

Lake of the Woods District Hospital
Financial Statements
March 31, 2020

Lake of The Woods District Hospital Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Board of Directors 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 Hospital. 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 11, 2020

President and Chief Executive Officer

Vice President Corporate Services
and Chief Finance Officer

Independent Auditor's Report



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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Hospital 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 Hospital'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 Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital'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 Hospital'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 Hospital'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 Hospital 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.

Kenora, Ontario

June 11, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Lake of the Woods District Hospital
Statement of Financial Position

As at March 31, 2020

	2020	2019
Current assets		
Cash (Note 1)	\$ 3,526,237	\$ 2,930,423
Short-term investments (Note 2)	389,630	1,799,460
Accounts receivable (Note 3)	4,768,016	4,316,835
Inventory	1,038,806	647,543
Prepaid expenses	576,192	584,113
	10,298,881	10,278,374
Capital assets (Note 4)	25,843,779	26,910,794
	\$ 36,142,660	\$ 37,189,168
 Current liabilities		
Accounts payable (Note 5)	\$ 7,677,828	\$ 7,246,048
Deferred contributions – donations and grants (Note 7)	1,064,449	886,643
	8,742,277	8,132,691
Accrued employee future benefit obligation (Note 6)	1,897,600	1,787,500
	10,639,877	9,920,191
Deferred contributions		
Unamortized capital contributions (Note 7)	21,639,153	22,747,108
	32,279,030	32,667,299
Commitments and Contingencies (Note 9)		
Net assets (debt)		
Invested in capital assets (Note 8)	4,204,626	4,163,686
Internally restricted for capital	1,297,446	1,768,740
Unrestricted net deficit	(1,638,442)	(1,410,557)
	3,863,630	4,521,869
	\$ 36,142,660	\$ 37,189,168

Approved on behalf of the Board

_____ Director

_____ Director

Lake of the Woods District Hospital

Statement of Operations

For the year ended March 31, 2020

	Budget 2019/20 <i>(Unaudited)</i>	2020	2019
Revenue (Schedule 1)			
Ministry of Health and Long Term Care/LHIN/CCO	\$ 37,162,745	\$ 38,460,886	\$ 37,389,968
Patient revenue from other payors	3,428,500	4,331,484	3,912,435
Differential and co-payment revenue	275,000	240,926	241,472
Other revenue and recoveries	2,940,262	4,381,358	3,423,206
Amortization of grants/donations equipment	786,962	787,545	829,166
Total Hospital Operating Revenue	44,593,469	48,202,199	45,796,247
Other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	7,790,000	8,083,735	8,047,252
	52,383,469	56,285,934	53,843,499
Expenses			
Salaries, wages and employee benefits (Schedule 2)	27,571,923	27,922,381	26,927,844
Medical staff remuneration	7,891,916	8,986,258	7,806,781
Supplies and other expenses (Schedule 2)	6,712,383	7,135,266	6,408,188
Medical and surgical supplies (Schedule 2)	1,136,567	1,367,245	1,275,220
Drugs	1,551,617	2,067,973	1,953,404
Amortization of equipment	846,396	981,427	995,041
Bad Debts	26,250	49,368	33,560
Total Hospital Operating Expenses	45,737,052	48,509,918	45,400,038
Other programs (Schedules 3 and 4)	7,790,000	8,083,735	8,047,252
	53,527,052	56,593,653	53,447,290
Surplus (deficit) before amortization related to buildings	(1,143,583)	(307,719)	396,209
Amortization of buildings	(2,268,174)	(2,239,872)	(1,947,088)
Amortization of deferred contributions related to buildings	1,994,638	1,889,352	1,798,957
	(273,536)	(350,520)	(148,131)
Surplus (deficit) for the year	\$ (1,417,119)	\$ (658,239)	\$ 248,078

