

**West Parry Sound Health Centre**  
**Financial Statements**  
March 31, 2019

**West Parry Sound Health Centre**  
**Financial Statements**  
For the year ended March 31, 2019

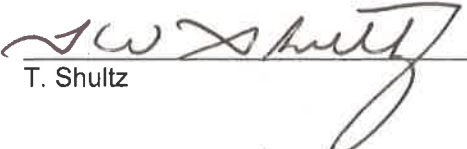
**Contents**

---

<b>Independent Auditors' Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to Financial Statements	12

**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](mailto:ghcpa@vianet.ca)  
WEBSITE: [www.ghcpa.ca](http://www.ghcpa.ca)

---

## **Independent Auditors' Report**

---

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

#### **Opinion**

We have audited the accompanying financial statements of West Parry Sound Health Centre (the "entity"), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, 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 entity as at March 31, 2019, and its financial performance 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 entity 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.

#### **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, 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 entity'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 entity'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 entity 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.



Parry Sound, Ontario  
May 27, 2019

Chartered Professional Accountants  
Licensed Public Accountants

## West Parry Sound Health Centre Statement of Financial Position

March 31	2019	2018
<b>Assets</b>		
<b>Current</b>		
Trust and restricted funds	\$ 19,769	\$ 31,124
Accounts receivable (Note 1)	3,993,437	1,797,573
Due from Ministry of Health and Long-Term Care (Note 9)	176,542	-
Advances - other programs	459,619	128,952
Lakeland Long-Term Care Services Corporation (Note 2)	264,601	190,482
Inventories of supplies	636,975	575,772
Prepaid, deferred expenses and deposits	902,442	876,168
Current portion of capital lease receivable (Note 4)	461,315	438,295
	<b>6,914,700</b>	<b>4,038,366</b>
<b>Capital lease receivable</b> (Note 4)	<b>6,783,242</b>	<b>7,244,557</b>
<b>Parry Sound Pilot Project</b> (Note 3)	<b>407,784</b>	<b>433,146</b>
<b>Capital assets</b> (Note 5)	<b>69,653,325</b>	<b>65,750,741</b>
	<b>76,844,351</b>	<b>73,428,444</b>
	<b>\$ 83,759,051</b>	<b>\$ 77,466,810</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Bank indebtedness (Note 6)	\$ 2,304,956	\$ 823,794
Short-term loan (Note 7)	2,909,376	-
Ministry of Health and Long-Term Care (Note 8)	467,396	320,562
Ministry of Health and Long-Term Care (Note 9)	-	24,751
Accounts payable and accrued liabilities (Note 10)	5,402,202	5,447,610
Deferred revenue	256,118	189,239
Current portion of long-term debt (Note 11)	597,000	562,000
	<b>11,937,048</b>	<b>7,367,956</b>
<b>Long-term debt</b> (Note 11)	<b>8,864,000</b>	<b>9,461,000</b>
<b>Deferred capital grants and contributions</b> (Note 13)	<b>55,908,603</b>	<b>53,186,879</b>
<b>Employee future benefits</b> (Note 18)	<b>2,122,336</b>	<b>2,096,756</b>
	<b>78,831,987</b>	<b>72,112,591</b>
<b>Contingencies</b> (Note 16)		
<b>Net Assets - page 5</b>		
Unrestricted net assets	4,927,064	5,354,219
	<b>\$ 83,759,051</b>	<b>\$ 77,466,810</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 Changes in Net Assets

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
Unrestricted net assets balance, beginning of year	\$ 5,354,219	\$ 5,766,189
Excess (deficiency) of revenue over expenses for the year	<u>(427,155)</u>	<u>(411,970)</u>
Unrestricted net assets balance, end of year	<u>\$ 4,927,064</u>	<u>\$ 5,354,219</u>

