

Dryden Regional Health Centre
Financial Statements
March 31, 2018

Management's Responsibility**Independent Auditors' Report****Financial Statements**

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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

I Independent Auditors' Report

To the Audit Committee of Dryden Regional Health Centre:

We have audited the accompanying financial statements of Dryden Regional Health Centre, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dryden Regional Health Centre as at March 31, 2018 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.

Other Matter

The supplemental information contained in the schedules is presented for the purposes 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.

The financial statements of Dryden Regional Health Centre for the year ended March 31, 2017 were audited by another firm of Chartered Professional Accountants.

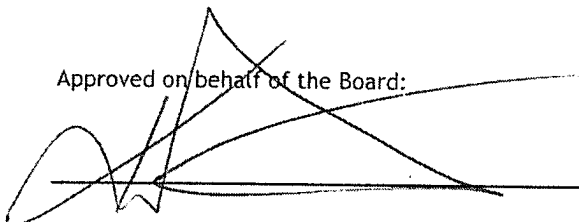
Thunder Bay, Ontario
May 30, 2018


Chartered Professional Accountants
Licensed Public Accountants

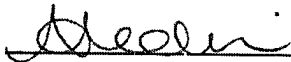
Dryden Regional Health Centre
Statement of Financial Position

As at March 31,	2018	2017
Current Assets		
Cash (Note 2)	\$ 4,155,758	\$ 4,735,107
Accounts Receivable (Note 3)	1,419,302	1,819,270
Inventories (Note 4)	429,861	396,656
Prepaid Expenses	211,459	169,930
Other Current Assets	107,364	108,257
Total Current Assets	<u>6,323,744</u>	<u>7,229,220</u>
Non-Current Assets		
Capital Assets (Note 5)	<u>16,307,853</u>	<u>16,186,346</u>
Total Assets	<u>\$ 22,631,597</u>	<u>\$ 23,415,566</u>
Current Liabilities		
Accounts Payable (Note 6)	\$ 5,488,736	\$ 6,201,134
Due to Related Parties (Note 12)	84,853	76,930
Deferred Contributions (Note 7)	228,737	227,945
Current Portion of Capital Lease Payable (Note 8)	40,918	40,918
Total Current Liabilities	<u>5,843,244</u>	<u>6,546,927</u>
Long-Term Liabilities		
Post-Employment Benefits and Compensated Absences Liability (Note 9)	416,327	410,635
Capital Lease (Note 8)	3,411	44,329
Deferred Capital Contributions (Note 10)	11,006,224	10,423,672
Total Long-Term Liabilities	<u>11,425,962</u>	<u>10,878,636</u>
Net Assets		
Invested in Capital Assets (Note 11)	5,473,745	5,893,869
Unrestricted	(111,354)	96,134
Closing Net Assets Balance	<u>5,362,391</u>	<u>5,990,003</u>
Total Liabilities and Net Assets Balance	<u>\$ 22,631,597</u>	<u>\$ 23,415,566</u>

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,	2018	2017
		(Restated)
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 18,048,456	\$ 17,673,556
Quality Based Funding	1,240,234	1,066,500
One-Time Payments	2,609,499	2,336,542
Paymaster for VSP Funding	201,110	202,648
Hospital On Call Coverage Funding	556,869	562,573
Alternate Funding Agreement Program Funding	1,303,094	1,274,253
Cancer Care Ontario Funding	42,443	162,360
Other Revenue (Schedule 1)	3,925,953	3,609,337
Amortization of Equipment Grants/Donations	255,136	255,136
Total Revenue	28,182,793	27,142,905
Expenses		
Salaries and Wages (Schedule 3)	12,510,840	12,029,328
Employee Benefits (Schedule 4)	2,957,694	2,868,487
Employee Benefits Future Costs (Note 9)	16,000	13,400
Medical Staff Remuneration (Schedule 5)	2,681,651	2,619,211
Supplies and Other Expenses (Schedule 6)	7,309,750	6,854,291
Drugs (Note 4)	873,620	640,881
Medical and Surgical Supplies (Note 4)	1,000,523	919,307
Bad Debts	101,111	72,227
Amortization of Software Licences	-	876
Amortization of Equipment	602,547	575,877
Transfer to Kenora Rainy River Regional Lab Program (Note 12)	234,343	225,243
Total Expenses	28,288,079	26,819,128
Excess of Revenue over Expenses from Hospital Operations	(105,286)	323,777
Other Items		
Amortization of Building Grants/Donations	511,140	496,808
Amortization of Land Improvements and Building	(916,836)	(917,373)
	(405,696)	(420,565)
Other Votes and Programs - Revenues (Schedule 2)	4,639,260	5,067,969
Other Votes and Programs - Expenses (Schedule 2)	(4,755,890)	(5,067,969)
	(116,630)	-
Deficiency of Revenue Over Expenses for the Year	\$ (627,612)	\$ (96,788)

