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**WEST PARRY SOUND  
HEALTH CENTRE  
FINANCIAL SERVICES**

**West Parry Sound Health Centre  
Financial Statements  
March 31, 2018**

**West Parry Sound Health Centre**  
**Financial Statements**  
For the year ended March 31, 2018

**Contents**

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**SUPPLEMENTARY INFORMATION**

CHAIRPERSON, BOARD OF TRUSTEES

  
\_\_\_\_\_  
T. Shultz

CHAIRPERSON, PROPERTY / FINANCE COMMITTEE

  
\_\_\_\_\_  
D. McMurray

TREASURER AND SECRETARY

  
\_\_\_\_\_  
D. Sanderson

# GINGRICH & HARRIS Chartered Professional Accountants

1-7 William Street  
Parry Sound ON  
P2A 1V2

STEPHEN L. GINGRICH, CPA, CA, CFP  
BRANDY L. HARRIS-GREEN, CPA, CA

TELEPHONE: (705) 746-5828  
FAX: (705) 746-9693  
E-MAIL: ghcpa@vianet.ca  
WEBSITE: www.ghcpa.ca

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## Independent Auditors' Report

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### To the Members of the West Parry Sound Health Centre

We have audited the accompanying financial statements of West Parry Sound Health Centre, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

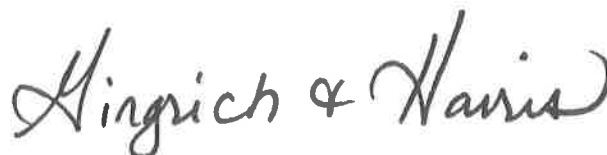
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of West Parry Sound Health Centre as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Parry Sound, Ontario  
May 28, 2018

Chartered Professional Accountants  
Licensed Public Accountants

## West Parry Sound Health Centre Statement of Financial Position

March 31	2018	2017
<b>Assets</b>		
<b>Current</b>		
Trust and restricted funds	\$ 31,124	\$ 114,934
Accounts receivable (Note 1)	1,797,573	1,832,481
Advances - other programs	128,952	123,755
Lakeland Long-Term Care Services Corporation (Note 2)	190,482	194,112
Inventories of supplies	575,772	678,312
Prepaid, deferred expenses and deposits	876,168	936,037
Current portion of capital lease receivable (Note 4)	438,295	416,423
	<b>4,038,366</b>	<b>4,296,054</b>
<b>Capital lease receivable (Note 4)</b>	<b>7,244,557</b>	<b>7,682,851</b>
<b>Parry Sound Pilot Project (Note 3)</b>	<b>433,146</b>	<b>449,893</b>
<b>Capital assets (Note 5)</b>	<b>65,750,741</b>	<b>67,191,609</b>
	<b>73,428,444</b>	<b>75,324,353</b>
	<b>\$ 77,466,810</b>	<b>\$ 79,620,407</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Bank indebtedness (Note 7)	\$ 823,794	\$ 1,177,530
Ministry of Health and Long-Term Care (Note 6)	320,562	276,433
Ministry of Health and Long-Term Care (Note 9)	24,751	78,266
Accounts payable and accrued liabilities (Note 8)	5,447,610	5,151,381
Deferred revenue	189,239	133,389
Current portion of long-term debt (Note 10)	562,000	537,491
	<b>7,367,956</b>	<b>7,354,490</b>
<b>Long-term debt (Note 10)</b>	<b>9,461,000</b>	<b>10,023,000</b>
<b>Deferred capital grants and contributions (Note 11)</b>	<b>53,186,879</b>	<b>54,461,699</b>
<b>Employee future benefits (Note 15)</b>	<b>2,096,756</b>	<b>2,015,029</b>
	<b>72,112,591</b>	<b>73,854,218</b>
<b>Contingencies (Note 17)</b>		
<b>Net Assets - page 4</b>		
Unrestricted net assets	5,354,219	5,766,189
	<b>\$ 77,466,810</b>	<b>\$ 79,620,407</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## West Parry Sound Health Centre Statement of Changes in Net Assets