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)	2019	2018
<b>Revenues</b>			
Ministry of Health and Long-term Care			
- base funding allocation	\$ 19,317,471	\$ 19,416,075	\$ 18,117,560
- hospital based allocation method	9,333,486	9,245,809	9,948,643
- special programs base funding	740,274	692,002	688,562
- quality based procedures	4,182,800	4,007,836	4,355,056
- wait time funding	-	59,612	63,628
- one time funding	175,750	609,157	978,197
- visiting specialists	85,652	28,701	29,311
- nursing grad guarantee & late career	-	178	3,578
Co-payments and preferred accommodations	900,000	750,359	850,287
HOCC, AFA & other	2,462,850	2,442,511	2,445,506
OHIP & other patient services	4,020,000	4,287,840	3,935,183
Cancer Care Ontario & OBSP	909,740	1,265,399	703,907
Recoveries	3,506,701	3,594,843	3,472,916
Amortization - equipment grants / donations	739,104	961,062	803,247
	<b>46,373,828</b>	<b>47,361,384</b>	<b>46,395,581</b>
Other Programs - MOH (Note 9)	6,750	2,054,099	1,852,808
	<b>46,380,578</b>	<b>49,415,483</b>	<b>48,248,389</b>
<b>Expenses</b>			
Salaries and wages	23,060,000	23,257,711	23,059,478
Employee benefits	5,012,600	4,933,968	4,887,531
Medical staff remuneration	5,229,800	5,271,591	5,216,140
Medical and surgical supplies	2,050,500	2,049,014	2,000,486
Drugs and medicines	1,200,000	1,190,532	1,108,858
Other supplies and expenses (Note 12)	8,900,000	9,160,970	9,099,445
Amortization - equipment	838,560	1,101,258	988,678
Interest on long-term debt - equipment	-	-	6
Bad debts (recovery)	24,000	407,019	33,199
	<b>46,315,460</b>	<b>47,372,063</b>	<b>46,393,821</b>
Other programs - expenses (Note 9)	6,750	2,054,099	1,852,808
	<b>46,322,210</b>	<b>49,426,162</b>	<b>48,246,629</b>
<b>Excess of operating revenues over expenses</b>	<b>58,368</b>	<b>(10,679)</b>	<b>1,760</b>
<b>Capital</b>			
<b>Revenues</b>			
Rental income (net)	71,580	77,637	83,369
Investment income	4,000	2,282	3,840
Capital lease interest income	416,423	383,920	405,792
Donations and fundraising	150,000	38,971	131,132
Amortization - hospital building grant	1,855,000	1,883,572	1,853,995
	<b>2,497,003</b>	<b>2,386,382</b>	<b>2,478,128</b>
<b>Expenses</b>			
Fundraising & special purpose expenses	150,000	38,013	132,110
Interest on long-term debt	545,000	504,603	534,277
Amortization - hospital buildings	2,225,000	2,260,242	2,225,471
	<b>2,920,000</b>	<b>2,802,858</b>	<b>2,891,858</b>
<b>Deficiency of capital revenues over expenses</b>	<b>(422,997)</b>	<b>(416,476)</b>	<b>(413,730)</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (364,629)</b>	<b>\$ (427,155)</b>	<b>\$ (411,970)</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>2019</b>	<b>2018</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ (427,155)	\$ (411,970)
Items not involving cash		
Amortization - buildings	2,260,242	2,225,471
Amortization - equipment	1,101,258	988,678
Amortization of equipment grants	(961,062)	(803,247)
Amortization of building grants	(1,883,572)	(1,853,995)
Changes in non-cash working capital balances		
Due from / to Ministry of Health and Long-Term Care	(54,459)	(9,386)
Accounts receivable	(2,195,864)	34,908
Advances	(330,667)	(5,197)
Lakeland Long-Term Care Services Corporation	(74,119)	3,630
Inventories	(61,203)	102,540
Prepaid and deferred expense	(26,274)	59,869
Accounts payable and accrued liabilities	(45,408)	296,229
Deferred revenue	66,879	55,850
Employee future benefits	25,580	81,727
	<u>(2,605,824)</u>	<u>765,107</u>
<b>Investing and financing activities</b>		
Purchase of capital assets	(7,264,084)	(1,781,041)
Proceeds - sale of equipment	-	7,760
Investment in Parry Sound Pilot Project	25,362	16,747
Advances of short-term debt	2,909,376	-
Repayment of long-term debt	(562,000)	(537,491)
Deferred capital grants & contributions	5,566,358	1,382,422
Capital lease receivable	438,295	416,422
	<u>1,113,307</u>	<u>(495,181)</u>
<b>Increase (decrease) in cash during the year</b>	<b>(1,492,517)</b>	<b>269,926</b>
<b>Bank indebtedness, beginning of year</b>	<b>(792,670)</b>	<b>(1,062,596)</b>
<b>Bank indebtedness, end of year</b>	<b>\$ (2,285,187)</b>	<b>\$ (792,670)</b>
<b>Represented by</b>		
Bank indebtedness	\$ (2,304,956)	\$ (823,794)
Trust and restricted funds	19,769	31,124
	<u>\$ (2,285,187)</u>	<u>\$ (792,670)</u>

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



---

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

---

**March 31, 2019**

---

**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.

---

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

**March 31, 2019**

---

**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.

---

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

**March 31, 2019**

---

### **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.

---

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

**March 31, 2019**

---

### **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, 2019**

### 1. Accounts Receivable

	2019	2018
Trade accounts receivable	\$ 1,775,431	\$ 1,230,659
HST recoverable	329,742	270,965
Forward contract (Note 17)	349,408	-
West Parry Sound Health Centre Foundation - Transfers	1,538,856	295,949
	\$ 3,993,437	\$ 1,797,573

### 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.

	2019	2018
Current trade receivable	\$ 130,301	\$ 89,421
2018 Eldcap surplus	134,300	-
2017 Eldcap surplus	-	101,061
	\$ 264,601	\$ 190,482

### 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

	2019	2018
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	\$ 7,244,557	\$ 7,682,852
Less amounts due within one year included in current assets	461,315	438,295
	\$ 6,783,242	\$ 7,244,557

## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2019**

### 5. Capital Assets

	2019		2018	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Land	\$ 1,799,442	\$ -	\$ 1,799,442	\$ 1,799,442
Buildings & parking lot	88,083,496	30,293,064	57,790,432	59,507,829
Furnishings & equipment	20,567,853	10,504,402	10,063,451	4,443,470
	<b>\$110,450,791</b>	<b>\$ 40,797,466</b>	<b>\$ 69,653,325</b>	<b>\$ 65,750,741</b>

### 6. Bank Indebtedness and Credit Facilities

The hospital has a credit line at TD Canada Trust with a limit of \$2,000,000; 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.

The hospital has a spot foreign exchange facility with a \$1,000,000 USD limit. (see Note 17)

The hospital has TD Visa Business cards with an aggregate limit of \$90,000.

### 7. Short-term Debt

	2019		2018	
Short-term operating loan from TD Canada Trust, \$6,500,000 credit limit, due July 31, 2019 or on demand, monthly payments of interest only at prime less 0.8%, to be converted to long-term when EHR project complete secured by a \$17,000,000 collateral mortgage and accompanied with Insurance.	<b>\$ 2,909,376</b>	<b>\$</b>	<b>-</b>	

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

	2019		2018	
Late Career Funding	\$ -	\$	(32,605)	
Quality Based Procedures (QBPs)	(399,452)		(75,828)	
Wait Time Funding	-		(25,974)	
New Graduate Guarantee	-		(10,258)	
Other	(67,944)		(175,897)	
	<b>\$ (467,396)</b>	<b>\$</b>	<b>(320,562)</b>	

## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2019**

### 9. Other Programs - Ministry of Health

	2019	2018
Funding		
Dispatch Services	\$ 1,988,043	\$ 1,870,809
Municipal taxes	6,750	6,750
	<b>1,994,793</b>	<b>1,877,559</b>
Expenses - Dispatch Services		
Salaries and wages	1,362,931	1,394,437
Employee benefits	607,023	373,656
Supplies	4,871	4,759
Sundry and equipment	56,805	47,293
Buildings and grounds	60,744	59,814
Recoveries	(45,025)	(33,901)
	<b>2,047,349</b>	<b>1,846,058</b>
Expenses - Municipal taxes	<b>6,750</b>	<b>6,750</b>
Total expenses	<b>2,054,099</b>	<b>1,852,808</b>
Excess (deficiency) of revenues over expenses for the year	<b>(59,306)</b>	24,751
Amount from prior year due to (from) Ministry of Health	<b>24,751</b>	78,266
2018/19 Funding amount outstanding	<b>(117,236)</b>	-
Adjustment	-	(24)
2018/19 - Dispatch Services settlement (comparative 2017/18)	<b>(24,751)</b>	<b>(78,242)</b>
Due to (from) the Ministry of Health	<b>\$ (176,542)</b>	<b>\$ 24,751</b>

