

Dryden Regional Health Centre
Financial Statements
March 31, 2019

Dryden Regional Health Centre

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For the year ended March 31, 2019

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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 accurate 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 auditors' 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, 2019, 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, 2019, 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.

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

May 29, 2019

MNP LLP

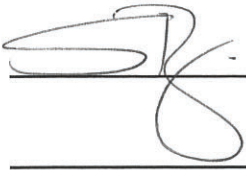
Chartered Professional Accountants

Licensed Public Accountants

Dryden Regional Health Centre
Statement of Financial Position

As at March 31,	2019	2018
Current Assets		
Cash (Note 2)	\$ 4,443,445	\$ 4,155,758
Accounts Receivable (Note 3)	2,121,213	1,419,302
Inventories (Note 4)	427,503	429,861
Prepaid Expenses	188,599	211,459
Other Current Assets	140,007	107,364
Total Current Assets	7,320,767	6,323,744
Non-Current Assets		
Capital Assets (Note 5)	16,769,775	16,307,853
Total Assets	\$ 24,090,542	\$ 22,631,597
Current Liabilities		
Accounts Payable (Note 6)	\$ 7,287,200	\$ 5,488,736
Due to Related Parties (Note 12)	103,774	84,853
Deferred Contributions (Note 7)	408,543	228,737
Current Portion of Capital Lease Payable (Note 8)	3,411	40,918
Total Current Liabilities	7,802,928	5,843,244
Long-Term Liabilities		
Post-Employment Benefits and Compensated Absences Liability (Note 9)	429,264	416,327
Capital Lease (Note 8)	-	3,411
Deferred Capital Contributions (Note 10)	10,644,520	11,006,224
Total Long-Term Liabilities	11,073,784	11,425,962
Net Assets		
Invested in Capital Assets (Note 11)	6,338,289	5,473,745
Unrestricted	(1,124,459)	(111,354)
Closing Net Assets Balance	5,213,830	5,362,391
Total Liabilities and Net Assets Balance	\$ 24,090,542	\$ 22,631,597

Approved on behalf of the Board:

	<i>James Green</i>	<i>Vice Chair</i>
	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,	2019	2018
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 18,465,289	\$ 18,048,456
Quality Based Funding	1,473,520	1,240,234
One-Time Payments	3,143,293	2,609,499
Paymaster for VSP Funding	217,257	201,110
Hospital On Call Coverage Funding	562,572	556,869
Alternate Funding Agreement Program Funding	1,274,311	1,303,094
Cancer Care Ontario Funding	93,389	42,443
Other Revenue (Schedule 1)	3,739,496	3,925,953
Amortization of Equipment Grants/Donations	266,579	255,136
Total Revenue	29,235,706	28,182,793
Expenses		
Salaries and Wages (Schedule 3)	12,819,928	12,510,840
Employee Benefits (Schedule 4)	3,168,366	2,957,694
Employee Benefits Future Costs (Note 9)	5,600	16,000
Medical Staff Remuneration (Schedule 5)	2,792,472	2,681,651
Supplies and Other Expenses (Schedule 6)	7,603,281	7,309,750
Drugs (Note 4)	982,653	873,620
Medical and Surgical Supplies (Note 4)	998,047	1,000,523
Bad Debts	165,279	101,111
Amortization of Equipment	516,983	602,547
Transfer to Kenora Rainy River Regional Lab Program (Note 12)	239,029	234,343
Total Expenses	29,291,638	28,288,079
Deficiency of Revenue over Expenses from Hospital Operations	(55,932)	(105,286)
Other Items		
Amortization of Building Grants/Donations	602,695	511,140
Amortization of Land Improvements and Building	(928,705)	(916,836)
Gain on Capital Asset Disposal	337,874	-
	11,864	(405,696)
Other Votes and Programs - Revenues (Schedule 2)	4,971,055	4,639,260
Other Votes and Programs - Expenses (Schedule 2)	(5,075,548)	(4,755,890)
	(104,493)	(116,630)
Deficiency of Revenue Over Expenses for the Year	\$ (148,561)	\$ (627,612)

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, 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 11)	(238,540)	89,979	(148,561)
Net changes in investment in capital assets (Note 11)	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>

For the year ended March 31, 2018

	Invested in Capital Assets	Unrestricted	2018 Total
Balance, beginning of year	\$ 5,893,869	\$ 96,134	\$ 5,990,003
Excess (deficiency) of revenue over expenses for the year (Note 11)	(753,107)	125,495	(627,612)
Net changes in investment in capital assets (Note 11)	332,983	(332,983)	-
Balance, end of year	<u>\$ 5,473,745</u>	<u>\$ (111,354)</u>	<u>\$ 5,362,391</u>

