# ANSON GENERAL HOSPITAL

## INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

## MARCH 31, 2015

Collins Barrow
Gagné Gagnon Bisson Hébert
Chartered Accountants / Comptables Agréés

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of
Anson General Hospital

*Report on the Financial Statements*

We have audited the accompanying financial statements of Anson General Hospital, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, remeasurement gains, 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 for Government Not-for-Profit Organizations, 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.

*Auditor's 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.

**INDEPENDENT AUDITOR'S REPORT, (CONT'D)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 organization'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 organization'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 Anson General Hospital as at March 31, 2015, and the results of its operations, its remeasurement gains and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

Collins Barrow Gagné Gagnon Bisson Hébert

Chartered Professional Accountants
Licenced Public Accountants
June 24, 2015

# ANSON GENERAL HOSPITAL

## FINANCIAL STATEMENTS

## MARCH 31, 2015

# ANSON GENERAL HOSPITAL

## STATEMENT OF OPERATIONS

## YEAR ENDED MARCH 31, 2015

| | Budget (Unaudited) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| **REVENUES** | | | |
| Ministry of Health and Long-Term Care, schedule 1 | $ 7,776,084 | $ 7,787,942 | $ 7,805,420 |
| Patient care, schedule 2 | 532,650 | 418,673 | 467,954 |
| Recoveries and other income, schedule 3 | 411,850 | 605,274 | 494,412 |
| Amortization of deferred capital contributions - equipment and software | 60,000 | 61,376 | 39,571 |
| Cochrane Regional Lab Program | 306,050 | 306,050 | 306,050 |
| | 9,086,634 | 9,179,315 | 9,113,407 |
| **EXPENSES** | | | |
| Salaries and wages, schedule 4 | 4,617,428 | 4,424,133 | 4,491,285 |
| Employee benefits | 1,313,084 | 1,331,434 | 1,354,264 |
| Medical staff remuneration | 211,500 | 110,369 | 218,972 |
| Supplies and other expenses, schedule 5 | 2,201,365 | 2,337,805 | 2,517,426 |
| Medical and surgical supplies | 218,050 | 224,685 | 232,269 |
| Drugs and medical gases | 212,000 | 200,067 | 197,714 |
| Amortization of equipment and software | 200,000 | 198,194 | 186,256 |
| Cochrane Regional Lab Program | 306,050 | 306,050 | 306,050 |
| | 9,279,477 | 9,132,737 | 9,504,236 |
| **EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS** | (192,843) | 46,578 | (390,829) |
| Amortization of deferred capital contributions - buildings | 380,000 | 352,926 | 351,447 |
| Amortization of buildings | (440,000) | (455,558) | (451,408) |
| | (60,000) | (102,632) | (99,961) |
| **EXCESS OF EXPENSES OVER REVENUES BEFORE OTHER PROGRAMS AND OTHER VOTES** | (252,843) | (56,054) | (490,790) |
| **OTHER PROGRAMS** | | | |
| South Centennial Manor - Surplus (Deficit), schedule 6 | - | 111,696 | (2,619) |
| Family Health Team - Deficit, schedule 7 | - | - | (8,597) |
| | - | 111,696 | (11,216) |
| | (252,843) | 55,642 | (502,006) |
| **OTHER VOTES- MUNICIPAL LEVY** | | | |
| Revenue | 3,150 | 3,150 | 3,150 |
| Expense | (3,150) | (3,150) | (3,150) |
| | - | - | - |
| **EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)** | $ (252,843) | $ 55,642 | $ (502,006) |

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

# ANSON GENERAL HOSPITAL

## STATEMENT OF REMEASUREMENT GAINS

## YEAR ENDED MARCH 31, 2015

| | 2015 | 2014 |
|---|---|---|
| ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR | $ 163,000 | $ (14,063) |
| Unrealized gains on investments | 166,175 | 177,063 |
| Realized gains on disposition of investments | (55,003) | - |
| NET INCREASE IN UNREALIZED GAINS ON INVESTMENTS | 111,172 | 177,063 |
| ACCUMULATED REMEASUREMENT GAINS, END OF YEAR | $ 274,172 | $ 163,000 |
| ACCUMULATED REMEASUREMENT GAINS ARE ATTRIBUTABLE TO: | | |
| Domestic investments | $ 31,349 | $ 25,814 |
| Foreign investments | 242,823 | 137,186 |
| | $ 274,172 | $ 163,000 |

