

Lake of the Woods District Hospital
Financial Statements
March 31, 2018

Lake of The Woods District Hospital

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For the year ended March 31, 2018

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Management's Responsibility

To the Members of Lake of the Woods District Hospital:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 7, 2018


President and Chief Executive Officer


Vice President Corporate Services
and Chief Finance Officer



Independent Auditors' Report

To the Members and Board of Directors of Lake of the Woods District Hospital:

We have audited the accompanying financial statements of Lake of the Woods District Hospital, 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 ended March 31, 2018 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 Lake of the Woods District Hospital 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.

MNP LLP

Kenora, Ontario
June 7, 2018

Chartered Professional Accountants
Licensed Public Accountants



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Lake of the Woods District Hospital
Statement of Financial Position
As at March 31, 2018

	2018	2017
Current assets		
Cash (Note 1)	\$ 4,235,903	\$ 5,127,710
Short-term investments (Note 2)	1,849,379	916,468
Accounts receivable (Note 3)	3,842,131	2,126,909
Inventory	571,571	579,243
Prepaid expenses	482,419	499,981
	10,981,403	9,250,311
Capital assets (Note 4)	24,983,298	19,104,676
	\$ 35,964,701	\$ 28,354,987
Current liabilities		
Accounts payable (Note 5)	\$ 7,302,991	\$ 6,829,466
Deferred contributions – donations and grants (Note 7)	787,245	1,178,469
	8,090,236	8,007,935
Accrued employee future benefit obligation (Note 6)	1,697,600	1,620,900
	9,787,836	9,628,835
Deferred contributions		
Unamortized capital contributions (Note 7)	21,903,074	13,491,592
	31,690,910	23,120,427
Commitments and Contingencies (Note 9)		
Net assets (debt)		
Invested in capital assets (Note 8)	3,080,224	5,613,084
Internally restricted for capital	1,830,875	370,856
Unrestricted net assets (deficit)	(637,308)	(749,380)
	4,273,791	5,234,560
	\$ 35,964,701	\$ 28,354,987

Approved on behalf of the Board

 Director

 Director

Lake of the Woods District Hospital
Statement of Operations
For the year ended March 31, 2018

	Budget 2017/18 <i>(Unaudited)</i>	2018	2017
Revenue (Schedule 1)			
Ministry of Health and Long Term Care/LHIN/CCO	\$ 37,467,575	\$ 35,173,610	\$ 33,187,247
Patient revenue from other payors	2,675,500	3,697,930	3,600,665
Differential and co-payment revenue	365,000	259,510	342,191
Other revenue and recoveries	2,909,296	3,092,706	3,053,958
Amortization of grants/donations equipment	850,000	843,316	828,745
Total Hospital Operating Revenue	44,267,371	43,067,072	41,012,806
Other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	7,200,000	7,863,503	7,172,145
	<u>51,467,371</u>	<u>50,930,575</u>	<u>48,184,951</u>
Expenses			
Salaries, wages and employee benefits (Schedule 2)	26,419,821	26,365,580	25,518,940
Medical staff remuneration	7,982,970	7,666,468	6,305,404
Supplies and other expenses (Schedule 2)	6,224,114	6,351,041	5,972,197
Medical and surgical supplies (Schedule 2)	1,168,040	1,075,004	1,110,526
Drugs	1,203,766	1,286,934	1,189,567
Amortization of equipment	982,410	886,632	861,534
Bad Debts	26,250	29,920	27,707
Total Hospital Operating Expenses	44,007,371	43,661,579	40,985,875
Other programs (Schedules 3 and 4)	7,200,000	7,863,503	7,172,146
	<u>51,207,371</u>	<u>51,525,082</u>	<u>48,158,021</u>
Surplus (deficit) before amortization related to buildings	<u>260,000</u>	<u>(594,507)</u>	<u>26,930</u>
Amortization of buildings	(1,150,000)	(1,249,647)	(1,235,220)
Amortization of deferred contributions related to buildings	890,000	883,385	865,824
	<u>(260,000)</u>	<u>(366,262)</u>	<u>(369,396)</u>
Surplus (deficit) for the year	<u>\$ -</u>	<u>\$ (960,769)</u>	<u>\$ (342,466)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital
Statement of Changes in Net Assets
For the year ended March 31, 2018