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Unrestricted net assets balance,</b> beginning of year	<b>\$ 5,766,189</b>	<b>\$ 6,154,341</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b><u>(411,970)</u></b>	<b><u>(388,152)</u></b>
<b>Unrestricted net assets balance,</b> end of year	<b>\$ 5,354,219</b>	<b>\$ 5,766,189</b>

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The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## West Parry Sound Health Centre Statement of Operations

For the year ended March 31	Budget (Unaudited)	2018	2017
<b>Revenues</b>			
Ministry of Health and Long-term Care			
- base funding allocation	\$ 17,081,507	\$ 18,117,560	\$ 17,081,507
- hospital based allocation method	10,817,343	9,948,643	10,888,465
- special programs base funding	696,682	625,148	607,030
- quality based procedures	4,074,971	4,355,056	4,064,497
- wait time funding	35,000	63,628	33,606
- one time funding	96,000	1,041,611	330,923
- visiting specialists	85,652	29,311	85,652
- nursing grad guarantee & late career	-	3,578	172,671
Co-payments and preferred accommodations	850,000	850,287	733,192
HOCC, AFA & other	2,462,850	2,445,506	2,449,244
OHIP & other patient services	3,925,000	3,935,183	4,056,547
Cancer Care Ontario & OBSP	910,000	703,907	815,104
Recoveries	3,236,003	3,472,916	3,522,125
Amortization - equipment grants / donations	775,942	803,247	978,831
	<b>45,046,950</b>	<b>46,395,581</b>	<b>45,819,394</b>
Other Programs - MOH (Note 9)	6,750	1,852,808	1,690,920
	<b>45,053,700</b>	<b>48,248,389</b>	<b>47,510,314</b>
<b>Expenses</b>			
Salaries and wages	21,866,948	23,059,478	22,792,475
Employee benefits	5,384,727	4,887,531	4,870,004
Medical staff remuneration	5,234,350	5,216,140	5,280,763
Medical and surgical supplies	2,195,000	2,000,486	1,970,533
Drugs and medicines	1,200,000	1,108,858	1,149,532
Other supplies and expenses (Note 12)	8,341,925	9,099,445	8,612,420
Amortization - equipment	800,000	988,678	1,084,268
Loss (gain) on disposal of equipment	-	-	(11,489)
Interest on long-term debt - equipment	-	6	9,938
Bad debts (recovery)	24,000	33,199	47,779
	<b>45,046,950</b>	<b>46,393,821</b>	<b>45,806,223</b>
Other programs - expenses (Note 9)	6,750	1,852,808	1,690,920
	<b>45,053,700</b>	<b>48,246,629</b>	<b>47,497,143</b>
<b>Excess of operating revenues over expenses</b>	<b>-</b>	<b>1,760</b>	<b>13,171</b>
<b>Capital</b>			
<b>Revenues</b>			
Rental income (net)	90,000	83,369	85,099
Investment income	8,000	3,840	6,758
Capital lease interest income	405,792	405,792	426,573
Donations and fundraising	200,000	131,132	124,203
Amortization - hospital building grant	1,778,650	1,853,995	1,779,309
	<b>2,482,442</b>	<b>2,478,128</b>	<b>2,421,942</b>
<b>Expenses</b>			
Fundraising & special purpose expenses	200,000	132,110	116,310
Interest on long-term debt	550,000	534,277	555,656
Amortization - hospital buildings	2,150,000	2,225,471	2,151,299
	<b>2,900,000</b>	<b>2,891,858</b>	<b>2,823,265</b>
<b>Deficiency of capital revenues over expenses</b>	<b>(417,558)</b>	<b>(413,730)</b>	<b>(401,323)</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (417,558)</b>	<b>\$ (411,970)</b>	<b>\$ (388,152)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## West Parry Sound Health Centre Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ (411,970)	\$ (388,152)
Items not involving cash		
Amortization - buildings	2,225,471	2,151,299
Amortization - equipment	988,678	1,084,268
Amortization of equipment grants	(803,247)	(978,831)
Amortization of building grants	(1,853,995)	(1,779,309)
Loss (gain) on disposal of equipment	-	(11,489)
Changes in non-cash working capital balances		
Due from / to Ministry of Health and Long-Term Care	(9,386)	154,500
Accounts receivable	34,908	(575,341)
Advances	(5,197)	(3,122)
Lakeland Long-Term Care Services Corporation	3,630	148,853
Inventories	102,540	(108,733)
Prepaid and deferred expense	59,869	(117,005)
Accounts payable and accrued liabilities	296,229	(539,447)
Deferred revenue	55,850	(72,599)
Employee future benefits	81,727	86,800
	<u>765,107</u>	<u>(948,308)</u>
<b>Investing and financing activities</b>		
Purchase of capital assets	(1,781,041)	(3,198,391)
Proceeds - sale of equipment	7,760	11,489
Investment in Parry Sound Pilot Project	16,747	(4,140)
Repayment of long-term debt	(537,491)	(877,367)
Deferred capital grants & contributions	1,382,422	3,156,824
Capital lease receivable	416,422	395,643
	<u>(495,181)</u>	<u>(515,942)</u>
<b>Increase (decrease) in cash during the year</b>	<b>269,926</b>	<b>(1,464,250)</b>
<b>Cash (bank indebtedness), beginning of year</b>	<u><b>(1,062,596)</b></u>	<u><b>401,654</b></u>
<b>Bank indebtedness, end of year</b>	<b>\$ (792,670)</b>	<b>\$ (1,062,596)</b>
<b>Represented by</b>		
Bank indebtedness	\$ (823,794)	\$ (1,177,530)
Trust and restricted funds	31,124	114,934
	<u>\$ (792,670)</u>	<u>\$ (1,062,596)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## **West Parry Sound Health Centre Summary of Significant Accounting Policies**

