

West Parry Sound Health Centre
Financial Statements
March 31, 2020

West Parry Sound Health Centre
Financial Statements
For the year ended March 31, 2020

Contents

Independent Auditors' Report	2
Financial Statements	
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



R. Alexander

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

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, 2020 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, 2020, 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
June 1, 2020

Chartered Professional Accountants
Licensed Public Accountants

West Parry Sound Health Centre Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash and bank	\$ 148,006	\$ 105,760
Trust and restricted funds	22,884	19,769
Accounts receivable (Note 1)	2,904,994	3,993,437
Due from Ministry of Health and Long-Term Care (Note 9)	-	176,542
Advances - other programs	1,071,893	459,619
Lakeland Long-Term Care Services Corporation (Note 2)	266,054	264,601
Inventories of supplies	795,049	636,975
Prepaid, deferred expenses and deposits	643,931	902,442
Current portion of capital lease receivable (Note 4)	485,545	461,315
	6,338,356	7,020,460
Capital lease receivable (Note 4)	6,297,696	6,783,242
Due from WPSHC Foundation (Note 15)	1,811,391	-
Parry Sound Pilot Project (Note 3)	316,959	407,784
Capital assets (Note 5)	72,504,189	69,653,325
	80,930,235	76,844,351
	\$ 87,268,591	\$ 83,864,811
Liabilities and Net Assets		
Current		
Bank indebtedness (Note 6)	\$ 3,015,598	\$ 2,410,716
Short-term loan (Note 7)	5,448,834	2,909,376
Ministry of Health and Long-Term Care (Note 8)	397,204	467,396
Ministry of Health and Long-Term Care (Note 9)	152,160	-
Accounts payable and accrued liabilities (Note 10)	5,896,849	5,402,202
Deferred revenue	170,895	256,118
Current portion of long-term debt (Note 11)	626,000	597,000
	15,707,540	12,042,808
Long-term debt (Note 11)	8,238,000	8,864,000
Deferred capital grants and contributions (Note 13)	56,938,231	55,908,603
Employee future benefits (Note 19)	2,147,738	2,122,336
	83,031,509	78,937,747
Contingencies (Note 16)		
Net Assets - page 5		
Unrestricted net assets	4,237,082	4,927,064
	\$ 87,268,591	\$ 83,864,811

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**

For the year ended March 31	2020	2019
Unrestricted net assets balance, beginning of year	\$ 4,927,064	\$ 5,354,219
Excess (deficiency) of revenue over expenses for the year	<u>(689,982)</u>	<u>(427,155)</u>
Unrestricted net assets balance, end of year	<u>\$ 4,237,082</u>	<u>\$ 4,927,064</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	2020		2019
	(Unaudited)		
Revenues			
Ministry of Health and Long-term Care			
- base funding allocation	\$ 19,416,075	\$ 21,268,692	\$ 19,416,075
- hospital based allocation method	9,245,809	9,245,809	9,245,809
- quality based procedures	4,331,460	4,477,865	4,007,836
- special programs base funding	676,860	859,148	692,002
- one time funding	166,164	245,505	668,947
- visiting specialists	85,652	67,599	28,701
Cancer Care Ontario & OBSP	1,243,131	1,013,094	1,265,399
HOCC, AFA & other	2,449,243	2,486,637	2,442,511
Co-payments and preferred accommodations	900,000	585,071	750,359
OHIP & other patient services	3,950,757	3,931,105	4,287,840
Recoveries	3,595,000	4,533,162	3,594,843
Amortization - equipment grants / donations	798,000	989,404	961,062
	46,858,151	49,703,091	47,361,384
Other Programs - MOH (Note 9)	6,750	1,932,930	2,054,099
	46,864,901	51,636,021	49,415,483
Expenses			
Salaries and wages	23,632,770	24,664,110	23,257,711
Employee benefits	4,809,454	5,216,835	4,933,968
Medical staff remuneration	5,229,763	5,652,129	5,271,591
Medical and surgical supplies	2,020,000	2,085,080	2,049,014
Drugs and medicines	1,212,000	1,816,957	1,190,532
Other supplies and expenses (Note 12)	8,986,164	9,193,860	9,160,970
Amortization - equipment	944,000	1,194,964	1,101,258
Interest on short-term debt - equipment	-	89,221	-
Bad debts (recovery)	24,000	114,944	407,019
	46,858,151	50,028,100	47,372,063
Other programs - expenses (Note 9)	6,750	1,932,930	2,054,099
	46,864,901	51,961,030	49,426,162
Excess (deficiency)			
of operating revenues over expenses	-	(325,009)	(10,679)
Capital			
Revenues			
Rental income (net)	71,580	115,141	77,637
Investment income	4,000	6,020	2,282
Capital lease interest income	374,420	360,899	383,920
Donations and fundraising	150,000	36,559	38,971
Amortization - hospital building grant	1,855,000	1,901,656	1,883,572
	2,455,000	2,420,275	2,386,382
Expenses			
Fundraising & special purpose expenses	125,000	38,578	38,013
Interest on long-term debt - building	495,000	465,826	504,603
Amortization - buildings & land improvements	2,225,000	2,280,844	2,260,242
	2,845,000	2,785,248	2,802,858
Deficiency of capital revenues over expenses	(390,000)	(364,973)	(416,476)
Excess (deficiency) of revenues over expenses for the year	\$ (390,000)	\$ (689,982)	\$ (427,155)

