020,969	6,735,187
Employee future benefits [note 10]	436,100	421,400
	<u>8,418,962</u>	<u>8,200,029</u>
<b>NET ASSETS</b>		
Investment in capital assets [note 11(a)]	1,674,076	1,482,301
Internally restricted [note 12]	166,099	126,501
Externally restricted [note 5]	46,260	45,260
Unrestricted	(79,023)	64,054
	<u>1,807,412</u>	<u>1,718,116</u>
	<u>11,490,726</u>	<u>11,678,092</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

	2018	2017
	\$	\$
<b>REVENUE</b>		
Ministry of Health and Long-Term Care and North West Local Health Integration Network [note 15]	7,065,726	7,054,399
Patient services	204,300	239,664
Preferred accommodation and co-payments	560,620	497,376
Other revenue [note 16]	575,553	527,620
Beardmore Regional Health Centre [schedule 1]	267,533	257,343
Fundraising [schedule 2]	29	26
Assisted Living Program [schedule 3]	119,843	103,169
Hospital On-Call Coverage	106,196	106,196
Municipal taxes funding	2,775	2,775
	<b>8,902,575</b>	<b>8,788,568</b>
<b>EXPENSES</b>		
Salaries and wages	4,841,381	4,746,333
Medical staff remuneration	64,921	85,363
Employee benefits	1,186,573	1,216,672
Supplies and expenses	1,636,495	1,842,009
Medical and surgical supplies	98,768	97,251
Drugs and medical gases	117,283	103,574
Provision for bad debts	8,837	7,363
Amortization of major equipment and information systems	229,915	212,724
Beardmore Regional Health Care [schedule 1]	267,533	258,512
Fundraising [schedule 2]	16,022	16,702
Assisted Living Program [schedule 3]	119,843	103,169
Hospital On-Call Coverage	106,196	106,196
Municipal taxes expense	2,775	2,775
	<b>8,696,542</b>	<b>8,798,643</b>
<b>SHORTFALL OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING</b>		
Amortization of land improvements, buildings and building service equipment	206,033	(10,075)
Amortization of deferred capital contributions	(520,074)	(459,214)
	403,337	352,912
<b>SHORTFALL OF REVENUE OVER EXPENSES</b>	<b>89,296</b>	<b>(116,377)</b>

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

					2018	2017
	Invested in Capital Assets \$	Externally Restricted \$	Internally Restricted \$	Unrestricted \$	Total \$	Total \$
Balance at beginning of year	1,482,301	45,260	126,501	64,054	1,718,116	1,834,493
Excess (shortfall) of revenue over expenses	(260,734)			350,030	89,296	(116,377)
Net change in externally restricted funds		1,000		(1,000)	.	.
Net change in internally restricted funds			39,598	(39,598)	.	.
Net change in investment in capital assets (note 11 (b))	452,509			(452,519)	.	.
<b>BALANCE AT END OF YEAR</b>	<b>1,674,076</b>	<b>46,260</b>	<b>166,099</b>	<b>(79,023)</b>	<b>1,807,412</b>	<b>1,718,116</b>

The accompanying notes are an integral part of these financial statements

**NIPIGON DISTRICT MEMORIAL HOSPITAL**

**STATEMENT OF CASH FLOWS**

Year ended March 31

	2018 \$	2017 \$
<b>OPERATING ACTIVITIES</b>		
Shortfall of revenue over expenses for year	89,296	(116,377)
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	752,084	674,033
Amortization of deferred capital contributions	(491,072)	(392,409)
Gain on disposal of capital assets	(278)	(235)
Employee future benefits	14,700	13,700
Changes in non-cash operational balances [note 18]	(444,439)	401,027
<b>Net Cash (Used For) Provided By Operating Activities</b>	<b>(79,709)</b>	<b>579,739</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(1,149,713)	(964,588)
Proceeds from sale of capital assets	278	235
<b>Cash Used In Capital Activities</b>	<b>(1,149,435)</b>	<b>(964,353)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in long-term deposit and accrued interest	-	18,365
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>18,365</b>
<b>FINANCING ACTIVITIES</b>		
Deferred capital contributions received		
Ontario Ministry of Health and Long-Term Care	681,761	781,946
Private and other donations	28,939	149,181
Paymaster distributions and other transfers	66,154	58,596
Borrowings repayments	(79,928)	(78,107)
<b>Net Cash Provided By Financing Activities</b>	<b>696,926</b>	<b>911,616</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(532,218)</b>	<b>545,367</b>
Cash at beginning of year	1,745,098	1,199,731
<b>CASH AT END OF YEAR</b>	<b>1,212,880</b>	<b>1,745,098</b>
Represented by		
Cash	1,166,620	1,699,838
Restricted cash	46,260	45,260
	<b>1,212,880</b>	<b>1,745,098</b>

