

**Sioux Lookout Meno Ya Win Health Centre**  
**Financial Statements**

*March 31, 2019*

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# Sioux Lookout Meno Ya Win Health Centre

## Contents

*For the year ended March 31, 2019*

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Page

### Management's Responsibility

### Independent Auditors' Report

### Financial Statements

Statement of Financial Position .....	1
Statement of Operations .....	2
Statement of Changes in Net Assets (Net Debt) - Operating Fund .....	3
Statement of Operations and Changes in Fund Balance - Trust Fund .....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements .....	6

### Schedules

Schedule 1 - Other Revenue .....	16
Schedule 2 - Other Votes and Programs .....	17
Schedule 3 - Salaries, Wages and Purchased Services .....	18
Schedule 4 - Employee Benefits .....	19
Schedule 5 - Medical Staff Remuneration .....	20
Schedule 6 - Supplies and Other Expenses .....	21
Schedule 7 - Diabetes Education Program .....	22
Schedule 8 - Health Canada Programs .....	23

## **Management's Responsibility**

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To the Resource Utilization Committee of Sioux Lookout Meno Ya Win Health Centre:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is comprised primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 13, 2019

  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
Executive Vice President / Chief Operating Officer

# Independent Auditor's Report

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To the Resource Utilization Committee of Sioux Lookout Meno Ya Win Health Centre:

## Opinion

We have audited the financial statements of Sioux Lookout Meno Ya Win Health Centre (the "Health Centre"), 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 Health Centre as at March 31, 2019, and the results of its operations, changes in net assets 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 Health Centre 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 Health Centre'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 Health Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Centre'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 Health Centre'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 Health Centre'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 Health Centre 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.

Thunder Bay, Ontario

June 13, 2019

*MNP LLP*

Chartered Professional Accountants

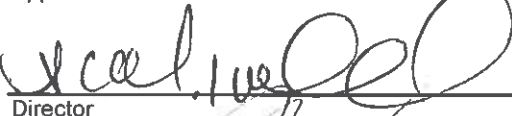
Licensed Public Accountants

# Sioux Lookout Meno Ya Win Health Centre

## Statement of Financial Position

As at March 31,	2019	2018
<b>Current Assets</b>		
Cash (Note 2)	\$ 2,243,507	\$ 1,190,734
Accounts Receivable (Note 3)	2,924,283	4,165,826
Inventory (Note 4)	224,164	175,106
Prepaid Expenses	555,621	533,333
<b>Total Current Assets</b>	<u>5,947,575</u>	<u>6,064,999</u>
<b>Non-Current Assets</b>		
Capital Assets (Note 5)	118,190,331	121,194,288
<b>Total Assets</b>	<u>\$ 124,137,906</u>	<u>\$ 127,259,287</u>
<b>Trust Fund</b>		
Short-Term Investments	\$ 8,775	\$ 11,340
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 7,042,399	\$ 6,267,227
Deferred Revenue (Note 7)	69,759	66,321
Current Portion of Long-Term Debt (Note 8)	184,195	178,830
Current Portion of Post-Retirement Benefits Liability (Note 9)	123,100	97,200
<b>Total Current Liabilities</b>	<u>7,419,453</u>	<u>6,609,578</u>
<b>Long-Term Liabilities</b>		
Long-Term Debt (Note 8)	1,190,105	1,374,299
Post-Retirement Benefits Liability (Note 9)	2,257,400	2,092,400
Unamortized Deferred Capital Financing (Note 10)	111,316,924	115,007,613
Deferred Contributions - Restricted for Future Capital Asset Purchases (Note 11)	627,691	624,162
<b>Total Long-Term Liabilities</b>	<u>115,392,120</u>	<u>119,098,474</u>
<b>Net Assets</b>		
Unrestricted	(5,547,074)	(4,635,440)
Investment in Capital Assets (Note 12)	6,873,407	6,186,675
<b>Closing Net Assets Balance</b>	<u>1,326,333</u>	<u>1,551,235</u>
<b>Total Liabilities and Net Assets Balance</b>	<u>\$ 124,137,906</u>	<u>\$ 127,259,287</u>
<b>Trust Fund</b>		
Fund Balance - Dr. Hugh W. Allen Scholarship	\$ 8,775	\$ 11,340

