

Dryden Regional Health Centre
Financial Statements
March 31, 2020

Dryden Regional Health Centre
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For the year ended March 31, 2020

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Management's Responsibility for Financial Reporting

To the Audit Committee of Dryden Regional Health Centre:

The accompanying financial statements of the Dryden Regional Health Centre and all the information provided in this annual report are the responsibility of management and have been approved by the Board of Directors.

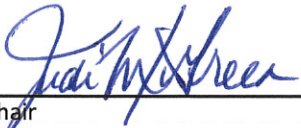
The financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems appropriate in the circumstances, in order to ensure their financial statements are presented fairly, in all material respects.

The Health Centre maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and and the Health Centre's assets are appropriately accounted for and adequately safeguarded.

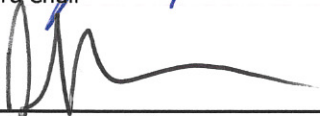
The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors review the Health Centre's financial statements and recommend their approval. The Board of Directors meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Board of Directors takes this information into consideration when approving the financial statements for issuance to the members. The Board of Directors also considers the engagement of the external auditors.

The financial statements have been audited by MNP LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. MNP LLP has full access to the Board of Directors.



Board Chair



Chief Executive Officer

Independent Auditor's Report

To the Board of Directors of Dryden Regional Health Centre:

Opinion

We have audited the financial statements of Dryden Regional Health Centre (the "Health Centre"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Centre as at March 31, 2020, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Supplementary Information

The supplementary information contained in the schedules of revenue and expenses is presented for the purpose of additional analysis and is not part of the basic audited financial statements. The information in the schedules was derived from the accounting records tested in forming an opinion on the financial statements as a whole.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Thunder Bay, Ontario

June 1, 2020

MNP LLP

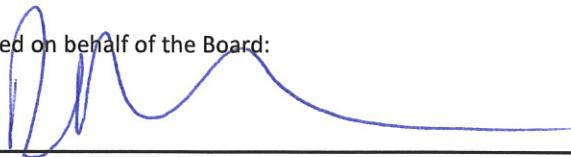
Chartered Professional Accountants

Licensed Public Accountants

**Dryden Regional Health Centre
Statement of Financial Position**

As at March 31,	2020	2019
Current Assets		
Cash (Note 2)	\$ 1,967,011	\$ 4,443,445
Accounts Receivable (Note 3)	1,487,289	2,121,213
Inventories (Note 4)	555,252	427,503
Prepaid Expenses	313,086	188,599
Other Current Assets	94,813	140,007
Total Current Assets	4,417,451	7,320,767
Non-Current Assets		
Capital Assets (Note 5)	17,452,189	16,769,775
Total Assets	\$ 21,869,640	\$ 24,090,542
Current Liabilities		
Accounts Payable (Note 6)	\$ 5,036,219	\$ 7,287,200
Due to Related Parties (Note 13)	128,593	103,774
Deferred Contributions (Note 7)	338,005	408,543
Current Portion of Capital Lease (Note 8)	100,031	3,411
Current Portion of Long-term Debt (Note 9)	142,165	-
Total Current Liabilities	5,745,013	7,802,928
Long-Term Liabilities		
Post-Employment Benefits and Compensated Absences Liability (Note 10)	440,851	429,264
Capital Lease (Note 8)	308,428	-
Long-Term Debt (Note 9)	538,594	-
Deferred Capital Contributions (Note 11)	10,109,595	10,644,520
Total Long-Term Liabilities	11,397,468	11,073,784
Net Assets		
Invested in Capital Assets (Note 12)	7,353,758	6,338,289
Unrestricted	(2,626,599)	(1,124,459)
Closing Net Assets Balance	4,727,159	5,213,830
Total Liabilities and Net Assets Balance	\$ 21,869,640	\$ 24,090,542

Approved on behalf of the Board:



Director



Director

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

**Dryden Regional Health Centre
Statement of Operations**

For the year ended March 31,	2020	2019
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 19,212,165	\$ 18,465,289
Bundled Care (Quality Based Funding)	1,085,487	1,473,520
One-Time Payments	866,625	3,143,293
Paymaster for VSP Funding	217,257	217,257
Hospital On Call Coverage Funding	565,400	562,572
Alternate Funding Agreement Program Funding	1,336,181	1,274,311
Cancer Care Ontario Funding	186,921	93,389
Other Revenue (Schedule 1)	4,275,359	3,739,496
Amortization of Equipment Grants/Donations	208,996	266,579
Total Revenue	27,954,391	29,235,706
Expenses		
Salaries and Wages (Schedule 3)	13,789,979	12,819,928
Employee Benefits (Schedule 4)	3,337,655	3,168,366
Employee Benefits Future Costs (Note 10)	7,300	5,600
Medical Staff Remuneration (Schedule 5)	2,902,870	2,792,472
Supplies and Other Expenses (Schedule 6)	4,721,013	7,603,281
Drugs (Note 4)	1,272,471	982,653
Medical and Surgical Supplies (Note 4)	1,013,434	998,047
Bad Debts	200,437	165,279
Amortization of Equipment	605,956	516,983
Transfer to Kenora Rainy River Regional Lab Program (Note 13)	241,420	239,029
Total Expenses	28,092,535	29,291,638
Deficiency of Revenue over Expenses from Hospital Operations	(138,144)	(55,932)
Other Items		
Amortization of Building Grants/Donations	626,667	602,695
Amortization of Land Improvements and Building	(945,100)	(928,705)
Interest on Long-term Liabilities	(12,622)	-
Gain on Capital Asset Disposal	-	337,874
	(331,055)	11,864
Other Votes and Programs - Revenues (Schedule 2)	4,811,000	4,971,055
Other Votes and Programs - Expenses (Schedule 2)	(4,828,472)	(5,075,548)
	(17,472)	(104,493)
Deficiency of Revenue Over Expenses for the Year	\$ (486,671)	\$ (148,561)

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

**Dryden Regional Health Centre
Statement of Changes in Net Assets**

For the year ended March 31, 2020

	Invested in Capital Assets	Unrestricted	2020 Total
Balance, beginning of year	\$ 6,338,289	\$ (1,124,459)	\$ 5,213,830
Excess (deficiency) of revenue over expenses for the year (Note 12)	(715,393)	228,722	(486,671)
Net changes in investment in capital assets (Note 12)	1,730,862	(1,730,862)	-
Balance, end of year	<u>\$ 7,353,758</u>	<u>\$ (2,626,599)</u>	<u>\$ 4,727,159</u>

For the year ended March 31, 2019

	Invested in Capital Assets	Unrestricted	2019 Total
Balance, beginning of year	\$ 5,473,745	\$ (111,354)	\$ 5,362,391
Excess (deficiency) of revenue over expenses for the year (Note 12)	(238,540)	89,979	(148,561)
Net changes in investment in capital assets (Note 12)	1,103,084	(1,103,084)	-
Balance, end of year	<u>\$ 6,338,289</u>	<u>\$ (1,124,459)</u>	<u>\$ 5,213,830</u>

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

**Dryden Regional Health Centre
Statement of Cash Flows**

March 31,	2020	2019
Cash Provided By (Used In) Operating Activities		
Deficiency of Revenue over Expenses for the year	\$ (486,671)	\$ (148,561)
Items not involving cash		
Gain on Disposal of Capital Assets	-	(337,874)
Amortization	1,551,056	1,445,688
Amortization of Deferred Capital Contributions	(835,663)	(869,274)
	<u>228,722</u>	<u>89,979</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	633,924	(701,911)
Inventory	(127,749)	2,358
Prepaid Expenses	(124,487)	22,860
Other Current Assets	45,194	(32,643)
Accounts Payable	(2,250,981)	1,798,464
Deferred Contributions	(70,538)	179,806
Post-Employment Benefits	11,587	12,937
	<u>(1,883,050)</u>	<u>1,281,871</u>
	<u>(1,654,328)</u>	<u>1,371,850</u>
Financing Activities		
Capital Lease Payments	(95,105)	(40,918)
Borrowing of long-term debt	750,000	-
Repayment of long-term debt	(69,241)	-
Due to Related Parties	24,819	18,921
	<u>610,473</u>	<u>(21,997)</u>
Capital Activities		
Purchase of Capital Assets	(1,733,317)	(2,005,636)
Proceeds of Capital Assets Disposal	-	435,900
Contributions Received for Capital Activities	300,738	507,570
	<u>(1,432,579)</u>	<u>(1,062,166)</u>
Increase (Decrease) in Cash and Equivalents	(2,476,434)	287,687
Cash, Beginning of year	4,443,445	4,155,758
Cash, End of year	<u>\$ 1,967,011</u>	<u>\$ 4,443,445</u>
Supplemental Disclosure		
Interest Received	\$ 36,887	\$ 58,247
Interest Paid	\$ 12,622	\$ -

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

March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization

Dryden Regional Health Centre provides health care services to the residents of the City of Dryden and surrounding areas. The Health Centre, incorporated without share capital under the Corporations Act of Ontario, is a charitable organization within the meaning of the Income Tax Act. The Health Centre is a not-for-profit organization and, as such, is exempt from Income Taxes under the Income Tax Act.