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

# ANSON GENERAL HOSPITAL

## STATEMENT OF CHANGES IN NET ASSETS

## YEAR ENDED MARCH 31, 2015

| | Invested in Capital Assets (note 13) | Unrestricted | Total 2015 | Total 2014 |
|---|---|---|---|---|
| BALANCE, BEGINNING OF YEAR | $ 4,144,088 | $ 681,248 | $ 4,825,336 | $ 5,150,279 |
| EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) | - | 55,642 | 55,642 | (502,006) |
| NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 13) | (235,003) | 235,003 | - | - |
| NET INCREASE IN UNREALIZED GAINS ON INVESTMENTS | - | 111,172 | 111,172 | 177,063 |
| BALANCE, END OF YEAR | $ 3,909,085 | $ 1,083,065 | $ 4,992,150 | $ 4,825,336 |

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

# ANSON GENERAL HOSPITAL

## STATEMENT OF FINANCIAL POSITION

## MARCH 31, 2015

| | 2015 | 2014 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash | $ 500 | $ 500 |
| Accounts receivable (note 4) | 490,450 | 514,900 |
| Inventories | 78,603 | 79,204 |
| Due from MICs Group of Health Services (note 5) | 162,033 | 245,366 |
| | 731,586 | 839,970 |
| INVESTMENTS (note 6) | 2,326,479 | 2,142,514 |
| CAPITAL ASSETS (note 7) | 12,586,786 | 12,730,216 |
| | $ 15,644,851 | $ 15,712,700 |
| **LIABILITIES** | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (note 8) | $ 791,763 | $ 689,685 |
| Deferred revenue | - | 2,000 |
| Current portion of mortgage payable | 52,600 | 3,600 |
| Current portion of capital contribution repayable | 12,000 | 12,000 |
| | 856,363 | 707,285 |
| MORTGAGE PAYABLE (note 9) | - | 52,600 |
| CAPITAL CONTRIBUTION REPAYABLE (note 10) | 228,000 | 240,000 |
| POST-EMPLOYMENT BENEFITS PAYABLE (note 11) | 1,182,159 | 1,151,202 |
| DEFERRED CAPITAL CONTRIBUTIONS (note 12) | 8,386,179 | 8,736,277 |
| | 10,652,701 | 10,887,364 |
| **NET ASSETS** | | |
| INVESTED IN CAPITAL ASSETS (note 13) | 3,909,085 | 4,144,088 |
| UNRESTRICTED | 1,083,065 | 681,248 |
| | 4,992,150 | 4,825,336 |
| | $ 15,644,851 | $ 15,712,700 |

CONTINGENCIES AND COMMITMENTS - note 10 and note 16

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

On behalf of the board

_______________ Director

_______________ Director

# ANSON GENERAL HOSPITAL

## STATEMENT OF CASH FLOWS

## YEAR ENDED MARCH 31, 2015

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | $ | 55,642 | $ | (502,006) |
| Items not involving cash: | | | | |
| Amortization of capital assets - buildings | | 455,558 | | 451,408 |
| Amortization of capital assets - equipment and software | | 198,194 | | 186,256 |
| Amortization of capital assets - South Centennial Manor | | 224,587 | | 264,784 |
| Amortization of capital assets - Family Health Team | | - | | 5,350 |
| Amortization of deferred capital contributions - buildings | | (352,926) | | (351,447) |
| Amortization of deferred capital contributions - equipment and software | | (61,376) | | (39,571) |
| Amortization of deferred capital contributions - South Centennial Manor | | (109,049) | | (123,899) |
| Accrual for post-employment benefits | | 30,957 | | 29,512 |
| Loss on disposition of capital assets | | 918 | | - |
| Realized gains on disposition of investments | | (55,003) | | - |
| | | 387,502 | | (79,613) |
| Changes in: | | | | |
| Accounts receivable | | 24,450 | | (134,401) |
| Inventories | | 601 | | 22,874 |
| Accounts payable and accrued liabilities | | 102,079 | | (185,836) |
| Deferred revenue | | (2,000) | | (66,081) |
| | | 512,632 | | (443,057) |
| **INVESTING ACTIVITIES** | | | | |
| Purchase of investments | | (1,196,000) | | (25,467) |
| Proceeds on disposition of investments | | 1,178,210 | | - |
| Advances from MICs Group of Health Services | | 13,945,990 | | 14,710,763 |
| Advances to MICs Group of Health Services | | (13,862,657) | | (13,706,333) |
| | | 65,543 | | 978,963 |
| **FINANCING ACTIVITIES** | | | | |
| Repayment of mortgage payable | | (3,600) | | (3,600) |
| Repayment of capital contribution repayable | | (12,000) | | (12,000) |
| | | (15,600) | | (15,600) |
| **CAPITAL ACTIVITIES** | | | | |
| Purchase of capital assets | | (768,058) | | (560,444) |
| Insurance proceeds | | 14,230 | | - |
| Proceeds on disposition of capital assets | | 18,000 | | - |
| Capital contributions received | | 188,103 | | 20,000 |
| Deferred capital contributions transfered from deferred revenue | | - | | 20,138 |
| Transfer of unspent deferred capital contributions to operations | | (14,850) | | - |
| | | (562,575) | | (520,306) |
| **CHANGE IN CASH POSITION** | | - | | - |
| **CASH POSITION, BEGINNING OF YEAR** | | 500 | | 500 |
| **CASH POSITION, END OF YEAR** | $ | 500 | $ | 500 |