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

# Sioux Lookout Meno Ya Win Health Centre

## Statement of Operations

For the year ended March 31,	2019	2018
<b>Revenue</b>		
Ministry of Health and Long Term Care Base Allocation	\$ 34,052,874	\$ 32,318,374
Ministry of Health and Long Term Care One Time Payments	199,271	2,034,879
Ministry of Health and Long Term Care Recoveries	(289,216)	(186,316)
Paymaster	86,372	86,372
Hospital On-Call Coverage	672,187	672,187
Visiting Specialist	90,785	88,510
Cancer Care Ontario Funding	126,300	14,100
Health Canada	343,872	295,967
Other Revenue (Schedule 1)	6,478,252	6,888,600
Amortization of Donations and Grants for Equipment	235,298	229,618
<b>Total Revenue</b>	<b>41,995,995</b>	<b>42,442,291</b>
<b>Expenses</b>		
Salaries, Wages and Purchased Services (Schedule 3)	22,172,032	21,951,426
Employee Benefits (Schedule 4)	4,724,043	4,609,945
Employee Future Benefits (Note 9)	180,900	171,000
Medical Staff Remuneration (Schedule 5)	1,977,021	1,933,738
Supplies and Other Expenses (Schedule 6)	9,293,705	9,230,061
Medical and Surgical Supplies	1,179,383	1,224,253
Drugs and Medical Gases	970,253	882,332
Equipment Amortization	694,116	760,523
Software Amortization	29,837	37,638
Bad Debts	705,075	880,841
<b>Total Expenses</b>	<b>41,926,365</b>	<b>41,681,757</b>
<b>Excess of Revenue Over Expenses from Hospital Operations</b>	<b>69,630</b>	<b>760,534</b>
<b>Other Items</b>		
Amortization of Deferred Contributions Related to Buildings	3,517,754	3,517,754
Amortization of Buildings	(3,755,359)	(3,711,334)
Interest on Long-Term Liabilities	(43,560)	(70,626)
(Loss) on Disposal of Capital Assets	(13,367)	-
	<b>(294,532)</b>	<b>(264,206)</b>
<b>Other Votes and Programs - Revenues (Schedule 2)</b>	<b>2,944,242</b>	<b>2,329,787</b>
<b>Other Votes and Programs - Expenses (Schedule 2)</b>	<b>(2,944,242)</b>	<b>(2,342,499)</b>
	<b>-</b>	<b>(12,712)</b>
<b>Surplus (Deficit) of Revenue Over Expenses for the Year</b>	<b>\$ (224,902)</b>	<b>\$ 483,616</b>

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

**Sioux Lookout Meno Ya Win Health Centre**  
**Statement of Changes in Net Assets (Net Debt)**  
**Operating Fund**

**For the year ended March 31, 2019**

	Invested in Capital Assets	Unrestricted	2019 Total
Balance, beginning of year	\$ 6,186,675	\$ (4,635,440)	\$ 1,551,235
Excess (deficiency) of revenue over expenses for the year (Note 12)	(726,260)	501,358	(224,902)
Net change in investment in capital assets (Note 12)	1,412,992	(1,412,992)	-
Balance, end of year	<u>\$ 6,873,407</u>	<u>\$ (5,547,074)</u>	<u>\$ 1,326,333</u>

**For the Year Ended March 31, 2018**

	Invested in Capital Assets	Unrestricted	2018 Total
Balance, beginning of year	\$ 6,136,414	\$ (5,068,795)	\$ 1,067,619
Excess (deficiency) of revenue over expenses for the year (Note 12)	(762,217)	1,245,833	483,616
Net change in investment in capital assets (Note 12)	812,478	(812,478)	-
Balance, end of year	<u>\$ 6,186,675</u>	<u>\$ (4,635,440)</u>	<u>\$ 1,551,235</u>

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



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**Sioux Lookout Meno Ya Win Health Centre**  
**Statement of Operations and Changes in Fund Balance**  
**Trust Fund**

<b>For the year ended March 31,</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>	<u>2,565</u>	<u>2,000</u>
<b>Deficiency of Revenue Over Expenses</b>	(2,565)	(2,000)
<b>Fund Balance, Beginning of Year</b>	11,340	13,340
<b>Fund Balance, End of Year</b>	<u><u>\$ 8,775</u></u>	<u><u>\$ 11,340</u></u>

