

**BINGHAM MEMORIAL HOSPITAL**

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

**MARCH 31, 2017**



Eric G. Gagnon Professional Corporation  
Noël G. Cantin Professional Corporation  
Julie A. Lemieux CPA, CA  
Martine Lemaire-Mignault CPA, CA  
Daniel D. Gagné CPA, CA  
Chad Lauzon CPA, CA

Collins Barrow  
Gagné Gagnon Bisson Hébert  
Chartered Professional Accountants  
2 Ash Street, Suite 2  
Kapuskasing, Ontario P5N 3H4  
T: 705.337.6411  
F: 705.335.6563  
[www.collinsbarrow.com](http://www.collinsbarrow.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Bingham Memorial Hospital

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Bingham Memorial Hospital, which comprise the statement of financial position as at March 31, 2017, 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 Bingham Memorial Hospital as at March 31, 2017, and the results of its operations, its remeasurement gains, its changes in net assets 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 19, 2017

**BINGHAM MEMORIAL HOSPITAL**  
**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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 - 20
Schedule of Ministry Of Health and Long-Term Care	21
Schedule of Salaries and Wages	21
Schedule of Supplies and Other Expenses	21

# BINGHAM MEMORIAL HOSPITAL

## STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2017

	Budget (Unaudited)	2017 Actual	2016 Actual
<b>REVENUES</b>			
Ministry of Health and Long-Term Care, schedule 1	\$ 6,840,327	\$ 7,093,374	\$ 6,804,310
Ontario Health Insurance	57,250	42,594	42,182
Other patient care revenue	395,550	512,479	489,220
Recoveries and other revenue	74,900	84,458	92,029
Investment income	10,000	19,830	14,794
Gain on disposition of capital assets	-	-	41,767
Amortization of deferred capital contributions - equipment and software	80,000	31,859	25,741
	<u>7,458,027</u>	<u>7,784,594</u>	<u>7,510,043</u>
<b>EXPENSES</b>			
Salaries and wages, schedule 2	3,539,584	3,345,315	3,209,676
Employee benefits	1,063,496	976,950	990,042
Medical staff remuneration	918,300	948,722	953,277
Supplies and other expenses, schedule 3	1,536,911	1,543,707	1,432,398
Medical and surgical supplies	87,500	98,633	75,133
Drugs and medical gases	132,170	81,017	68,240
Loss on disposition of capital assets	-	1,508	-
Amortization of equipment and software	122,000	90,832	134,096
	<u>7,399,961</u>	<u>7,086,684</u>	<u>6,862,862</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>58,066</u>	<u>697,910</u>	<u>647,181</u>
Amortization of deferred capital contributions - buildings	205,000	241,046	253,315
Amortization of buildings	(225,000)	(277,933)	(251,014)
	<u>(20,000)</u>	<u>(36,887)</u>	<u>2,301</u>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER VOTES</b>	<u>38,066</u>	<u>661,023</u>	<u>649,482</u>
<b>OTHER VOTES - MUNICIPAL LEVY</b>			
Revenue	3,000	3,000	3,000
Expense	(3,000)	(3,000)	(3,000)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 38,066</u>	<u>\$ 661,023</u>	<u>\$ 649,482</u>

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

**BINGHAM MEMORIAL HOSPITAL**  
**STATEMENT OF REMEASUREMENT GAINS**  
**YEAR ENDED MARCH 31, 2017**

---

	2017	2016
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ 104,770	\$ 137,856
UNREALIZED GAINS (LOSSES) ON INVESTMENTS	49,531	(33,086)
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	\$ 154,301	\$ 104,770

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

**BINGHAM MEMORIAL HOSPITAL**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2017**

	Invested in Capital Assets (note 12)		Unrestricted	Total 2017	Total 2016			
BALANCE, BEGINNING OF YEAR	\$	812,603	\$	2,156,792	\$	2,969,395	\$	2,352,999
EXCESS OF REVENUES OVER EXPENSES		-		661,023		661,023		649,482
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 12)		149,932		(149,932)		-		-
UNREALIZED GAINS (LOSSES) ON INVESTMENTS		-		49,531		49,531		(33,086)
BALANCE, END OF YEAR	\$	962,535	\$	2,717,414	\$	3,679,949	\$	2,969,395