The accompanying notes are an integral part of these financial statements



# **NIPIGON DISTRICT MEMORIAL HOSPITAL**

## **NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

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### **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, 2018.

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, 2018**

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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 undermoted 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 expenses 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.

# **NPIGON DISTRICT MEMORIAL HOSPITAL**

## **NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

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### **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, 2018

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 \$100,000 (2017 - \$100,000) plus accrued interest of \$nil (2017 - \$1,050). The term deposit carries interest rates of 1.84% and matures in March 2019.

## 3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2018	2017
	\$	\$
Other non-patient accounts receivable	88,111	125,050
Patient accounts receivable	115,210	90,315
Provincial Insurance Plan	16,312	16,926
	219,633	232,291
Less allowance for doubtful accounts	10,766	14,257
	208,867	218,034

# NIPIGON DISTRICT MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 4. INVENTORY

	2018 \$	2017 \$
Pharmacy inventory	30,315	31,389
Supplies inventory	60,878	53,519
	<u>91,193</u>	<u>84,908</u>

### 5. RESTRICTED CASH

Restricted cash of \$46,260 [2017 - \$45,260] 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 \$	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
	<u>23,556,891</u>	<u>13,818,405</u>	<u>9,738,486</u>

	Cost \$	Accumulated Amortization \$	2017 Net \$
Land	141,832	-	141,832
Land improvements	820,719	741,458	79,261
Buildings and building service equipment	15,647,830	8,203,540	7,444,290
Major equipment and computer systems	5,796,797	4,121,323	1,675,474
	<u>22,407,178</u>	<u>13,066,321</u>	<u>9,340,857</u>

# NIPIGON DISTRICT MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 7. LONG-TERM DEBT

The Hospital has loan of \$1,043,442 standing at March 31, 2018 that was used to finance an energy retrofit of the facility (2016 - \$1,201,474). 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
2019	81,548
2020	83,203
2021	84,890
2022	86,613
2023	88,370
Thereafter	618,817
	<u>1,043,441</u>

The Hospital has available an operating loan of \$300,000 of which \$nil (2017- 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:

	2018 \$	2017 \$
Accounts payable and accrued liabilities	494,342	1,104,396
Accrued salaries and wages	495,510	467,103
Ontario Ministry of Health and Long-Term Care / North West Local Health Integration Network	183,760	100,366
Government remittances payable	9,192	8,155
	<u>1,182,804</u>	<u>1,680,020</u>

# NIPIGON DISTRICT MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 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.

	2018	2017
	\$	\$
Balance, beginning of year	6,735,187	6,137,873
Receipts	776,854	989,723
Paymaster distributions and other transfers	-	-
Amortization	(491,072)	(392,409)
	<u>7,020,969</u>	<u>6,735,187</u>
Represented by		
Unamortized portion	6,768,507	6,511,571
Unexpended portion	252,462	223,616
	<u>7,020,969</u>	<u>6,735,187</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, 2018, the Hospital's total accrued benefit obligation related to post-employment benefit plans (other than pension) is \$436,100 [2017 - \$421,400]. 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	3.31%
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, 2018

Included in employee benefits on the statement of operations is an amount of \$11,900 [2017 – \$13,700] regarding employee future benefits. This amount is comprised of:

	2018	2017
	\$	\$
Additional benefit expense	40,600	37,400
Estimated payments made by the Hospital during the year	(28,700)	(23,700)
	<u>11,900</u>	<u>13,700</u>

### 11. INVESTMENT IN CAPITAL ASSETS

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

	2,018	2,017
	\$	\$
Capital assets at net book value	9,738,486	9,340,857
Amounts financed by deferred capital contributions	(7,020,969)	(6,735,187)
Borrowings	(1,043,441)	(1,123,369)
	<u>1,674,076</u>	<u>1,482,301</u>