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

For the year ended March 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (689,982)	\$ (427,155)
Items not involving cash		
Amortization - buildings	2,280,844	2,260,242
Amortization - equipment	1,194,964	1,101,258
Amortization of equipment grants	(989,404)	(961,062)
Amortization of building grants	(1,901,656)	(1,883,572)
Changes in non-cash working capital balances		
Due from / to Ministry of Health and Long-Term Care	258,510	(54,459)
Accounts receivable	1,088,443	(2,195,864)
Advances	(612,274)	(330,667)
Lakeland Long-Term Care Services Corporation	(1,453)	(74,119)
Inventories	(158,074)	(61,203)
Prepaid and deferred expense	258,511	(26,274)
Accounts payable and accrued liabilities	494,647	(45,408)
Deferred revenue	(85,223)	66,879
Employee future benefits	25,402	25,580
	<u>1,163,255</u>	<u>(2,605,824)</u>
Investing and financing activities		
Purchase of capital assets	(6,326,672)	(7,264,084)
Investment in Parry Sound Pilot Project	90,825	25,362
Advances of short-term debt	2,539,458	2,909,376
Receivable from WPSHC Foundation	(1,811,391)	-
Repayment of long-term debt	(597,000)	(562,000)
Deferred capital grants & contributions	3,920,688	5,566,358
Capital lease receivable	461,316	438,295
	<u>(1,722,776)</u>	<u>1,113,307</u>
Decrease in cash during the year	(559,521)	(1,492,517)
Bank indebtedness, beginning of year	(2,285,187)	(792,670)
Bank indebtedness, end of year	\$ (2,844,708)	\$ (2,285,187)
Represented by		
Cash and bank	\$ 148,006	\$ 105,760
Trust and restricted funds	22,884	19,769
Bank indebtedness	<u>(3,015,598)</u>	<u>(2,410,716)</u>
	\$ (2,844,708)	\$ (2,285,187)

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

1. Accounts Receivable

	2020	2019
Trade accounts receivable	\$ 1,746,228	\$ 1,775,431
HST recoverable	368,466	329,742
Forward contract (Note 17)	-	349,408
West Parry Sound Health Centre Foundation - Transfers *	790,300	1,538,856
	\$ 2,904,994	\$ 3,993,437

* This amount is for equipment purchased by the Hospital and the reimbursement from the Foundation is outstanding at March 31.

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.

	2020	2019
Current trade receivable	\$ 184,685	\$ 130,301
2019 Eldcap surplus	81,369	-
2018 Eldcap surplus	-	134,300
	\$ 266,054	\$ 264,601

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

	2020	2019
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	\$ 6,783,241	\$ 7,244,557
Less amounts due within one year included in current assets	485,545	461,315
	\$ 6,297,696	\$ 6,783,242

West Parry Sound Health Centre Notes to Financial Statements

March 31, 2020

5. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,799,442	\$ -	\$ 1,799,442	\$ 1,799,442
Buildings & parking lot	88,374,891	32,582,321	55,792,570	57,790,432
Furnishings & equipment	26,603,130	11,690,953	14,912,177	10,063,451
	\$116,777,463	\$ 44,273,274	\$ 72,504,189	\$ 69,653,325

6. Bank Indebtedness and Credit Facilities

	2020	2019
Bank overdraft (Bank balances 2020 - (\$2,215,013), 2019 - (\$1,744,278))	\$ 3,015,598	\$ 2,410,716

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.