**March 31, 2018**

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**Nature and Purpose of  
Organization**

The West Parry Sound Health Centre was incorporated under the Ontario Corporations Act without share capital and is principally involved in providing health care services to the west Parry Sound area. The corporation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The assets, liabilities, revenue and expenses of the following separate health programs administered by the Hospital are not reported in the financial statements.

Other Health Programs - Nursing Stations  
Land Ambulance Service

These financial statements do not include the financial activities of the following related not-for-profit entities:

Lakeland Long-Term Care Services Corporation  
West Parry Sound Health Centre Foundation

**Basis of Reporting**

The hospital accounts for its investments in joint ventures and significantly-influenced profit-oriented enterprises using the equity method.

- Parry Sound Pilot Project

**Basis of Accounting**

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

**Inventory**

Inventory is recorded at the lower of weighted average cost and current replacement value.



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## West Parry Sound Health Centre Summary of Significant Accounting Policies

**March 31, 2018**

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### **Use of estimates**

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

If the hospital does not meet its performance standards or obligations, the MOHLTC and LHIN have the right to adjust the funding received. The MOHLTC and LHIN are 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 and LHIN funding received during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year.

### **Capital Assets**

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings & parking lot - 2.5 % straight-line basis  
Equipment - 5 to 10% straight-line basis

Assets leased on terms that transfer substantially all of the benefits and risk of ownership are accounted for as capital leases, as though the asset has been purchased and a liability incurred. All other leases are accounted for as operating leases.

### **Contributed Services**

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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## West Parry Sound Health Centre Summary of Significant Accounting Policies

**March 31, 2018**

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### **Revenue Recognition**

The hospital follows the deferral method of accounting for revenue from the Province (funding allocation), preferred accommodations, and patient services.

Under the Health Insurance Act and Regulations thereto, the hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the current year.

Unrestricted contributions are recognized as revenue when received.

Endowment contributions are recognized as revenue when received.

### **Employee Benefit Plans**

The hospital accrues its obligations under employee benefit plans and the related costs. The hospital has adopted the following policies:

#### *Multi-employer employee benefit plan*

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer employee benefit plan, whereby contributions are expensed when due, as the hospital has insufficient information to apply defined benefit plan accounting.

#### *Other defined benefit plans*

- \* The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service;
- \* Assumptions were management's best estimates;
- \* Past service costs from plan amendments are recognized immediately;
- \* Liabilities are discounted using current interest rates on long-term bonds;
- \* Actuarial gains (losses) are amortized over the remaining service period of the active employees.

