

ANSON GENERAL HOSPITAL

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

MARCH 31, 2016

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, 2016, 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, 2016, 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 14, 2016

ANSON GENERAL HOSPITAL

FINANCIAL STATEMENTS

MARCH 31, 2016

Statement of Operations	1
Statement of Remeasurement Gains	2
Statement of Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 21
Schedule of Ministry of Health and Long-Term Care	22
Schedule of Patient Care	22
Schedule of Salaries and Wages	22
Schedule of Supplies and Other Expenses	23
Schedule of South Centennial Manor - Statement of Operations	23

ANSON GENERAL HOSPITAL

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2016

	Budget (Unaudited)	2016 Actual	2015 Actual
REVENUES			
Ministry of Health and Long-Term Care, schedule 1	\$ 7,904,172	\$ 7,881,889	\$ 7,787,942
Patient care, schedule 2	520,150	350,952	418,673
Recoveries and other revenue	488,630	477,616	532,481
Investment income	160,000	65,702	72,793
Amortization of deferred capital contributions - equipment and software	60,000	20,400	61,376
Cochrane Regional Lab Program	306,050	306,050	306,050
	<u>9,439,002</u>	<u>9,102,609</u>	<u>9,179,315</u>
EXPENSES			
Salaries and wages, schedule 3	4,585,864	4,461,597	4,424,133
Employee benefits	1,370,814	1,306,628	1,331,434
Medical staff remuneration	210,500	115,695	110,369
Supplies and other expenses, schedule 4	2,356,626	2,349,973	2,337,805
Medical and surgical supplies	228,050	200,026	224,685
Drugs and medical gases	212,000	162,239	200,067
Amortization of equipment and software	200,000	168,319	198,194
Cochrane Regional Lab Program	306,050	306,050	306,050
	<u>9,469,904</u>	<u>9,070,527</u>	<u>9,132,737</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS	<u>(30,902)</u>	<u>32,082</u>	<u>46,578</u>
Amortization of deferred capital contributions - buildings	380,000	358,947	352,926
Amortization of buildings	(440,000)	(467,542)	(455,558)
	<u>(60,000)</u>	<u>(108,595)</u>	<u>(102,632)</u>
EXCESS OF EXPENSES OVER REVENUES BEFORE OTHER PROGRAMS AND OTHER VOTES	<u>(90,902)</u>	<u>(76,513)</u>	<u>(56,054)</u>
OTHER PROGRAMS			
South Centennial Manor - Surplus, schedule 5	-	61,119	111,696
	<u>(90,902)</u>	<u>(15,394)</u>	<u>55,642</u>
OTHER VOTES - MUNICIPAL LEVY			
Revenue	3,150	3,150	3,150
Expense	(3,150)	(3,150)	(3,150)
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	<u>\$ (90,902)</u>	<u>\$ (15,394)</u>	<u>\$ 55,642</u>

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

ANSON GENERAL HOSPITAL
STATEMENT OF REMEASUREMENT GAINS
YEAR ENDED MARCH 31, 2016

	2016	2015
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ 274,172	\$ 163,000
Unrealized gains (losses) on investments	(55,723)	166,175
Realized gains on disposition of investments	-	(55,003)
NET INCREASE (DECREASE) IN UNREALIZED GAINS ON INVESTMENTS	(55,723)	111,172
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	\$ 218,449	\$ 274,172
ACCUMULATED REMEASUREMENT GAINS ARE ATTRIBUTABLE TO:		
Domestic investments	\$ 646	\$ 31,349
Foreign investments	217,803	242,823
	\$ 218,449	\$ 274,172

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

ANSON GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2016

	Invested in Capital Assets (note 13)		Unrestricted	Total 2016	Total 2015			
BALANCE, BEGINNING OF YEAR	\$	3,909,085	\$	1,083,065	\$	4,992,150	\$	4,825,336
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)		-		(15,394)		(15,394)		55,642
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 13)		702,586		(702,586)		-		-
NET INCREASE (DECREASE) IN UNREALIZED GAINS ON INVESTMENTS		-		(55,723)		(55,723)		111,172
BALANCE, END OF YEAR	\$	4,611,671	\$	309,362	\$	4,921,033	\$	4,992,150