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

# Sioux Lookout Meno Ya Win Health Centre

## Statement of Cash Flows

March 31,	2019	2018
<b>Cash Provided By (Used In) Operating Activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (224,902)	\$ 483,616
Items not involving cash		
Amortization of capital assets (Note 12)	4,479,312	4,509,495
Amortization of deferred provincial equipment and building grants (Note 10)	(3,753,052)	(3,747,372)
Amortization of capital assets related to other votes and programs (Note 12)	-	94
Loss on disposal of capital assets (Note 12)	13,367	-
	<u>514,725</u>	<u>1,245,833</u>
<b>Changes in Non-Cash Working Capital Balances</b>		
Accounts Receivable	1,241,543	(1,459,211)
Inventory	(49,058)	(28,968)
Prepaid Expenses	(22,288)	(37,411)
Accounts Payable and Accrued Liabilities	775,172	(257,596)
Deferred Revenue	3,438	-
Post-Retirement Benefits	190,900	181,000
	<u>2,139,707</u>	<u>(1,602,186)</u>
	<u>2,654,432</u>	<u>(356,353)</u>
<b>Financing Activities</b>		
Repayment of long-term debt	(178,829)	(977,707)
<b>Capital Activities</b>		
Purchase of capital assets (Note 12)	(1,488,722)	(1,144,915)
Capital grants and fund raising receipts (Note 12)	65,892	335,903
	<u>(1,422,830)</u>	<u>(809,012)</u>
<b>Increase (Decrease) in cash during the year</b>	<u>1,052,773</u>	<u>(2,143,072)</u>
<b>Cash, beginning of year</b>	<u>1,190,734</u>	<u>3,333,806</u>
<b>Cash, end of year</b>	<u><u>2,243,507</u></u>	<u><u>1,190,734</u></u>
<b>Represented by:</b>		
Bank balance	2,234,410	1,184,694
Unrestricted	9,097	6,040
<b>Cash, end of year</b>	<u><u>\$ 2,243,507</u></u>	<u><u>\$ 1,190,734</u></u>
<b>Supplementary cash flow information</b>		
Interest paid	\$ 43,560	\$ 49,816
Interest income	\$ 27,744	\$ 3,127

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

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# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies

#### Management's Responsibility for the Financial Statements

The financial statements of Sioux Lookout Meno Ya Win Health Centre (the "Health Centre") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board.

The Sioux Lookout Meno Ya Win Health Centre Foundation is a separate entity whose financial information is reported separately from the hospital.

#### Nature and Purpose of the Organization

The Health Centre was created by Bill PR15 of the Ontario Legislature that received Royal Assent on December 14, 2001. The Health Centre's vision is to "be a centre of excellence for health through New and Expanded Services and Partnerships". The Health Centre is a not-for-profit organization that is exempt from corporate income taxes.

These financial statements reflect the assets, liabilities and operations of the Health Centre. They do not include the assets, liabilities or operations of the Sioux Lookout Meno Ya Win Health Centre Foundation, which, although associated with the Health Centre, is separately managed, and reports to a separate Board of Trustees.

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

#### Ministry of Health and Long-Term Care:

- |   |  |
|---|--|
| - Community Mental Health and Addictions Programs | - Community Support Services - Foot Care |
| - Rent Supplement                                 | - Diabetes Education Program             |
| - Community Health Promotion                      |  |

The Scholarship or Trust Fund, which records the activities related to the investments and granting of scholarships to students, is for students enrolled at a post secondary institution in a health discipline.

The operating results of these programs are recorded in Schedule 2 and Schedule 7 to the financial statements and their assets and liabilities are reported on the statement of financial position of the Health Centre. Program surpluses are recorded as repayable in the year incurred, except for those programs for which permission has been obtained to carry over surpluses for future program expenditures. In these cases, program surpluses have been recorded as deferred contributions. Program deficits are included in general operations, since they are not funded by the Ministry. Adjustment settlements by the Ministry are recorded when settled.

#### Revenue Recognition

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

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

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# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

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

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

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

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

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

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

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

#### Contributed Services

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

#### Cash and Cash Equivalents

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### Investments

Investments are recorded at fair value. Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.

Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions and at a specific point in time and may not be reflective of future fair value.

#### Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on an average cost basis. Inventories consist of medical and general supplies that are used in the Health Centre's operations and not for resale purposes.

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# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Purchased capital assets are initially recorded at cost, except for capital assets purchased for other programs. The capital assets policy for other programs is described below under Ministry of Health and Long-Term Care Programs. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Health Centre's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year purchased, and software over a three year period. Construction in progress is not amortized until the project is complete and the facilities come into use.

Capital Assets are amortized over the useful life of the asset using the straight-line method. The capital assets are amortized as follows:

Land improvements	3 to 20 Years
Building and building service equipment	10 to 40 Years
Major equipment	3 to 20 Years
Residence - other land and buildings	10 to 40 Years
Residence - furniture and fixtures	3 to 20 Years

#### Compensated Absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Health Centre's benefit plans for vacation, sick leave and retirement allowances.