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

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

## 1. STATUS AND NATURE OF OPERATIONS

The Hospital, incorporated under the Ontario Business Corporation Act, without share capital, operates a Hospital under the Charitable Institutions Act, at 58 Anson Drive, Iroquois Falls, Ontario. The Hospital is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements 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 and includes the following significant accounting policies:

BASIS OF PRESENTATION

The financial statements include the assets, liabilities and activities of the Hospital. The revenues, expenditures, assets and liabilities with respect to the operations of the Hospital Auxiliary and the MICs Healthcare Foundation are not reflected in these financial statements except to the extent that the funds have been received from or disbursed to them.

REVENUE RECOGNITION

The financial statements have been prepared using the deferral method of accounting. Under the deferral method, revenues are recorded in the period to which they relate.

Under the Health Insurance Act and the regulations thereto, the Hospital is funded primarily by the North East Local Health Integration Network (LHIN) in accordance with the terms and conditions in the Hospital Service Accountability Agreement.

Unrestricted contributions, including operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of the year are accrued.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Grants, donations and other contributions received for the acquisition of specific capital assets are recorded as deferred capital contributions and recognized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Revenue from the provincial insurance plans, and uninsured patients, operational revenue and other services and recoveries are recognized as revenue when received or receivable if the amount to be recorded can be reasonably estimated and the collection is reasonably assured.

Investment income is recognized as revenue when earned.

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

INVENTORIES

Inventories of all hospital supplies are valued at the lower of average cost and replacement value and include only those supplies located in central storage areas and not supplies that have been issued to departments for direct patient care.

CAPITAL ASSETS

The acquisition of capital assets are recorded at their historical cost less amortization. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying amount is reduced to reflect the decline in the asset's value. The writedown is recorded in the statement of operations.

Amortization is calculated on a straight line basis using rates as set out in the Ontario Health Care Reporting System Guidelines. The estimated useful lives of the assets are as follows:

| | |
|---|---|
| Land improvements | 20 years |
| Buildings | 20-40 years |
| Equipment | 5-20 years |
| Software | 3-5 years |

The cost of capital projects in progress is recorded as capital assets and no amortization is taken until the project is substantially completed and the asset is ready for productive use. The Hospital allocates salary and benefit costs when personnel work directly in managing or implementing the capital project.

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute significant hours of their time each year to assist the Hospital in carrying out certain charitable activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

FUNDING

Under the current funding policy, the Hospital is essentially funded by using a budget base approved by the North East Local Health Integration Network. The Hospital is allowed to retain any excess of revenues over expenses derived from its operations and, conversely, retains responsibility for any deficit it may occur.

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS

The Hospital provides defined retirement and post-employment benefits for certain employee groups. These benefits include pension, extended health care, dental and life insurance. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

*Multi-employer defined benefit pension*

Substantially all of the employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan ("HOOPP"), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to HOOPP, whereby contributions are expensed when due, as the Hospital has insufficient information to apply defined benefit accounting.

*Post-employment benefits*

i) The costs of post-employment future benefits are actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages, 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.

ii) Past service costs (if any) arising from plan amendments are immediately recognized.

iii) The discount rate used in the determination of the above-mentioned liability is the discount rate recommended by the Ministry of Health and Long-Term Care.

FINANCIAL INSTRUMENTS

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

*Fair Value*

This category includes derivatives and equity instruments quoted in an active market. The Hospital has designated its cash and cash equivalents and its investments at fair value as they are managed and evaluated on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

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 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 statement of operations.

*Amortized cost*

This category includes accounts receivable, due from MICs Group of Health Services, accounts payable and accrued liabilities, mortgage payable and capital contribution repayable. 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 statement of operations.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the allowance for doubtful accounts receivable, the useful life of capital assets, the actuarial estimation of post-employment benefits, accrued liabilities and contingencies. Actual results could differ from those estimates.