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

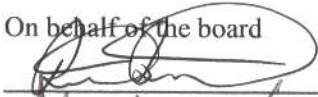
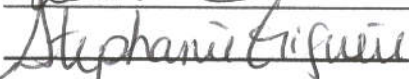
ANSON GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 500	\$ 500
Accounts receivable (note 4)	1,073,645	490,450
Inventories	79,221	78,603
Due from MICs Group of Health Services (note 5)	-	162,033
	1,153,366	731,586
INVESTMENTS (note 6)	2,336,459	2,326,479
CAPITAL ASSETS (note 7)	13,006,581	12,586,786
	<u>\$ 16,496,406</u>	<u>\$ 15,644,851</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	\$ 858,431	\$ 791,763
Due to MICs Group of Health Services (note 5)	1,075,538	-
Mortgage payable (note 9)	52,600	52,600
Current portion of capital contribution repayable	12,000	12,000
	1,998,569	856,363
CAPITAL CONTRIBUTION REPAYABLE (note 10)	216,000	228,000
POST-EMPLOYMENT BENEFITS PAYABLE (note 11)	1,246,494	1,182,159
DEFERRED CAPITAL CONTRIBUTIONS (note 12)	8,114,310	8,386,179
	<u>11,575,373</u>	<u>10,652,701</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS (note 13)	4,611,671	3,909,085
UNRESTRICTED	309,362	1,083,065
	<u>4,921,033</u>	<u>4,992,150</u>
	<u>\$ 16,496,406</u>	<u>\$ 15,644,851</u>

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, 2016

	2016	2015
OPERATING ACTIVITIES		
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	\$ (15,394)	\$ 55,642
Items not involving cash:		
Amortization of capital assets - buildings	467,542	455,558
Amortization of capital assets - equipment and software	168,319	198,194
Amortization of capital assets - South Centennial Manor	231,297	224,587
Amortization of deferred capital contributions - buildings	(358,947)	(352,926)
Amortization of deferred capital contributions - equipment and software	(20,400)	(61,376)
Amortization of deferred capital contributions - South Centennial Manor	(132,346)	(109,049)
Accrual for post-employment benefits	64,335	30,957
Loss on disposition of capital assets	-	918
Realized gains on disposition of investments	-	(55,003)
Transfer of unspent deferred capital contributions to operations	-	(14,850)
	404,406	372,652
Changes in:		
Accounts receivable	(583,195)	24,450
Inventories	(618)	601
Accounts payable and accrued liabilities	66,669	102,079
Deferred revenue	-	(2,000)
	(112,738)	497,782
INVESTING ACTIVITIES		
Purchase of investments	(663,704)	(1,196,000)
Proceeds on disposition of investments	598,000	1,178,210
Advances from MICs Group of Health Services	29,254,575	13,945,990
Advances to MICs Group of Health Services	(28,017,004)	(13,862,657)
	1,171,867	65,543
FINANCING ACTIVITIES		
Repayment of mortgage payable	-	(3,600)
Repayment of capital contribution repayable	(12,000)	(12,000)
	(12,000)	(15,600)
CAPITAL ACTIVITIES		
Purchase of capital assets	(1,286,953)	(768,058)
Proceeds on disposition of capital assets	-	32,230
Capital contributions received	575,082	188,103
Repayment of deferred capital contributions	(335,258)	-
	(1,047,129)	(547,725)
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, 2016

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, expenses, 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 (North East 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, 2016

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, 2016

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, 2016

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/to 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, 2016

3. FINANCIAL INSTRUMENT CLASSIFICATION

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

	2016		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 500	\$ -	\$ 500
Accounts receivable	\$ -	\$ 1,073,645	\$ 1,073,645
Investments	\$ 2,336,459	\$ -	\$ 2,336,459
Accounts payable and accrued liabilities	\$ -	\$ 858,431	\$ 858,431
Due to MICs Group of Health Services	\$ -	\$ 1,075,538	\$ 1,075,538
Mortgage payable	\$ -	\$ 52,600	\$ 52,600
Capital contribution repayable	\$ -	\$ 228,000	\$ 228,000

	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

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, 2016.