In addition to the Health Centre's operating fund which reflects the activities of the day-to-day operations of the Health Centre, the financial statements also include the activities of the following programs:

Ministry of Health and Long-Term Care

- Community Mental Health Program
- Community Addictions Program
- Community Problem Gambling Program
- Community Supportive Housing Program
- Primary Care Nurse Practitioner Program

Other

- Dryden Area Family Health Team

The operating results of these programs are recorded in Schedule 2 to the financial statements and the assets and liabilities of these programs appear on the statement of financial position of the Health Centre. Program surpluses and deficits are recorded as repayable or receivable in the year incurred and adjustment settlements by the Ministries or other funders are recorded when settled.

Basis of Accounting and Presentation

The financial statements of the Health Centre have been prepared 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 Board.

The Dryden Regional Health Services Foundation is a separate entity whose financial information is reported separately from the Health Centre. Certain operating expenses of Dryden Regional Health Services Foundation are included as part of the day-to-day operations of Dryden Regional Health Centre. Substantially all accounts payable and payroll functions are administered by Dryden Regional Health Centre. Daily transactions are recorded through an inter-fund account included on the Statement of Financial Position of both Dryden Regional Health Centre and Dryden Regional Health Services Foundation.

The financial statements do not include the assets, liabilities and activities of the Kenora-Rainy-River Regional Laboratory Program which is a separate corporation operated jointly by the hospitals in the district. The program is funded by the Ministry of Health and Long-Term Care through the Health Centre allocation.

March 31, 2020

1. Significant Accounting Policies (continued)

Revenue Recognition

The Health Centre follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Health Centre 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 Local Health Integration Network ("LHIN"). The Health Centre has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2020 with the MOHLTC and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Health Centre by the MOHLTC/LHIN. The H-SAA also sets out the performance standards and obligations of the Health Centre that establish acceptable results for the Hospital's performance in a number of areas.

If the Health Centre does not meet its performance standards or obligations, the MOHLTC/LHIN has the right to adjust funding received by the Health Centre. The MOHLTC/LHIN is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOHLTC/LHIN funding received by the Health Centre during the year may be increased or decreased subsequent to year end.

Contributions approved but not received at year end are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

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

Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred.

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

Unrestricted investment income is recognized when earned. Restricted investment income is recognized in the year in which the related expenses are recognized.

Patient related revenues are recognized as revenue when services are rendered and the amount to be received can be reasonably estimated and collection is reasonably assured.

Recoveries are recognized as revenue when the amount of the recovery can be reasonably estimated and collection is reasonably assured.

Cash and Cash Equivalents

Cash and cash equivalents include balances with a chartered bank and cash on hand. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

March 31, 2020

1. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on an average cost basis with the exception of Drugs, which are determined on a First-In, First-Out basis. Inventories consist of medical and general supplies that are used in the Health Centre's operations and not for resale purposes.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated useful life of an asset are capitalized.

Work-in-progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings	10 to 40 years
Building Service Equipment	10 years
Equipment	5 to 10 years
Equipment Under Capital Lease	5 to 10 years
Information Systems Equipment	3 to 5 years
Paving	10 years
Software Licences	3 to 7 years

Long-lived Assets and Discontinued Operations

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. When the Health Centre determines that a long-lived asset no longer has any long-term service potential to the Health Centre, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

March 31, 2020

1. Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue is received from contributors who have restricted use of the funds for specific purposes. Recognition of these amounts as revenue is deferred to periods when the specific expenditures are made.

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Health Centre's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Financial Instruments

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

Fair Value

This category includes cash, cash equivalents and derivatives.

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when realized 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 Summary Statement of Operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the Summary Statement of Operations.

The Health Centre does not have any remeasurement gains or losses. As a result, the financial statements do not include a statement of remeasurement gains and losses.

Amortized Cost

This category includes accounts receivable, accounts payable, accrued liabilities and amounts due to LHIN/MOHLTC/other agencies. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the 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 a 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 Summary Statement of Operations.

March 31, 2020

1. Significant Accounting Policies (continued)

Contributed Services

There are a substantial number of volunteers who contribute a significant amount of their time each year to Dryden Regional Health Centre. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Retirement, Post-Employment Benefits and Compensated Absences

The Health Centre provides defined retirement, post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental and vesting sick leave. The Health Centre has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-employment 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.
- ii) The costs of the multi-employer defined benefit pension plan are the employer's contributions due to the plan in the year.
- iii) The cost of vesting sick leave benefits are determined by management based on the employee's current pay rate and their accumulated time. The adjustments to these costs each year are based on salary increases or fluctuations in accumulated time and are reflected in the expenses for the year.
- iv) The discount rate used in the determination of the above mentioned liabilities is equal to the Health Centre's internal rate of borrowing.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred contributions related to capital assets and capital asset amortization are based on the estimated useful lives of capital assets.