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, 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>

For the year ended March 31, 2017

	Invested in Capital Assets	Unrestricted	2017 Total
Balance, beginning of year	\$ 6,114,555	\$ (27,764)	\$ 6,086,791
Excess (deficiency) of revenue over expenses for the year (Note 11)	(742,182)	645,394	(96,788)
Net changes in investment in capital assets (Note 11)	521,496	(521,496)	-
Balance, end of year	<u>\$ 5,893,869</u>	<u>\$ 96,134</u>	<u>\$ 5,990,003</u>

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

Dryden Regional Health Centre
Statement of Cash Flows

March 31,	2018	2017
Cash Provided By (Used In) Operating Activities		
Deficiency of Revenue over Expenses for the year	\$ (627,612)	\$ (96,788)
Items not involving cash		
Amortization	1,519,383	1,494,126
Amortization of Deferred Capital Contributions	(766,276)	(751,944)
	<u>125,495</u>	<u>645,394</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	399,968	283,547
Inventory	(33,205)	31,337
Prepaid Expenses	(41,529)	(3,168)
Other Current Assets	893	(12,741)
Accounts Payable	(712,398)	1,270,839
Deferred Contributions	792	11,458
Post-employment Benefits	5,692	7,115
	<u>(379,787)</u>	<u>1,588,387</u>
	<u>(254,292)</u>	<u>2,233,781</u>
Financing Activities		
Due from Related Parties	-	6,113
Capital Lease Payments	(40,918)	(40,918)
Due to Related Parties	7,923	(3,789)
	<u>(32,995)</u>	<u>(38,594)</u>
Capital Activities		
Purchase of Capital Assets	(1,640,890)	(1,123,686)
Contributions Received for Capital Activities	1,348,828	604,793
	<u>(292,062)</u>	<u>(518,893)</u>
Increase (Decrease) in Cash and Equivalents	(579,349)	1,676,294
Cash, Beginning of year	4,735,107	3,058,813
Cash, End of year	<u>\$ 4,155,758</u>	<u>\$ 4,735,107</u>
Supplemental Disclosure		
Interest Received	\$ 40,589	\$ 29,458

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

March 31, 2018

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 Hospital is a not-for-profit organization and, as such, is exempt from Income Taxes under the Income Tax Act.

In addition to the Hospital's operating fund which reflects the activities of the day to day operations of the Hospital, 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 Hospital. 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 Hospital 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 hospital allocation.

March 31, 2018

1. Significant Accounting Policies (continued)

Revenue Recognition

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC"), and the Local Health Integration Network ("LHIN"). The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2018 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 Hospital by the MOHLTC/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the MOHLTC/LHIN has the right to adjust funding received by the Hospital. 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 Hospital 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, 2018

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 Hospital'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 Hospital determines that a long-lived asset no longer has any long-term service potential to the Hospital, 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, 2018

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 Hospital's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Financial Instruments

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

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 Hospital 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, 2018

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 Hospital 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 Hospital 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 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 Hospital'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, 2018

2. Cash

Dryden Regional Health Centre's bank account is held at one chartered bank. In the normal course of operations, the Hospital 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 Hospital 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

	2018	2017
Ministry of Health and Long-Term Care	\$ 240,367	\$ 757,244
Insurers and Patients	368,137	538,815
Other	810,798	523,211
	\$ 1,419,302	\$ 1,819,270

4. Inventories

	Balance as at April 1, 2017	Purchases	Expensed	Balance as at March 31, 2018
Drugs	\$ 196,643	\$ 915,295	\$ 873,620	\$ 238,318
Medical and Surgical Supplies	182,765	991,669	1,000,523	173,911
Other	17,248	493,932	493,548	17,632
	\$ 396,656			\$ 429,861

5. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 193,010	\$ -	\$ 193,010	\$ -
Paving	561,928	526,562	561,928	492,247
Buildings	28,906,210	16,043,026	28,906,210	15,257,704
Building Service Equipment	1,411,329	668,114	1,231,035	570,916
Work in Progress	1,168,530	-	-	-
Equipment	6,961,991	5,712,601	6,669,927	5,165,215
Equipment under Capital Lease	275,796	220,638	275,796	165,478
	\$39,478,794	\$ 23,170,941	\$37,837,906	\$21,651,560
Net Book Value		\$ 16,307,853		\$ 16,186,346