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

### 3. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category as at March 31, 2015. The maximum exposure to credit risk and liquidity risk would be the carrying value as shown below:

| | 2015 | | |
|---|---|---|---|
| | Fair Value | Amortized Cost | Total |
| Cash and cash equivalents | $ 500 | $ - | $ 500 |
| Accounts receivable | $ - | $ 490,450 | $ 490,450 |
| Due from MICs Group of Health Services | $ - | $ 162,033 | $ 162,033 |
| Investments | $ 2,326,479 | $ - | $ 2,326,479 |
| Accounts payable and accrued liabilities | $ - | $ 791,763 | $ 791,763 |
| Mortgage payable | $ - | $ 52,600 | $ 52,600 |
| Capital contribution repayable | $ - | $ 240,000 | $ 240,000 |

| | 2014 | | |
|---|---|---|---|
| | Fair Value | Amortized Cost | Total |
| Cash and cash equivalents | $ 500 | $ - | $ 500 |
| Accounts receivable | $ - | $ 514,900 | $ 514,900 |
| Due from MICs Group of Health Services | $ - | $ 245,366 | $ 245,366 |
| Investments | $ 2,142,514 | $ - | $ 2,142,514 |
| Accounts payable and accrued liabilities | $ - | $ 689,685 | $ 689,685 |
| Mortgage payable | $ - | $ 56,200 | $ 56,200 |
| Capital contribution repayable | $ - | $ 252,000 | $ 252,000 |

The following provides details of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents and investments are considered Level 1 fair value.

There were no transfers between levels for the year ended March 31, 2015.

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 4. ACCOUNTS RECEIVABLE

| | 2015 | 2014 |
|---|---|---|
| Ministry of Health and Long-Term Care | $ 41,548 | $ 18,356 |
| Insurers and patients | 234,394 | 196,126 |
| MICs Healthcare Foundation (note 15) | - | 44,531 |
| HST rebates receivable | 128,951 | 218,211 |
| Other receivables | 97,567 | 86,830 |
| | 502,460 | 564,054 |
| Allowance for doubtful accounts | (12,010) | (49,154) |
| | $ 490,450 | $ 514,900 |

During the year, $ 2,177 (2014 - $ 9,650) of accounts receivable was written off.

## 5. DUE FROM MICS GROUP OF HEALTH SERVICES

The Hospital exercices significant influence over the MICs Group of Health Services by virtue of it being a member of the Partnership and its ability to appoint some of the members of the Board of Directors. The Partnership was established to increase opportunities for collaboration between its member hospitals (Bingham Memorial Hospital, Anson General Hospital and Lady Minto Hospital) in the sharing of costs and provision of health services. The Partnership is a non-profit organization.

Included in the Hospital's expenses for the year is $ 9,816,695 (2014 - $ 10,095,279) paid or payable to the Partnership for the Hospital's share of various cost functions primarily administration and support services. The share of costs to participating hospitals are set by a methodology agreed to by the Board on a cost recovery basis. The deficiency of amounts paid or to be paid by MICs on behalf of the Hospital over amounts received by MICs on behalf of the Hospital is noted below:

| | 2015 | 2014 |
|---|---|---|
| Due from MICs Group of Health Services | $ 162,033 | $ 245,366 |

The balance due from MICs Group of Health Services is unsecured, non-interest bearing with no specific terms of repayment. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 5. DUE FROM MICS GROUP OF HEALTH SERVICES, (CONT'D)

Information systems network, software and hardware, as well as office equipment shared by the three participating hospitals are recorded as capital assets and the respective Hospital's share of the related costs are recorded when the capital assets are amortized. Any capital contributions, grants or donations received for the acquision of capital assets are deferred and the respective Hospital's share of the related revenue is recorded when the contribution is amortized.

## 6. INVESTMENTS

| | 2015 Cost | 2015 Fair Market Value | 2014 Cost | 2014 Fair Market Value |
|---|---|---|---|---|
| Mutual funds and managed assets, carried at fair market value | $ 853,201 | $ 1,129,075 | $ 957,915 | $ 1,122,742 |
| Guaranteed Investment Certificates, earning interest at rates between 1.40% and 1.76%, maturing in March 2016 and March 2017, carried at fair market value | 1,196,000 | 1,197,404 | - | - |
| Guaranteed Investment Certificates, earning interest at rates between 1.55% and 1.95%, matured in February 2015 and March 2015, carried at fair market value | - | - | 1,018,350 | 1,019,772 |
| | $ 2,049,201 | $ 2,326,479 | $ 1,976,265 | $ 2,142,514 |

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

## 7. CAPITAL ASSETS

| | Cost | Accumulated Amortization | 2015 Net | 2014 Net |
|---|---|---|---|---|
| Land | $ 72,707 | $ - | $ 72,707 | $ 72,707 |
| Land improvements | 74,959 | 17,260 | 57,699 | 61,447 |
| Buildings | 21,451,690 | 9,747,708 | 11,703,982 | 11,846,062 |
| Equipment | 5,420,408 | 4,681,436 | 738,972 | 729,861 |
| Software | 60,533 | 47,107 | 13,426 | 20,139 |
| | $ 27,080,297 | $ 14,493,511 | $ 12,586,786 | $ 12,730,216 |

As at March 31, 2015, there were $ 554,149 (2014 - 142,248) of capital projects in progress (note 16). These assets were not amortized.