				2018	2017
	Invested in Capital Assets	Internally Restricted For Capital	Unrestricted	Total	Total
Balance, beginning of year	\$ 5,613,084	\$ 370,856	\$ (749,380)	\$ 5,234,560	\$ 5,577,026
Surplus (deficit) for the year	-	-	(960,769)	(960,769)	(342,466)
Amortization of capital assets/deferred contributions related to capital assets <i>(Note 8)</i>	(390,161)	-	390,161	-	-
Interfund transfer <i>(Note 8)</i>	(1,460,019)	1,460,019	-	-	-
Net change in investment in capital assets <i>(Note 8)</i>	(682,680)	-	682,680	-	-
Balance, end of year	\$ 3,080,224	\$ 1,830,875	\$ (637,308)	\$ 4,273,791	\$ 5,234,560

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital
Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash flows from operations		
Surplus (deficit) for the year	\$ (960,769)	\$ (342,466)
Adjustments for:		
Amortization of capital assets	2,136,279	2,096,754
Amortization of deferred contributions related to capital assets	(1,746,118)	(1,709,750)
Increase in long term liability related to employee future benefits	76,700	53,900
	<u>(493,908)</u>	<u>98,438</u>
Change in non-cash operating working capital balances	<u>(1,216,462)</u>	<u>(58,817)</u>
	<u>(1,710,370)</u>	<u>39,621</u>
Cash flows from financing activities		
Increase in deferred contributions related to capital assets	10,157,600	1,440,736
Increase (decrease) in other deferred contributions	(391,224)	666,735
Purchase of capital assets	<u>(8,014,901)</u>	<u>(2,691,270)</u>
	<u>1,751,475</u>	<u>(583,799)</u>
Cash flows from investing activities		
Decrease in short-term investments	<u>(1,472,906)</u>	467,514
Net increase (decrease) in cash and equivalents	<u>(1,431,801)</u>	<u>(76,664)</u>
Cash and equivalents, beginning of year	<u>5,976,941</u>	<u>6,053,605</u>
Cash and equivalents, end of year	<u>\$ 4,545,140</u>	<u>\$ 5,976,941</u>
Cash and equivalents are comprised of:		
Cash	\$ 4,235,903	\$ 5,127,710
Short-term investments (Note 2)	<u>309,237</u>	<u>849,231</u>
	<u>\$ 4,545,140</u>	<u>\$ 5,976,941</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2018

Operations

Lake of the Woods District Hospital ("the Hospital") was incorporated under a Private Bill (Lake of the Woods District Hospitals Act – Bill PR50) in 1968. The Hospital is principally involved in providing health care services to the City of Kenora. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, which sets out generally accepted accounting principles for government not-for-profit organizations. The Hospital has chosen to use the standards for not-for-profit organizations that include Sections PS 4200 to PS 4270. The significant accounting policies are summarized below.

These financial statements reflect the assets, liabilities and operations of the Hospital. They do not include the assets, liabilities or operations of the Lake of the Woods District Hospital Foundation or the Lake of the Woods District Hospital Auxiliary, which, although associated with the Hospital, are separately managed, and report to separate Boards of Directors.

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:

- Problem Gambling
- Adult Community Mental Health
- Lake of the Woods Addictions
- Remedial Measures
- CMH&A Admin
- Central Ambulance Communication Centre
- Ambulance Regional Training, Kenora

The operating results of these programs are recorded in Schedules 3 and 4 to the financial statements and their assets and liabilities are reported on the statement of financial position of the Hospital. Program surpluses are recorded as repayable in the year incurred, except for those programs for which permission has been obtained to carry over surpluses for future program expenditures. In these cases, program surpluses have been recorded as deferred contributions. Program deficits are included in general operations, since they are not funded by the Ministries. Adjustment settlements by the Ministries are recorded when settled.

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2018

Revenue Recognition	<p>The Hospital follows the deferral method of accounting for contributions.</p> <p>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. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.</p> <p>The Hospital receives funding for operations for certain programs from the Ministry of Health and Long Term Care of Ontario. The final amount of operating revenue cannot be determined until the Ministry has reviewed the Hospital's financial and statistical returns for the year. Any adjustments arising from the Ministry's review is recorded in the period in which the adjustment is made.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.</p> <p>Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or when the service is provided.</p>
Contributed Services	<p>A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services of volunteers are not recognized in the financial statements.</p>
Cash and cash equivalents	<p>Cash and cash equivalents include cash and short-term investments with maturities of three months or less.</p>
Investments	<p>Investments are recorded at fair value. Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.</p> <p>Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions and at a specific point in time and may not be reflective of future fair value.</p>
Inventory	<p>Inventory is stated at the lower of weighted average cost and net realizable value, less a provision for any obsolete or unusable inventory on hand.</p>

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2018

Capital Assets

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is stated at cost, which comprises all direct and indirect costs of construction. Construction in progress is not amortized until the project is complete and the facilities come into use.