During the year capital assets were acquired with an aggregate cost of \$1,640,890 (2017 - \$1,123,686) using operating cash flows.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2018

6. Accounts Payable	2018	2017
Trade	\$ 2,912,813	\$ 4,064,772
Accrued Salaries and Benefits	1,938,292	1,741,927
Due to Kenora District Services Board	6,908	6,822
Ministry of Health and Long-Term Care		
Community Mental Health and Case Management Programs	40,519	53,612
Supportive Housing Program	21,342	10,953
Knee and Hip Funding	6,900	6,900
Hospital On Call Coverage	5,705	-
Family Health Team	105,228	104,417
Primary Care Nurse Practitioner Program	53,396	56,225
Hospital Infrastructure Renewal Fund	151,479	-
Small Hospital Transformation Fund	204,898	129,858
Visiting Specialist Program	30,756	14,608
Ministry of Finance - Ambulance Co-Payment	10,500	11,040
	<u>\$ 5,488,736</u>	<u>\$ 6,201,134</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:

	2018	2017
Balance, beginning of year	\$ 227,945	\$ 216,487
Contributions received during the year	95,165	95,798
Contributions utilized during the year	(94,373)	(84,340)
Balance, end of year	<u>\$ 228,737</u>	<u>\$ 227,945</u>

Deferred contributions are comprised of:

	2018	2017
End of Life Program	\$ 4,166	\$ 4,166
Quality Improvement & Innovation Partnership	28,082	28,082
Still Me Program	9,000	22,270
Staff for Staff Committee	14,477	11,488
OCAN/Treat Project	126,667	115,594
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>\$ 228,737</u>	<u>\$ 227,945</u>

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2018

8. Capital Lease

	2018	2017
Lease repayable at \$3,410 monthly, interest free, due April 2019. Lease is secured by asset with a carrying value of \$55,158	\$ 44,329	\$ 85,247
Less current portion	40,918	40,918
	\$ 3,411	\$ 44,329

Repayment for the next 2 years:	2018	\$	40,918
	2019		3,411
		\$	44,329

9. Post-Employment Benefits and Compensated Absences Liability

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

	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

	2017		
	Post-Employment Benefits	Vesting Sick Leave	Total Liability
Accrued benefit obligation	\$ 277,200	\$ 60,635	\$ 337,835
Unamortized actuarial gain	72,800	-	72,800
Total Liability	\$ 350,000	\$ 60,635	\$ 410,635

	2018		
	Post-Employment Benefits	Vesting Sick Leave	Total Expense
Current year benefits costs	\$ 21,700	\$ (10,308)	\$ 11,392
Amortized actuarial gains	(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

	2017		
	Post-Employment Benefits	Vesting Sick Leave	Total Expense
Current year benefits costs	\$ 20,900	\$ (6,285)	\$ 14,615
Amortized actuarial losses	(6,500)	-	(6,500)
Interest on accrued benefit obligation	9,200	-	9,200
Employee contributions	(10,200)	-	(10,200)
	\$ 13,400	\$ (6,285)	\$ 7,115

March 31, 2018

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 Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they become due. Contributions made to the plan during the year by the Hospital amounted to \$1,175,472 (2017 - \$1,153,010).

Post-Employment Benefits

The Hospital extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Hospital 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, 2018 of the future benefits was determined using a discount rate of 3.5% (2017 - 3.5%).

b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 8.5% per annum in 2018 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 Hospital 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, 2018.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2018

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.

	2018	2017
Balance, beginning of the year	\$ 10,423,672	\$ 10,570,823
Grants received during the year	1,348,828	604,793
Amortization	(766,276)	(751,944)
Balance, end of the year	\$ 11,006,224	\$ 10,423,672

As at March 31, 2018 there was \$216,445 (2017 - \$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:

	2018	2017
Capital Assets	\$ 16,307,853	\$ 16,186,346
Amounts financed by Capital Lease	(44,329)	(85,247)
Amounts financed by Utilized Deferred Contributions (\$11,006,224 Total Deferred Contributions)	(10,789,779)	(10,207,230)
	\$ 5,473,745	\$ 5,893,869

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

	2018	2017
Excess (deficiency) of revenue over expenses:		
Amortization of Deferred Grants and Donations related to:		
Equipment/Software Licences	\$ 255,136	\$ 255,136
Buildings	511,140	496,808
Amortization related to:		
Equipment/Software Licences	(602,547)	(576,753)
Buildings	(916,836)	(917,373)
	(753,107)	(742,182)

Net change in investment in capital assets:

	2018	2017
Purchase of Capital Assets	\$ 1,640,890	\$ 1,123,686
Repayment of Capital Lease	40,918	40,918
Amounts funded by Deferred Grants and Donations	(1,348,825)	(643,108)
	332,983	521,496
	\$ (420,124)	\$ (220,686)

March 31, 2018

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>2018</u>	<u>2017</u>
Due to Kenora-Rainy River Regional Laboratory Program Inc.	\$ (84,853)	\$ (76,930)

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 hospital'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. Comparative Figures

Certain comparative figures have been changed to conform to the current year presentation.

Dryden Regional Health Centre
Notes to Financial Statements

March 31, 2018

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:

		2018		Past Due			
				1-30	31-60	61-90	91 +
		Total	Current				
MOHTLC/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>
		2017		Past Due			
		Total	Current	1-30	31-60	61-90	91 +
MOHTLC/LHIN	\$	757,244	\$ 757,244	\$ -	\$ -	\$ -	\$ -
Insurers and Patients		538,815	119,537	66,349	113,903	88,609	150,417
Other		523,211	476,230	46,723	-	258	-
	\$	<u>1,819,270</u>	\$ <u>1,353,011</u>	\$ <u>113,072</u>	\$ <u>113,903</u>	\$ <u>88,867</u>	\$ <u>150,417</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, 2018

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):

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

	2017			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 6,201,134	\$ -	\$ -	\$ -

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,	2018	2017
Inpatient Revenue		
Non-Residents of the Province	\$ 60,522	\$ 49,344
Non-Residents of Canada	18,400	35,650
Workplace Safety & Insurance Board	-	773
Insured/Uninsured Residents	20,497	3,100
	<u>99,419</u>	<u>88,867</u>
Outpatient Revenue		
Ontario Health Insurance Plan	669,049	708,328
Federal Government	-	335
Non-Residents of the Province	205,651	163,943
Non-Residents of Canada	63,043	83,204
Workplace Safety & Insurance Board	50,652	47,852
Insured/Uninsured Residents	31,648	16,639
Ambulance	42,015	24,001
	<u>1,062,058</u>	<u>1,044,302</u>
Co-Payment Revenue		
A.L.C. Patients	158,850	118,862
Differential Revenue		
Acute Care Patients	92,488	130,778
Recoveries		
Non-Patient Food Services	141,574	148,154
CCAC Contract for Therapeutic Services	377,031	390,214
Investment Revenue	40,589	29,458
Compensation and Services	976,273	888,353
Donations	-	-
Management Fees	12,000	12,000
Materials	142,939	136,521
Rentals	342,162	369,459
Oncology Drug Cost	476,068	248,532
Miscellaneous	4,502	3,837
	<u>2,513,138</u>	<u>2,226,528</u>
Total Other Revenue	<u>\$ 3,925,953</u>	<u>\$ 3,609,337</u>

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

For the year ended March 31,	2018	2017
Community Mental Health Programs		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,578,795	\$ 1,836,795
Ministry of Health and Long-Term Care One Time Funding	-	276,000
Compensation & Services Recovery	17,743	2,237
Total Revenue	1,596,538	2,115,032
Operating Expenses		
Salaries and Wages	966,083	1,036,475
Employee Benefits	349,276	217,918
Sessional Fees	7,855	11,920
Health System Development	-	276,000
Supplies and Other Expenses	255,931	231,652
Paymaster Expense	-	258,155
Rent and Utilities	18,266	29,299
Total Operating Expenses	1,597,411	2,061,419
Net Revenue Before Amount Repayable	(873)	53,613
Amount Repayable to Ministry of Health and Long-Term Care	-	(53,613)
Net Revenue (Expense)	\$ (873)	\$ -
Community Addictions Programs		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 952,465	\$ 915,602
Compensation & Services Recovery	-	184,316
Total Revenue	952,465	1,099,918
Operating Expenses		
Salaries and Wages	797,595	805,880
Employee Benefits	152,256	171,403
Supplies and Other Expenses	104,133	108,518
Rent and Utilities	14,238	14,117
Total Operating Expenses	1,068,222	1,099,918
Net Expense	\$ (115,757)	\$ -
Community Problem Gambling Program		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 81,072	\$ 81,072
Operating Expenses		
Salaries and Wages	66,237	66,516
Employee Benefits	14,835	14,556
Total Operating Expenses	81,072	81,072
Net Revenue	\$ -	\$ -