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, 2020

				2020	2019
	Invested in Capital Assets	Internally Restricted For Capital	Unrestricted	Total	Total
Balance, beginning of year	\$ 4,163,686	\$ 1,768,740	\$ (1,410,557)	\$ 4,521,869	\$ 4,273,791
Surplus (deficit) for the year	-	-	(658,239)	(658,239)	248,078
Amortization of capital assets/deferred contributions related to capital assets (Note 8)	(521,782)	-	521,782	-	-
Interfund transfer (Note 8)	471,294	(471,294)	-	-	-
Net change in investment in capital assets (Note 8)	91,428	-	(91,428)	-	-
Balance, end of year	\$ 4,204,626	\$ 1,297,446	\$ (1,638,442)	\$ 3,863,630	\$ 4,521,869

Lake of the Woods District Hospital

Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash flows from operations		
Surplus (deficit) for the year	\$ (658,239)	\$ 248,078
Adjustments for:		
Amortization of capital assets	3,221,299	2,942,129
Amortization of deferred contributions related to capital assets	(2,699,517)	(2,652,527)
Increase in long term liability related to employee future benefits	110,100	89,900
	(26,357)	627,580
Change in non-cash operating working capital balances	(402,743)	(709,312)
	(429,100)	(81,732)
Cash flows from financing activities		
Increase in deferred contributions related to capital assets	1,591,562	3,496,561
Increase in other deferred contributions	177,806	99,398
Purchase of capital assets	(2,154,284)	(4,869,625)
	(384,916)	(1,273,666)
Cash flows from investing activities		
Decrease in short-term investments	1,415,646	55,020
	1,415,646	55,020
Net increase (decrease) in cash and equivalents	601,630	(1,300,378)
Cash and equivalents, beginning of year	3,244,762	4,545,140
	3,244,762	4,545,140
Cash and equivalents, end of year	\$ 3,846,392	\$ 3,244,762
Cash and equivalents are comprised of:		
Cash	\$ 3,526,237	\$ 2,930,423
Short-term investments <i>(Note 2)</i>	320,155	314,339
	\$ 3,846,392	\$ 3,244,762

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

1. Cash

The Hospital's bank accounts are held at chartered banks. The accounts earn interest at prime less 2% (0.45% at March 31, 2020). The amount held in the Capital Funds bank account (\$1,270,559, 2019 - \$0) is used exclusively to fund payments relating to the All Nations Hospital Project. The amount held in the ER Group bank account (\$411,139, 2019 - \$104,772) is used exclusively to fund the payment of the ER Physicians and associated administrative costs. The amount held in the Psychiatry bank account (\$125,558, 2019 - \$202,534) is used exclusively to fund the payment of the Psychiatrists and associated administrative costs.

2. Short-term Investments

	Market Value	2020	2019
CIBC GIC – 2.40% maturing April 27, 2020, non-redeemable	\$ 320,155	\$ 320,155	\$ 314,339
CIBC Flexible – 1.90% maturing July 13, 2020	69,475	69,475	68,062
CIBC Flexible – 2.15% matured November 27, 2019	-	-	1,417,059
	69,475	69,475	1,485,121
	\$ 389,630	\$ 389,630	\$ 1,799,460

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

3. Accounts Receivable

	2020	2019
Ministry of Health and Long Term Care	\$ 2,948,364	\$ 1,705,800
Insurers and patients	820,203	505,596
Lake of the Woods District Hospital Foundation	-	457,989
HST/GST rebates	364,349	432,518
Other	646,383	1,222,414
	4,779,299	4,324,317
Allowance for doubtful accounts	(11,283)	(7,482)
	\$ 4,768,016	\$ 4,316,835

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, 2020

4. Capital Assets

	Cost	Accumulated Amortization	2020 Net book Value
Land	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	43,733,345	23,692,752	20,040,593
Computer equipment	3,359,434	2,916,567	442,867
Furniture and equipment	19,021,929	14,843,677	4,178,252
Parking lot equipment	677,418	397,274	280,144
	67,004,901	41,850,270	25,154,631
Construction in process	689,148	-	689,148
	\$ 67,694,049	\$ 41,850,270	\$ 25,843,779