Capital assets are amortized on a straight line basis over the following periods of time:

Buildings and building service equipment	- 40 to 50 years
Computer equipment	- 5 years
Furniture and equipment	- 5 to 20 years
Parking lot equipment	- 3 years

Compensated Absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's benefit plans for vacation, sick leave and retirement allowances.

Employee Benefit Plans

The Hospital accrues its obligation for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages and expected health care costs. The attribution period for such cost begins the date of hire of the employee to the date the employee becomes fully eligible to receive the benefits. The discount rate used to determine accrued benefit obligations is based on a year-end market rate of interest for high quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Adjustments arising from plan amendments, including past service costs, are included in the cost of the plan for the year.

The Hospital is an employer member of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to future employer contributions to the Plan for past employee service.

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2018

Use of Estimates

The preparation of financial statements is in conformity with Canadian public sector accounting standards which 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. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization and deferred capital contributions are based on the estimated useful lives of capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year end. Accrued employee future benefit obligations are determined based on actuarial valuation.

Financial Instruments

The Hospital recognizes its financial instruments when the Hospital becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Hospital may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital has not made such an election during the year.

The Hospital subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Hospital's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the surplus/deficit for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2018

1. Cash

The Hospital's bank accounts are held at chartered banks. The accounts earn interest at prime less 2% (1.26% at March 31, 2018). The amount held in the ER Group bank account (\$68,523, 2017 - \$88,204) is used exclusively to fund the payment of the ER Physicians and associated administrative costs. The amount held in the Psychiatry bank account (\$187,260, 2017 - \$155,195) is used exclusively to fund the payment of the Psychiatrists and associated administrative costs.

2. Short-term Investments

	Market Value	2018	2017
Copperfin GIC – 1.65% maturing April 23, 2018, redeemable	\$ 309,237	\$ 309,237	\$ 303,620
Copperfin GIC – 1.05% maturing May 5, 2017, redeemable	-	-	545,611
	309,237	309,237	849,231
CIBC Flexible – 0.45% maturing July 11, 2018	67,455	67,455	67,237
CIBC Flexible – 1.05% maturing Feb 26, 2019	1,472,687	1,472,687	-
	1,540,142	1,540,142	67,237
	\$ 1,849,379	\$ 1,849,379	\$ 916,468

Fair values for the above investments are considered to approximate market values.

3. Accounts Receivable

	2018	2017
Ministry of Health and Long Term Care	\$ 1,055,262	\$ 757,919
Insurers and patients	580,708	656,492
Lake of the Woods District Hospital Foundation	1,060,984	-
HST/GST rebates	422,338	398,816
Other	735,795	328,876
	3,855,087	2,142,103
Allowance for doubtful accounts	(12,956)	(15,194)
	\$ 3,842,131	\$ 2,126,909

The carrying value of accounts receivable approximates fair value because of the short maturity of these instruments and because they are subject to normal credit terms.

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2018

4. Capital Assets

	Cost	Accumulated Amortization		2018 Net book Value
Land	\$ 212,775	\$ -	\$	212,775
Buildings and building service equipment	32,220,706	19,514,820		12,705,886
Computer equipment	3,212,694	2,771,782		440,912
Furniture and equipment	17,329,725	13,315,547		4,014,178
Parking lot equipment	678,784	336,063		342,721
	53,654,684	35,938,212		17,716,472
Construction in process	7,266,826	-		7,266,826
	\$ 60,921,510	\$ 35,938,212		\$ 24,983,298

	Cost	Accumulated Amortization		2017 Net book Value
Land	\$ 212,775	\$ -	\$	212,775
Buildings and building service equipment	31,467,882	18,265,173		13,202,709
Computer equipment	3,181,650	2,781,208		400,442
Furniture and equipment	17,526,768	14,414,099		3,112,669
Parking lot equipment	336,063	336,063		-
	52,725,138	35,796,543		16,928,595
Construction in process	2,176,081	-		2,176,081
	\$ 54,901,219	\$ 35,796,543		\$ 19,104,676

5. Accounts Payable

	2018	2017
Vacation benefits payable	\$ 1,685,979	\$ 1,719,687
Accrued salaries	603,857	523,047
Trade accounts payable	2,677,259	2,303,838
Due to Ministry of Health and Long Term Care	750,480	773,227
Other payables and accruals	656,323	617,410
Payroll remittances	923,767	886,931
Sick leave benefits payable	5,326	5,326
	\$ 7,302,991	\$ 6,829,466

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2018

6. Accrued Employee Future Benefit Obligation

The Hospital provides extended health care, dental and life insurance benefits to all unionized, full time employees who enrol in the benefit plans and extends this coverage to the post-retirement period. The Hospital accrues its obligations under these plans as the benefits are earned. The most recent actuarial valuation of employee future benefit was completed as at April 23, 2018.

At March 31, 2018, the Hospital's accrued benefit obligation relating to post-retirement benefit plans was \$1,697,600 (2017 - \$1,620,900). Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligations were as follows:

Discount Rate for calculation of Net Benefit Costs (during Fiscal 2018)	3.56% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2018)	3.37% per annum
Dental Cost Trend Rates	4.0% per annum
Extended Health Care Trend Rates	8.0% in 2017; decreasing by 0.25% per annum to an ultimate rate of 5.0% per year
Retirement age	Age 59 or immediate if older than 59
Full eligibility age	Age 55
Members electing coverage at retirement	
CUPE & Non-Union Full Time	80%
ONA Full Time	65%

Retirement and Other Employee Future Benefit Liabilities	2018 Total Employee Future Benefits	2017 Total Employee Future Benefits
Accrued benefit liability at beginning of period	\$ 1,620,900	\$ 1,567,000
Expense for the year	226,000	198,200
Funding contributions (total)	(149,300)	(144,300)
	\$ 1,697,600	\$ 1,620,900

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2018

6. Accrued Employee Future Benefit Obligation *(Continued from previous page)*

Retirement and Other Employee Future Benefit Expenses	2018 Total Employee Future Benefits	2017 Total Employee Future Benefits
Current year benefit cost	\$ 117,900	\$ 96,200
Interest on accrued benefit obligation	69,700	69,700
Recognized actuarial gains	38,400	32,300
	\$ 226,000	\$ 198,200

Included in salaries, wages and employee benefits in the statement of operations is an expense of \$76,700 (2017 - \$53,900) regarding employee future benefits.

7. Deferred Contributions

a) Deferred Contributions – Donations and Grants

Deferred contributions represent funding received for programs which will be utilized for future years.

2018	2017
\$ 787,245	\$ 1,178,469

b) Deferred Contributions – Unamortized Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized 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 year	\$ 13,491,592	\$ 13,760,449
Additional contributions received	10,157,600	1,440,736
Less: amounts amortized to revenue	(1,726,701)	(1,694,569)
Less: amounts amortized to CMH&A other revenue	(8,848)	(4,557)
Less: amounts amortized to RTC Kenora other revenue	(5,525)	(5,423)
Less: amounts amortized to CACC other revenue	(5,044)	(5,044)
	\$ 21,903,074	\$ 13,491,592

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2018

8. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2018	2017
Capital assets	\$ 24,983,298	\$ 19,104,676
Amounts financed by:		
Deferred contributions	(21,903,074)	(13,491,592)
	\$ 3,080,224	\$ 5,613,084

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

	2018	2017
Excess of expense over revenue:		
Amortization of buildings	\$ (1,249,647)	\$ (1,235,220)
Amortization of deferred contributions related to buildings	883,385	865,824
Amortization of equipment	(886,632)	(861,534)
Amortization of deferred contributions related to equipment	843,316	828,745
Amortization of deferred contributions related to other programs	19,417	15,181
	\$ (390,161)	\$ (387,004)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 8,014,901	\$ 2,691,270
Amounts funded by deferred contributions	(10,157,600)	(1,440,736)
Amounts funded by internally restricted funds	1,460,019	(955,679)
	\$ (682,680)	\$ 294,855
Amounts internally restricted for capital asset purchases during the year	(1,460,019)	955,679
	\$ (2,532,860)	\$ 863,530

9. Commitments and Contingencies

A group of hospitals, including the Hospital, have formed the Health Care Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2018.

At March 31, 2018 the Hospital had construction in process capitalized for a surgical room renovation of \$7,266,826 (2016 - \$2,176,081). The budgeted cost of the project is \$9,668,884. The Hospital is committed to \$1,000,684 of this estimated cost. Estimated completion date is set for the summer of 2018.

In the course of operations, the Hospital may become party to legal proceedings, the outcome of which is not determinable with certainty. Any such matters are recorded in the financial statements when the likelihood of a loss becomes known and the amount is measurable.

10. Pension Plan

Substantially all of the employees of the Hospital are members of the Hospitals of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$2,169,751 (2017 – \$2,082,075) and are included in employee benefits in the statement of operations.

Pension expense is based on the Plan management's best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2017 indicates the plan is fully funded.

11. Financial Instruments

The Hospital, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

12. Related Entities

The Hospital has an economic interest in Lake of the Woods District Hospital Foundation (the "Foundation") and Lake of the Woods District Hospital Auxiliary (the "Auxiliary"), which the Hospital does not control or have significant influence over. Both organizations raise funds solely for the Hospital for the purchase of capital assets. The Hospital is not liable for either organizations activities or obligations.

During the year, the Foundation and the Auxiliary transferred \$2,077,784 (2017 - \$593,384) and \$27,000 (2017 - \$32,500) respectively to the Hospital for capital asset purchases.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

14. Budget Amounts

Budget amounts are unaudited.

15. Economic Dependence

The Hospital receives 81.7% (2017 – 80.9%) of its funding from the Ministry of Health and Long Term Care and Northwest Local Health Integrated Network.

Lake of the Woods District Hospital
Schedule 1 - Revenue
For the year ended March 31, 2018

	Budget 2017/18	2018	2017
Ministry of Health and Long Term Care/LHIN/CCO			
Global Funding	\$ 17,818,650	\$ 17,817,975	\$ 17,034,214
Quality Based Procedures	2,418,227	1,829,100	1,813,912
Health Based Allocation Methodology	7,639,218	7,639,218	7,806,095
	27,876,095	27,286,293	26,654,221
One time and other funding	7,346,624	6,243,972	4,573,080
Cancer Care Ontario	2,244,856	1,643,345	1,959,946
	<u>37,467,575</u>	<u>35,173,610</u>	<u>33,187,247</u>
Patient Revenue from Other Payers			
Workplace Safety and Insurance Board			
-Inpatient	5,000	4,452	-
-Outpatient	54,000	45,703	48,492
Non-residents of the province			
-Inpatient	250,000	220,477	348,174
-Outpatient	634,000	764,275	775,210
Non-residents of Canada and uninsured residents			
-Inpatient	60,000	54,290	84,171
-Outpatient	135,500	110,539	136,808
OHIP	1,432,000	2,395,468	2,114,855
Ambulance services	105,000	102,726	92,955
	<u>2,675,500</u>	<u>3,697,930</u>	<u>3,600,665</u>
Differential charges for preferred accommodation	165,000	126,022	154,220
Chronic care co-payments	200,000	133,488	187,971
	<u>365,000</u>	<u>259,510</u>	<u>342,191</u>
Other Revenue and Recoveries			
Investment income	20,000	29,211	44,690
Food services	220,000	233,645	220,918
Ancillary operations	245,416	233,947	238,339
Parking	310,000	294,320	293,682
Laboratory services	761,000	720,681	698,301
Other revenue and recoveries	1,341,880	1,576,398	1,546,726
Donations	11,000	4,504	11,302
	<u>2,909,296</u>	<u>3,092,706</u>	<u>3,053,958</u>
Subtotal	<u>\$ 43,417,371</u>	<u>\$ 42,223,756</u>	<u>\$ 40,184,061</u>

Lake of the Woods District Hospital
Schedule 1 - Revenue
For the year ended March 31, 2018

	Budget 2017/18	2018	2017
Subtotal from previous page	\$ 43,417,371	\$ 42,223,756	\$ 40,184,061
Amortization of grants/donations of equipment	850,000	843,316	828,745
Total Hospital Operating Revenue	44,267,371	43,067,072	41,012,806
Revenue from other programs, net of amounts repayable to funding agencies (<i>Schedules 3 and 4</i>)	7,200,000	7,863,503	7,172,145
Total Revenue	\$ 51,467,371	\$ 50,930,575	\$ 48,184,951

Lake of the Woods District Hospital
Schedule 2 – Hospital Expenses
For the year ended March 31, 2018