#### Post-Retirement Benefits

The Health Centre accrues its obligation for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages and expected health care costs. The attribution period for such cost begins the date of hire of the employee to the date the employee becomes fully eligible to receive the benefits. The discount rate used to determine accrued benefit obligations is based on a year-end market rate of interest for high quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Adjustments arising from plan amendments, including past service costs, are amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.

The Health Centre is an employer member of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Health Centre has adopted defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles. The Health Centre records as pension expense the current service cost, amortization of past service costs and interest costs related to future employer contributions to the Plan for past employee service.

#### Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

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# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies (continued)

#### Use of Estimates (continued)

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization of capital assets and deferred capital contributions are based on the estimated useful lives of capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year end. The post retirement benefits liability is based on a tri-annual actuarial evaluation which is revised and updated annually.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

#### Financial Instruments

The Health Centre recognized its financial instruments when the Health Centre becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Health Centre may irrevocably elect to subsequently measure any financial instrument at fair value. The Health Centre has not made such an election during the year.

The Health Centre subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that is linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Health Centre's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the organization, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the surplus/deficit for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

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### 2. Cash

The Health Centre's bank accounts are held at one chartered bank. The Health Centre is exposed to credit risk on balances in excess of those guaranteed by the Canadian Deposit Insurance Corporation. The bank account earns interest at prime less 1.9%.

The Health Centre has an operating line of credit of \$4,000,000 that bears an interest rate of prime less 0.5%, is unsecured and is due on demand, and Corporate MasterCard repayable on demand and in accordance with standard terms and conditions. As at March 31, 2019 prime less 0.5% is 3.45% (2018 - 2.95%). As at March 31, 2019, there were unused credit facilities of \$4,000,000 (2018 - \$4,000,000).

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# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

**March 31, 2019**

### 3. Accounts Receivable

	2019	2018
Other	\$ 1,809,185	\$ 2,102,639
Insurers and Patients	1,692,645	1,431,719
Ministry of Health and Long-Term Care	-	789,206
Cancer Care Ontario	77,100	-
Due from Trust Fund	9,000	7,000
Allowance for Doubtful Accounts	(663,647)	(164,738)
	<u>\$ 2,924,283</u>	<u>\$ 4,165,826</u>

### 4. Inventory

	2019	2018
Opening Balance	\$ 175,106	\$ 146,138
Purchases	1,955,420	1,721,392
Expensed	(1,906,362)	(1,692,424)
Ending Balance	<u>\$ 224,164</u>	<u>\$ 175,106</u>

### 5. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 363,026	\$ -	\$ 363,026	\$ -
Land Improvements	516,459	56,614	497,574	6,220
Building and Building Service Equipment	144,137,753	29,922,475	144,075,105	26,217,509
Major Equipment	18,285,059	15,145,377	16,925,184	14,455,372
Residence - Other Land and Buildings	79,548	67,048	79,548	67,048
Residence - Furniture and Fixtures	1,448	1,448	1,448	1,448
	<u>\$ 163,383,293</u>	<u>\$ 45,192,962</u>	<u>\$ 161,941,885</u>	<u>\$ 40,747,597</u>
Net Book Value	<u>\$ 118,190,331</u>		<u>\$ 121,194,288</u>	

During the year capital assets were acquired with an aggregate cost of \$1,488,722 (2018 - \$1,144,915) using operating cash flows.

Assets with a net book value of \$192,338 (2018 - \$573,340) are under construction and have not been amortized in the financial statements.

# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

**March 31, 2019**

<b>6. Accounts Payable and Accrued Liabilities</b>	<b>2019</b>	<b>2018</b>
Accrued Salaries and Benefits	\$ 2,364,276	\$ 2,394,976
Trade Accounts Payable	2,706,828	2,325,596
Other Payables and Accruals	547,262	289,793
Ministry of Health and Long-Term Care	988,311	519,614
Payroll Remittances	435,722	737,248
	<u>\$ 7,042,399</u>	<u>\$ 6,267,227</u>

<b>7. Deferred Revenue</b>	<b>2019</b>	<b>2018</b>
Research and Operations - Opening	\$ 66,321	\$ 66,321
Received during the year	3,438	-
	<u>\$ 69,759</u>	<u>\$ 66,321</u>