	Cost	Accumulated Amortization	2019 Net book Value
Land	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	43,091,651	21,457,394	21,634,257
Computer equipment	3,279,919	2,846,567	433,352
Furniture and equipment	18,223,065	13,935,995	4,287,070
Parking lot equipment	677,418	365,534	311,884
	65,484,828	38,605,490	26,879,338
Construction in process	31,456	-	31,456
	\$ 65,516,284	\$ 38,605,490	\$ 26,910,794

5. Accounts Payable

	2020	2019
Vacation benefits payable	\$ 1,721,615	\$ 1,640,312
Accrued salaries	814,439	584,566
Trade accounts payable	2,522,519	2,595,719
Due to Ministry of Health and Long Term Care	778,710	801,333
Other payables and accruals	802,376	718,484
Payroll remittances	1,032,843	900,308
Sick leave benefits payable	5,326	5,326
	\$ 7,677,828	\$ 7,246,048

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 May 7, 2020.

At March 31, 2020, the Hospital's accrued benefit obligation relating to post-retirement benefit plans was \$1,897,600 (2019 - \$1,787,500). 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 2020)	3.18% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2020)	3.29% per annum
Dental Cost Trend Rates	4.0% per annum
Extended Health Care Trend Rates	6.5% in 2019; decreasing by 0.2% per annum to an ultimate rate of 4.5% 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	2020 Total Employee Future Benefits	2019 Total Employee Future Benefits
Accrued benefit liability at beginning of period	\$ 1,787,500	\$ 1,697,600
Expense for the year	248,900	236,700
Funding contributions (total)	(138,800)	(146,800)
	\$ 1,897,600	\$ 1,787,500

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2020

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

Retirement and Other Employee Future Benefit Expenses	2020 Total Employee Future Benefits	2019 Total Employee Future Benefits
Current year benefit cost	\$ 133,300	\$ 125,400
Interest on accrued benefit obligation	68,500	68,900
Recognized actuarial gains	47,100	42,400
	\$ 248,900	\$ 236,700

Included in salaries, wages and employee benefits in the statement of operations is an expense of \$110,100 (2019 - \$89,900) 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.

2020	2019
\$ 1,064,449	\$ 886,643

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.

	2020	2019
Balance, beginning of year	\$ 22,747,108	\$ 21,903,074
Additional contributions received	1,591,562	3,496,561
Less: amounts amortized to revenue	(2,676,897)	(2,628,123)
Less: amounts amortized to CMH&A other revenue	(17,100)	(14,684)
Less: amounts amortized to RTC Kenora other revenue	(5,520)	(5,520)
Less: amounts amortized to CACC other revenue	-	(4,200)
	\$ 21,639,153	\$ 22,747,108

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2020

8. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 25,843,779	\$ 26,910,794
Amounts financed by:		
Deferred contributions	(21,639,153)	(22,747,108)
	\$ 4,204,626	\$ 4,163,686

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

	2020	2019
Excess of expense over revenue:		
Amortization of buildings	\$ (2,239,872)	\$ (1,947,088)
Amortization of deferred contributions related to buildings	1,889,352	1,798,957
Amortization of equipment	(981,427)	(995,041)
Amortization of deferred contributions related to equipment	787,545	829,166
Amortization of deferred contributions related to other programs	22,620	24,404
	\$ (521,782)	\$ (289,602)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 2,154,284	\$ 4,869,625
Amounts funded by deferred contributions	(1,591,562)	(3,496,561)
Amounts funded by internally restricted funds	(471,294)	(62,135)
	\$ 91,428	\$ 1,310,929
Amounts internally restricted for capital asset purchases during the year	471,294	62,135
	\$ 40,940	\$ 1,083,462

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, 2020.

As of March 31, 2020, an outstanding legal claim by Quinan Construction Limited exists against the Lake of the Woods District Hospital in the amount of \$1,586,834. The outcome is uncertain as of year-end; however, the outstanding claim is expected to be settled in the 2020/2021 fiscal year. No amount has been accrued as at March 31, 2020.