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

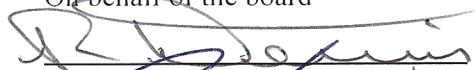

**BINGHAM MEMORIAL HOSPITAL****STATEMENT OF FINANCIAL POSITION****MARCH 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 17,011	\$ 46,722
Accounts receivable (note 4)	369,290	164,277
Inventories	135,327	122,837
Short-term investments (note 5)	570,890	541,849
Due from MICs Group of Health Services (note 6)	1,893,676	1,746,225
	<u>2,986,194</u>	<u>2,621,910</u>
INVESTMENTS (note 7)	635,307	572,412
CAPITAL ASSETS (note 8)	<u>3,755,324</u>	<u>3,658,347</u>
	<u>\$ 7,376,825</u>	<u>\$ 6,852,669</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 9)	\$ 147,464	\$ 273,726
Deferred revenue	<u>128,288</u>	<u>129,527</u>
	<u>275,752</u>	<u>403,253</u>
POST-EMPLOYMENT BENEFITS (note 10)	605,749	586,778
DEFERRED CAPITAL CONTRIBUTIONS (note 11)	<u>2,815,375</u>	<u>2,893,243</u>
	<u>3,696,876</u>	<u>3,883,274</u>
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS (note 12)	962,535	812,603
UNRESTRICTED	<u>2,717,414</u>	<u>2,156,792</u>
	<u>3,679,949</u>	<u>2,969,395</u>
	<u>\$ 7,376,825</u>	<u>\$ 6,852,669</u>

**CONTINGENCIES AND COMMITMENTS - note 15**

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

On behalf of the board

 Director  
 Director



# BINGHAM MEMORIAL HOSPITAL

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUES OVER EXPENSES	\$ 661,023	\$ 649,482
Items not involving cash:		
Amortization of capital assets - buildings	277,933	251,014
Amortization of capital assets - equipment and software	90,832	134,096
Amortization of deferred capital contributions - buildings	(241,046)	(253,315)
Amortization of deferred capital contributions - equipment and software	(31,859)	(25,741)
Accrual for post-employment benefits	18,971	34,430
Loss (gain) on disposition of capital assets	1,508	(41,767)
Transfer of deferred capital contributions from accounts payable	-	5,244
	777,362	753,443
Changes in:		
Accounts receivable	(205,013)	155,290
Inventories	(12,490)	13,233
Accounts payable and accrued liabilities	(126,262)	(213,006)
Deferred revenue	(1,239)	3,467
	432,358	712,427
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(603,924)	(715,105)
Proceeds on disposition of investments	561,519	683,897
	(42,405)	(31,208)
<b>FINANCING ACTIVITIES</b>		
Advances from MICs Group of Health Services	7,283,866	13,531,548
Advances to MICs Group of Health Services	(7,431,318)	(14,000,706)
	(147,452)	(469,158)
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(467,249)	(387,221)
Proceeds of disposition of capital assets	-	50,312
Capital contributions received	195,037	123,903
	(272,212)	(213,006)
<b>CHANGE IN CASH POSITION</b>	(29,711)	(945)
<b>CASH POSITION, BEGINNING OF YEAR</b>	46,722	47,667
<b>CASH POSITION, END OF YEAR</b>	\$ 17,011	\$ 46,722

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

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

---

### 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 507 8th Ave, Matheson, 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned.

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

---

### 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	10 years
Buildings	10-40 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.

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

---

### 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.

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

---

### 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 and accounts payable and accrued liabilities. 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, the useful life of capital assets, the actuarial estimation of post-employment benefits, accrued liabilities and contingencies. Actual results could differ from those estimates.

---

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 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:

	2017		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 17,011	\$ -	\$ 17,011
Accounts receivable	\$ -	\$ 369,290	\$ 369,290
Short-term investments	\$ 570,890	\$ -	\$ 570,890
Due from MICs Group of Health Services	\$ -	\$ 1,893,676	\$ 1,893,676
Investments	\$ 635,307	\$ -	\$ 635,307
Accounts payable and accrued liabilities	\$ -	\$ 147,464	\$ 147,464

	2016		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 46,722	\$ -	\$ 46,722
Accounts receivable	\$ -	\$ 164,277	\$ 164,277
Short-term investments	\$ 541,849	\$ -	\$ 541,849
Due from MICs Group of Health Services	\$ -	\$ 1,746,225	\$ 1,746,225
Investments	\$ 572,412	\$ -	\$ 572,412
Accounts payable and accrued liabilities	\$ -	\$ 273,726	\$ 273,726

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, short-term investments and investments are considered Level 1 fair value. There were no transfers between levels for the year ended March 31, 2017.