<b>8. Long-Term Debt</b>	<b>2019</b>	<b>2018</b>
Loan, bearing interest fixed at 2.96% (2018 - 2.96%), repayable in blended monthly payments of \$18,532, maturing January 29, 2026. Unsecured.	1,374,300	1,553,129
Less: current portion	184,195	178,830
	<u>\$ 1,190,105</u>	<u>\$ 1,374,299</u>

Principal repayments on debt in each of the next five years, assuming long-term debt subject to refinancing is renewed at similar rates and terms, are estimated as follows:

2020	\$ 184,195
2021	189,722
2022	195,415
2023	201,278
2024	207,317
Thereafter	396,373
	<u>\$ 1,374,300</u>

Long-term debt is subject to certain covenants with respect to insuring against all risks relevant to its business operations for amounts of the loans and assign the policies to the bank and assign, hypothecate or otherwise ensure all amounts are payable to the bank.



# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

**March 31, 2019**

### 9. Post-Retirement Benefits Liability

The Health Centre provides extended health care, dental and life insurance to all full time employees who enroll in the benefit plans and extends this coverage to the post-retirement period. The Health Centre accrues its obligations under these plans as the benefits are earned. Similar to most post-employment benefit plans (other than pension) in Canada, the Health Centre's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

	2019	2018
Accrued benefit obligation	\$ 2,115,600	\$ 2,049,000
Unamortized actuarial gain	264,900	140,600
	<u>2,380,500</u>	<u>2,189,600</u>
Less: current portion	123,100	97,200
Accrued employee future benefits obligation liability at March 31	<u>\$ 2,257,400</u>	<u>\$ 2,092,400</u>

	2019	2018
Current year benefit costs	\$ 223,600	\$ 216,000
Amortized actuarial gain	(13,300)	(13,300)
Interest on accrued benefit obligation	77,800	70,900
Reconciliation of plan funds (benefit payments)	(97,200)	(92,600)
	<u>\$ 190,900</u>	<u>\$ 181,000</u>

	2019	2018
Employee Future Benefit Costs from Operations	\$ 180,900	\$ 171,000
Employee Future Benefit Costs from Other Votes and Programs	10,000	10,000
	<u>\$ 190,900</u>	<u>\$ 181,000</u>

#### *Retirement Benefits*

Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Health Centre's contributions are accounted for as if the plan were a defined contribution plan with the Health Centre's contributions being expensed in the period they become due. Contributions made to the plan during the year by the Health Centre amounted to \$1,858,382 (2018 - \$1,794,386).

#### *Post-Employment Benefits*

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

The major assumptions employed for the valuations are as follows:

#### a) Discount Rate

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

#### b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 7.0% per annum in 2020 and decrease by 0.25% per annum thereafter to an ultimate rate of 5.0%.

#### c) Dental Costs

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

# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

**March 31, 2019**

### 10. Unamortized Deferred Capital Financing

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

	2019	2018
Balance, beginning of year as stated	\$ 115,007,613	\$ 118,422,548
Contributions received during the year	65,892	335,903
Contributions received during the year - restricted for future capital asset purchases	(3,529)	(3,466)
Amortization	(3,753,052)	(3,747,372)
Balance, end of year	<u>\$ 111,316,924</u>	<u>\$ 115,007,613</u>

### 11. Deferred Contributions - Restricted for Future Capital Asset Purchases

	2019	2018
Health Canada - New Hospital	\$ 345,236	\$ 345,236
Employee 50/50 Draw	33,967	30,438
Health Canada - Telehealth Equipment	12,722	12,722
Northern Ontario School of Medicine - Equipment	149,390	149,390
Ministry of Health and Long-Term Care - Equipment	86,376	86,376
	<u>\$ 627,691</u>	<u>\$ 624,162</u>

### 12. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 118,190,331	\$ 121,194,288
Amounts financed by Deferred Contributions	(111,316,924)	(115,007,613)
	<u>\$ 6,873,407</u>	<u>\$ 6,186,675</u>

(b) Changes in net assets invested in capital assets is calculated as follows:

	2019	2018
Excess (deficiency) of revenue over expenses:		
Amortization of capital grants	\$ 3,753,052	\$ 3,747,372
Amortization of capital assets	(4,479,312)	(4,509,495)
Amortization of capital assets related to other votes and programs	-	(94)
	<u>(726,260)</u>	<u>(762,217)</u>