During 2019, the hospital had a spot foreign exchange facility with a \$1,000,000 USD limit. This facility ended when the forward contract was utilized. (see Note 17)

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

7. Short-term Debt

	2020	2019
Short-term operating loan from TD Canada Trust, \$6,500,000 credit limit, due July 31, 2020 or on demand, monthly payments of interest only at prime less 0.5%, to be converted to long-term when EHR project complete secured by a \$17,000,000 collateral mortgage and accompanied with Insurance.	\$ 5,448,834	\$ 2,909,376

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

	2020	2019
Quality Based Procedures (QBPs)	\$ (323,624)	\$ (399,452)
Other	(73,580)	(67,944)
	\$ (397,204)	\$ (467,396)

West Parry Sound Health Centre Notes to Financial Statements

March 31, 2020

9. Other Programs - Ministry of Health

	2020	2019
Funding		
Dispatch Services	\$ 2,078,340	\$ 1,937,586
Municipal taxes	6,750	6,750
	2,085,090	1,944,336
Expenses - Dispatch Services		
Salaries and wages	1,436,304	1,362,931
Employee benefits	380,880	607,023
Supplies	5,470	4,871
Sundry and equipment	73,735	56,805
Buildings and grounds	63,691	60,744
Recoveries	(33,900)	(45,025)
	1,926,180	2,047,349
Expenses - Municipal taxes	6,750	6,750
Total expenses	1,932,930	2,054,099
Excess (deficiency) of revenues over expenses for the year	152,160	(109,763)
Amount from prior year due to (from) Ministry of Health	(176,542)	24,751
2018/19 Funding amount outstanding	66,779	(66,779)
Adjustment	2	-
2018/19 - Dispatch Services settlement (comparative 2017/18)	109,761	(24,751)
Due to (from) the Ministry of Health	\$ 152,160	\$ (176,542)

10. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	\$ 2,546,620	\$ 2,402,587
Accrued liabilities	634,071	796,603
Accrued salaries, wages and benefits	455,669	267,151
Accrued vacation pay	1,821,044	1,550,020
Government remittances	439,446	385,841
	\$ 5,896,850	\$ 5,402,202

West Parry Sound Health Centre Notes to Financial Statements

March 31, 2020

11. Long-term Debt

	2020	2019
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 - interest floating rate 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. (NBV \$57,592,012)	\$ 8,864,000	\$ 9,461,000
Less amounts due within one year included in current liabilities	626,000	597,000
	\$ 8,238,000	\$ 8,864,000

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

2021	\$	626,000
2022		659,000
2023		694,000
2024		728,000
2025		770,000
Thereafter		5,387,000
	\$	8,864,000

12. Other Supplies and Expenses

	2020	2019
Administration and Information Services	\$ 1,847,550	\$ 1,511,866
Human Resources	109,813	237,376
Environmental and Support Services	2,565,944	2,817,020
Acute, Chronic and Critical Care Services	1,719,047	1,635,520
Diagnostic Imaging Services	817,218	968,458
Laboratory Services	1,151,069	1,048,132
Lakeland Services	983,219	942,598
	\$ 9,193,860	\$ 9,160,970

West Parry Sound Health Centre Notes to Financial Statements

March 31, 2020

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.

	2020	2019
Provincial capital grants	\$ 46,736,639	\$ 46,301,295
Municipal capital grants	10,286,098	10,286,098
Other	2,499,776	2,499,776
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	26,865,991	23,380,647
Accumulated amortization	101,231,261 (44,293,030)	97,310,573 (41,401,970)
	\$ 56,938,231	\$ 55,908,603

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, 2020, 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, 2020

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, 2020 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

During 2019, 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. This forward contract was settled during the 2020 fiscal year and the facility was ended.

18. Subsequent Event

Due to the global pandemic COVID 19, the hospital has incurred extensive expenses such as extra staffing and personal protective equipment (PPE). At this time the Ministry has not provided any additional funding for these costs, At this time there is no way to know how long this will last or what the financial impact on the hospital will be.

West Parry Sound Health Centre Notes to Financial Statements

March 31, 2020

19. 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 \$1,976,565 (2019 - \$1,860,164). 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, 2019 disclosed a regulatory surplus of \$20.6 billion (2018 - \$13.9 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	2020	2019
Accrued benefit obligation	\$ 2,122,336	\$ 637,547	\$ 2,759,883	\$ 2,706,188
Post-retirement benefits	127,700	41,600	169,300	160,100
Benefits paid	(102,298)	(15,349)	(117,647)	(106,405)
Employee future benefit liabilities	<u>\$ 2,147,738</u>	<u>\$ 663,798</u>	<u>2,811,536</u>	<u>2,759,883</u>
Amount to be recovered from Land Ambulance Service			<u>(663,798)</u>	<u>(637,547)</u>
Net employee future benefit liabilities			<u>\$ 2,147,738</u>	<u>\$ 2,122,336</u>

The net expense for the year ended March 31, 2020 is \$127,700 (2019 - \$160,100).

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, 2020

20. 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.

21. 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 Hospital'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.