Employee future benefits are based on actuarial valuations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2020

2. Cash

Dryden Regional Health Centre's bank account is held at one chartered bank. In the normal course of operations, the Health Centre is exposed to credit risk from having bank account balances over the amounts insured by the Canadian Deposit Insurance Corporation. The bank account earns interest at prime less 1.75%.

The Health Centre has an overall credit facility of \$1,000,000, including a revolving line of credit bearing interest at prime, repayable on demand, and corporate Visas repayable on demand and in accordance with standard terms and conditions. The credit facilities were not used at year-end.

3. Accounts Receivable

	2020	2019
Ministry of Health and Long-Term Care	\$ 603,861	\$ 599,547
Insurers and Patients	337,592	339,887
Other	545,836	1,181,779
	\$ 1,487,289	\$ 2,121,213

4. Inventories

	Balance as at April 1, 2019	Purchases	Expensed	Balance as at March 31, 2020
Drugs	\$ 242,255	\$ 1,407,223	\$ 1,272,471	\$ 377,007
Medical and Surgical Supplies	169,091	995,156	1,013,434	150,813
Other	16,157	534,457	523,182	27,432
	\$ 427,503			\$ 555,252

5. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 193,010	\$ -	\$ 193,010	\$ -
Paving	561,928	550,627	561,928	543,422
Buildings	28,957,584	17,591,793	28,906,210	16,828,348
Building Service Equipment	3,621,411	969,087	1,851,214	794,638
Work-in-Progress	364,908	-	943,632	-
Equipment	7,984,417	5,519,684	7,493,947	5,013,758
Information Systems Equipment	278,432	278,432	278,432	278,432
Equipment under Capital Lease	775,949	375,827	275,796	275,796
	\$42,737,639	\$ 25,285,450	\$40,504,169	\$23,734,394
Net Book Value		\$ 17,452,189		\$ 16,769,775

During the year capital assets were acquired with an aggregate cost of \$2,233,470 (2019 - \$2,005,636) using operating cash flows of \$1,733,317 and capital lease of \$500,153.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2020

6. Accounts Payable	2020	2019
Trade	\$ 1,964,743	\$ 4,405,720
Accrued Salaries and Benefits	2,154,921	2,245,354
Due to Kenora District Services Board	7,180	7,024
Due to Dryden Regional Health Services Foundation	-	16,673
Ministry of Health and Long-Term Care		
Community Mental Health and Case Management Programs	252,642	40,519
Supportive Housing Program	48,126	32,883
Knee and Hip Funding	-	6,900
Family Health Team	221,608	149,834
Primary Care Nurse Practitioner Program	130,032	54,396
Hospital Infrastructure Renewal Fund	-	53,508
Small Hospital Transformation Fund	233,928	233,928
Visiting Specialist Program	14,609	30,756
Ministry of Finance - Ambulance Co-Payment	8,430	9,705
	\$ 5,036,219	\$ 7,287,200

7. Deferred Contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2020	2019
Balance, beginning of year	\$ 408,543	\$ 228,737
Contributions received during the year	169,556	261,884
Contributions utilized during the year	(240,094)	(82,078)
Balance, end of year	\$ 338,005	\$ 408,543

Deferred contributions are comprised of:

	2020	2019
End of Life Program	\$ 4,166	\$ 4,166
Quality Improvement & Innovation Partnership	28,082	28,082
Still Me Program	1,550	9,000
Staff for Staff Committee	4,944	14,640
OCAN/Treat Project	32,362	136,310
KDSB HFG Funding	127,000	120,000
Hospice Funding	-	30,000
RBC Foundation	20,000	20,000
OHIP Professional Fees	3,106	3,106
National Research	5,000	5,000
Adam Moir Medical Prof Corp	2,524	2,524
Firefly Funding	48,556	-
BPSO - RNAO	25,000	-
Cultural Sensitivity Training	35,715	35,715
	\$ 338,005	\$ 408,543

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2020

8. Capital Lease	2020	2019
Lease repayable at \$3,411 monthly, interest free, due April 2019. Lease is secured by asset with a carrying value of \$Nil.	\$ -	\$ 3,411
Lease repayable at \$8,336 monthly, interest free, due April 2025. Lease is secured by asset with a carrying value of \$400,122.	408,459	-
Less current portion	100,031	3,411
	\$ 308,428	\$ -
Repayment for the next five years:	2021 \$ 100,031	
	2022 100,031	
	2023 100,031	
	2024 100,031	
	2025 <u>8,335</u>	
	\$ 408,459	

9. Long-Term Debt	2020	2019
Loan, bearing interest fixed at 3.5%, repayable in blended monthly payments of \$13,643.81, maturing September 30, 2024.	\$ 680,759	\$ -
Less current portion	142,165	-
	\$ 538,594	\$ -
Repayment for the next five years:	2021 \$ 142,165	
	2022 147,222	
	2023 152,458	
	2024 157,880	
	2025 <u>81,034</u>	
	\$ 680,759	

10. Post-Employment Benefits and Compensated Absences Liability

The following tables outline the components of the Health Centre's post-employment benefits and compensated absences liabilities and the related expenses.