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## West Parry Sound Health Centre Summary of Significant Accounting Policies

**March 31, 2018**

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### **Financial Instruments**

#### *Measurement of financial instruments*

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, and capital lease receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, amounts due to Ministry of Health and Long-Term Care and long-term debt.

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### *Transaction costs*

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### **Deferred Revenue**

Deferred revenue results from funding received from agreements which cover more than one fiscal year and represents the unexpended portion of that funding.

### **Sick-Leave Credits**

Under the sick-leave plan, sick-leave credits are available (no accumulation) and the employee entitled to use the credits in full when off work due to sickness or accident. The value of these regular sick-leave credits have not been estimated and no liability is recorded in the accounts.

## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

### 1. Accounts Receivable

	2018	2017
Trade accounts receivable	\$ 1,526,608	\$ 1,461,985
HST recoverable	270,965	370,496
	\$ 1,797,573	\$ 1,832,481

### 2. Lakeland Long-Term Care Services Corporation

The hospital has advanced funds to the related non-profit corporation and provides operating services to the corporation on an on going basis.

The current advances are incurred in the normal course of operations.

	2018	2017
Current trade receivable	\$ 89,421	\$ 91,862
2017 Eldcap surplus	101,061	-
2016 Eldcap surplus	-	102,250
	\$ 190,482	\$ 194,112

### 3. Parry Sound Pilot Project

The hospital exercises joint control, along with an unrelated profit-oriented enterprise, over a joint venture that was established to provide Laboratory services. The hospital's 50% share of this joint venture has not been proportionately consolidated in the hospital's financial statements.

### 4. Capital Lease Receivable

	2018	2017
Capital lease receivable - due from Lakeland Long-Term Care Services Corporation, 5.13%, repayable \$68,517.90 principal and interest monthly, amortized over 25 years	\$ 7,682,852	\$ 8,099,274
Less amounts due within one year included in current assets	438,295	416,423
	\$ 7,244,557	\$ 7,682,851

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## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

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### 5. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,799,442	\$ -	\$ 1,799,442	\$ 1,799,442
Buildings & parking lot	87,534,512	28,026,683	59,507,829	60,238,687
Furnishings & equipment	13,848,231	9,404,761	4,443,470	5,153,480
	<b>\$103,182,185</b>	<b>\$ 37,431,444</b>	<b>\$ 65,750,741</b>	<b>\$ 67,191,609</b>

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### 6. Due from (to) the Ministry of Health and Long-Term Care

	2018		2017	
Late Career Funding	\$ (32,605)		\$ (57,312)	
Quality Based Procedures (QBPs)	(75,828)		(12,101)	
Wait Time Funding	(25,974)		(36,678)	
New Graduate Guarantee	(10,258)		120,950	
HIRF Grant repayable	-		(167,530)	
Other	(175,897)		(123,762)	
	<b>\$ (320,562)</b>		<b>\$ (276,433)</b>	

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### 7. Bank Indebtedness

The hospital has a credit line with a limit of \$2,500,000; this facility is due on demand and bears interest at the bank's prime rate less 0.6%, calculated and payable monthly. It is secured by a \$17,000,000 Collateral Mortgage and accompanied with Insurance.

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## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

### 8. Accounts Payable and Accrued Liabilities

	2018	2017
Trade accounts payable	\$ 1,688,226	\$ 1,743,836
Accrued liabilities	400,668	423,626
Accrued salaries, wages and benefits	1,390,935	1,074,926
Accrued vacation pay	1,534,878	1,479,784
Government remittances	432,903	429,209
	\$ 5,447,610	\$ 5,151,381