# Sioux Lookout Meno Ya Win Health Centre

## Notes to the Financial Statements

March 31, 2019

### 12. Investment in Capital Assets (continued)

	2019	2018
Net changes in investment in capital assets:		
Purchase of capital assets	1,488,722	1,144,915
Contributions received during the year - restricted for future capital asset purchases	3,529	3,466
Loss on disposal of capital assets	(13,367)	-
Deferred capital financing received	(65,892)	(335,903)
	<u>1,412,992</u>	<u>812,478</u>
	<u>\$ 686,732</u>	<u>\$ 50,261</u>

### 13. Pension Agreement

Healthcare of Ontario Pension Plan (the "Plan") provides pension service to more than 357,000 active and retired members and approximately 570 employers. Each year an independent actuary determines the funding status of the Plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent actuarial valuation as at December 31, 2018 disclosed an actuarial surplus of \$13,891 million. The results of this valuation disclosed total actuarial liabilities of \$65,128 million in respect of benefits accrued for service with actuarial assets at that date of \$79,019 million. Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospitals and their employees. As a result, the Health Centre does not recognize any share of the Plan surplus or deficit. Contributions made by the Health Centre to the Plan during the year amounted to \$1,858,382 (2018 - \$1,794,386).

### 14. Contingent Liabilities and Commitments

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

The Health Centre entered into a contract for a period of three years starting July 1, 2019 for dietary, laundry and housekeeping supply and management. The contract will expire June 30, 2022.

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## Sioux Lookout Meno Ya Win Health Centre

### Notes to the Financial Statements

March 31, 2019

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#### 15. Financial Instruments

The Health Centre, as part of its operations, carries a number of financial instruments. It is management's opinion that the Health Centre is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

##### ***Liquidity Risk***

Liquidity risk is the risk that the Health Centre will not be able to meet its financial obligations as they fall due. The Health Centre has a planning budgeting process in place to help determine the funds required to support the Health Centre's normal operating requirements on an ongoing basis. The Health Centre ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain cash balances to meet, at a minimum, expected requirements for a period of at least 90 days. All amounts in accounts payable are current.

##### ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Health Centre is exposed to interest rate risk on its long-term debt as they are fixed rates.  
The Health Centre's long-term debt have fixed interest rates of 2.96% (2018 - 2.96%).

Contractual maturities of long-term debt are disclosed in Note 8.

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#### 16. Economic Dependence

The Health Centre receives 83.1% (2018 - 83.7%) of its funding from the Ministry of Health and Long-Term Care and the Northwest Local Health Integrated Network.

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**Sioux Lookout Meno Ya Win Health Centre**  
**Schedule 1 - Other Revenue**  
*(Unaudited)*

<b>For the year ended March 31,</b>	<b>2019</b>	<b>2018</b>
<b>Service Recipient</b>		
Ontario Health Insurance Plan	\$ 1,755,791	\$ 1,758,870
Chronic and Long-Term Care Co-Payments	553,471	602,678
Uninsured Residents of Ontario	222,458	595,555
Other Province Insurance	181,928	212,682
Other Service Recipient Revenue	95,742	95,506
Non-resident of Canada	52,153	81,775
Preferred Accommodation Charges	17,692	528
Ambulance Services	70,605	55,005
Workplace Safety and Insurance Board	17,327	20,054
Federal Government	973	-
	<u>2,968,140</u>	<u>3,422,653</u>
<b>Other Revenue and Recoveries</b>		
Other Revenue and Recoveries	1,030,634	959,651
Food Services	851,480	808,578
Interdepartmental Recoveries	354,893	334,815
Centre for Complex Diabetes Care	458,152	532,267
Office Rent	563,870	526,903
Pharmacy Services	99,383	139,178
Building and Grounds Services	99,607	100,026
Speech/Language Pathology Services	10,286	30,680
Accommodation Rent	13,563	18,154
Interest Income	27,744	12,265
Operational Grants and Donations	500	3,430
	<u>3,510,112</u>	<u>3,465,947</u>
<b>Total Revenue</b>	<u><u>\$ 6,478,252</u></u>	<u><u>\$ 6,888,600</u></u>

**Sioux Lookout Meno Ya Win Health Centre**  
**Schedule 2 - Other Votes and Programs**

(Unaudited)