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

	2,018	2,017
	\$	\$
Excess (shortfall) of revenue over expenses		
Amortization of deferred capital contributions	491,072	392,409
Amortization of capital assets	(752,084)	(674,033)
Gain on disposal of capital assets	278	235
	<u>(260,734)</u>	<u>(281,389)</u>
Net change in capital assets		
Purchase of capital assets	1,149,713	964,588
Deferred capital contributions applied	(776,854)	(989,723)
Capital contributions paymaster distribution	-	-
Proceeds from short-term borrowings	-	-
Repayment of long-term debt	79,928	78,107
Proceeds from sale of capital assets	(278)	(235)
	<u>452,509</u>	<u>52,737</u>
Change in investment in capital assets	<u>191,775</u>	<u>(228,652)</u>



# NIPIGON DISTRICT MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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### 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 and vehicle operating leases, the Hospital is committed to the following lease payments:

2019	\$	7,553
2020	\$	7,553
2021	\$	7,553
2022	\$	7,553

The lease expiry dates are June 2022.

### 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, 2018.

#### 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, 2018

### 16. OTHER REVENUE

	2018	2017
	\$	\$
Amortization of deferred capital contributions for major equipment	86,717	61,101
Donations - other	2,552	-
Gain (Loss) on disposal of capital assets	278	235
Interest	13,537	10,056
Recoveries:	-	-
Administrative and support services	186,417	191,245
Diagnostic and therapeutic services	4,284	3,666
Food services	35,189	34,672
Meals	44,014	38,985
Patient service	859	963
Residences	17,760	11,400
Telephone	369	190
Television	7,423	5,353
Union secondment	17,762	11,886
Rentals	158,392	157,868
	<u>575,553</u>	<u>527,620</u>

### 17. CHANGES IN NON-CASH OPERATIONAL BALANCES

	2018	2017
	\$	\$
Accounts receivable	9,167	(25,732)
Inventory	(6,285)	5,900
Prepaid expenses	49,895	58,597
Accounts payable and accruals	(497,216)	94,019
Deferred operating contributions	-	-
	<u>(444,439)</u>	<u>132,783</u>

# **NIPIGON DISTRICT MEMORIAL HOSPITAL**

## **NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

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### **18. 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 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, 2018 the contribution rates were 6.9% [2017 - 6.9%] up to the year's maximum pensionable earnings (YMPE) and 9.2% [2017 - 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 122% funded. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$373,048 [2017 - \$378,276] 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, 2018**

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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.

## **20. 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 CENTER**

Year ended March 31

	2018	2017
	\$	\$
<b>REVENUE</b>		
Ministry of Health and Long-Term Care	283,794	253,228
Other one time funding from MOHLTC	-	-
Repayable to Ministries and other agencies	(18,148)	-
Amortization of deferred capital contributions for equipment	1,018	1,018
Other revenue and recoveries	869	3,097
	<u>267,533</u>	<u>257,343</u>
<b>EXPENSES</b>		
Salaries and employee benefits	201,135	192,981
Supplies and expenses	57,589	55,877
Medical supplies and drugs	7,572	8,417
Amortization of major equipment and information systems	1,237	1,237
	<u>267,533</u>	<u>258,512</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES</b>	-	(1,169)

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

<b>Year ended March 31</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Donations	28,846	149,181
Transferred to deferred capital contributions	(28,846)	(149,181)
Other revenue and recoveries	29	26
	<u>29</u>	<u>26</u>
<b>EXPENSES</b>		
Salaries and employee benefits	15,028	15,844
Supplies and expenses	136	-
Amortization of major equipment and information systems	858	858
	<u>16,022</u>	<u>16,702</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES</b>	<b>(15,993)</b>	<b>(16,676)</b>

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

Year ended March 31

	2018	2017
	\$	\$
<b>REVENUE</b>		
Local Health Integration Network	156,000	156,000
Patient services	19,661	17,199
Repayable to Ministries and other agencies	(55,818)	(70,030)
	<u>119,843</u>	<u>103,169</u>
<b>EXPENSES</b>		
Salaries and employee benefits	107,984	93,631
Supplies and expenses	11,859	9,538
	<u>119,843</u>	<u>103,169</u>
<b>REVENUE OVER EXPENSES</b>	<u>.-</u>	<u>-</u>