### 9. Other Programs - Ministry of Health

	2018	2017
Funding		
Dispatch Services	\$ 1,870,809	\$ 1,762,436
Municipal taxes	6,750	6,750
	1,877,559	1,769,186
Expenses - Dispatch Services		
Salaries and wages	1,394,437	1,262,842
Employee benefits	373,656	348,498
Supplies	4,759	6,034
Sundry and equipment	47,293	47,524
Buildings and grounds	59,814	56,609
Recoveries	(33,901)	(37,337)
	1,846,058	1,684,170
Expenses - Municipal taxes	6,750	6,750
Total expenses	1,852,808	1,690,920
Excess (deficiency) of revenues over expenses for the year	24,751	78,266
Amount from prior year due to (from) Ministry of Health	78,266	55,819
Adjustment	(24)	-
2017/18 - Dispatch Services settlement (comparative 2016/17)	(78,242)	(55,819)
Due to (from) the Ministry of Health	\$ 24,751	\$ 78,266

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## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

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### 10. Long-term Debt

	2018	2017
<p>ISDA (International Swaps and Derivatives Association) Master Agreement between Toronto-Dominion Bank jointly with West Parry Sound Health Centre and Lakeland Long-Term Care Services Corporation - attracts interest at 4.78% plus .35% stamping fee, due December 9, 2025, repayable in monthly installments of variable principal and interest, amortized over 25 years, secured by land and buildings and a general security agreement.</p>	<b>\$ 10,023,000</b>	\$ 10,559,000
<p>Term Loan between Toronto-Dominion Bank jointly with West Parry Sound Health Centre and Lakeland Long-Term Care Services Corporation - 4.74% interest, due March 19, 2017, monthly payments of \$31,442.14 principal and interest, amortized over 10 years, secured by land and buildings and a general security agreement.</p>	-	1,491
	<b>10,023,000</b>	10,560,491
<p>Less amounts due within one year included in current liabilities</p>	<b>562,000</b>	537,491
	<b>\$ 9,461,000</b>	<b>\$ 10,023,000</b>

Principal repayments for the next five years and thereafter are as follows:

2019	\$ 562,000
2020	597,000
2021	626,000
2022	659,000
2023	694,000
Thereafter	<u>6,885,000</u>
	<b>\$ 10,023,000</b>

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## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

### 11. Deferred Capital Grants and Contributions

In 2006, the Hospital completed the construction of the new hospital. The Ministry of Health and Long-Term Care, the Hospital Foundation, the municipalities and the residents of West Parry Sound District and the Hospital have contributed to the funding of the hospital.

Lakeland Long-Term Care Services Corporation Ltd. is a related non-profit corporation. The corporation entered into a capital lease with the Health Centre for equipment and premises.

	2018	2017
Provincial capital grants	\$ 46,120,453	\$ 46,019,667
Municipal capital grants	10,286,098	10,286,098
Other	2,253,145	2,253,145
West Parry Sound Health Centre Foundation	4,832,343	4,832,343
Lakeland Long-Term Care Services Corporation - building and equipment grants	10,010,414	10,010,414
Deferred equipment grants	18,241,759	17,685,763
	91,744,212	91,087,430
Accumulated amortization	(38,557,333)	(36,625,731)
	\$ 53,186,879	\$ 54,461,699

The grants and contributions are amortized at the same rates as the assets that were purchased with these funds.

### 12. Other Supplies and Expenses

	2018	2017
Administration and Information Services	\$ 1,447,633	\$ 1,219,132
Human Resources	152,136	110,577
Environmental and Support Services	2,980,963	2,928,182
Acute, Chronic and Critical Care Services	1,591,154	1,514,944
Diagnostic Imaging Services	1,011,014	963,190
Laboratory Services	1,002,989	994,163
Lakeland Services	913,556	882,232
	\$ 9,099,445	\$ 8,612,420



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## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

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### **13. Capital Management**

In managing capital, the hospital focuses on liquid resources available for operations. The hospital's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. In addition, the hospital is required to achieve certain performance measures related to working capital set out in the Hospital Services Accountability Agreement (HSAA). The need for sufficient liquid resources and achieving the performance measures is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2018, the hospital has met its objective of having sufficient liquid resources to meet its current obligations and the performance measures related to working capital set out in the HSAA.

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### **14. Related Party Transactions**

The West Parry Sound Health Centre Foundation is an independent corporation without share capital, which has its own Board of Directors. It provides donations to the hospital for capital and operating purposes. The Foundation's statements are not included in these financial statements.