	Community Mental Health and Addictions Programs									
	Substance Abuse	Problem Gambling	Community Mental Health	Supportive Housing	Administration	Rent Supplement	Community Health Promotion	Community Support Services	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue</b>										
Ministry of Health and Long-Term Care	1,396,698	84,793	916,442	210,000	-	73,920	349,300	100,000	3,131,153	2,375,534
Ministry of Health and Long-Term Care Recoveries	(37,479)	(6,590)	(29,528)	(56,686)	-	(73,920)	-	(6,935)	(211,138)	(74,937)
Sessional Fee Funding	-	-	8,640	-	-	-	-	-	8,640	8,640
Other Revenue and Recoveries	-	-	-	-	15,587	-	-	-	15,587	20,550
<b>Total Revenue</b>	<b>1,359,219</b>	<b>78,203</b>	<b>895,554</b>	<b>153,314</b>	<b>15,587</b>	<b>-</b>	<b>349,300</b>	<b>93,065</b>	<b>2,944,242</b>	<b>2,329,787</b>
<b>Expenses</b>										
Salaries and Wages	797,886	62,888	510,049	81,910	247,169	-	-	57,143	1,757,045	1,576,478
Employee Benefits	172,362	15,315	119,670	19,775	61,572	-	-	13,056	401,750	382,656
Employee Future Benefits (Note 9)	-	-	-	-	10,000	-	-	-	10,000	10,000
Medical Fees	-	-	1,383	-	-	-	-	-	1,383	-
Supplies and Other Expenses	1,432	-	15,805	51,629	318,466	-	349,300	4,159	740,791	339,063
Medical and Surgical Supplies	14,566	-	-	-	-	-	-	18,707	33,273	34,208
Amortization	-	-	-	-	-	-	-	-	-	94
<b>Total Expenses</b>	<b>986,246</b>	<b>78,203</b>	<b>646,907</b>	<b>153,314</b>	<b>637,207</b>	<b>-</b>	<b>349,300</b>	<b>93,065</b>	<b>2,944,242</b>	<b>2,342,499</b>
<b>Net Revenue (Expense) Before Other Items</b>	<b>372,973</b>	<b>-</b>	<b>248,647</b>	<b>-</b>	<b>(621,620)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,712)</b>
<b>Allocated Administration</b>	<b>(372,973)</b>	<b>-</b>	<b>(248,647)</b>	<b>-</b>	<b>621,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,712)</b>

**Sioux Lookout Meno Ya Win Health Centre**  
**Schedule 3 - Salaries, Wages and Purchased Services**  
*(Unaudited)*

<b>For the year ended March 31,</b>	<b>2019</b>	<b>2018</b>
<b>Patient Care</b>		
Ambulatory Care	\$ 2,066,261	\$ 1,949,593
Centre for Complex Diabetes Care	290,521	358,696
Community Health and Support Services	335,158	440,838
Diabetes Education	516,005	623,115
Diagnostics Imaging	1,473,159	1,444,544
Extended Care Unit	948,948	931,444
Inpatient Wards	5,170,186	4,780,522
Laboratory	1,493,991	1,512,241
Operating Room	872,124	933,854
Pharmacy	337,466	379,158
Therapeutic Services	969,694	1,036,198
<b>Total Patient Care</b>	<b>14,473,513</b>	<b>14,390,203</b>
<b>Support Services</b>		
Administration	2,425,375	2,373,584
Environmental Services	1,378,143	1,380,950
Food Services	819,606	815,644
Information System Support	401,977	384,630
In House Education	193,629	205,350
Marketed Services	216,119	221,224
Materials Management	329,595	297,573
Patient Information	1,033,811	987,383
Physical Plant	900,264	894,885
<b>Total Support Services</b>	<b>7,698,519</b>	<b>7,561,223</b>
<b>Total Salaries, Wages and Purchased Services</b>	<b>\$ 22,172,032</b>	<b>\$ 21,951,426</b>

**Sioux Lookout Meno Ya Win Health Centre**  
**Schedule 4 - Employee Benefits**  
*(Unaudited)*

<b>For the year ended March 31,</b>	<b>2019</b>	<b>2018</b>
Benefit and Vacation % in Lieu	\$ 323,408	\$ 325,925
Canada Pension Plan	834,446	820,720
Dental Insurance	134,595	118,160
Employer Health Tax	421,405	422,656
Employment Insurance	342,808	337,882
Extended Health Care Insurance	266,734	343,723
Group Life and Accidental Death & Dismemberment	83,281	81,899
Hospital Pension Plan	1,711,832	1,679,000
Long-Term Disability Insurance	301,227	186,654
Other	9,985	38,311
Semi-Private Insurance	15,833	2,825
Workplace Safety & Insurance Board	278,489	252,190
<b>Total Employee Benefits</b>	<b>\$ 4,724,043</b>	<b>\$ 4,609,945</b>