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****4. ACCOUNTS RECEIVABLE**

	2016	2015
Ministry of Health and Long-Term Care	\$ 487,184	\$ 41,548
Insurers and patients	347,471	234,394
HST rebates receivable	194,577	128,951
Other receivables	79,660	97,567
	<u>1,108,892</u>	<u>502,460</u>
Allowance for doubtful accounts	<u>(35,247)</u>	<u>(12,010)</u>
	<u>\$ 1,073,645</u>	<u>\$ 490,450</u>

5. DUE FROM/TO MICS GROUP OF HEALTH SERVICES

The Hospital exercises significant influence over the MICs Group of Health Services (MICs) 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 \$ 9,897,157 (2015 - \$ 9,816,695) 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:

	2016	2015
Due from MICs Group of Health Services	<u>\$ -</u>	<u>\$ 162,033</u>
	<u>2016</u>	<u>2015</u>
Due to MICs Group of Health Services	<u>\$ 1,075,538</u>	<u>\$ -</u>

The balance due from/to 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, 2016****5. DUE FROM/TO 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 acquisition of capital assets are deferred and the respective Hospital's share of the related revenue is recorded when the contribution is amortized.

6. INVESTMENTS

	2016 Cost	2016 Fair Market Value	2015 Cost	2015 Fair Market Value
Mutual funds and managed assets, carried at fair market value	\$ 1,220,010	\$ 1,437,304	\$ 853,201	\$ 1,129,075
Guaranteed Investment Certificates, earning interest at rates between 1.40% and 1.78%, maturing in March 2017 and March 2018, carried at fair market value	898,000	899,155	1,196,000	1,197,404
	\$ 2,118,010	\$ 2,336,459	\$ 2,049,201	\$ 2,326,479

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****7. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2016 Net	2015 Net
Land	\$ 72,707	\$ -	\$ 72,707	\$ 72,707
Land improvements	74,959	21,008	53,951	57,699
Buildings	22,392,095	10,417,177	11,974,918	11,703,982
Equipment	5,687,858	4,791,803	896,055	738,972
Software	60,533	51,583	8,950	13,426
	<u>\$ 28,288,152</u>	<u>\$ 15,281,571</u>	<u>\$ 13,006,581</u>	<u>\$ 12,586,786</u>

As at March 31, 2016, there were no capital projects in progress (2015 - \$ 554,149).

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

	2016	2015
Ministry of Health and Long-Term Care	\$ 110,372	\$ 90,993
Trades payable and accrued liabilities	497,749	452,716
Due to other hospitals - Cochrane Regional Lab Program	250,310	248,054
	<u>\$ 858,431</u>	<u>\$ 791,763</u>

9. MORTGAGE PAYABLE

	2016	2015
Mortgage payable, bearing no interest, secured by a first mortgage on real property	\$ 52,600	\$ 52,600

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****10. CAPITAL CONTRIBUTION REPAYABLE**

	2016	2015
Capital contribution repayable, bearing no interest, unsecured, repayable in monthly instalments of \$ 1,000, due in 2035	\$ 228,000	\$ 240,000
Current portion	12,000	12,000
	<u>\$ 216,000</u>	<u>\$ 228,000</u>

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

2017	\$ 12,000
2018	12,000
2019	12,000
2020	12,000
2021	12,000
Subsequent years	<u>168,000</u>
	<u>\$ 228,000</u>

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 provided for the requirement for repayment of the contribution to the Ministry on a declining balance basis as set out in the new agreement in the event of non-compliance of specific terms in the agreement unless otherwise agreed to by the Ministry in writing.

On April 1, 2014, the Family Health Team funding agreement and operations were transferred to a new not-for-profit corporation operating under the Iroquois Falls Family Health Team. Accordingly, the Iroquois Falls Family Health Team assumed the capital contribution repayable to the Ministry. At the same time, the Hospital agreed to contribute \$ 12,000 per year to the Iroquois Falls Family Health Team for the purpose of the repayment of the capital contribution repayable to the Ministry since ownership of the facility has not been transferred.

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****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 13, 2016 for the year ended March 31, 2016.