As at March 31, 2020, the Hospital had under construction costs associated with of the planning process for the All Nations Hospital (ANH). With respect to the ANH, the Hospital has entered into a fixed fee contract in the amount of \$978,760, of which \$772,462 remains unpaid at year-end.

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 \$2,085,391 (2019 – \$2,124,269) 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, 2018 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 \$750,914 (2019 - \$2,414,997) and \$38,000 (2019 - \$48,000) respectively to the Hospital for capital asset purchases.

13. Significant event

At year-end and subsequent, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Hospital as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

14. Comparative Figures

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

Lake of the Woods District Hospital
Notes to the Financial Statements

For the year ended March 31, 2020

15. Budget Amounts

Budget amounts are unaudited.

16. Economic Dependence

The Hospital receives 81.1% (2019 – 82.9%) of its funding from the Ministry of Health and Long Term Care and Northwest Local Health Integration Network.

Lake of the Woods District Hospital

Schedule 1 - Revenue

For the year ended March 31, 2020

	Budget 2019/20	2020	2019
Ministry of Health and Long Term Care/LHIN/CCO			
Global Funding	\$ 28,671,901	\$ 28,981,830	\$ 28,629,746
Quality Based Procedures	338,185	237,057	320,447
	29,010,086	29,218,887	28,950,193
One time and other funding	6,309,155	7,210,431	6,340,839
Cancer Care Ontario	1,843,504	2,031,568	2,098,936
	37,162,745	38,460,886	37,389,968
Patient Revenue from Other Payers			
Workplace Safety and Insurance Board			
-Inpatient	5,000	1,209	81,003
-Outpatient	36,000	55,330	68,693
Non-residents of the province			
-Inpatient	250,000	219,798	210,946
-Outpatient	634,000	767,884	816,815
Non-residents of Canada and uninsured residents			
-Inpatient	60,000	30,433	43,094
-Outpatient	135,500	155,775	112,597
OHIP	2,203,000	2,975,130	2,464,537
Ambulance services	105,000	125,925	114,750
	3,428,500	4,331,484	3,912,435
Differential charges for preferred accommodation	125,000	133,608	111,734
Chronic care co-payments	150,000	107,318	129,738
	275,000	240,926	241,472
Other Revenue and Recoveries			
Investment income	30,000	39,098	32,780
Food services	250,000	248,223	244,864
Ancillary operations	229,253	230,549	254,111
Parking	305,000	309,382	296,569
Laboratory services	761,000	681,331	701,490
Other revenue and recoveries	1,355,009	2,872,775	1,840,066
Donations	10,000	-	53,326
	2,940,262	4,381,358	3,423,206
Subtotal	\$ 43,806,507	\$ 47,414,654	\$ 44,967,081

Lake of the Woods District Hospital
Schedule 1 - Revenue

For the year ended March 31, 2020

	Budget 2019/20	2020	2019
Subtotal from previous page	\$ 43,806,507	\$ 47,414,654	\$ 44,967,081
Amortization of grants/donations of equipment	786,962	787,545	829,166
Total Hospital Operating Revenue	44,593,469	48,202,199	45,796,247
Revenue from other programs, net of amounts repayable to funding agencies (<i>Schedules 3 and 4</i>)	7,790,000	8,083,735	8,047,252
Total Revenue	\$ 52,383,469	\$ 56,285,934	\$ 53,843,499