	2020		
	Post-Employment Benefits	Vesting Sick Leave	Total Liability
Accrued benefit obligation	\$ 258,100	\$ 61,951	\$ 320,051
Unamortized actuarial gain	120,800	-	120,800
Total Liability	\$ 378,900	\$ 61,951	\$ 440,851

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2020

10. Post-Employment Benefits and Compensated Absences Liability (continued)

	2019		
	Post-Employment Benefits	Vesting Sick Leave	Total Liability
Accrued benefit obligation	\$ 254,400	\$ 57,664	\$ 312,064
Unamortized actuarial gain	117,200	-	117,200
Total Liability	\$ 371,600	\$ 57,664	\$ 429,264

	2020		
	Post-Employment Benefits	Vesting Sick Leave	Total Expense
Current year benefits costs	\$ 18,000	\$ 4,287	\$ 22,287
Amortized actuarial losses	(11,400)	-	(11,400)
Interest on accrued benefit obligation	8,400	-	8,400
Employee contributions	(7,700)	-	(7,700)
Total	\$ 7,300	\$ 4,287	\$ 11,587

	2019		
	Post-Employment Benefits	Vesting Sick Leave	Total Expense
Current year benefits costs	\$ 16,600	\$ 7,337	\$ 23,937
Amortized actuarial losses	(12,000)	-	(12,000)
Interest on accrued benefit obligation	8,200	-	8,200
Employee contributions	(7,200)	-	(7,200)
Total	\$ 5,600	\$ 7,337	\$ 12,937

Above amounts exclude pension contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), a multi-employer plan, described below.

Retirement Benefits

Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Health Centre's contributions are accounted for as if the plan were a defined contribution plan with the Health Centre's contributions being expensed in the period they become due. Contributions made to the plan during the year by the Health Centre amounted to \$1,227,830 (2019 - \$1,207,641).

Post-Employment Benefits

The Health Centre extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Health Centre recognizes these benefits as they are earned during the employee's tenure of service. The related benefit liability was determined by an actuarial valuation study.

The major assumptions employed for the valuations are as follows:

a) Discount Rate

The present value as at March 31, 2020 of the future benefits was determined using a discount rate of 3.75% (2019 - 3.25%).

b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 8.5% per annum in 2020 and decrease by 0.25% per annum thereafter to an ultimate rate of 5.0%.

March 31, 2020

10. Post-Employment Benefits and Compensated Absences Liability (continued)

c) Dental Costs

Dental costs were assumed to increase at 4.0% per annum.

Vesting Sick Leave

The Health Centre allocates to one employee group a specified number of days each year for use as compensated absences in the event of illness or injury. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by management.

For this employee group, these sick days vest and are eligible for cash reimbursement upon retirement up to a prescribed maximum described in their employment agreements.

To value the vesting sick leave, management used the current salary rates for the employees affected and their current accumulated balances to estimate the liability as of March 31, 2020.

11. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2020	2019
Balance, beginning of the year	\$ 10,644,520	\$ 11,006,224
Grants received during the year	300,738	507,570
Amortization	(835,663)	(869,274)
Balance, end of the year	\$ 10,109,595	\$ 10,644,520

As at March 31, 2020 there was \$419,623 (2019 - \$216,445) of deferred capital contributions received which were not yet utilized.

12. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2020	2019
Capital Assets	\$ 17,452,189	\$ 16,769,775
Amounts financed by Capital Lease	(408,459)	(3,411)
Amounts financed by Utilized Deferred Contributions (\$10,109,595 Total Deferred Contributions)	(9,689,972)	(10,428,075)
	\$ 7,353,758	\$ 6,338,289

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2020

12. Net Assets Invested in Capital Assets (continued)

b) The change in net assets invested in capital assets is calculated as follows:

	2020	2019
Excess (deficiency) of revenue over expenses:		
Amortization of Deferred Grants and Donations related to:		
Equipment/Software Licences	\$ 208,996	\$ 266,579
Buildings	626,667	602,695
Gain on Disposal	-	337,874
Amortization related to:		
Equipment/Software Licences	(605,956)	(516,983)
Buildings	(945,100)	(928,705)
	(715,393)	(238,540)
Net change in investment in capital assets:	2020	2019
Purchase of Capital Assets	\$ 2,233,470	\$ 2,005,636
Repayment of Capital Lease	95,105	40,918
Amounts funded by Deferred Grants and Donations	(597,713)	(507,570)
Proceeds of Capital Assets Disposal	-	(435,900)
	1,730,862	1,103,084
	\$ 1,015,469	\$ 864,544

13. Due to/from Related Parties

Dryden Regional Health Centre exercises significant influence over Kenora-Rainy River Regional Laboratory Program Inc. (the "Organization") by virtue of its ability to appoint some of the Organization's Board of Directors. The operations of Kenora-Rainy River Regional Laboratory Program Inc. are included as part of the day-to-day operations of Dryden Regional Health Centre. The Regional Lab Program does not maintain its own bank account, therefore all cash transactions of the Regional Lab Program are administered by Dryden Regional Health Centre. As well, all accounts receivable, accounts payable and payroll functions are the responsibility of those departments of Dryden Regional Health Centre. All transactions are recorded through an inter-fund account on the books of both Kenora-Rainy River Regional Laboratory Program Inc. and Dryden Regional Health Centre.

Related party transactions (unless otherwise noted) are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for provision of services.

At the end of the year, the amounts due to/from related parties are as follows:

	2020	2019
Due to Kenora-Rainy River Regional Laboratory Program Inc.	\$ (128,593)	\$ (103,774)

The amounts due to/from the related parties are unsecured, due on demand, interest free, and fluctuate based on operating cash flows.

March 31, 2020

14. Contingent Liability

Dryden Regional Health Centre has been in contact with their lawyers concerning a number of claims and possible claims. In the opinion of management, the outcome of the claims and possible claims, are not determinable. An estimate of the Health Centre's potential liability arising from these claims and possible claims cannot be made at this time.

15. Economic Dependence

The Health Centre receives the majority of its funding from the Ministry of Health and Long-Term Care and is therefore economically dependent on its government department.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2020

16. Financial Instrument Risk

Credit Risk

Credit risk is the risk of financial loss to the Health Centre if a debtor fails to make payments of interest and principal when due. The Health Centre is exposed to this risk relating to its cash, debt holdings in its investment portfolio and accounts receivable. The Health Centre holds its cash accounts with a federally regulated chartered bank which is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to \$100,000.

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.

The Health Centre measures its exposure to credit risk based on how long the amounts have been outstanding. Accounts received that are not considered to be collectible are written off at year-end based on the Health Centre's historical experience regarding collections. The amounts outstanding at year end were as follows:

		2020					
		Total	Current	Past Due			
				1-30	31-60	61-90	91 +
MOHLTC/LHIN	\$	603,861	\$ 603,861	\$ -	\$ -	\$ -	\$ -
Insurers and Patients		337,592	16,869	71,417	75,190	16,766	157,350
Other		545,836	477,195	54,418	389	-	13,834
		\$ 1,487,289	\$ 1,097,925	\$ 125,835	\$ 75,579	\$ 16,766	\$ 171,184

		2019					
		Total	Current	Past Due			
				1-30	31-60	61-90	91 +
MOHLTC/LHIN	\$	599,547	\$ 599,547	\$ -	\$ -	\$ -	\$ -
Insurers and Patients		339,887	41,666	71,887	58,253	16,861	151,220
Other		1,181,779	1,141,076	12,192	19,148	6,898	2,465
		\$ 2,121,213	\$ 1,782,289	\$ 84,079	\$ 77,401	\$ 23,759	\$ 153,685

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Health Centre's past experience. Management has reviewed the individual balances based on the credit quality of the debtors and their past history of payment. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the 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: interest rate risk, currency risk and equity risk. The Health Centre is not exposed to significant currency or equity risk as it does not transact materially in foreign currency.

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

March 31, 2020

16. Financial Instrument Risk (continued)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Health Centre is exposed to this risk through its capital leases.

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

Liquidity Risk

Liquidity risk is the risk that the Health Centre will not be able to meet all cash outflow obligations as they come due. The Health Centre 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. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2020			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 5,036,219	\$ -	\$ -	\$ -
	2019			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 7,287,200	\$ -	\$ -	\$ -

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

17. Uncertainty With Respect to COVID-19

COVID-19 has had a significant impact on the Canadian and global economies. As the impacts of COVID-19 continue, there could be further effects on the Health Centre, its funders and donors. Management is actively monitoring the effect on its financial condition and operations. As a result, management anticipates a temporary decline in donation revenues, including contributions from the Dryden Regional Health Centre Foundation, which has had to postpone its fundraisers and other activities. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Health Centre is not able to fully estimate the effects of the pandemic on its results of operations or financial condition at this time.