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

Dryden Regional Health Centre
Statement of Cash Flows

March 31,	2019	2018
Cash Provided By (Used In) Operating Activities		
Deficiency of Revenue over Expenses for the year	\$ (148,561)	\$ (627,612)
Items not involving cash		
Gain on Disposal of Capital Assets	(337,874)	-
Amortization	1,445,688	1,519,383
Amortization of Deferred Capital Contributions	(869,274)	(766,276)
	<u>89,979</u>	<u>125,495</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	(701,911)	399,968
Inventory	2,358	(33,205)
Prepaid Expenses	22,860	(41,529)
Other Current Assets	(32,643)	893
Accounts Payable	1,798,464	(712,398)
Deferred Contributions	179,806	792
Post-Employment Benefits	12,937	5,692
	<u>1,281,871</u>	<u>(379,787)</u>
	<u>1,371,850</u>	<u>(254,292)</u>
Financing Activities		
Capital Lease Payments	(40,918)	(40,918)
Due to Related Parties	18,921	7,923
	<u>(21,997)</u>	<u>(32,995)</u>
Capital Activities		
Purchase of Capital Assets	(2,005,636)	(1,640,890)
Proceeds of Capital Assets Disposal	435,900	-
Contributions Received for Capital Activities	507,570	1,348,828
	<u>(1,062,166)</u>	<u>(292,062)</u>
Increase (Decrease) in Cash and Equivalents	287,687	(579,349)
Cash, Beginning of year	4,155,758	4,735,107
Cash, End of year	<u>\$ 4,443,445</u>	<u>\$ 4,155,758</u>
Supplemental Disclosure		
Interest Received	\$ 58,247	\$ 40,589

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

March 31, 2019

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 Hospital, 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, 2019

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 2019 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

March 31, 2019

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, 2019

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. Writedowns 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 writedown being recognized in the Summary Statement of Operations.

March 31, 2019

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, 2019

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	<u>2019</u>	<u>2018</u>
Ministry of Health and Long-Term Care	\$ 599,547	\$ 240,367
Insurers and Patients	339,887	368,137
Other	1,181,779	810,798
	<u>\$ 2,121,213</u>	<u>\$ 1,419,302</u>

4. Inventories	Balance as at April 1, 2018	Purchases	Expensed	Balance as at March 31, 2019
Drugs	\$ 238,318	\$ 986,590	\$ 982,653	\$ 242,255
Medical and Surgical Supplies	173,911	993,227	998,047	169,091
Other	17,632	329,709	331,184	16,157
	<u>\$ 429,861</u>			<u>\$ 427,503</u>

5. Capital Assets	<u>2019</u>		<u>2018</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 193,010	\$ -	\$ 193,010	\$ -
Paving	561,928	543,422	561,928	526,562
Buildings	28,906,210	16,828,348	28,906,210	16,043,026
Building Service Equipment	1,851,214	794,638	1,411,329	668,114
Work in Progress	943,632	-	1,168,530	-
Equipment	7,493,947	5,013,758	6,961,991	5,712,601
Information Systems Equipment	278,432	278,432		
Equipment under Capital Lease	275,796	275,796	275,796	220,638
	<u>\$40,504,169</u>	<u>\$ 23,734,394</u>	<u>\$39,478,794</u>	<u>\$23,170,941</u>
Net Book Value		<u>\$ 16,769,775</u>		<u>\$ 16,307,853</u>

During the year capital assets were acquired with an aggregate cost of \$2,005,636 (2018 - \$1,640,890) using operating cash flows.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2019

6. Accounts Payable	2019	2018
Trade	\$ 4,405,720	\$ 2,912,813
Accrued Salaries and Benefits	2,245,354	1,938,292
Due to Kenora District Services Board	7,024	6,908
Due to Dryden Regional Health Services Foundation	16,673	-
Ministry of Health and Long-Term Care		
Community Mental Health and Case Management Programs	40,519	40,519
Supportive Housing Program	32,883	21,342
Knee and Hip Funding	6,900	6,900
Hospital On Cal Coverage	-	5,705
Family Health Team	149,834	105,228
Primary Care Nurse Practitioner Program	54,396	53,396
Hospital Infrastructure Renewal Fund	53,508	151,479
Small Hospital Transformation Fund	233,928	204,898
Visiting Specialist Program	30,756	30,756
Ministry of Finance - Ambulance Co-Payment	9,705	10,500
	<u>\$ 7,287,200</u>	<u>\$ 5,488,736</u>