## Sioux Lookout Meno Ya Win Health Centre

### Schedule 5 - Medical Staff Remuneration

*(Unaudited)*

<b>For the year ended March 31,</b>	<b>2019</b>	<b>2018</b>
Centre for Complex Diabetes Care	\$ 10,000	\$ 10,000
Clinical Laboratory	18,414	18,357
Diagnostic Readings	1,110,098	1,066,970
Employee Health	72,000	72,000
Hospital On Call Coverage	672,187	672,187
Visiting Specialist	94,322	94,224
<b>Total Medical Staff Remuneration</b>	<b>\$ 1,977,021</b>	<b>\$ 1,933,738</b>

## Sioux Lookout Meno Ya Win Health Centre

### Schedule 6 - Supplies and Other Expenses

*(Unaudited)*

For the year ended March 31,	2019	2018
<b>Patient Care</b>		
Ambulatory Care	\$ 64,928	\$ 57,112
Centre for Complex Diabetes Care	58,211	53,955
Community Health and Support Services	4,138	3,628
Diabetes Education	207,233	269,079
Diagnostics Imaging	360,908	358,859
Extended Care Unit	91,893	119,845
Inpatient Wards	422,205	452,625
Laboratory	1,101,655	1,129,246
Operating Room	57,658	44,462
Pharmacy	273,875	99,056
Therapeutic Services	37,810	47,491
<b>Total Patient Care</b>	<b>2,680,514</b>	<b>2,635,358</b>
<b>Support Services</b>		
Administration	1,302,978	1,239,814
Environmental Services	325,486	355,028
Food Services	435,542	381,582
Information System Support	1,230,662	1,224,061
In House Education	118,378	84,340
Marketed Services	699,858	549,615
Materials Management	56,513	45,896
Patient Information	152,999	119,261
Physical Plant	2,290,775	2,595,106
<b>Total Support Services</b>	<b>6,613,191</b>	<b>6,594,703</b>
<b>Total Supplies and Other Expenses</b>	<b>\$ 9,293,705</b>	<b>\$ 9,230,061</b>

**Sioux Lookout Meno Ya Win Health Centre**  
**Schedule 7 - Diabetes Education Program**  
*(Unaudited)*

<b>For the year ended March 31,</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Ministry of Health and Long-Term Care Base Allocation	\$ 878,166	\$ 878,166
Other Revenue and Recoveries	-	34,259
<b>Total Revenue</b>	<b>878,166</b>	<b>912,425</b>
<b>Operating Expenses</b>		
Salaries and Wages	516,005	623,115
Employee Benefits	109,206	130,993
Supplies and Other Expenses	122,926	163,021
<b>Total Operating Expenses</b>	<b>748,137</b>	<b>917,129</b>
<b>Net Revenue (Expense) Before Amount Repayable</b>	<b>\$ 130,029</b>	<b>\$ (4,704)</b>
<b>Amount Repayable</b>	<b>(130,029)</b>	<b>-</b>
<b>Net Expense</b>	<b>\$ -</b>	<b>\$ (4,704)</b>

**Sioux Lookout Meno Ya Win Health Centre**  
**Schedule 8 - Health Canada Programs**

*(Unaudited)*

	Radiology	Admitting	Non-Invasive Cardiology	Emerging Technologies	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue</b>						
Health Canada	67,106	100,592	20,194	155,980	343,872	295,967
Ontario Health Insurance Plan	34,295	-	17,183	-	51,478	50,042
<b>Total Revenue</b>	<b>101,401</b>	<b>100,592</b>	<b>37,377</b>	<b>155,980</b>	<b>395,350</b>	<b>346,009</b>
<b>Expenses</b>						
Salaries and Benefits	44,502	73,224	10,823	29,027	157,576	124,726
Administration Fee	9,043	9,603	3,754	12,084	34,484	21,887
Medical Fees	22,917	-	26,324	-	49,241	42,661
Supplies and Other Expenses	2,005	22,187	392	41,514	66,098	157,286
Equipment	21,005	621	-	50,299	71,925	2,420
<b>Total Expenses</b>	<b>99,472</b>	<b>105,635</b>	<b>41,293</b>	<b>132,924</b>	<b>379,324</b>	<b>348,980</b>
<b>Net Revenue (Expense)</b>	<b>1,929</b>	<b>(5,043)</b>	<b>(3,916)</b>	<b>23,056</b>	<b>16,026</b>	<b>(2,971)</b>