ANSON GENERAL HOSPITAL

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anson General Hospital

Opinion
We have audited the financial statements of Anson General Hospital, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, remeasurement gains, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, and its results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
The financial statements of Anson General Hospital for the year ended March 31, 2018 were audited by Collins Barrow Gagné Gagnon Bisson Hébert which became Baker Tilly HKC effective January 7, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards 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.

In preparing the financial statements, management is responsible for assessing the organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization’s financial reporting process.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly HKC

Chartered Professional Accountants
Licenced Public Accountants
June 13, 2019

ANSON GENERAL HOSPITAL

FINANCIAL STATEMENTS

MARCH 31, 2019

ANSON GENERAL HOSPITAL

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2019

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
REVENUES			
Ministry of Health and Long-Term Care, schedule 1	$ 8,438,837	$ 8,501,152	$ 8,341,355
Patient care, schedule 2	466,150	456,655	429,621
Recoveries and other revenue	371,150	439,054	478,386
Investment income	160,000	600	61,293
Realized gains on disposition of investments	-	462,136	-
Amortization of deferred capital contributions - equipment and software	60,000	15,930	17,425
	9,496,137	9,875,527	9,328,080
EXPENSES			
Salaries and wages, schedule 3	4,892,397	4,745,586	4,696,190
Employee benefits	1,467,719	1,431,539	1,290,090
Medical staff remuneration	160,000	121,310	138,232
Supplies and other expenses, schedule 4	2,419,290	2,662,927	2,726,810
Medical and surgical supplies	210,000	196,120	201,537
Drugs and medical gases	212,500	168,656	207,538
Amortization of equipment and software	180,000	188,022	191,422
	9,541,906	9,514,160	9,451,819
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) FROM OPERATIONS	(45,769)	361,367	(123,739)
Amortization of deferred capital contributions - buildings	380,000	434,318	430,801
Amortization of buildings	(440,000)	(621,358)	(585,998)
	(60,000)	(187,040)	(155,197)
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE OTHER PROGRAMS AND OTHER VOTES	(105,769)	174,327	(278,936)
	(105,769)	174,327	(278,936)
OTHER PROGRAMS			
South Centennial Manor - Loss for the year, schedule 5	-	(690,515)	(228,744)
	(105,769)	(516,188)	(507,680)
OTHER VOTES - MUNICIPAL LEVY			
Revenue	3,150	3,150	3,150
Expense	(3,150)	(3,150)	(3,150)
	-	-	-
EXCESS OF EXPENSES OVER REVENUES	$ (105,769)	$ (516,188)	$ (507,680)

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

ANSON GENERAL HOSPITAL

STATEMENT OF REMEASUREMENT GAINS

YEAR ENDED MARCH 31, 2019

	2019	2018
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	$ 405,120	$ 388,910
UNREALIZED GAINS ON INVESTMENTS	57,016	16,210
REALIZED GAINS ON DISPOSITION OF INVESTMENTS	(462,136)	-
INCREASE (DECREASE) IN ACCUMULATED REMEASUREMENT GAINS	(405,120)	16,210
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	$ -	$ 405,120
ACCUMULATED REMEASUREMENT GAINS ARE ATTRIBUTABLE TO:		
Domestic investments	$ -	$ 45,083
Foreign investments	-	360,037
	$ -	$ 405,120

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

ANSON GENERAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

	Invested in Capital Assets (note 13)	Unrestricted	Total 2019	Total 2018
BALANCE, BEGINNING OF YEAR	$ 5,382,797	$ (878,722)	$ 4,504,075	$ 4,995,545
EXCESS OF EXPENSES OVER REVENUES	-	(516,188)	(516,188)	(507,680)
NET CHANGE IN INVESTED IN CAPITAL ASSETS (note 13)	147,990	(147,990)	-	-
INCREASE (DECREASE) IN ACCUMULATED REMEASUREMENT GAINS	-	(405,120)	(405,120)	16,210
BALANCE, END OF YEAR	$ 5,530,787	$ (1,948,020)	$ 3,582,767	$ 4,504,075

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

ANSON GENERAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 500	$ 500
Accounts receivable (note 4)	800,119	600,613
Inventories	171,071	152,734
	971,690	753,847
INVESTMENTS (note 5)	-	2,618,037
CAPITAL ASSETS (note 6)	14,661,987	14,340,309
	$ 15,633,677	$ 17,712,193
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	$ 613,646	$ 530,770
Deferred revenue	30	30
Due to MICs Group of Health Services (note 8)	942,695	2,406,470
Mortgage payable (note 9)	45,400	52,600
Current portion of capital contribution repayable	12,000	12,000
	1,613,771	3,001,870
CAPITAL CONTRIBUTION REPAYABLE (note 10)	180,000	192,000
POST-EMPLOYMENT BENEFITS PAYABLE (note 11)	1,345,169	1,302,258
DEFERRED CAPITAL CONTRIBUTIONS (note 12)	8,911,970	8,711,990
	12,050,910	13,208,118
NET ASSETS		
INVESTED IN CAPITAL ASSETS (note 13)	5,530,787	5,382,797
UNRESTRICTED	(1,948,020)	(878,722)
	3,582,767	4,504,075
	$ 15,633,677	$ 17,712,193

CONTINGENCIES AND COMMITMENTS - note 10 and note 16

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

On behalf of the board

Danielle Delaurier Director

[signature] Director

ANSON GENERAL HOSPITAL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

	2019	2018
OPERATING ACTIVITIES		
EXCESS OF EXPENSES OVER REVENUES	$ (516,188)	$ (507,680)
Items not involving cash:		
Amortization of capital assets - buildings	621,358	585,998
Amortization of capital assets - equipment and software	188,022	191,422
Amortization of capital assets - South Centennial Manor	264,118	251,540
Amortization of deferred capital contributions - buildings	(434,318)	(430,801)
Amortization of deferred capital contributions - equipment and software	(15,930)	(17,425)
Amortization of deferred capital contributions - South Centennial Manor	(119,169)	(119,170)
Accrual for post-employment benefits	42,911	28,711
Loss on disposition of capital assets	-	835
Transfer of deferred capital contributions from (to) accounts payable	44,961	(186,270)
Transfer of deferred capital contributions to revenues	-	(15,000)
Realized gains on disposition of investments	(462,136)	-
	(386,371)	(217,840)
Changes in:		
Accounts receivable	(199,506)	213,536
Inventories	(18,337)	3,478
Accounts payable and accrued liabilities	82,876	(351,315)
Deferred revenue	-	(65,623)
	(521,338)	(417,764)
INVESTING ACTIVITIES		
Purchase of investments	(600)	(1,301,955)
Proceeds on disposition of investments	2,675,653	1,240,663
	2,675,053	(61,292)
FINANCING ACTIVITIES		
Repayment of mortgage payable	(7,200)	-
Repayment of capital contribution repayable	(12,000)	(12,000)
Advances from MICs Group of Health Services	15,553,438	15,329,044
Advances to MICs Group of Health Services	(17,017,213)	(14,242,650)
	(1,482,975)	1,074,394
CAPITAL ACTIVITIES		
Purchase of capital assets	(1,395,176)	(1,244,815)
Capital contributions received	724,436	649,477
	(670,740)	(595,338)
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, 2019

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, 2019

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 write-down 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, 2019

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, 2019

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, accounts payable and accrued liabilities, due to MICs Group of Health Services, 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.

Write-downs 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 write-down 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, 2019

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:

	2019		
	Fair Value	**Amortized Cost**	**Total**
Cash and cash equivalents	$ 500	$ -	$ 500
Accounts receivable	$ -	$ 800,119	$ 800,119
Accounts payable and accrued liabilities	$ -	$ 613,646	$ 613,646
Due to MICs Group of Health Services	$ -	$ 942,695	$ 942,695
Mortgage payable	$ -	$ 45,400	$ 45,400
Capital contribution repayable	$ -	$ 192,000	$ 192,000

	2018		
	Fair Value	**Amortized Cost**	**Total**
Cash and cash equivalents	$ 500	$ -	$ 500
Accounts receivable	$ -	$ 600,613	$ 600,613
Investments	$ 2,618,037	$ -	$ 2,618,037
Accounts payable and accrued liabilities	$ -	$ 530,770	$ 530,770
Due to MICs Group of Health Services	$ -	$ 2,406,470	$ 2,406,470
Mortgage payable	$ -	$ 52,600	$ 52,600
Capital contribution repayable	$ -	$ 204,000	$ 204,000

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, 2019.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

4. ACCOUNTS RECEIVABLE

	2019	2018
Insurers and patients	$ 361,106	$ 345,937
HST rebates receivable	391,416	193,886
Other receivables	96,313	95,495
	848,835	635,318
Allowance for doubtful accounts	(48,716)	(34,705)
	$ 800,119	$ 600,613

5. INVESTMENTS

	2019 Cost	2019 Fair Market Value	2018 Cost	2018 Fair Market Value
Mutual funds and managed assets, carried at fair market value	$ -	$ -	$ 959,663	$ 1,365,256
Guaranteed Investment Certificates, earning interest at 1.40%, matured in September 2018, carried at fair market value	-	-	1,253,254	1,252,781
	$ -	$ -	$ 2,212,917	$ 2,618,037

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net	2018 Net
Land	$ 72,707	$ -	$ 72,707	$ 72,707
Land improvements	74,959	32,252	42,707	46,455
Buildings	25,961,204	12,706,200	13,255,004	13,136,984
Equipment	5,270,638	3,979,069	1,291,569	1,084,163
Software	60,533	60,533	-	-
	$ 31,440,041	$ 16,778,054	$ 14,661,987	$ 14,340,309

As at March 31, 2019, there were $ 1,109,301 (2018 - $ 938,826) of capital projects in progress. 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.

During the year, the Hospital wrote-off $ 641,390 in equipment that was no longer in use, disposed of or fully amortized.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trades payable and accrued liabilities	$ 396,062	$ 328,929
Ministry of Health and Long-Term Care	217,584	201,841
	$ 613,646	$ 530,770

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

8. DUE 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 $ 11,050,490 (2018 - $ 10,572,227) 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:

	2019	2018
Due to MICs Group of Health Services	$ 942,695	$ 2,406,470

The balance due 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.

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.

During the year, the Hospital transferred $ 536,963 of investments to the MICs Group of Health Services Partnership as part of their new investment strategy.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

9. MORTGAGE PAYABLE

	2019	2018
Mortgage payable with no specific terms of repayment, bearing no interest, secured by a first mortgage on real property	$ 45,400	$ 52,600

10. CAPITAL CONTRIBUTION REPAYABLE

	2019	2018
Capital contribution repayable, bearing no interest, unsecured, repayable at $ 12,000 per year, due in 2035	$ 192,000	$ 204,000
Current portion	12,000	12,000
	$ 180,000	$ 192,000

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

2020	$ 12,000
2021	12,000
2022	12,000
2023	12,000
2024	12,000
Subsequent years	132,000
	$ 192,000

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 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, 2019

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 6, 2019 for the year ended March 31, 2019.

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	2019 Total	2018 Total
Accrued benefit obligation	$ 1,302,446	$ 127,986	$ 1,430,432	$ 1,242,449
Unamortized actuarial loss (gain)	(69,515)	(15,748)	(85,263)	59,809
Accrued benefit liability	$ 1,232,931	$ 112,238	$ 1,345,169	$ 1,302,258

BENEFIT EXPENSE

	Hospital	Share of MICS	2019 Total	2018 Total
Accrued benefit obligation, beginning of year	$ 1,122,971	$ 119,478	$ 1,242,449	$ 1,198,767
Unamortized actuarial loss (gain)	73,101	(13,292)	59,809	74,780
Accrued benefit liability, beginning of year	1,196,072	106,186	1,302,258	1,273,547
Current service cost	63,483	6,925	70,408	58,749
Interest on obligation	38,408	4,087	42,495	42,854
Amortization of actuarial loss (gain)	(7,855)	1,412	(6,443)	(9,962)
Benefit expense	94,036	12,424	106,460	91,641
Benefit payment	(57,177)	(6,372)	(63,549)	(62,930)
Accrued benefit liability, end of year	$ 1,232,931	$ 112,238	$ 1,345,169	$ 1,302,258

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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 3.18% (2018 - 3.37%) 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 (2018 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2018 - 4.5%).

Dental costs

Dental costs is assumed to increase at 4% per annum (2018 - 4%).

Sensitivity of results

The impact of a 1% change in the above rates for extended health coverage and dental costs is as follows:

	1% increase	1% decrease
Accrued benefit obligation, end of year	$ 115,954	$ (100,964)
Current service cost, next year	$ 14,362	$ (10,791)

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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:

	2019	2018
CAPITAL CONTRIBUTIONS RECEIVED		
Balance, beginning of year	$ 20,739,988	$ 20,291,781
Funding received during the year	724,436	649,477
Transfer of deferred capital contributions from (to) accounts payable	44,961	(186,270)
Transfer of deferred capital contributions to revenues	-	(15,000)
Balance, end of year	21,509,385	20,739,988
ACCUMULATED AMORTIZATION	-	-
Balance, beginning of year	(12,027,998)	(11,460,602)
Amortization - buildings	(434,318)	(430,801)
Amortization - equipment and software	(15,930)	(17,425)
Amortization - South Centennial Manor	(119,169)	(119,170)
Balance, end of year	(12,597,415)	(12,027,998)
NET DEFERRED CAPITAL CONTRIBUTIONS	$ 8,911,970	$ 8,711,990

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:

	2019	2018
Donations	$ 18,170	$ 11,078

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

13. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2019	2018
Capital assets	$ 14,661,987	$ 14,340,309
Deferred capital contributions	(8,911,970)	(8,711,990)
Unspent deferred capital contributions (note 12)	18,170	11,078
Mortgage payable	(45,400)	(52,600)
Capital contribution repayable	(192,000)	(204,000)
	$ 5,530,787	$ 5,382,797

The inter-fund transfer and the change in invested in capital assets is calculated as follows:

	2019	2018
CAPITAL ASSET ACTIVITIES		
Purchase of capital assets	$ 1,395,176	$ 1,244,815
Amortization of capital assets - buildings	(621,358)	(585,998)
Amortization of capital assets - equipment and software	(188,022)	(191,422)
Amortization of capital assets - South Centennial Manor	(264,118)	(251,540)
Loss on disposition of capital assets	-	(835)
Repayment of mortgage payable	7,200	-
	328,878	215,020
DEFERRED CAPITAL CONTRIBUTION ACTIVITIES		
Capital contributions received during the year	(724,436)	(649,477)
Repayment of capital contribution repayable	12,000	12,000
Transfer of deferred capital contributions (from) to accounts payable	(44,961)	186,270
Transfer of deferred capital contributions to revenues	-	15,000
Transfer to (from) unspent deferred capital contributions	7,092	(34,272)
Amortization of deferred capital contributions - buildings	434,318	430,801
Amortization of deferred capital contributions - equipment and software	15,930	17,425
Amortization of deferred capital contributions - South Centennial Manor	119,169	119,170
	(180,888)	96,917
	$ 147,990	$ 311,937

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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 $ 659,626 (2018 - $ 642,410) 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, 2018 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, 2019, 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, 2019, the Hospital has a further commitment of $1,036,233 in relation to current capital projects in progress.

ANSON GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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, 2019 are as follows:

	Total	Current	31-60 days	61-90 days	90+ days
Insurers and patients	$ 361,106	$ 241,617	$ 34,909	$ 13,930	$ 70,650
HST rebates	391,416	391,416	-	-	-
Other	96,313	81,490	-	-	14,823
	848,835	714,523	34,909	13,930	85,473
Allowance for doubtful accounts	(48,716)	-	-	-	(48,716)
	$ 800,119	$ 714,523	$ 34,909	$ 13,930	$ 36,757

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, 2019

SCHEDULE OF MINISTRY OF HEALTH AND LONG-TERM CARE **Schedule 1**

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
North East LHIN - Base allocation	$ 8,253,837	$ 8,335,516	$ 8,172,116
Ministry of Health - Physician specific	80,000	40,132	64,108
Ministry of Health - One-time funding	105,000	125,504	105,131
	$ 8,438,837	$ 8,501,152	$ 8,341,355

SCHEDULE OF PATIENT CARE **Schedule 2**

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Ontario Health Insurance	$ 210,500	$ 174,601	$ 193,740
Other patient care revenue	255,650	282,054	235,881
	$ 466,150	$ 456,655	$ 429,621

SCHEDULE OF SALARIES AND WAGES **Schedule 3**

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Nursing services	$ 2,545,031	$ 2,392,718	$ 2,430,718
Diagnostic and therapeutic	953,158	793,116	791,174
Education	28,932	23,117	28,129
Administration and other	1,365,276	1,536,635	1,446,169
	$ 4,892,397	$ 4,745,586	$ 4,696,190

ANSON GENERAL HOSPITAL

SCHEDULES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

SCHEDULE OF SUPPLIES AND OTHER EXPENSES **Schedule 4**

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Nursing services	$ 52,350	$ 190,393	$ 172,170
Diagnostic and therapeutic	921,350	981,180	991,352
Education	51,640	30,163	34,365
Administration and other	1,393,950	1,461,191	1,528,923
	$ 2,419,290	$ 2,662,927	$ 2,726,810

SCHEDULE OF SOUTH CENTENNIAL MANOR - STATEMENT OF OPERATIONS **Schedule 5**

	2019	2018
REVENUES		
Provincial subsidies	$ 3,524,084	$ 3,698,483
Charges to residents	1,409,895	1,364,136
Other revenue	24,089	6,962
Amortization of deferred capital contributions	119,169	119,170
	5,077,237	5,188,751
EXPENSES		
Salaries and benefits	4,625,614	4,309,774
Supplies and other expenses	878,020	855,346
Amortization of capital assets	264,118	251,540
Loss on disposition of capital assets	-	835
	5,767,752	5,417,495
LOSS FOR THE YEAR	$ (690,515)	$ (228,744)