Included in capital assets are land, building and equipment that were acquired on the transfer of South Centennial Manor assets to the Hospital from the Board of Management for Cochrane District Home for the Aged. The assets consisted of a 69 bed home for the aged and related equipment and furnishing. Because the fair value of assets could not be determined at the time of the transfer in April 1998, they were recorded at a nominal cost of $ 1.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2015 | 2014 |
|---|---|---|
| Ministry of Health and Long-Term Care | $ 90,993 | $ 136,598 |
| Trades payable | 390,773 | 324,653 |
| Due to other hospitals - Cochrane Regional Lab Program | 248,054 | 200,742 |
| Accrued liabilities | 61,943 | 27,692 |
| | $ 791,763 | $ 689,685 |

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 9. MORTGAGE PAYABLE

| | 2015 | 2014 |
|---|---|---|
| Mortgage payable, bearing no interest, secured by a first mortgage on real property, due in August 2015. | $ 52,600 | $ 56,200 |
| Current portion | 52,600 | 3,600 |
| | $ - | $ 52,600 |

## 10. CAPITAL CONTRIBUTION REPAYABLE

| | 2015 | 2014 |
|---|---|---|
| Capital contribution repayable, bearing no interest, unsecured, repayable in monthly instalments of $ 1,000, due in 2035 | $ 240,000 | $ 252,000 |
| Current portion | 12,000 | 12,000 |
| | $ 228,000 | $ 240,000 |

The principal instalments to be paid over the next five fiscal years are as follows:

| | |
|---|---|
| 2016 | $ 12,000 |
| 2017 | 12,000 |
| 2018 | 12,000 |
| 2019 | 12,000 |
| 2020 | 12,000 |
| Subsequent years | 180,000 |
| | $ 240,000 |

In 2007, the Hospital entered into an agreement with the Ministry of Health and Long-Term Care for a contribution to the capital cost of the Family Health Team facility. The Ministry's contribution was in the amount of $ 2,000,000 with the understanding that $300,000 will be paid to or recovered by the Ministry at $ 12,000 per year for 25 years starting in April 2010. The remaining balance of $ 1,700,000 is included in deferred capital contributions and is being amortized over the useful life of the facility. The agreement provides for the requirement for repayment of the contribution to the Ministry on a declining balance basis as set out in the new agreement (see note 17) in the event of non-compliance by the Hospital of specific terms in the agreement unless otherwise agreed to by the Ministry in writing.

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

### 11. POST-EMPLOYMENT BENEFITS PAYABLE

The Hospital extends post employment extended health coverage, dental benefits and life insurance to certain employee groups subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related liability was determined by an actuarial valuation dated May 15, 2015 for the year ended March 31, 2015.

The following tables outlines the components of the Hospital's accrued post-employment benefit liability and benefit expense. These are allocated to the respective hospitals according to where the services are provided by the respective employees.

ACCRUED BENEFIT LIABILITY

| | Hospital | Share of MICS | 2015 Total | 2014 Total |
|---|---|---|---|---|
| Accrued benefit obligation | $ 1,134,642 | $ 107,593 | $ 1,242,235 | $ 965,716 |
| Unamortized actuarial loss (gain) | (48,300) | (11,776) | (60,076) | 185,486 |
| Accrued benefit liability | $ 1,086,342 | $ 95,817 | $ 1,182,159 | $ 1,151,202 |

BENEFIT EXPENSE

| | Hospital | Share of MICS | 2015 Total | 2014 Total |
|---|---|---|---|---|
| Accrued benefit obligation, beginning of year | $ 868,078 | $ 97,638 | $ 965,716 | $ 965,159 |
| Unamortized actuarial loss (gain) | 193,031 | (7,545) | 185,486 | 156,530 |
| Accrued benefit liability, beginning of year | 1,061,109 | 90,093 | 1,151,202 | 1,121,689 |
| Current service cost | 49,468 | 6,848 | 56,316 | 57,734 |
| Interest on obligation | 38,077 | 4,261 | 42,338 | 38,318 |
| Amortization of actuarial loss (gain) | (22,710) | 868 | (21,842) | (18,416) |
| Benefit expense | 64,835 | 11,977 | 76,812 | 77,636 |
| Benefit payment | (39,602) | (6,253) | (45,855) | (48,123) |
| Accrued benefit liability, end of year | $ 1,086,342 | $ 95,817 | $ 1,182,159 | $ 1,151,202 |

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 11. POST-EMPLOYMENT BENEFITS PAYABLE, (CONT'D)

The above amounts exclude contributions to the Hospitals of Ontario Pension Plan, a multi-employer plan, described in note 14.