Dryden Regional Health Centre
Schedule 1 - Other Revenue
(Unaudited)

For the year ended March 31,	2020	2019
Inpatient Revenue		
Non-Residents of the Province	\$ 80,780	\$ 89,681
Non-Residents of Canada	23,100	6,200
Workplace Safety & Insurance Board	3,165	9,495
Insured/Uninsured Residents	12,400	9,300
	<u>119,445</u>	<u>114,676</u>
Outpatient Revenue		
Ontario Health Insurance Plan	818,054	772,855
Federal Government	412	359
Non-Residents of the Province	178,737	200,022
Non-Residents of Canada	94,451	61,431
Workplace Safety & Insurance Board	53,937	36,754
Insured/Uninsured Residents	38,824	40,859
Ambulance	42,975	39,030
	<u>1,227,390</u>	<u>1,151,310</u>
Co-Payment Revenue		
A.L.C. Patients	<u>182,800</u>	165,823
Differential Revenue		
Acute Care Patients	<u>19,975</u>	43,565
Recoveries		
Non-Patient Food Services	159,768	139,385
CCAC Contract for Therapeutic Services	273,964	294,755
Investment Revenue	36,887	58,247
Compensation and Services	954,617	767,466
Management Fees	12,000	12,000
Materials	184,376	125,190
Rentals	310,635	304,724
Oncology Drug Cost	784,837	556,950
Miscellaneous	8,665	5,405
	<u>2,725,749</u>	<u>2,264,122</u>
Total Other Revenue	<u>\$ 4,275,359</u>	<u>\$ 3,739,496</u>

Dryden Regional Health Centre
Schedule 2 - Other Votes and Programs
(Unaudited)

For the year ended March 31,	2020	2019
Community Mental Health Programs		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,441,988	\$ 1,613,131
Compensation & Services Recovery	45,100	7,304
Total Revenue	1,487,088	1,620,435
Operating Expenses		
Salaries and Wages	738,679	1,085,225
Employee Benefits	181,281	214,006
Sessional Fees	5,905	11,396
Supplies and Other Expenses	274,745	291,703
Rent and Utilities	15,780	18,105
Total Operating Expenses	1,216,390	1,620,435
Net Revenue Before Amount Repayable	270,698	-
Amount Repayable to Ministry of Health and Long-Term Care	(270,698)	-
Net Revenue	\$ -	\$ -
Community Addictions Programs		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 930,177	\$ 1,040,131
Operating Expenses		
Salaries and Wages	694,253	862,266
Employee Benefits	195,166	187,007
Supplies and Other Expenses	31,926	68,114
Rent and Utilities	8,832	11,641
Total Operating Expenses	930,177	1,129,028
Net Revenue (Expense)	\$ -	\$ (88,897)
Community Problem Gambling Program		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 82,693	\$ 82,693
Operating Expenses		
Salaries and Wages	81,309	80,049
Employee Benefits	18,856	18,240
Total Operating Expenses	100,165	98,289
Net Revenue (Expense)	\$ (17,472)	\$ (15,596)

Dryden Regional Health Centre
Schedule 2 (Continued) - Other Votes and Programs
(Unaudited)

For the year ended March 31,	2020	2019
Community Supportive Housing Program		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 48,400	\$ 26,500
Operating Expenses		
Rent Supplement	33,158	14,959
Net Revenue Before Amount Repayable	<u>15,242</u>	<u>11,541</u>
Amount Repayable to Ministry of Health and Long-Term Care	(15,242)	(11,541)
Net Revenue	<u>\$ -</u>	<u>\$ -</u>
Family Health Team		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,985,140	\$ 1,893,765
Services Recovery	41,027	71,056
Total Revenue	<u>2,026,167</u>	<u>1,964,821</u>
Operating Expenses		
Salaries and Benefits	1,642,915	1,499,828
Supplies and Other Expenses	310,667	362,976
Total Operating Expenses	<u>1,953,582</u>	<u>1,862,804</u>
Net Revenue Before Amount Repayable	<u>72,585</u>	<u>102,017</u>
Amount Repayable to Ministry of Health and Long-Term Care	(72,585)	(102,017)
Net Revenue	<u>\$ -</u>	<u>\$ -</u>
Municipal Taxes		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 3,075	\$ 3,075
Operating Expenses		
Municipal Taxes	3,075	3,075
Net Revenue	<u>\$ -</u>	<u>\$ -</u>

Dryden Regional Health Centre
Schedule 2 (Continued) - Other Votes and Programs
(Unaudited)