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:

	2019	2018
Balance, beginning of year	\$ 228,737	\$ 227,945
Contributions received during the year	261,884	95,165
Contributions utilized during the year	(82,078)	(94,373)
Balance, end of year	<u>\$ 408,543</u>	<u>\$ 228,737</u>

Deferred contributions are comprised of:

	2019	2018
End of Life Program	\$ 4,166	\$ 4,166
Quality Improvement & Innovation Partnership	28,082	28,082
Still Me Program	9,000	9,000
Staff for Staff Committee	14,640	14,477
OCAN/Treat Project	136,310	126,667
KDSB HFG Funding	120,000	-
Hospice Funding	30,000	-
RBC Foundation	20,000	-
OHIP Professional Fees	3,106	3,106
National Research	5,000	5,000
Adam Moir Medical Prof Corp	2,524	2,524
Cultural Sensitivity Training	35,715	35,715
	<u>\$ 408,543</u>	<u>\$ 228,737</u>

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2019

8. Capital Lease

	2019	2018
Lease repayable at \$3,411 monthly, interest free, due April 2019. Lease is secured by asset with a carrying value of \$Nil	\$ 3,411	\$ 44,329
Less current portion	3,411	40,918
	\$ -	\$ 3,411
Repayment for the next year:	2019 \$ 3,411	

9. 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.

	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

	2018		
	Post-Employment Benefits	Vesting Sick Leave	Total Liability
Accrued benefit obligation	\$ 228,500	\$ 50,327	\$ 278,827
Unamortized actuarial gain	137,500	-	137,500
Total Liability	\$ 366,000	\$ 50,327	\$ 416,327

	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)
	\$ 5,600	\$ 7,337	\$ 12,937

	2018		
	Post-Employment Benefits	Vesting Sick Leave	Total Expense
Current year benefits costs	\$ 21,700	\$ (10,308)	\$ 11,392
Amortized actuarial losses	(6,500)	-	(6,500)
Interest on accrued benefit obligation	9,900	-	9,900
Employee contributions	(9,100)	-	(9,100)
	\$ 16,000	\$ (10,308)	\$ 5,692

March 31, 2019

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

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 \$1,207,641 (2018 - \$1,175,472).

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, 2019 of the future benefits was determined using a discount rate of 3.25% (2018 - 3.5%).

b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 8.5% per annum in 2019 and decrease by 0.25% per annum thereafter to an ultimate rate of 5.0%.

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, 2019.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2019

10. 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.

	2019	2018
Balance, beginning of the year	\$ 11,006,224	\$ 10,423,672
Grants received during the year	507,570	1,348,828
Amortization	(869,274)	(766,276)
Balance, end of the year	\$ 10,644,520	\$ 11,006,224

As at March 31, 2019 there was \$216,445 (2018 - \$216,445) of deferred capital contributions received which were not yet utilized.

11. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2019	2018
Capital Assets	\$ 16,769,775	\$ 16,307,853
Amounts financed by Capital Lease	(3,411)	(44,329)
Amounts financed by Utilized Deferred Contributions (\$10,644,520 Total Deferred Contributions)	(10,428,075)	(10,789,779)
	\$ 6,338,289	\$ 5,473,745

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

	2019	2018
Excess (deficiency) of revenue over expenses:		
Amortization of Deferred Grants and Donations related to:		
Equipment/Software Licences	\$ 266,579	\$ 255,136
Buildings	602,695	511,140
Gain on Disposal	337,874	-
Amortization related to:		
Equipment/Software Licences	(516,983)	(602,547)
Buildings	(928,705)	(916,836)
	(238,540)	(753,107)

Net change in investment in capital assets:

	2019	2018
Purchase of Capital Assets	\$ 2,005,636	\$ 1,640,890
Repayment of Capital Lease	40,918	40,918
Amounts funded by Deferred Grants and Donations	(507,570)	(1,348,825)
Proceeds of Capital Assets Disposal	(435,900)	-
	1,103,084	332,983
	\$ 864,544	\$ (420,124)

March 31, 2019

12. 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:

	<u>2019</u>	<u>2018</u>
Due to Kenora-Rainy River Regional Laboratory Program Inc.	\$ (103,774)	\$ (84,853)

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

13. 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.