The major actuarial assumptions employed for the valuations are as follows:

*Discount rate*

The present value of the future benefits was determined using a discount rate of 3.31% (2014 - 4.36%) which is the discount rate recommended by the Ministry of Health and Long-Term Care.

*Extended Health Coverage*

Extended Health Coverage is assumed to increase at a rate of 8% per annum (2014 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2014 - 4.5%).

*Dental costs*

Dental costs is assumed to increase at 4% per annum (2014 - 4%).

## 12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The changes in the deferred capital contributions balances are as follows:

| | 2015 | 2014 |
|---|---|---|
| CAPITAL CONTRIBUTIONS RECEIVED | | |
| Balance, beginning of year | $ 18,651,157 | $ 18,611,019 |
| Funding received during the year | 188,103 | 20,000 |
| Funding transfered from deferred revenue during the year | - | 20,138 |
| Transfer of unspent deferred capital contributions to operations | (14,850) | - |
| Balance, end of year | 18,824,410 | 18,651,157 |
| ACCUMULATED AMORTIZATION | | |
| Balance, beginning of year | (9,914,880) | (9,399,963) |
| Amortization - buildings | (352,926) | (351,447) |
| Amortization - equipment and software | (61,376) | (39,571) |
| Amortization - South Centennial Manor | (109,049) | (123,899) |
| Balance, end of year | (10,438,231) | (9,914,880) |
| NET DEFERRED CAPITAL CONTRIBUTIONS | $ 8,386,179 | $ 8,736,277 |

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 12. DEFERRED CAPITAL CONTRIBUTIONS, (CONT'D)

Included in deferred capital contributions are donations and grants reserved for the purchase of capital assets that are unspent. These contibutions are comprised of:

| | 2015 | 2014 |
|---|---|---|
| Donations | $ - | $ 14,850 |
| Health Infrastructure Renewal Fund | - | 423,500 |
| North East Local Health Integration Network | 1,078 | 20,000 |
| | $ 1,078 | $ 458,350 |

## 13. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

| | 2015 | 2014 |
|---|---|---|
| Capital assets | $ 12,586,786 | $ 12,730,216 |
| Deferred capital contributions | (8,386,179) | (8,736,277) |
| Unspent deferred capital contributions | 1,078 | 458,350 |
| | 4,201,685 | 4,452,289 |
| Mortgage payable | (52,600) | (56,200) |
| Capital contribution repayable | (240,000) | (252,000) |
| | (292,600) | (308,200) |
| | $ 3,909,085 | $ 4,144,089 |

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 13. INVESTED IN CAPITAL ASSETS, (CONT'D)

The interfund transfer and the change in invested in capital assets is calculated as follows:

| | 2015 | 2014 |
|---|---|---|
| CAPITAL ASSET ACTIVITIES | | |
| Purchase of capital assets | $ 768,058 | $ 560,444 |
| Insurance proceeds | (14,230) | - |
| Proceeds on disposition of capital assets | (18,000) | - |
| Amortization of capital assets - buildings | (455,558) | (451,408) |
| Amortization of capital assets - equipment and software | (198,194) | (186,256) |
| Amortization of capital assets - South Centennial Manor | (224,587) | (264,784) |
| Amortization of capital assets - Family Health Team | - | (5,350) |
| Loss on disposition of capital assets | (918) | - |
| Repayment of mortgage payable | 3,600 | 3,600 |
| Repayment of capital contribution repayable | 12,000 | 12,000 |
| | (127,829) | (331,754) |
| DEFERRED CAPITAL CONTRIBUTION ACTIVITIES | | |
| Capital contributions received during the year | (188,103) | (20,000) |
| Capital contributions transfered from deferred revenue | - | (20,138) |
| Net change in unspent deferred capital contributions | (442,422) | 100,215 |
| Amortization of deferred capital contributions - buildings | 352,926 | 351,447 |
| Amortization of deferred capital contributions - equipment and sofware | 61,376 | 39,571 |
| Amortization of deferred capital contributions - South Centennial Manor | 109,049 | 123,899 |
| | (107,174) | 574,994 |
| | $ (235,003) | $ 243,240 |

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

### 14. RETIREMENT BENEFITS

Substantially all of the Hospital's employees 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 $ 536,101 (2014 - $ 536,869) and are included in the statement of operations. As this is a multi-employer pension plan, these contributions are the Hospital's pension benefit expenses. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the Plan's surplus or deficit. No contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to the Plan policies. The most recent actuarial valuation of the Plan at December 31, 2014 indicated that the Plan is fully funded on a solvency basis.