**BINGHAM MEMORIAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****4. ACCOUNTS RECEIVABLE**

	<b>2017</b>	<b>2016</b>
Insurers and patients	\$ 78,991	\$ 55,016
North East Local Health Integration Network	105,000	-
HST rebates receivable	166,017	87,004
Other receivables	19,282	22,257
	<u>\$ 369,290</u>	<u>\$ 164,277</u>

**5. SHORT-TERM INVESTMENTS**

	<b>2017 Cost</b>	<b>2017 Fair Market Value</b>	<b>2016 Cost</b>	<b>2016 Fair Market Value</b>
Guaranteed Investment Certificates, earning interest at a rates between 1.40% and 1.80%, maturing in June 2017 and March 2018, carried at fair market value	\$ 415,089	\$ 416,412	\$ 387,570	\$ 388,901
Guaranteed Investment Certificate, earning interest at a rate of 0.95%, maturing in April 2017, carried at fair market value	154,478	154,478	151,810	152,948
	<u>\$ 569,567</u>	<u>\$ 570,890</u>	<u>\$ 539,380</u>	<u>\$ 541,849</u>

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 6. DUE FROM 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 \$ 4,603,233 (2016 - \$ 4,396,483) 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:

	2017	2016
Due from MICS Group of Health Services	\$ 1,893,676	\$ 1,746,225

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.

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.



**BINGHAM MEMORIAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****7. INVESTMENTS**

	<b>2017 Cost</b>	<b>2017 Fair Market Value</b>	<b>2016 Cost</b>	<b>2016 Fair Market Value</b>
Mutual funds, carried at fair market value	\$ 482,329	\$ 635,307	\$ 467,642	\$ 572,412

The above investments include restricted investments of \$ 73,104 (2016 - \$ 70,252) held for use for physician recruitment and retention.

**8. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2017 Net</b>	<b>2016 Net</b>
Land	\$ 159,212	\$ -	\$ 159,212	\$ 159,212
Land improvements	172,227	40,835	131,392	-
Buildings	8,174,754	5,146,220	3,028,534	3,029,581
Equipment	2,908,503	2,476,239	432,264	453,868
Software	115,560	111,638	3,922	15,686
	<u>\$ 11,530,256</u>	<u>\$ 7,774,932</u>	<u>\$ 3,755,324</u>	<u>\$ 3,658,347</u>

As at March 31, 2017, there were \$ 72,692 (2016 - \$ 25,456) of capital projects in progress. These assets were not amortized.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2017</b>	<b>2016</b>
Trades payable and accrued liabilities	\$ 136,284	\$ 210,743
Ministry of Health and Long Term Care	11,180	62,983
	<u>\$ 147,464</u>	<u>\$ 273,726</u>

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 10. 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 April 28, 2017 for the year ended March 31, 2017. 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	2017 Total	2016 Total
Accrued benefit obligation	\$ 484,747	\$ 74,224	\$ 558,971	\$ 506,256
Unamortized actuarial loss (gain)	47,491	(713)	46,778	80,522
Accrued benefit liability	<u>\$ 532,238</u>	<u>\$ 73,511</u>	<u>\$ 605,749</u>	<u>\$ 586,778</u>

#### BENEFIT EXPENSE

	Hospital	Share of MICS	2017 Total	2016 Total
Accrued benefit obligation, beginning of year	\$ 439,747	\$ 66,509	\$ 506,256	\$ 579,488
Unamortized actuarial loss (gain)	75,231	5,291	80,522	(27,140)
Accrued benefit liability, beginning of year	514,978	71,800	586,778	552,348
Current service cost	18,060	4,318	22,378	26,569
Interest on obligation	16,648	2,489	19,137	19,274
Amortization of actuarial loss (gain)	(9,770)	(702)	(10,472)	3,378
Benefit expense	24,938	6,105	31,043	49,221
Benefit payment	(7,678)	(4,394)	(12,072)	(14,791)
Accrued benefit liability, end of year	<u>\$ 532,238</u>	<u>\$ 73,511</u>	<u>\$ 605,749</u>	<u>\$ 586,778</u>

**BINGHAM MEMORIAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017**

---

**10. 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 13.

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 3.56% (2016 - 3.76 %) 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 (2016 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2016 - 4.5%).

*Dental costs*

Dental costs is assumed to increase at 4% per annum (2016 - 4%).

---

**BINGHAM MEMORIAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****11. 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:

	<b>2017</b>	<b>2016</b>
<b>CAPITAL CONTRIBUTIONS RECEIVED</b>		
Balance, beginning of year	\$ 9,823,879	\$ 9,694,732
Funding received during the year	195,037	123,903
Transfer of deferred capital contributions from accounts payable	-	5,244
	<u>10,018,916</u>	<u>9,823,879</u>
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	(6,930,636)	(6,651,580)
Amortization - buildings	(241,046)	(253,315)
Amortization - equipment and software	(31,859)	(25,741)
	<u>(7,203,541)</u>	<u>(6,930,636)</u>
Balance, end of year	<u>(7,203,541)</u>	<u>(6,930,636)</u>
<b>NET DEFERRED CAPITAL CONTRIBUTIONS</b>	<u><b>\$ 2,815,375</b></u>	<u><b>\$ 2,893,243</b></u>