Lake of the Woods District Hospital
Schedule 2 – Hospital Expenses

For the year ended March 31, 2020

	Budget 2019/20	2020	2019
Salaries, Wages and Employee Benefits			
Administrative and Support Services	\$ 7,410,457	\$ 7,190,104	\$ 6,783,094
Nursing Inpatient Services	10,058,326	10,522,005	10,209,942
Ambulatory Care Services	3,794,161	4,002,924	3,973,847
Diagnostic and Therapeutic Services	5,742,132	5,693,971	5,385,374
Regional Stroke & Ontario Breast Screening Program	81,869	79,730	78,296
Education	108,126	90,327	142,958
Marketed Services	211,948	195,934	222,618
WSIB NEER Assessment	75,000	37,286	41,815
Future Employee Benefits	89,904	110,100	89,900
	\$ 27,571,923	\$ 27,922,381	\$ 26,927,844
Supplies and Other Expenses			
Administrative and Support Services	\$ 3,810,713	\$3,948,795	\$ 3,643,624
Nursing Inpatient Services	494,070	587,383	510,448
Ambulatory Care Services	462,380	511,189	480,060
Regional Stroke & Ontario Breast Screening Program	150	284	1,268
Diagnostic and Therapeutic Services	1,535,848	1,637,223	1,322,121
Education	126,275	108,053	116,363
Marketed Services	282,947	342,339	334,303
	\$ 6,712,383	\$ 7,135,266	\$ 6,408,187
Medical and Surgical Supplies			
Administrative and Support Services	\$ 72,050	\$ 75,935	\$ 70,515
Nursing Inpatient Services	560,225	693,429	653,079
Ambulatory Care Services	391,971	487,435	469,012
Diagnostic and Therapeutic Services	110,821	107,888	81,297
Regional Stroke & Ontario Breast Screening Program	-	-	288
Education	1,500	697	1,005
Marketed Services	-	1,861	24
	\$ 1,136,567	\$ 1,367,245	\$ 1,275,220

Lake of the Woods District Hospital
Schedule 3 – Northwest Local Health Integration Network
Community Mental Health and Addictions Programs
For the year ended March 31, 2020

	Problem Gambling	Adult Community Mental Health	Lake of the Woods Addictions	Remedial Measures	CMH&A Admin	2020 Total	2019 Total
Revenue							
Northwest Local Health Integration Network	\$ 221,476	\$ 1,394,371	\$ 3,023,714	\$ -	\$ -	\$ 4,639,561	\$ 4,612,523
Other	-	9,840	110,583	21,903	753,012	895,338	856,841
	<u>221,476</u>	<u>1,404,211</u>	<u>3,134,297</u>	<u>21,903</u>	<u>753,012</u>	<u>5,534,899</u>	<u>5,469,364</u>
Expenses							
Salaries and employee benefits	130,903	1,046,527	2,198,874	20,079	425,852	3,822,235	3,689,329
Supplies and other expenses	40,573	353,582	873,351	1,824	327,160	1,596,490	1,780,035
	<u>171,476</u>	<u>1,400,109</u>	<u>3,072,225</u>	<u>21,903</u>	<u>753,012</u>	<u>5,418,725</u>	<u>5,469,364</u>
Surplus before amounts repayable	50,000	4,102	62,072	-	-	116,174	-
Amounts repayable	(50,000)	(4,102)	(62,072)	-	-	(116,174)	-
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Lake of the Woods District Hospital
Schedule 4 – Ministry of Health and Long Term Care
Emergency Health Service Program
For the year ended March 31, 2020

	Central Ambulance Communication Centre	Ambulance Regional Training, Kenora	2020 Total	2019 Total
Revenue				
Ministry of Health and Long Term Care	\$ 2,281,547	\$ 373,560	\$ 2,655,107	\$ 2,635,200
Other	68,568	6,202	74,770	82,492
	<u>2,350,115</u>	<u>379,762</u>	<u>2,729,877</u>	<u>2,717,692</u>
Expenses				
Salaries and employee benefits	1,928,250	151,162	2,079,412	2,015,638
Supplies and other expenses	405,257	180,341	585,598	562,250
	<u>2,333,507</u>	<u>331,503</u>	<u>2,665,010</u>	<u>2,577,888</u>
Surplus before amounts repayable	16,608	48,259	64,867	139,804
Amounts repayable/deferred	(16,608)	(48,259)	(64,867)	(139,804)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -