

Red Lake Margaret Cochenour Memorial Hospital
Financial Statements
March 31, 2019

Red Lake Margaret Cochenour Memorial Hospital
Statement of Financial Position
For the year ended March 31, 2019

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Management's Responsibility

Independent Auditor's Report

Financial Statements

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Red Lake Margaret Cochenour Memorial Hospital and all the information provided in this annual report are the responsibility of management and have been approved by the Board of Governors.

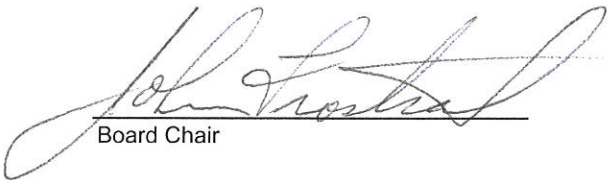
The financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems appropriate in the circumstances, in order to ensure their financial statements are presented fairly, in all material respects.

The Hospital maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Hospital's assets are appropriately accounted for and adequately safeguarded.

The Board of Governors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board of Governors review the Hospital's financial statements and recommend their approval. The Board of Governors meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Board of Governors takes this information into consideration when approving the financial statements for issuance to the members. The Board of Governors also considers the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Board of Governors.



Board Chair



Chief Executive Officer



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Independent Auditor's Report

To the Board of Governors of Red Lake Margaret Cochenour Memorial Hospital

Opinion

We have audited the financial statements of the Red Lake Margaret Cochenour Memorial Hospital Corporation, (the Hospital), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of remeasurement gains, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2019 and its results of operations, its measurement gains and losses, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matters - Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on pages 17 to 27.

Responsibilities of Management and Those Charged with Governance 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Hospital's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

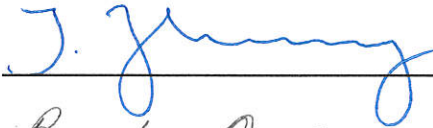
Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
May 28, 2019

Red Lake Margaret Cochenour Memorial Hospital
Statement of Financial Position

March 31,	2019	2018
Assets		
Current Assets		
Cash (Note 2)	\$ 628,466	\$ 1,342,389
Accounts Receivable (Note 3)	763,712	613,100
Inventories (Note 4)	123,332	147,495
Prepaid Expenses	104,520	91,025
Total Current Assets	1,620,030	2,194,009
Non-Current Assets		
Long Term Investments (Note 5)	2,231,062	2,176,456
Capital Assets (Note 6)	9,017,875	8,064,146
Total Non-Current Assets	11,248,937	10,240,602
Total Assets	\$ 12,868,967	\$ 12,434,611
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable (Note 7)	\$ 1,988,305	\$ 1,433,560
Deferred Contributions (Note 8)	68,092	53,388
Total Current Liabilities	2,056,397	1,486,948
Long Term Liabilities		
Deferred Capital Contributions (Note 9)	6,184,376	6,144,169
Post-Employment Benefits Liability (Note 10)	754,100	729,300
Total Long Term Liabilities	6,938,476	6,873,469
Net Assets		
Invested in Capital Assets (Note 11)	2,874,111	1,960,590
Unrestricted	783,789	1,897,610
Accumulated Remeasurement Gains	216,194	215,994
Closing Net Assets Balance	3,874,094	4,074,194
Total Liabilities and Net Assets Balance	\$ 12,868,967	\$ 12,434,611

Approved on behalf of the Board:



Director



Director

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

Red Lake Margaret Cochenour Memorial Hospital
Statement of Operations

March 31,	Budget	2019	2018
Revenue			
Ministry of Health and Long-Term Care Base Allocation	\$ 6,747,656	\$ 6,762,049	\$ 6,615,349
Ministry of Health and Long-Term Care One-Time Payments	-	12,715	94,858
Visiting Specialist	21,720	18,718	18,557
Hospital On-Call Coverage	439,352	439,352	439,352
Cancer Care Ontario Funding	12,600	24,300	900
Other Revenue (Schedule 1)	1,347,396	1,310,992	1,493,238
Amortization of Equipment Grants/Donations	136,519	110,322	119,378
Total Revenue	<u>8,705,243</u>	<u>8,678,448</u>	<u>8,781,632</u>
Expenses			
Salaries and Wages (Schedule 3)	4,612,119	4,571,991	4,487,870
Employee Benefits (Schedule 4)	1,080,188	1,156,417	1,075,278
Employee Benefits Future Costs (Note 10)	44,500	24,800	44,500
Medical Staff Remuneration (Schedule 5)	615,472	607,650	585,209
Supplies and Other Expenses (Schedule 6)	1,869,534	1,951,503	1,883,123
Drugs and Medical Gases	112,250	91,511	106,577
Medical and Surgical Supplies	119,887	128,021	104,822
Bad Debts	12,500	67,638	-
Amortization of Software Licenses	15,439	1,390	7,753
Amortization of Equipment	228,625	179,926	205,830
Total Expenses	<u>8,710,514</u>	<u>8,780,847</u>	<u>8,500,962</u>
Excess (Deficiency) of Revenue over Expenses from Hospital Operations	<u>(5,271)</u>	<u>(102,399)</u>	<u>280,670</u>
Other Items			
Amortization of Building Grants/Donations	439,518	477,499	453,346
Amortization of Land Improvements and Building	(513,225)	(576,943)	(546,467)
	<u>(73,707)</u>	<u>(99,444)</u>	<u>(93,121)</u>
Other Votes and Programs - Revenues (Schedule 2)	1,465,154	1,261,732	1,225,120
Other Votes and Programs - Expenses (Schedule 2)	(1,466,203)	(1,260,189)	(1,245,268)
	<u>(1,049)</u>	<u>1,543</u>	<u>(20,148)</u>
Excess (Deficiency) of Revenue over Expenses for the Year	<u>\$ (80,027)</u>	<u>\$ (200,300)</u>	<u>\$ 167,401</u>

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

Red Lake Margaret Cochenour Memorial Hospital
Statement of Remeasurement Gain

March 31,	2019	2018
Accumulated remeasurement gains at the beginning of the year	\$ 215,994	\$ 328,970
Change in fair value attributable to:		
Investments	(11,256)	2,839
Amounts reclassified to the statement of operations:		
Realized gains (losses) on disposition of investments	11,456	(115,815)
Accumulated remeasurement gains at the end of the year	\$ 216,194	\$ 215,994

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

Red Lake Margaret Cochenour Memorial Hospital
Statement of Changes in Net Assets

For the year ended March 31, 2019

	Invested in Capital Assets	Unrestricted	2019 Total
Balance, beginning of year	\$ 1,960,590	\$ 1,897,610	\$ 3,858,200
Excess (deficiency) of revenue over expenses for the year	(170,438)	(29,862)	(200,300)
Net changes in investment in capital assets (Note 11)	1,083,959	(1,083,959)	-
Balance, end of year	<u>\$ 2,874,111</u>	<u>\$ 783,789</u>	<u>\$ 3,657,900</u>

For the year ended March 31, 2018

	Invested in Capital Assets	Unrestricted	2018 Total
Balance, beginning of year	\$ 1,964,333	\$ 1,726,466	\$ 3,690,799
Excess (deficiency) of revenue over expenses for the year	(187,326)	354,727	167,401
Net changes in investment in capital assets (Note 11)	183,583	(183,583)	-
Balance, end of year	<u>\$ 1,960,590</u>	<u>\$ 1,897,610</u>	<u>\$ 3,858,200</u>

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

Red Lake Margaret Cochenour Memorial Hospital
Statement of Cash Flows

March 31,	2019	2018
Cash Provided By (Used In) Operating Activities		
Excess (Deficiency) of Revenue over Expenses for the year	\$ (200,300)	\$ 167,401
Items not involving cash		
Amortization	758,259	760,050
Amortization of Deferred Capital Contributions	(587,821)	(572,724)
Realized Gains (Losses) on Disposal of Long Term Investments	11,456	(115,815)
	<u>(18,406)</u>	<u>238,912</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	(150,612)	77,559
Inventory	24,163	(4,891)
Prepaid Expenses	(13,495)	18,248
Accounts Payable	554,745	(17,214)
Deferred Contributions	14,704	(10,000)
Post-employment Benefits	24,800	44,500
	<u>454,305</u>	<u>108,202</u>
	<u>435,899</u>	<u>347,114</u>
Financing Activities		
Net purchase of Long Term Investments	(65,863)	(88,361)
Capital Activities		
Purchase of Capital Assets	(1,711,987)	(744,200)
Contributions Received for Capital Activities	678,852	551,979
Repayment of Deferred Capital Grant	(50,824)	-
Contributions Reallocated from Deferred Contributions	-	10,000
	<u>(1,083,959)</u>	<u>(182,221)</u>
Increase (Decrease) in Cash and Equivalents		
	(713,923)	76,532
Cash, Beginning of year	1,342,389	1,265,857
Cash, End of year	<u>\$ 628,466</u>	<u>\$ 1,342,389</u>

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

Red Lake Margaret Cochenour Memorial Hospital

Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies

Nature and Purpose of Organization

Red Lake Margaret Cochenour Memorial Hospital provides health care services to the residents of the Municipality of Red Lake and surrounding areas. The Hospital, incorporated without share capital under the Corporations Act of Ontario, is a charitable organization within the meaning of the Income Tax Act and, as such, is exempt from Income Taxes under the Income Tax Act.

In addition to the Hospital's operating fund which reflects the activities of the day to day operations of the Hospital, the financial statements also include the activities of the following programs:

Ministry of Health and Long-Term Care

- Community Mental Health Program
- Community Addictions Program
- Community Problem Gambling Program
- Rent Supplement Program
- Visiting Specialist

Ministry of Training, Colleges and Universities

- Employment Services
- Youth Job Link
- Canada-Ontario Job Grant
- Youth Job Connection
- Youth Job Connection Summer

Other

- Case Management Services

The operating results of these programs are recorded in Schedule 2 to the financial statements and the assets and liabilities of these programs appear on the statement of financial position of the Hospital. Program surpluses and deficits are recorded as repayable or receivable in the year incurred and settlement adjustments by the Ministries or other funders are recorded when settled.

Basis of Accounting and Presentation

The financial statements of the Hospital 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.

The Red Lake Margaret Cochenour Memorial Hospital Foundation is a separate entity whose financial information is reported separately from the hospital.

Red Lake Margaret Cochenour Memorial Hospital Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with accountability arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC"), and the Local Health Integration Network ("LHIN"). The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2019 with the MOHLTC and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the MOHLTC/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the MOHLTC/LHIN has the right to adjust funding received by the Hospital. The MOHLTC/LHIN is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOHLTC/LHIN funding received by the Hospital during the year may be increased or decreased subsequent to year end.

Contributions approved but not received at year end are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the acquisition of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted investment income is recognized when earned. Restricted investment income is recognized in the year in which the related expenses are recognized.

Patient related revenues are recognized as revenue when services are rendered and the amount to be received can be reasonably estimated and collection is reasonably assured.

Recoveries are recognized as revenue when the amount of the recovery can be reasonably estimated and collection is reasonably assured.

Inventories

Inventories are stated at the lower of cost and net replacement value. Cost is determined on a First-In, First-Out basis. Inventories consist of medical and general supplies that are used in the Hospital's operations and not for resale purposes.

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated useful life of an asset are capitalized.

Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated to be as follows:

Buildings and building improvements	10 to 40 years
Equipment	3 to 10 years
Parking lot	10 years

Financial Instruments

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

Fair Value

This category includes cash and investments. Financial instruments in this category are initially recognized at cost and subsequently carried at fair value. 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.

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 and accounts payable. 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.

Contributed Services

There are a substantial number of volunteers who contribute a significant amount of their time each year to Red Lake Margaret Cochenour Memorial Hospital. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued)

Retirement and Post-employment Benefits

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

- i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, 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. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.
- ii) The costs of the multi-employer defined benefit pension plan are the employer's contributions due to the plan in the period.
- iii) The discount rate used in the determination of the above mentioned liabilities is equal to the Hospital's internal rate of borrowing.

Use of Estimates

The preparation of financial statements in accordance with 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Areas of key estimation include determination of allowance for doubtful accounts and actuarial estimation of post-employment benefits.

2. Cash

The Hospital has an overall credit facility of \$566,500, including a revolving line of credit bearing interest at prime plus 0.25%, repayable on demand, and corporate Visas repayable on demand and in accordance with standard terms and conditions. The credit facilities were not used at year end.

3. Accounts Receivable

	2019	2018
Ministry of Health and Long-Term Care		
Substance Abuse	\$ -	\$ 39,250
Nursing Grad Initiative	41,265	103,172
Cancer Care Ontario	20,100	7,500
Ministry of Training, Colleges and Universities	109,759	25,064
Insurers and Patients	157,384	159,566
Other	435,204	278,548
	\$ 763,712	\$ 613,100

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

4. Inventories	2019	2018
Opening Balance, April 1	\$ 147,495	\$ 142,604
Purchases	248,311	231,974
Expensed	(272,474)	(227,083)
Closing Balance, March 31	<u>\$ 123,332</u>	<u>\$ 147,495</u>

5. Long Term Investments	2019	2018
Cash	\$ 1,243	\$ 2,287
Pooled and mutual funds (cost - \$977,955)	1,336,631	1,208,728
Bonds (cost - \$977,491)	893,188	965,441
	<u>\$ 2,231,062</u>	<u>\$ 2,176,456</u>

6. Capital Assets	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 52,300	\$ -	\$ 52,300	\$ -
Building and building improvements	16,767,265	9,290,618	15,468,428	8,714,243
Equipment	6,458,982	5,864,282	6,380,862	5,682,966
Parking lot	28,382	25,544	28,382	24,977
Construction in progress	891,390	-	556,360	-
	<u>\$ 24,198,319</u>	<u>\$ 15,180,444</u>	<u>\$ 22,486,332</u>	<u>\$ 14,422,186</u>
Net Book Value		<u>\$ 9,017,875</u>		<u>\$ 8,064,146</u>

7. Accounts Payable	2019	2018
Trade	\$ 708,927	\$ 386,336
Accrued Salaries and Benefits	658,049	638,919
Other	141,483	128,387
Ministry of Health and Long-Term Care		
Community Counselling Services	210,147	138,337
Visiting Specialist Program	6,774	3,490
Hospital Infrastructure Renewal Fund / Hospital Energy Efficiency Program	54,392	17,562
Substance Abuse	151,743	81,933
Other	568	568
Ministry of Training, Colleges and Universities	56,222	38,028
	<u>\$ 1,988,305</u>	<u>\$ 1,433,560</u>

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

8. Deferred Contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2019	2018
Balance, beginning of year	\$ 53,388	\$ 63,388
Contributions received during the year	14,704	-
Contributions reallocated to deferred capital contributions (Note 9)	-	(10,000)
Balance, end of year	\$ 68,092	53,388

9. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. Changes in the contributions capital deferred to future periods are as follows:

	2019	2018
Balance, beginning of year	\$ 6,144,169	\$ 6,154,914
Grants received during the year	678,852	551,979
Amortization	(587,821)	(572,724)
Prior year deferred contribution repayable	(50,824)	-
Contributions reallocated from deferred contributions (Note 8)	-	10,000
Balance, end of year	\$ 6,184,376	\$ 6,144,169

As at March 31, 2019 there was \$40,617 (2018 - \$40,617) of deferred capital contributions received which were not yet utilized.

10. Post-Employment Benefits Liability

The following tables outline the components of the Hospital's post-employment benefits and the related expenses.

	2019	2018
Accrued benefit obligation	\$ 595,900	\$ 536,120
Unamortized actuarial gain	158,200	193,180
Total Liability	\$ 754,100	\$ 729,300

	2019	2018
Current year benefits costs	\$ 47,100	\$ 52,600
Amortized actuarial gains	(17,400)	(5,100)
Interest on accrued benefit obligation	19,200	22,700
Reconciliation of plan funds (benefit payments)	(24,100)	(25,700)
	\$ 24,800	\$ 44,500

Above amounts exclude pension contributions to the Hospitals of Ontario Pension Plan ("HOOPP"), a multi-employer plan, described below.

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

10. Post-Employment Benefits Liability (continued)

Retirement Benefits

Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they become due. Contributions made to the plan during the year by the Hospital amounted to \$443,312 (2018 - \$422,217).

Post-employment Benefits

The Hospital extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employee's tenure of service. The related benefit liability was determined by an actuarial valuation study.

The major assumptions employed for the valuations are as follows:

a) Discount Rate

The present value as at March 31, 2019 of the future benefits was determined using a discount rate of 3.25% (2018 - 3.5%).

b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 8.0% per annum in 2019 and decrease by 0.25% per annum thereafter to an ultimate rate of 5.0%.

c) Dental Costs

Dental costs were assumed to increase at 4.0% per annum.

11. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2019	2018
Capital Assets	\$ 9,017,875	\$ 8,064,146
Amounts financed by Deferred Contributions	(6,143,764)	(6,103,556)
	\$ 2,874,111	\$ 1,960,590

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

	2019	2018
Excess (deficiency) of revenue over expenses:		
Amortization of Deferred Grants and Donations related to:		
Equipment/Software Licenses	\$ 110,322	\$ 119,378
Buildings	477,499	453,346
Amortization related to:		
Equipment/Software Licenses	(181,316)	(213,583)
Buildings	(576,943)	(546,467)
	\$ (170,438)	\$ (187,326)

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

11. Net Assets Invested in Capital Assets (continued)

Net change in investment in capital assets:	<u>2019</u>	<u>2018</u>
Purchase of Capital Assets	\$ 1,711,987	\$ 744,200
Amounts funded by Deferred Grants and Donations	<u>(628,028)</u>	<u>(560,617)</u>
	<u>\$ 1,083,959</u>	<u>\$ 183,583</u>
	<u>\$ 913,521</u>	<u>\$ (3,743)</u>

12. Contingent Liabilities and Commitments

Contingent Liabilities

Red Lake Margaret Cochenour Memorial Hospital is a member of Health Care Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they are members and losses could be material. The Hospital joined HIROC in 1998 and no reassessments have been made to March 31, 2019.

The outcome of claims now pending is not determinable and is not expected to be material.

Commitments

The Hospital has committed to financial and financial management services for a period of five years starting July 1, 2018. Monthly payments are \$14,853 for the first year, with 1% increases each successive year.

13. Related Entity

The Red Lake Margaret Cochenour Hospital Foundation is an independent corporation incorporated without share capital which has its own independent Board of Directors and is a registered charity under the Income Tax Act. The Foundation receives and maintains funds for charitable purposes, which it donates to the Hospital for use in operations, renovations, maintenance and equipment purchases of the Hospital.

The Foundation holds funds of approximately \$1,148,000 (2018 - \$999,000), the benefit of which are to be used for capital projects or capital asset purchases of the Hospital. During the year, the Foundation contributed \$52,522 (2018 - \$45,210) to the Hospital.

14. Economic Dependence

The Hospital receives the majority of its funding from the Ministry of Health and Long-Term Care and is therefore economically dependent on the government.

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

16. Financial Instrument Classification

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

	2019		
	Fair Value	Amortized Cost	Total
Cash	\$ 628,466	\$ -	\$ 628,466
Accounts Receivable	-	763,712	763,712
Long Term Investments	2,231,062	-	2,231,062
Accounts Payable	-	(1,988,305)	(1,988,305)
	\$ 2,859,528	\$ (1,224,593)	\$ 1,634,935

	2018		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,342,389	\$ -	\$ 1,342,389
Accounts Receivable	-	613,100	613,100
Long Term Investments	2,176,456	-	2,176,456
Accounts Payable	-	(1,433,560)	(1,433,560)
	\$ 3,518,845	\$ (820,460)	\$ 2,698,385

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 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 or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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).

	2019			
	Level 1	Level 2	Level 3	Total
Cash	\$ 628,466	\$ -	\$ -	\$ 628,466
Investments	894,431	1,336,631	-	2,231,062
Total	\$ 1,522,897	\$ 1,336,631	\$ -	\$ 2,859,528

	2018			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,342,389	\$ -	\$ -	\$ 1,342,389
Investments	967,728	1,208,728	-	2,176,456
Total	\$ 2,310,117	\$ 1,208,728	\$ -	\$ 3,518,845

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2019 and 2018. There were also no transfers in or out of Level 3.

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

17. Financial Instrument Risk

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash, debt holdings in its investment portfolio and accounts receivable. The Hospital holds its cash accounts with a federally regulated chartered bank which is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to \$100,000.

The Hospital's investment policy operates within the constraints of the investment guidelines issued by the MOHLTC in relation to the funding agreements and puts limits on the investment portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure.

The maximum exposure to investment credit risk is outlined in Notes 5 and 16.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. Accounts received that are not considered to be collectible are written off at year-end based on the Hospital's historical experience regarding collections. The amounts outstanding at year end were as follows:

	2019		Past Due			
	Total	Current	1-30	31-60	61-90	91 +
OHIP, WISB etc.	\$ 225,022	\$ 54,062	\$ 25,209	\$ 22,986	\$ 3,797	\$ 118,968
MOH/LHIN	41,265	41,265	-	-	-	-
Other clients	60,959	20,045	42,223	1,680	(1,401)	(1,588)
Other	504,104	482,118	-	-	-	21,986
Less: Allowance for Doubtful Accounts	(67,638)	-	-	-	-	(67,638)
	\$ 763,712	\$ 597,490	\$ 67,432	\$ 24,666	\$ 2,396	\$ 71,728

	2018		Past Due			
	Total	Current	1-30	31-60	61-90	91 +
OHIP, WISB etc.	\$ 159,566	\$ 76,437	\$ 25,298	\$ 27,630	\$ 6,593	\$ 23,608
MOH/LHIN	142,422	142,422	-	-	-	-
Other clients	101,831	51,790	38,529	9,998	1,514	-
Other	209,281	187,295	-	-	-	21,986
	\$ 613,100	\$ 457,944	\$ 63,827	\$ 37,628	\$ 8,107	\$ 45,594

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Hospital's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment. 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 or 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. The Hospital is not exposed to significant currency risk as it does not transact materially in foreign currency. The Hospital is exposed to equity risks with regards to its investments in pooled and mutual funds and interest risk with its investments in bonds.

Red Lake Margaret Cochenour Memorial Hospital
Notes to Financial Statements

March 31, 2019

17. Financial Instrument Risk (continued)

Market Risk (continued)

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.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its interest bearing investments included in long term investments.

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 is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The follow table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2019			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 1,988,305	\$ -	\$ -	\$ -
	2018			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 1,433,560	\$ -	\$ -	\$ -

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.

Red Lake Margaret Cochenour Memorial Hospital
Schedule 1 - Other Revenue

March 31,	2019	2018
Inpatient Revenue		
Non-Residents of the Province	\$ 6,704	\$ 12,950
Non-Residents of Canada	12,165	3,565
Workplace Safety & Insurance Board	-	3,632
Insured/Uninsured Residents	-	8,906
	<u>\$ 18,869</u>	<u>\$ 29,053</u>
Outpatient Revenue		
Ontario Health Insurance Plan	\$ 236,737	\$ 169,025
Non-Residents of the Province	91,936	104,937
Non-Residents of Canada	31,256	24,482
Workplace Safety & Insurance Board	10,380	12,017
Insured/Uninsured Residents	33,581	35,494
Ambulance	13,612	14,624
	<u>\$ 417,502</u>	<u>\$ 360,579</u>
Co-Payment Revenue		
Chronic Care Patients	\$ 75,871	\$ 161,284
Differential Revenue		
Acute Care Patients	\$ 13,574	\$ 11,875
Recoveries		
Non-Patient Food Services	\$ 277,301	\$ 269,899
Investment Revenue	87,879	234,086
Compensation and Services	305,658	322,106
Donations	495	440
Materials	42,604	30,970
Rentals	71,239	72,946
	<u>\$ 785,176</u>	<u>\$ 930,447</u>
Total Other Revenue	<u><u>\$ 1,310,992</u></u>	<u><u>\$ 1,493,238</u></u>

Red Lake Margaret Cochenour Memorial Hospital
Schedule 2 - Other Votes and Programs
(Unaudited)

March 31,	2019	2018
Community Mental Health Programs		
Revenue		
Ministry of Health and Long-term Care Allocation	\$ 490,291	\$ 477,483
Ministry of Health and Long-term Care One-Time Services Recovery	1,379	-
	483	-
Total Revenue	\$ 492,153	\$ 477,483
Operating Expenses		
Salaries and Wages	\$ 302,247	\$ 314,779
Employee Benefits	67,744	64,191
Supplies and Other Expenses	55,373	61,694
Rent and Utilities	34,469	32,300
Total Operating Expenses	\$ 459,833	\$ 472,964
Net Revenue Before Amount Repayable	\$ 32,320	\$ 4,519
Amount Repayable to Ministry of Health and Long-Term Care	(32,320)	(21,060)
Net Revenue	\$ -	\$ (16,541)
Community Addictions Programs		
Revenue		
Ministry of Health and Long-term Care Allocation	\$ 286,367	\$ 205,001
Ministry of Health and Long-term Care One-Time Services Recovery	524	-
	1,356	-
Total Revenue	\$ 288,247	\$ 205,001
Operating Expenses		
Salaries and Wages	\$ 146,733	\$ 89,949
Employee Benefits	33,521	21,603
Supplies and Other Expenses	34,486	26,072
Rent and Utilities	7,091	7,179
Total Operating Expenses	\$ 221,831	\$ 144,803
Net Revenue Before Amount Repayable	\$ 66,416	\$ 60,198
Amount Repayable to Ministry of Health and Long-Term Care	(66,416)	(60,198)
Net Revenue	\$ -	\$ -

Red Lake Margaret Cochenour Memorial Hospital
Schedule 2 (Continued) - Other Votes and Programs
(Unaudited)

March 31,	2019	2018
Community Problem Gambling Program		
Revenue		
Ministry of Health and Long-term Care Allocation	\$ 87,331	\$ 85,619
Operating Expenses		
Salaries and Wages	\$ 58,908	\$ 67,607
Employee Benefits	16,951	15,646
Supplies and Other Expenses	1,690	145
Total Operating Expenses	\$ 77,549	\$ 83,398
Net Revenue Before Amount Repayable	\$ 9,782	\$ 2,221
Amount Repayable to Ministry of Health and Long-Term Care	(9,782)	(2,221)
Net Revenue	\$ -	\$ -
Case Management Services		
Revenue		
Ministry of Health and Long-term Care Allocation	\$ 184,000	\$ 184,000
Operating Expenses		
Salaries and Wages	\$ 67,981	\$ 157,246
Employee Benefits	17,630	21,394
Supplies and Other Expenses	41,456	10,549
Total Operating Expenses	\$ 127,067	\$ 189,189
Net Revenue (Expense) Before Amount Repayable	\$ 56,933	\$ (5,189)
Amount Repayable to Ministry of Health and Long-Term Care	(56,933)	-
Net Revenue	\$ -	\$ (5,189)
Rent Supplement Program		
Revenue		
Ministry of Health and Long-term Care Allocation	\$ 24,200	\$ 23,200
Operating Expenses		
Supplies and Other Expenses	\$ 12,723	\$ 10,714
Net Revenue Before Amount Repayable	\$ 11,477	\$ 12,486
Amount Repayable to Ministry of Health and Long-Term Care	(11,477)	(12,486)
Net Revenue	\$ -	\$ -

Red Lake Margaret Cochenour Memorial Hospital
Schedule 2 (Continued) - Other Votes and Programs
(Unaudited)

March 31,	2019	2018
Municipal Taxes		
Total Revenue	\$ 2,100	\$ 2,100
Total Expenses	\$ 2,100	\$ 2,100
Net Revenue	\$ -	\$ -
Employment Services		
Revenue		
Ministry of Training, Colleges and Universities	\$ 299,229	\$ 273,414
Recoveries	1,543	1,581
Interest Revenue	19	23
Total Revenue	\$ 300,791	\$ 275,018
Operating Expenses		
Participant Wages and Stipends	\$ 178,798	\$ 171,650
Operating	73,538	72,065
Operating - Employ Young Talent	3,808	-
Training Subsidies	7,679	13,957
Training Subsidies - Employ Young Talent	22,000	-
Training Support	906	771
Total Operating Expenses	\$ 286,729	\$ 258,443
Net Revenue Before Amount Repayable	\$ 14,062	\$ 16,575
Amount Repayable to Ministry of Training, Colleges and Universities	(12,519)	(14,993)
Net Revenue	\$ 1,543	\$ 1,582
Youth Job Link		
Revenue		
Ministry of Training, Colleges and Universities	\$ 12,750	\$ 12,750
Interest Revenue	1	1
Total Revenue	\$ 12,751	\$ 12,751
Operating Expenses		
Operating	\$ 11,029	\$ 10,588
Financial Supports	1,500	1,700
Total Operating Expenses	\$ 12,529	\$ 12,288
Net Revenue Before Amount Repayable	\$ 222	\$ 463
Amount Repayable to Ministry of Training, Colleges and Universities	(222)	(463)
Net Revenue	\$ -	\$ -

Red Lake Margaret Cochenour Memorial Hospital
Schedule 2 (Continued) - Other Votes and Programs
(Unaudited)

March 31,	2019	2018
Canada-Ontario Job Grant		
Revenue		
Ministry of Training, Colleges and Universities	\$ 36,037	\$ 37,923
Interest Revenue	2	3
Total Revenue	\$ 36,039	\$ 37,926
Operating Expenses		
Operating	\$ 5,396	\$ 5,450
Training Subsidies	6,637	16,921
Total Operating Expenses	\$ 12,033	\$ 22,371
Net Revenue Before Amount Repayable	\$ 24,006	\$ 15,555
Amount Repayable to Ministry of Training, Colleges and Universities	(24,006)	(15,555)
Net Revenue	\$ -	\$ -
Youth Job Connection		
Revenue		
Ministry of Training, Colleges and Universities	\$ 57,965	\$ 46,200
Interest Revenue	4	4
Total Revenue	\$ 57,969	\$ 46,204
Operating Expenses		
Operating	\$ 20,960	\$ 13,414
Operating - Employ Young Talent	\$ 1,762	
Training Support	13,236	27,409
Training Support - Employ Young Talent	5,000	
Total Operating Expenses	\$ 40,958	\$ 40,823
Net Revenue Before Amount Repayable	\$ 17,011	\$ 5,381
Amount Repayable to Ministry of Training, Colleges and Universities	(17,011)	(5,381)
Net Revenue	\$ -	\$ -

Red Lake Margaret Cochenour Memorial Hospital
Schedule 2 (Continued) - Other Votes and Programs
(Unaudited)