### 15. RELATED PARTY TRANSACTIONS

MICs Healthcare Foundation is a corporation without share capital jointly controlled by the three participating hospitals of the MICs Group of Health Services partnership. It has its own Board of Directors. The Foundation was incorporated primarily for the purpose of raising funds for the use by the three hospitals (Bingham Memorial Hospital, Anson General Hospital and Lady Minto Hospital). Transactions are valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the year, the Foundation did not grant any funds to the Hospital (2014 - $ nil). As of March 31, 2015, the Foundation did not owe any funds to the Hospital (2014 - $ 44,531).

The financial results of the Foundation is not consolidated in the financial statements of the Hospital.

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 16. CONTINGENCIES AND COMMITMENTS

a) The nature of the Hospital's activities are such that there is usually litigation pending or in progress at any one time. With respect to claims as at March 31, 2015, it is management's position that the Hospital has valid defences and appropriate insurance coverage in place. In the unlikely event any claims are successful, such claims are not expected to have a material effect on the Hospital's financial position.

b) The MICs Group of Health Services is part of a collective group of employers participating in the process of formulating a central pay equity plan for a particular employee group. The possible ultimate liability arising to the Hospital on completion of the plan is currently not determinable.

c) As at March 31, 2015, the Hospital has a further commitment of $ 550,769 in relation to current projects in progress (note 7).

## 17. FAMILY HEALTH TEAM

As of April 1st, the Family Health Team funding agreement and operations were transfered to a new not-for-profit corporation - Iroquois Falls Family Health Team and a new agreement has been established and approved by the Ministry. The new corporation will be governed by an independent, at arm's length Board of Directors comprised of physicians and community members. The Hospital will continue to fulfill its obligations related to the capital contribution repayable (note 10) as outlined in the agreement since ownership of the facility has not been transferred.

## 18. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

# ANSON GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

## MARCH 31, 2015

### 19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

The Hospital is exposed to credit risk in the event of non-payment by their debtors for their accounts receivable. Credit risk arises from the possibility that these individuals may experience financial difficulty and be unable to fulfill their obligations. The hospital is exposed to this risk relating to its cash, accounts receivable and investments.

The Hospital holds its cash account with federally regulated chartered banks who are insured by the Deposit Insurance Corporation of Ontario.

Accounts receivable are generally due from government agencies, insurers and patients and other. The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is recorded based on the Hospital's historical experience regarding collections. The amounts outstanding as at March 31, 2015 are as follows:

| | Total | Current | 31-60 days | 61-90 days | 90+ days |
|---|---|---|---|---|---|
| MOHLTC | $ 41,548 | $ 41,548 | $ - | $ - | $ - |
| Insurers and patients | 234,394 | 57,816 | 8,445 | 2,706 | 165,427 |
| HST rebates | 128,951 | 128,951 | - | - | - |
| Other | 97,567 | 47,014 | 3,760 | - | 46,793 |
| | 502,460 | 275,329 | 12,205 | 2,706 | 212,220 |
| Allowance | (12,010) | - | - | - | (12,010) |
| | $ 490,450 | $ 275,329 | $ 12,205 | $ 2,706 | $ 200,210 |

The Hospital performs ongoing evaluations of their accounts receivable and maintains provisions for potential credit losses to minimize credit risk.

The Hospital's investment policy puts limits on the bond portfolio including portfolio composition units, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. Investments are monitored by management and measured for performance on a regular basis.

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.

# ANSON GENERAL HOSPITAL

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

## 19. FINANCIAL INSTRUMENTS RISK MANAGEMENT, (CONT'D)

LIQUIDITY RISK

Liquidity risk results from the Hospital's potential inability to meet its obligations associated with the financial liabilities as they become due. The Hospital mitigates this risk by monitoring its operations and cash flows to ensure that current and future obligations will be met. The Hospital believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

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 of 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. Market risk for the Hospital lies mostly in the potential loss related to the volatility of interest rates and foreign exchange rates. The interest rate risk and currency risk is related to the adverse fluctuation of the interest rates and foreign exchange rates on investment revenue, on fair value of investments and on economic value of net assets. The Hospital does not use derivative instruments to reduce its exposure to interest rate and currency risk. Conservative management is exercised to minimize the impact of any eventual fluctuations in these rates.