Included in deferred capital contributions are donations and grants reserved for the purchase of capital assets that are unspent. Unspent contributions are subject to recovery by the funder. These contributions are comprised of:

	<b>2017</b>	<b>2016</b>
Donations	\$ 15,579	\$ 40,492
MICs Healthcare Foundation	<u>7,007</u>	<u>7,007</u>
	<u><b>\$ 22,586</b></u>	<u><b>\$ 47,499</b></u>

**BINGHAM MEMORIAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****12. INVESTED IN CAPITAL ASSETS**

Invested in capital assets is calculated as follows:

	<b>2017</b>	<b>2016</b>
Capital assets	\$ 3,755,324	\$ 3,658,347
Deferred capital contributions	(2,815,375)	(2,893,243)
Unspent deferred capital contributions (note 11)	22,586	47,499
	<u>\$ 962,535</u>	<u>\$ 812,603</u>

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

	<b>2017</b>	<b>2016</b>
<b>CAPITAL ASSETS ACTIVITIES</b>		
Purchase of capital assets	\$ 467,249	\$ 387,221
Proceeds of disposition of capital assets	-	(50,312)
Amortization of capital assets - buildings	(277,933)	(251,014)
Amortization of capital assets - equipment and software	(90,832)	(134,096)
Gain (loss) on disposition of capital assets	(1,508)	41,767
	<u>96,976</u>	<u>(6,434)</u>
<b>DEFERRED CAPITAL CONTRIBUTIONS ACTIVITIES</b>		
Capital contributions received during the year	(195,037)	(123,903)
Transfer of deferred capital contributions to accounts payable	-	(5,244)
Transfer from unspent deferred capital contributions	(24,912)	-
Amortization of deferred capital contributions - buildings	241,046	253,315
Amortization of deferred capital contributions - equipment and software	31,859	25,741
	<u>52,956</u>	<u>149,909</u>
	<u>\$ 149,932</u>	<u>\$ 143,475</u>

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

---

### 13. 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 \$ 268,060 (2016 - \$ 255,929) 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, 2016 indicated that the Plan is fully funded on a solvency basis.

---

### 14. 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.

---

### 15. 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, 2017, 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.

---

# BINGHAM MEMORIAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 16. 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.

### 17. 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 and amounts due from MICs Group of Health Services.

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, 2017 are as follows:

	<b>Total</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>90+ days</b>
Insurers and patients	\$ 78,991	\$ 46,888	\$ 5,711	\$ 25,748	\$ 644
NE LHIN	105,000	105,000	-	-	-
HST rebates	166,017	94,911	-	-	71,106
Other	19,282	10,855	-	-	8,427
	<b>\$ 369,290</b>	<b>\$ 257,654</b>	<b>\$ 5,711</b>	<b>\$ 25,748</b>	<b>\$ 80,177</b>

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.

**BINGHAM MEMORIAL HOSPITAL****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017**

---

**17. 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: currency risk, interest rate risk and equity risk. Market risk for the Hospital lies mostly in the potential loss related to the volatility of interest rates. The interest rate risk is related to the adverse fluctuation of the interest rate on investment revenue, on fair value of investments and on economic value of net assets. Conservative management is exercised to minimize the impact of any eventual fluctuation of interest 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.

---



# BINGHAM MEMORIAL HOSPITAL

## SCHEDULES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

### MINISTRY OF HEALTH AND LONG-TERM CARE

### Schedule 1

	<b>Budget (Unaudited)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
North East LHIN - Base allocation	\$ 5,951,527	\$ 6,070,527	\$ 5,951,527
Ministry of Health - Physician specific	888,800	871,475	882,101
Ministry of Health - One-time funding	-	151,372	(29,318)
	<u>\$ 6,840,327</u>	<u>\$ 7,093,374</u>	<u>\$ 6,804,310</u>

### SCHEDULE OF SALARIES AND WAGES

### Schedule 2

	<b>Budget (Unaudited)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
Nursing services	\$ 1,900,456	\$ 1,912,245	\$ 1,789,488
Diagnostic and therapeutic	630,412	432,091	437,794
Education	19,707	20,583	19,867
Administration and other	989,009	980,396	962,527
	<u>\$ 3,539,584</u>	<u>\$ 3,345,315</u>	<u>\$ 3,209,676</u>

### SCHEDULE OF SUPPLIES AND OTHER EXPENSES

### Schedule 3

	<b>Budget (Unaudited)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
Nursing services	\$ 47,250	\$ 96,197	\$ 53,459
Diagnostic and therapeutic	445,700	416,354	417,903
Education	42,060	19,334	29,205
Administration and other	1,001,901	1,011,822	931,831
	<u>\$ 1,536,911</u>	<u>\$ 1,543,707</u>	<u>\$ 1,432,398</u>