March 31,	2019	2018
Youth Job Connection Summer		
Revenue		
Ministry of Training, Colleges and Universities	\$ 9,300	\$ 9,300
Interest Revenue	1	1
Total Revenue	\$ 9,301	\$ 9,301
Operating Expenses		
Operating	\$ 4,491	\$ 4,312
Financial Supports	2,346	3,863
Total Operating Expenses	\$ 6,837	\$ 8,175
Net Revenue Before Amount Repayable	\$ 2,464	\$ 1,126
Amount Repayable to Ministry of Training, Colleges and Universities	(2,464)	(1,126)
Net Revenue	\$ -	\$ -

Red Lake Margaret Cochenour Memorial Hospital
Schedule 3 - Salaries and Wages

March 31,	2019	2018
Patient Care		
Inpatient Wards	\$ 1,345,048	\$ 1,347,121
Diabetes Education	162,937	158,523
Ambulatory Care	790,127	737,153
Laboratory	318,707	328,337
Diagnostic Imaging	221,621	212,326
Pharmacy	99,320	77,685
Therapeutic Services	85,638	79,563
Total Patient Care	\$ 3,023,398	\$ 2,940,708
Support Services		
General Administration	\$ 388,923	\$ 397,837
Information System Support	89,385	84,201
Physical Plant	169,840	153,595
Environmental Services	245,525	268,994
Food Services	373,749	338,713
Patient Information	152,075	173,568
Marketed Services	27,614	30,437
Materials Management	101,482	99,817
Total Support Services	\$ 1,548,593	\$ 1,547,162
Total Salaries and Wages	\$ 4,571,991	\$ 4,487,870

Red Lake Margaret Cochenour Memorial Hospital
Schedule 4 - Employee Benefits

March 31,	2019	2018
Canada Pension Plan	\$ 175,726	\$ 169,312
Hospital Pension Plan	374,668	356,947
Employment Insurance	79,615	77,286
Workplace Safety & Insurance Board	50,363	45,865
Long-Term Disability Insurance	54,115	44,472
Employer Health Tax	93,823	90,065
Semi-Private Insurance	2,493	2,158
Extended Health Care Insurance	63,999	54,663
Dental Insurance	41,054	34,506
Group Life and Accidental Death & Dismemberment Benefit and Vacation % in Lieu	16,523	16,065
	204,038	183,939
Total Employee Benefits	\$ 1,156,417	\$ 1,075,278

Red Lake Margaret Cochenour Memorial Hospital
Schedule 5 - Medical Staff Remuneration

March 31,	2019	2018
Honorariums	\$ 24,000	\$ 24,000
Hospital On Call Coverage	439,352	439,356
Clinical Laboratory	18,357	18,386
Imaging	107,505	84,910
Visiting Specialists	18,436	18,557
Total Medical Staff Remuneration	\$ 607,650	\$ 585,209

Red Lake Margaret Cochenour Memorial Hospital
Schedule 6 - Supplies and Other Expenses

March 31,	2019	2018
Patient Care		
Inpatient Wards	\$ 138,888	\$ 150,694
Diabetes Education	4,343	1,454
Ambulatory Care	28,078	14,065
Laboratory	273,080	297,924
Diagnostic Imaging	73,572	79,224
Pharmacy	48,907	38,628
Therapeutic Services	1,778	3,204
Total Patient Care	\$ 568,646	\$ 585,193
Support Services		
General Administration	\$ 491,791	\$ 512,335
Information System Support	223,050	166,238
Physical Plant	282,589	264,781
Environmental Services	42,035	37,764
Food Services	113,944	82,870
Patient Information	4,885	2,103
Marketed Services	197,314	194,922
Materials Management	27,249	36,917
Total Support Services	\$ 1,382,857	\$ 1,297,930
Total Supplies and Other Expenses	\$ 1,951,503	\$ 1,883,123

Red Lake Margaret Cochenour Memorial Hospital
Schedule 7 - Diabetes Education Program
(Unaudited)

March 31,	2019	2018
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 151,283	\$ 151,283
Compensation & Services Recovery	44,547	38,249
Total Revenue	\$ 195,830	\$ 189,532
Operating Expenses		
Salaries and Wages	\$ 162,938	\$ 158,523
Employee Benefits	39,654	40,477
Supplies and Other Expenses	2,661	1,225
Equipment	1,895	229
Total Operating Expenses	\$ 207,148	\$ 200,454
Net Loss	\$ (11,318)	\$ (10,922)