14. Economic Dependence

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

15. Commitments

Dryden Regional Health Centre has entered into a contractual agreement to construct the CHP Microturbine additional. As at March 31, 2019, the Health Centre was contractually obligated to fulfill the remaining payments of \$918,690.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2019

16. Financial Instrument Risk

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash, debt holdings in its investment portfolio and accounts receivable. The Hospital 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 Hospital 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 Hospital's historical experience regarding collections. The amounts outstanding at year end were as follows:

2019		Past Due					
		Total	Current	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
		<u>\$ 2,121,213</u>	<u>\$ 1,782,289</u>	<u>\$ 84,079</u>	<u>\$ 77,401</u>	<u>\$ 23,759</u>	<u>\$ 153,685</u>
2018		Past Due					
		Total	Current	1-30	31-60	61-90	91 +
MOHLTC/LHIN	\$	240,367	\$ 240,367	\$ -	\$ -	\$ -	\$ -
Insurers and Patients		368,137	57,952	73,278	66,706	26,948	143,253
Other		808,284	776,842	27,837	1,814	1,224	567
		<u>\$ 1,416,788</u>	<u>\$ 1,075,161</u>	<u>\$ 101,115</u>	<u>\$ 68,520</u>	<u>\$ 28,172</u>	<u>\$ 143,820</u>

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 Hospital'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 Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency.

March 31, 2019

16. Financial Instrument Risk (continued)

Market Risk (continued)

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.

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 Hospital 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 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. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

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

	2018			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 5,488,736	\$ -	\$ -	\$ -

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.

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

For the year ended March 31,	2019	2018
Inpatient Revenue		
Non-Residents of the Province	\$ 89,681	\$ 60,522
Non-Residents of Canada	6,200	18,400
Workplace Safety & Insurance Board	9,495	-
Insured/Uninsured Residents	9,300	20,497
	<u>114,676</u>	<u>99,419</u>
Outpatient Revenue		
Ontario Health Insurance Plan	772,855	669,049
Federal Government	359	-
Non-Residents of the Province	200,022	205,651
Non-Residents of Canada	61,431	63,043
Workplace Safety & Insurance Board	36,754	50,652
Insured/Uninsured Residents	40,859	31,648
Ambulance	39,030	42,015
	<u>1,151,310</u>	<u>1,062,058</u>
Co-Payment Revenue		
A.L.C. Patients	<u>165,823</u>	<u>158,850</u>
Differential Revenue		
Acute Care Patients	<u>43,565</u>	<u>92,488</u>
Recoveries		
Non-Patient Food Services	139,385	141,574
CCAC Contract for Therapeutic Services	294,755	377,031
Investment Revenue	58,247	40,589
Compensation and Services	767,466	976,273
Management Fees	12,000	12,000
Materials	125,190	142,939
Rentals	304,724	342,162
Oncology Drug Cost	556,950	476,068
Miscellaneous	5,405	4,502
	<u>2,264,122</u>	<u>2,513,138</u>
Total Other Revenue	<u>\$ 3,739,496</u>	<u>\$ 3,925,953</u>

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

For the year ended March 31,	2019	2018
Community Mental Health Programs		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,613,131	\$ 1,578,795
Compensation & Services Recovery	7,304	17,743
Total Revenue	1,620,435	1,596,538
Operating Expenses		
Salaries and Wages	1,085,225	966,083
Employee Benefits	214,006	349,276
Sessional Fees	11,396	7,855
Supplies and Other Expenses	291,703	255,931
Rent and Utilities	18,105	18,266
Total Operating Expenses	1,620,435	1,597,411
Net Revenue (Expense) Before Amount Repayable	-	(873)
Amount Repayable to Ministry of Health and Long-Term Care	-	-
Net Revenue (Expense)	\$ -	\$ (873)
Community Addictions Programs		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,040,131	\$ 952,465
Operating Expenses		
Salaries and Wages	862,266	797,595
Employee Benefits	187,007	152,256
Supplies and Other Expenses	68,114	104,133
Rent and Utilities	11,641	14,238
Total Operating Expenses	1,129,028	1,068,222
Net Expense	\$ (88,897)	\$ (115,757)
Community Problem Gambling Program		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 82,693	\$ 81,072
Operating Expenses		
Salaries and Wages	80,049	66,237
Employee Benefits	18,240	14,835
Total Operating Expenses	98,289	81,072
Net Revenue (Expense)	\$ (15,596)	\$ -

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

For the year ended March 31,	2019	2018
Community Supportive Housing Program		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 26,500	\$ 23,676
Operating Expenses		
Rent Supplement	14,959	7,800
Net Revenue Before Amount Repayable	11,541	15,876
Amount Repayable to Ministry of Health and Long-Term Care	(11,541)	(15,876)
Net Revenue	\$ -	\$ -
Family Health Team		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,893,765	\$ 1,711,980
Services Recovery	71,056	37,054
Total Revenue	1,964,821	1,749,034
Operating Expenses		
Salaries and Benefits	1,499,828	1,399,363
Supplies and Other Expenses	362,976	348,861
Total Operating Expenses	1,862,804	1,748,224
Net Revenue Before Amount Repayable	102,017	810
Amount Repayable to Ministry of Health and Long-Term Care	(102,017)	(810)
Net Revenue	\$ -	\$ -
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	\$ -	\$ -

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

For the year ended March 31,	2019	2018
Primary Care Nurse Practitioner		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 233,400	\$ 233,400
Operating Expenses		
Salaries	188,803	175,220
Benefits	43,597	42,549
Total Operating Expenses	232,400	217,769
Net Revenue Before Amount Repayable	1,000	15,631
Amount Repayable to Ministry of Health and Long-Term Care	(1,000)	(15,631)
Net Revenue	\$ -	\$ -

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

For the year ended March 31,	2019	2018
Salaries and Wages		
Patient Care		
Inpatient Wards	\$ 3,604,150	\$ 3,276,867
Operating Room	645,581	680,517
Ambulatory Care	2,067,815	2,060,419
Clinical Laboratory	667,246	623,370
Diagnostic Imaging	581,242	566,520
Diabetes Education	168,912	189,068
Therapeutic Services	898,077	912,237
Total Patient Care	8,633,023	8,308,998
Support Services		
General Administration	1,771,575	1,751,664
Physical Plant	342,398	344,945
Environmental Services	659,217	645,461
Food Services	488,861	515,694
Patient Information	455,910	447,249
Marketed Services	184,212	212,469
Materials Management	284,732	284,360
Total Support Services	4,186,905	4,201,842
Total Salaries and Wages	\$ 12,819,928	\$ 12,510,840

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

For the year ended March 31,	2019	2018
Employee Benefits		
Canada Pension Plan	\$ 460,763	\$ 439,007
Hospital Pension Plan	1,058,212	1,021,485
Employment Insurance	196,028	189,945
Workplace Safety & Insurance Board	126,137	126,310
Long-Term Disability Insurance	177,170	126,684
Employer Health Tax	258,129	248,957
Semi-Private Insurance	8,102	8,935
Extended Health Care Insurance	224,630	206,371
Dental Insurance	92,476	97,290
Group Life and Accidental Death & Dismemberment	46,772	42,357
EAP Program	6,362	7,341
WSIB NEER Surcharge	48,541	16,964
Benefit and Vacation % in Lieu	465,044	426,048
Total Employee Benefits	\$ 3,168,366	\$ 2,957,694

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

For the year ended March 31,	2019	2018
Medical Staff Remuneration		
Honorariums	\$ 296,456	\$ 251,056
Emergency Physician Group	1,274,310	1,303,094
Hospital On Call Coverage	573,384	565,261
Assault & Domestic Violence	5,000	5,000
Clinical Laboratory	18,357	18,357
Diagnostic Imaging	624,965	538,883
Total Medical Staff Remuneration	\$ 2,792,472	\$ 2,681,651

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

For the year ended March 31,	2019	2018
Supplies and Other Expenses		
Patient Care		
Inpatient Wards	\$ 80,566	\$ 91,998
Operating Room	61,096	72,426
Ambulatory Care	175,300	140,636
Clinical Laboratory	504,701	554,197
Diagnostic Imaging	426,822	400,376
Diabetes Education	12,322	13,241
Therapeutic Services	208,764	155,331
Total Patient Care	1,469,571	1,428,205
Support Services		
General Administration	1,271,993	1,348,242
Health System Development	3,003,035	2,690,568
Physical Plant	1,059,931	1,089,706
Environmental Services	94,531	99,318
Food Services	399,300	369,838
Patient Information	35,893	28,841
Marketed Services	149,531	161,315
Materials Management	119,496	93,717
Total Support Services	6,133,710	5,881,545
Total Supplies and Other Expenses	\$ 7,603,281	\$ 7,309,750

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

For the year ended March 31,	2019	2018
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 237,397	\$ 237,397
Compensation & Services Recovery	182	577
Total Revenue	237,579	237,974
Operating Expenses		
Salaries and Wages	168,912	189,068
Employee Benefits	43,169	45,990
Supplies and Other Expenses	5,322	6,241
Rent and Utilities	7,000	7,000
Total Operating Expenses	224,403	248,299
Net Revenue (Loss)	\$ 13,176	\$ (10,325)