Lakeland Long-Term Care Services Corporation is an independent corporation without share capital, which has its own Board of Directors. Lakeland operates within the hospital and leases space and equipment from the hospital. They have transactions for shared expenses that occur in the normal course of operations that they reimburse the hospital per their agreement. The Lakeland statements are not included in these financial statements.

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### **15. Employee Future Benefits**

#### **a) Multi-employer plan**

Substantially all of the employees of the hospital are members of the Healthcare of Ontario Pension Plan (HOOPP) which is a multi-employer, defined benefit, final average earnings, contributory pension plan. HOOPP is accounted for as a defined contribution plan. The hospital's contributions to HOOPP during the year amounted to \$1,828,475 (2017 - \$1,801,637). These amounts are included in compensation expense in the statement of operations and changes in net assets. The most recent regulatory filing by HOOPP as of December 31, 2017 disclosed a regulatory surplus of \$18.2 billion (2016 - \$15.9 billion).

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## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2018**

### 15. Employee Future Benefits continued...

#### b) Other defined benefit plans

The hospital offers various non-pension post-employment and post-retirement benefit plans to its employees that provide life insurance, medical and dental benefits. These plans are accounted for as defined benefit plans and are not funded by the hospital.

The most recent actuarial valuation was as of March 31, 2018.

Information about the hospital's other defined benefit plans is as follows as at March 31:

	WPSHC	Ambulance	2018	2017
Accrued benefit obligation	\$ 2,015,029	\$ 566,366	\$ 2,581,395	\$ 2,450,364
Post-retirement benefits	170,200	57,300	227,500	217,800
Benefits paid	(88,473)	(14,234)	(102,707)	(86,769)
Employee future benefit liabilities	<u>\$ 2,096,756</u>	<u>\$ 609,432</u>	<u>2,706,188</u>	2,581,395
Amount to be recovered from Land Ambulance Service			<u>(609,432)</u>	(566,366)
Net employee future benefit liabilities			<u>\$ 2,096,756</u>	<u>\$ 2,015,029</u>

The net expense for the year ended March 31, 2018 is \$227,500 (2017 - \$217,800).

The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

	2018	2015	2013
Discount rate	4.74%	3.31%	4.69%

The significant actuarial assumptions adopted in measuring the expense for the year are as follows:

	2018	2015	2013
Discount rate	3.31%	3.31%	4.69%

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## West Parry Sound Health Centre Notes to Financial Statements

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### **16. Comparative Figures**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.

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### **17. Contingencies**

The nature of the hospital's activities is such that there is usually litigation pending at any time. With respect to claims at March 31, 2018, management believes the hospital has valid defences and appropriate insurance coverage in place. In the opinion of management and legal council, the outcome of the lawsuits, now pending, is not yet determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

In the event any claims are successful, management believes such claims are not expected to have a material effect on the hospital's financial position.

The Hospital administers various programs funded by different Ministry departments and government bodies. These programs have set budgets that must be adhered to. If any of the programs result in a deficit the Hospital could be held responsible to fund them.

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## West Parry Sound Health Centre Notes to Financial Statements

March 31, 2018

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### 18. Financial Assets and Financial Liabilities

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Company's cash requirements. Additional cash requirements are met with the use of the available operating line of credit and bank borrowings under long term credit arrangements. Available operating line of credit provides flexibility in the short term to meet operational needs and bridge long term financing. The Company's borrowing arrangements are concentrated with a single Canadian financial institution.

#### Credit risk

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from operations. The maximum exposure to credit risk is the carrying value of accounts receivable, capital lease receivable and investments on the balance sheet.

#### Interest rate risk

The Company's interest-bearing assets and liabilities include capital lease receivable, investments, operating line of credit and long-term debt.

A substantial portion of the Company's long term debt and the prime lending rate can cause fluctuation in interest payments and future cash flows associated with the principal portion of the debt. The Company has fixed interest rates on most long term debt and the capital lease receivable. Consequently, the exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited. The capital lease receivable is from a related party.

The majority of the Company's investments are generally of a demand nature, settlement available within four business days which minimizes the impact of fluctuations in market interest rates. The investments are all with one Canadian financial institution.

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