For the year ended March 31,	2020	2019
Primary Care Nurse Practitioner		
Revenue		
Ministry of Health and Long-Term Care Allocation	<u>\$ 233,400</u>	<u>\$ 233,400</u>
Operating Expenses		
Salaries	79,113	188,803
Benefits	18,172	43,597
Supplies	4,985	-
Total Operating Expenses	<u>102,270</u>	<u>232,400</u>
Net Revenue Before Amount Repayable	<u>131,130</u>	<u>1,000</u>
Amount Repayable to Ministry of Health and Long-Term Care	<u>(131,130)</u>	<u>(1,000)</u>
Net Revenue	<u>\$ -</u>	<u>\$ -</u>

Dryden Regional Health Centre
Schedule 3 - Salaries and Wages
(Unaudited)

For the year ended March 31,	2020	2019
Salaries and Wages		
Patient Care		
Inpatient Wards	\$ 3,705,541	\$ 3,604,150
Operating Room	648,793	645,581
Ambulatory Care	2,333,294	2,067,815
Clinical Laboratory	684,292	667,246
Diagnostic Imaging	574,888	581,242
Diabetes Education	170,773	168,912
Therapeutic Services	974,542	898,077
Total Patient Care	9,092,123	8,633,023
Support Services		
General Administration	2,175,874	1,771,575
Physical Plant	345,892	342,398
Environmental Services	651,998	659,217
Food Services	520,179	488,861
Patient Information	457,421	455,910
Marketed Services	260,403	184,212
Materials Management	286,089	284,732
Total Support Services	4,697,856	4,186,905
Total Salaries and Wages	\$ 13,789,979	\$ 12,819,928

Dryden Regional Health Centre
Schedule 4 - Employee Benefits
(Unaudited)

For the year ended March 31,	2020	2019
Employee Benefits		
Canada Pension Plan	\$ 492,892	\$ 460,763
Hospital Pension Plan	1,088,469	1,058,212
Employment Insurance	197,955	196,028
Workplace Safety & Insurance Board	126,183	126,137
Long-Term Disability Insurance	214,583	177,170
Employer Health Tax	266,337	258,129
Semi-Private Insurance	14,115	8,102
Extended Health Care Insurance	279,041	224,630
Dental Insurance	155,611	92,476
Group Life and Accidental Death & Dismemberment	54,058	46,772
EAP Program	7,127	6,362
WSIB NEER Surcharge	15,262	48,541
Benefit and Vacation % in Lieu	426,022	465,044
Total Employee Benefits	\$ 3,337,655	\$ 3,168,366

Dryden Regional Health Centre
Schedule 5 - Medical Staff Remuneration
(Unaudited)

For the year ended March 31,	2020	2019
Medical Staff Remuneration		
Honorariums	\$ 304,865	\$ 296,456
Emergency Physician Group	1,341,181	1,274,310
Hospital On Call Coverage	576,043	573,384
Assault & Domestic Violence	5,000	5,000
Clinical Laboratory	18,545	18,357
Diagnostic Imaging	657,236	624,965
Total Medical Staff Remuneration	\$ 2,902,870	\$ 2,792,472

Dryden Regional Health Centre
Schedule 6 - Supplies and Other Expenses
(Unaudited)

For the year ended March 31,	2020	2019
Supplies and Other Expenses		
Patient Care		
Inpatient Wards	\$ 122,692	\$ 80,566
Operating Room	54,661	61,096
Ambulatory Care	189,933	175,300
Clinical Laboratory	516,663	504,701
Diagnostic Imaging	285,441	426,822
Diabetes Education	15,290	12,322
Therapeutic Services	193,903	208,764
In-Home Nursing	2,078	-
Child and Youth Services	2,057	-
Total Patient Care	1,382,718	1,469,571
Support Services		
General Administration	1,382,318	1,271,993
Health System Development	126,929	3,003,035
Physical Plant	1,008,687	1,059,931
Environmental Services	93,982	94,531
Food Services	397,141	399,300
Patient Information	46,803	35,893
Marketed Services	145,850	149,531
Materials Management	136,585	119,496
Total Support Services	3,338,295	6,133,710
Total Supplies and Other Expenses	\$ 4,721,013	\$ 7,603,281

Dryden Regional Health Centre
Schedule 7 - Diabetes Education Program
(Unaudited)

For the year ended March 31,	2020	2019
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 237,397	\$ 237,397
Compensation & Services Recovery	-	182
Donations	2,000	-
Total Revenue	239,397	237,579
Operating Expenses		
Salaries and Wages	170,773	168,912
Employee Benefits	52,006	43,169
Supplies and Other Expenses	8,290	5,322
Rent and Utilities	7,000	7,000
Total Operating Expenses	238,069	224,403
Net Revenue	\$ 1,328	\$ 13,176