The following tables outlines the components of the Hospital's accrued post-employment benefit liability and benefit expense:

ACCRUED BENEFIT LIABILITY

	Hospital	Share of MICS	2016 Total	2015 Total
Accrued benefit obligation	\$ 1,000,000	\$ 94,648	\$ 1,094,648	\$ 1,242,235
Unamortized actuarial loss (gain)	144,317	7,529	151,846	(60,076)
Accrued benefit liability	<u>\$ 1,144,317</u>	<u>\$ 102,177</u>	<u>\$ 1,246,494</u>	<u>\$ 1,182,159</u>

BENEFIT EXPENSE

	Hospital	Share of MICS	2016 Total	2015 Total
Accrued benefit obligation, beginning of year	\$ 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, beginning of year	<u>1,086,342</u>	<u>95,817</u>	<u>1,182,159</u>	<u>1,151,202</u>
Current service cost	61,299	7,549	68,848	56,316
Interest on obligation	37,909	3,570	41,479	42,338
Amortization of actuarial loss (gain)	6,037	1,451	7,488	(21,842)
Benefit expense	<u>105,245</u>	<u>12,570</u>	<u>117,815</u>	<u>76,812</u>
Benefit payment	<u>(47,270)</u>	<u>(6,210)</u>	<u>(53,480)</u>	<u>(45,855)</u>
Accrued benefit liability, end of year	<u>\$ 1,144,317</u>	<u>\$ 102,177</u>	<u>\$ 1,246,494</u>	<u>\$ 1,182,159</u>

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016**

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 3.76% (2015 - 3.31%) 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 (2015 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2015 - 4.5%).

Dental costs

Dental costs is assumed to increase at 4% per annum (2015 - 4%).

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****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:

	2016	2015
CAPITAL CONTRIBUTIONS RECEIVED		
Balance, beginning of year	\$ 18,824,410	\$ 18,651,157
Funding received during the year	575,082	188,103
Repayment of deferred capital contributions	(335,258)	-
Transfer of unspent deferred capital contributions to operations	-	(14,850)
	<u>19,064,234</u>	<u>18,824,410</u>
ACCUMULATED AMORTIZATION		
Balance, beginning of year	(10,438,231)	(9,914,880)
Amortization - buildings	(358,947)	(352,926)
Amortization - equipment and software	(20,400)	(61,376)
Amortization - South Centennial Manor	(132,346)	(109,049)
	<u>(10,949,924)</u>	<u>(10,438,231)</u>
NET DEFERRED CAPITAL CONTRIBUTIONS	<u>\$ 8,114,310</u>	<u>\$ 8,386,179</u>

13. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 13,006,581	\$ 12,586,786
Deferred capital contributions	(8,114,310)	(8,386,179)
Unspent deferred capital contributions	-	1,078
	<u>4,892,271</u>	<u>4,201,685</u>
Mortgage payable	(52,600)	(52,600)
Capital contribution repayable	(228,000)	(240,000)
	<u>(280,600)</u>	<u>(292,600)</u>
	<u>\$ 4,611,671</u>	<u>\$ 3,909,085</u>

ANSON GENERAL HOSPITAL**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****13. INVESTED IN CAPITAL ASSETS, (CONT'D)**

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

	2016	2015
CAPITAL ASSET ACTIVITIES		
Purchase of capital assets	\$ 1,286,953	\$ 768,058
Proceeds on disposition of capital assets	-	(32,230)
Amortization of capital assets - buildings	(467,542)	(455,558)
Amortization of capital assets - equipment and software	(168,319)	(198,194)
Amortization of capital assets - South Centennial Manor	(231,297)	(224,587)
Loss on disposition of capital assets	-	(918)
Repayment of mortgage payable	-	3,600
Repayment of capital contribution repayable	12,000	12,000
	<u>431,795</u>	<u>(127,829)</u>
DEFERRED CAPITAL CONTRIBUTION ACTIVITIES		
Capital contributions received during the year	(575,082)	(188,103)
Repayment of deferred capital contributions	335,258	-
Net change in unspent deferred capital contributions	(1,078)	(442,422)
Amortization of deferred capital contributions - buildings	358,947	352,926
Amortization of deferred capital contributions - equipment and software	20,400	61,376
Amortization of deferred capital contributions - South Centennial Manor	132,346	109,049
	<u>270,791</u>	<u>(107,174)</u>
	<u>\$ 702,586</u>	<u>\$ (235,003)</u>

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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 \$ 550,939 (2015 - \$ 536,101) 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, 2015 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.