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.

# ANSON GENERAL HOSPITAL

## SCHEDULES TO FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2015

### MINISTRY OF HEALTH AND LONG-TERM CARE — Schedule 1

| | Budget (Unaudited) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| North East LHIN - Base allocation | $ 7,940,616 | $ 8,020,026 | $ 7,940,629 |
| North East LHIN - Allocation for Cochrane Regional Lab Program | (306,050) | (306,050) | (306,050) |
| Ministry of Health - Physician specific | 80,000 | 30,142 | 44,447 |
| Ministry of Health - One-time funding | 61,518 | 43,824 | 126,394 |
| Ministry of Health - Palliative Care | - | - | 100,000 |
| Transfer Palliative Care to South Centennial Manor | - | - | (100,000) |
| | $ 7,776,084 | $ 7,787,942 | $ 7,805,420 |

### SCHEDULE OF PATIENT CARE — Schedule 2

| | Budget (Unaudited) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| Ontario Health Insurance | $ 220,500 | $ 199,601 | $ 207,240 |
| Other patient care revenue | 312,150 | 219,072 | 260,714 |
| | $ 532,650 | $ 418,673 | $ 467,954 |

### SCHEDULE OF RECOVERIES AND OTHER INCOME — Schedule 3

| | Budget (Unaudited) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| Recoveries and other income | $ 381,850 | $ 532,481 | $ 468,946 |
| Investment income | 30,000 | 72,793 | 25,466 |
| | $ 411,850 | $ 605,274 | $ 494,412 |

# ANSON GENERAL HOSPITAL

## SCHEDULES TO FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2015

### SCHEDULE OF SALARIES AND WAGES

**Schedule 4**

| | Budget (Unaudited) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| Nursing services | $ 2,331,546 | $ 2,205,748 | $ 2,294,872 |
| Diagnostic and therapeutic | 817,648 | 810,264 | 804,585 |
| Education | 28,070 | 27,823 | 27,862 |
| Administration and other | 1,440,164 | 1,380,298 | 1,363,966 |
| | $ 4,617,428 | $ 4,424,133 | $ 4,491,285 |

### SCHEDULE OF SUPPLIES AND OTHER EXPENSES

**Schedule 5**

| | Budget (Unaudited) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| Nursing services | $ 53,000 | $ 53,787 | $ 56,826 |
| Diagnostic and therapeutic | 798,550 | 968,558 | 866,852 |
| Education | 41,350 | 25,302 | 28,503 |
| Administration and other | 1,308,465 | 1,289,240 | 1,565,245 |
| Loss on disposition of capital assets | - | 918 | - |
| | $ 2,201,365 | $ 2,337,805 | $ 2,517,426 |

# ANSON GENERAL HOSPITAL

## SCHEDULES TO FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2015

### SCHEDULE OF SOUTH CENTENNIAL MANOR - STATEMENT OF OPERATIONS — Schedule 6

| | 2015 | 2014 |
|---|---|---|
| **REVENUES** | | |
| Provincial subsidies | $ 3,473,426 | $ 3,306,354 |
| Transfer of Palliative Care from Anson General Hospital | - | 100,000 |
| Charges to residents | 1,361,052 | 1,351,184 |
| Other revenue | 71,970 | 62,062 |
| Amortization of deferred capital contributions - equipment and software | 109,049 | 123,899 |
| | 5,015,497 | 4,943,499 |
| **EXPENSES** | | |
| Salaries and benefits | 3,849,884 | 3,803,144 |
| Supplies and other expenses | 829,330 | 878,190 |
| Amortization of capital assets | 224,587 | 264,784 |
| | 4,903,801 | 4,946,118 |
| **SURPLUS (DEFICIT) FOR THE YEAR** | $ 111,696 | $ (2,619) |

### SCHEDULE OF FAMILY HEALTH TEAM - STATEMENT OF OPERATIONS — Schedule 7

| | 2015 (Note 17) | 2014 |
|---|---|---|
| **REVENUES** | | |
| Provincial subsidies | $ - | $ 691,753 |
| Other revenue | - | 1,327 |
| | - | 693,080 |
| **EXPENSES** | | |
| Salaries and benefits | - | 545,504 |
| Supplies and other expenses | - | 150,823 |
| Amortization of capital assets | - | 5,350 |
| | - | 701,677 |
| **DEFICIT FOR THE YEAR** | $ - | $ (8,597) |