	Budget 2017/18	2018	2017
Salaries, Wages and Employee Benefits			
Administrative and Support Services	\$ 6,985,145	\$ 6,668,507	\$ 6,551,349
Nursing Inpatient Services	10,002,096	10,197,514	9,978,346
Ambulatory Care Services	3,793,380	3,813,089	3,530,110
Diagnostic and Therapeutic Services	5,037,303	5,191,948	4,947,989
Regional Stroke & Ontario Breast Screening Program	74,869	75,525	56,921
Education	183,290	121,347	125,545
Marketed Services	223,738	213,105	232,760
WSIB NEER Assessment	45,000	7,845	42,020
Future Employee Benefits	75,000	76,700	53,900
	\$ 26,419,821	\$ 26,365,580	\$ 25,518,940
Supplies and Other Expenses			
Administrative and Support Services	\$ 3,430,131	\$ 3,675,625	\$ 3,397,738
Nursing Inpatient Services	501,839	535,144	470,045
Ambulatory Care Services	616,188	424,576	467,062
Regional Stroke & Ontario Breast Screening Program	1,150	476	115
Diagnostic and Therapeutic Services	1,324,309	1,292,079	1,308,742
Education	87,467	81,684	84,660
Marketed Services	263,030	341,457	243,835
	\$ 6,224,114	\$ 6,351,041	\$ 5,972,197
Medical and Surgical Supplies			
Administrative and Support Services	\$ 80,150	\$ 54,792	\$ 71,073
Nursing Inpatient Services	618,936	521,596	571,267
Ambulatory Care Services	409,576	429,152	414,274
Diagnostic and Therapeutic Services	59,070	67,680	52,797
Regional Stroke & Ontario Breast Screening Program	-	-	122
Education	308	1,752	975
Marketed Services	-	32	18
	\$ 1,168,040	\$ 1,075,004	\$ 1,110,526

Lake of the Woods District Hospital
Schedule 3 – Northwest Local Health Integrated Network
Community Mental Health and Addictions Programs
For the year ended March 31, 2018

	Problem Gambling	Adult Community Mental Health	Lake of the Woods Addictions	Remedial Measures	CMH&A Admin	2018 Total	2017 Total
Revenue							
Northwest Local Health Integrated Network	\$ 217,133	\$ 1,236,113	\$ 2,752,797	\$ -	\$ -	\$ 4,206,043	\$ 3,872,145
Recovery to LHIN	-	(4,765)	-	-	-	(4,765)	(5,702)
Other	-	18,161	81,070	21,003	684,007	804,241	772,867
	\$ 217,133	\$ 1,249,509	\$ 2,833,867	\$ 21,003	\$ 684,007	\$ 5,005,519	\$ 4,639,310
Expenses							
Salaries and employee benefits	\$ 186,473	\$ 959,194	\$ 2,073,982	\$ 20,486	\$ 381,068	\$ 3,621,203	\$ 3,355,182
Supplies and other expenses	30,660	290,315	759,885	517	302,939	1,384,316	1,284,128
	\$ 217,133	\$ 1,249,509	\$ 2,833,867	\$ 21,003	\$ 684,007	\$ 5,005,519	\$ 4,639,310
Surplus before amounts repayable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts repayable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Lake of the Woods District Hospital
Schedule 4 – Ministry of Health and Long Term Care
Emergency Health Services Programs
For the year ended March 31, 2018

	Central Ambulance Communication Centre	Ambulance Regional Training, Kenora	2018 Total	2017 Total
Revenue				
Ministry of Health and Long Term Care	\$ 2,177,333	\$ 726,015	\$ 2,903,348	\$ 2,572,058
Other	68,222	10,740	78,962	102,288
	<u>\$ 2,245,555</u>	<u>\$ 736,755</u>	<u>\$ 2,982,310</u>	<u>\$ 2,674,346</u>
Expenses				
Salaries and employee benefits	\$ 1,784,090	\$ 112,687	\$ 1,896,777	\$ 1,921,438
Supplies and other expenses	408,114	553,093	961,207	611,398
	<u>\$ 2,192,204</u>	<u>\$ 665,780</u>	<u>\$ 2,857,984</u>	<u>\$ 2,532,836</u>
Surplus before amounts repayable	\$ 53,351	\$ 70,975	\$ 124,326	\$ 141,510
Amounts repayable/deferred	(53,351)	(70,975)	(124,326)	(141,510)
Surplus (deficit) for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>