### 10. Accounts Payable and Accrued Liabilities

	2019	2018
Trade accounts payable	\$ 2,402,587	\$ 1,688,226
Accrued liabilities	796,603	400,668
Accrued salaries, wages and benefits	267,151	1,390,935
Accrued vacation pay	1,550,020	1,534,878
Government remittances	385,841	432,903
	<b>\$ 5,402,202</b>	<b>\$ 5,447,610</b>

## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2019**

### 11. Long-term Debt

	<b>2019</b>	<b>2018</b>
ISDA (International Swaps and Derivatives Association) Master Agreement between TD Canada Trust jointly with West Parry Sound Health Centre and Lakeland Long-Term Care Services Corporation - attracts interest at 4.78% plus .35% stamping fee, due January 9, 2026, repayable in monthly installments of variable principal and interest, amortized over 25 years, secured by land and buildings and a general security agreement.	<b>\$ 9,461,000</b>	\$ 10,023,000
Less amounts due within one year included in current liabilities	<b>597,000</b>	562,000
	<b>\$ 8,864,000</b>	\$ 9,461,000

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

2020	\$	597,000
2021		626,000
2022		659,000
2023		694,000
2024		728,000
Thereafter		6,157,000
	\$	9,461,000

### 12. Other Supplies and Expenses

	<b>2019</b>	<b>2018</b>
Administration and Information Services	<b>\$ 1,511,866</b>	\$ 1,447,633
Human Resources	<b>237,376</b>	152,136
Environmental and Support Services	<b>2,817,020</b>	2,980,963
Acute, Chronic and Critical Care Services	<b>1,635,520</b>	1,591,154
Diagnostic Imaging Services	<b>968,458</b>	1,011,014
Laboratory Services	<b>1,048,132</b>	1,002,989
Lakeland Services	<b>942,598</b>	913,556
	<b>\$ 9,160,970</b>	\$ 9,099,445



## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2019**

### 13. 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.

The Hospital continues to receive capital grants and contributions for building and equipment. The grants and contributions are deferred and amortized over the life of the asset.

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.

	2019	2018
Provincial capital grants	<b>\$ 46,301,295</b>	\$ 46,120,453
Municipal capital grants	<b>10,286,098</b>	10,286,098
Other	<b>2,499,776</b>	2,253,145
West Parry Sound Health Centre Foundation	<b>4,832,343</b>	4,832,343
Lakeland Long-Term Care Services Corporation - building and equipment grants	<b>10,010,414</b>	10,010,414
Deferred equipment grants	<b>23,380,647</b>	18,241,759
	<b>97,310,573</b>	91,744,212
Accumulated amortization	<b>(41,401,970)</b>	(38,557,333)
	<b>\$ 55,908,603</b>	\$ 53,186,879

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

### 14. 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, 2019, 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.

---

## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2019**

---

### **15. 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.

---

### **16. 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, 2019 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.

---

### **17. Forward Contract**

The hospital has entered into a forward contract with a financial institution to mitigate exposure to significant fluctuations in foreign currency relating to known contractual payments to a third party supplier. There is no known exposure to credit risk as of the date of these financial statements.

---

## West Parry Sound Health Centre Notes to Financial Statements

**March 31, 2019**

### 18. 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 \$1,860,164 (2018 - \$1,828,475). 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, 2018 disclosed a regulatory surplus of \$13.9 billion (2017 - \$18.2 billion).

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	2019	2018
Accrued benefit obligation	\$ 2,096,756	\$ 609,432	\$ 2,706,188	\$ 2,581,395
Post-retirement benefits	120,800	39,300	160,100	227,500
Benefits paid	(95,220)	(11,185)	(106,405)	(102,707)
Employee future benefit liabilities	<u>\$ 2,122,336</u>	<u>\$ 637,547</u>	<u>2,759,883</u>	2,706,188
Amount to be recovered from Land Ambulance Service			<u>(637,547)</u>	(609,432)
Net employee future benefit liabilities			<u>\$ 2,122,336</u>	<u>\$ 2,096,756</u>

The net expense for the year ended March 31, 2019 is \$160,100 (2018 - \$227,500).

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%

---

## West Parry Sound Health Centre Notes to Financial Statements

March 31, 2019

---

### 19. 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.

---

### 20. 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.

---