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

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, 2016, 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.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

17. ECONOMIC DEPENDENCE

The Hospital receives the majority of its revenue through a funding agreement with the North East Local Integration Network. The Hospital's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

18. 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 and cash equivalents, 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, 2016 are as follows:

		Total		Current		31-60 days		61-90 days		90+ days
MOHLTC	\$	487,184	\$	468,828	\$	-	\$	-	\$	18,356
Insurers and patients		347,471		239,631		45,190		18,594		44,056
HST rebates		194,577		194,577		-		-		-
Other		79,660		43,237		-		-		36,423
		1,108,892		946,273		45,190		18,594		98,835
Allowance for doubtful accounts		(35,247)		-		-		-		(35,247)
	\$	1,073,645	\$	946,273	\$	45,190	\$	18,594	\$	63,588

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

18. FINANCIAL INSTRUMENTS RISK MANAGEMENT, (CONT'D)

CREDIT RISK (CONT'D)

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.

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, 2016

MINISTRY OF HEALTH AND LONG-TERM CARE

Schedule 1

	Budget (Unaudited)	2016 Actual	2015 Actual
North East LHIN - Base allocation	\$ 8,100,222	\$ 8,100,230	\$ 8,020,026
North East LHIN - Allocation for Cochrane Regional Lab Program	(306,050)	(306,050)	(306,050)
Ministry of Health - Physician specific	80,000	42,128	30,142
Ministry of Health - One-time funding	30,000	45,581	43,824
	<u>\$ 7,904,172</u>	<u>\$ 7,881,889</u>	<u>\$ 7,787,942</u>

SCHEDULE OF PATIENT CARE

Schedule 2

	Budget (Unaudited)	2016 Actual	2015 Actual
Ontario Health Insurance	\$ 266,500	\$ 157,300	\$ 199,601
Other patient care revenue	253,650	193,652	219,072
	<u>\$ 520,150</u>	<u>\$ 350,952</u>	<u>\$ 418,673</u>

SCHEDULE OF SALARIES AND WAGES

Schedule 3

	Budget (Unaudited)	2016 Actual	2015 Actual
Nursing services	\$ 2,381,214	\$ 2,202,755	\$ 2,205,748
Diagnostic and therapeutic	840,418	851,053	810,264
Education	28,066	28,272	27,823
Administration and other	1,336,166	1,379,517	1,380,298
	<u>\$ 4,585,864</u>	<u>\$ 4,461,597</u>	<u>\$ 4,424,133</u>

ANSON GENERAL HOSPITAL
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

SCHEDULE OF SUPPLIES AND OTHER EXPENSES

Schedule 4

	Budget (Unaudited)	2016 Actual	2015 Actual
Nursing services	\$ 55,268	\$ 40,603	\$ 53,787
Diagnostic and therapeutic	896,950	882,727	968,558
Education	47,200	36,537	25,302
Administration and other	1,357,208	1,390,106	1,289,240
Loss on disposition of capital assets	-	-	918
	\$ 2,356,626	\$ 2,349,973	\$ 2,337,805

**SCHEDULE OF SOUTH CENTENNIAL MANOR - STATEMENT OF
OPERATIONS**

Schedule 5

	2016	2015
REVENUES		
Provincial subsidies	\$ 3,493,513	\$ 3,473,426
Charges to residents	1,398,809	1,361,052
Other revenue	19,272	71,970
Amortization of deferred capital contributions	132,346	109,049
	5,043,940	5,015,497
EXPENSES		
Salaries and benefits	3,925,988	3,849,884
Supplies and other expenses	825,536	829,330
Amortization of capital assets	231,297	224,587
	4,982,821	4,903,801
SURPLUS FOR THE YEAR	\$ 61,119	\$ 111,696