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

For the year ended March 31,	2018	2017
Community Supportive Housing Program		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 23,676	\$ 12,180
Operating Expenses		
Rent Supplement	7,800	7,722
Net Revenue Before Amount Repayable	15,876	4,458
Amount Repayable to Ministry of Health and Long-Term Care	(15,876)	(4,458)
Net Revenue	\$ -	\$ -
Family Health Team		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 1,711,980	\$ 1,656,611
Services Recovery	37,054	38,388
Total Revenue	1,749,034	1,694,999
Operating Expenses		
Salaries and Benefits	1,399,363	1,323,130
Supplies and Other Expenses	348,861	314,458
Total Operating Expenses	1,748,224	1,637,588
Net Revenue Before Amount Repayable	810	57,411
Amount Repayable to Ministry of Health and Long-Term Care	(810)	(57,411)
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,	2018	2017
Primary Care Nurse Practitioner		
Revenue		
Ministry of Health and Long-Term Care Allocation	\$ 233,400	\$ 233,400
Operating Expenses		
Salaries	175,220	137,534
Benefits	42,549	39,641
Total Operating Expenses	217,769	177,175
Net Revenue Before Amount Repayable	15,631	56,225
Amount Repayable to Ministry of Health and Long-Term Care	(15,631)	(56,225)
Net Revenue	\$ -	\$ -

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

For the year ended March 31,	2018	2017
Salaries and Wages		
Patient Care		
Inpatient Wards	\$ 3,276,867	\$ 3,177,486
Operating Room	680,517	635,692
Ambulatory Care	2,060,419	1,954,706
Clinical Laboratory	623,370	576,653
Diagnostic Imaging	566,520	511,085
Diabetes Education	189,068	183,599
Therapeutic Services	912,237	949,658
Total Patient Care	8,308,998	7,988,879
Support Services		
General Administration	1,751,664	1,679,924
Physical Plant	344,945	286,577
Environmental Services	645,461	666,987
Food Services	515,694	488,095
Patient Information	447,249	476,643
Marketed Services	212,469	163,493
Materials Management	284,360	278,730
Total Support Services	4,201,842	4,040,449
Total Salaries and Wages	\$ 12,510,840	\$ 12,029,328

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

For the year ended March 31,	2018	2017
Employee Benefits		
Canada Pension Plan	\$ 439,007	\$ 424,208
Hospital Pension Plan	1,021,485	1,010,780
Employment Insurance	189,945	200,413
Workplace Safety & Insurance Board	126,310	127,885
Long-Term Disability Insurance	126,684	117,000
Employer Health Tax	248,957	240,222
Semi-Private Insurance	8,935	8,021
Extended Health Care Insurance	206,371	188,186
Dental Insurance	97,290	83,438
Group Life and Accidental Death & Dismemberment	42,357	41,470
EAP Program	7,341	7,455
WSIB NEER Surcharge	16,964	(894)
Benefit and Vacation % in Lieu	426,048	420,303
Total Employee Benefits	\$ 2,957,694	\$ 2,868,487

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

For the year ended March 31,	2018	2017
Medical Staff Remuneration		
Honorariums	\$ 251,056	\$ 244,000
Emergency Physician Group	1,303,094	1,274,253
Hospital On Call Coverage	565,261	562,573
Assault & Domestic Violence	5,000	5,000
Clinical Laboratory	18,357	18,357
Diagnostic Imaging	538,883	515,028
Total Medical Staff Remuneration	\$ 2,681,651	\$ 2,619,211

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

For the year ended March 31,	2018	2017
Supplies and Other Expenses		
Patient Care		
Inpatient Wards	\$ 91,998	\$ 142,394
Operating Room	72,426	73,344
Ambulatory Care	140,636	169,130
Clinical Laboratory	554,197	510,313
Diagnostic Imaging	400,376	271,350
Diabetes Education	13,241	14,421
Therapeutic Services	155,331	151,391
Total Patient Care	1,428,205	1,332,343
Support Services		
General Administration	1,348,242	1,208,276
Health System Development	2,690,568	2,270,826
Physical Plant	1,089,706	1,234,702
Environmental Services	99,318	117,115
Food Services	369,838	360,687
Patient Information	28,841	27,535
Marketed Services	161,315	146,562
Materials Management	93,717	110,149
Total Support Services	5,881,545	5,521,948
Total Supplies and Other Expenses	\$ 7,309,750	\$ 6,854,291

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

For the year ended March 31,	2018	2017
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 237,397	\$ 237,397
Compensation & Services Recovery	577	62
Total Revenue	237,974	237,459
Operating Expenses		
Salaries and Wages	189,068	183,599
Employee Benefits	45,990	45,270
Supplies and Other Expenses	6,241	7,421
Rent and Utilities	7,000	7,000
Total Operating Expenses	248,299	243,290
Net Loss	\$ (10,325)	\$ (5,831)