

Sioux Lookout Meno Ya Win Health Centre
Financial Statements

March 31, 2018

Sioux Lookout Meno Ya Win Health Centre

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For the year ended March 31, 2018

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Management's Responsibility

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 14, 2018



Chief Executive Officer



Executive Vice President of ~~Corporate Services and~~
Performance / Chief Operating Officer

Independent Auditors' Report

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sioux Lookout Meno Ya Win Health Centre as at March 31, 2018 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.

Other Matter

The supplemental information contained in the schedules is presented for the purposes of additional analysis and is not part of the basic audited financial statements. The information in the schedules was derived from the accounting records tested in forming an opinion on the financial statements as a whole.

Thunder Bay, Ontario
June 14, 2018

MNP LLP


Chartered Professional Accountants
Licensed Public Accountants

Sioux Lookout Meno Ya Win Health Centre

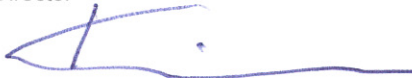
Statement of Financial Position

As at March 31,	2018	2017
Current Assets		
Cash (Note 2)	\$ 1,190,734	\$ 3,333,806
Accounts Receivable (Note 3)	4,165,826	2,706,615
Inventory (Note 4)	175,106	146,138
Prepaid Expenses	533,333	495,922
Total Current Assets	6,064,999	6,682,481
Non-Current Assets		
Capital Assets (Note 5)	121,194,288	124,558,962
Total Assets	\$ 127,259,287	\$ 131,241,443
Trust Fund		
Short-Term Investments	\$ 11,340	\$ 13,340
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 6,267,227	\$ 6,524,823
Deferred Revenue (Note 7)	66,321	66,321
Current Portion of Long-Term Debt (Note 8)	178,830	206,003
Current Portion of Post-Retirement Benefits Liability (Note 9)	97,200	92,600
Total Current Liabilities	6,609,578	6,889,747
Long-Term Liabilities		
Long-Term Debt (Note 8)	1,374,299	2,324,833
Post-Retirement Benefits Liability (Note 9)	2,092,400	1,916,000
Unamortized Deferred Capital Financing (Note 10)	115,007,613	118,422,548
Deferred Contributions - Restricted for Future Capital Asset Purchases (Note 11)	624,162	620,696
Total Long-Term Liabilities	119,098,474	123,284,077
Net Assets		
Unrestricted	(4,635,440)	(5,068,795)
Investment in Capital Assets (Note 12)	6,186,675	6,136,414
Closing Net Assets Balance	1,551,235	1,067,619
Total Liabilities and Net Assets Balance	\$ 127,259,287	\$ 131,241,443
Trust Fund		
Fund Balance - Dr. Hugh W. Allen Scholarship	\$ 11,340	\$ 13,340

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,	2018	2017 (Restated)
Revenue		
Ministry of Health and Long Term Care Base Allocation	\$ 32,318,374	\$ 31,664,974
Ministry of Health and Long Term Care One Time Payments	2,034,879	1,430,990
Ministry of Health and Long Term Care Recoveries	(186,316)	(481,253)
Paymaster	86,372	88,172
Hospital On-Call Coverage	672,187	672,187
Visiting Specialist	88,510	88,510
Cancer Care Ontario Funding	14,100	24,300
Health Canada	295,967	278,790
Other Revenue (Schedule 1)	6,888,600	6,051,819
Amortization of Donations and Grants for Equipment	229,618	494,823
Total Revenue	42,442,291	40,313,312
Expenses		
Salaries, Wages and Purchased Services (Schedule 3)	21,951,426	20,879,820
Employee Benefits (Schedule 4)	4,609,945	4,922,169
Employee Future Benefits (Note 9)	171,000	154,200
Medical Staff Remuneration (Schedule 5)	1,933,738	1,732,362
Supplies and Other Expenses (Schedule 6)	9,230,061	8,840,824
Medical and Surgical Supplies	1,224,253	1,025,145
Drugs and Medical Gases	882,332	618,812
Equipment Amortization	760,523	980,695
Software Amortization	37,638	60,892
Bad Debts	880,841	894,016
Total Expenses	41,681,757	40,108,935
Excess of Revenue Over Expenses from Hospital Operations	760,534	204,377
Other Items		
Amortization of Deferred Contributions Related to Buildings	3,517,754	3,505,354
Amortization of Buildings	(3,711,334)	(3,745,295)
Interest on Long-Term Liabilities	(70,626)	(78,134)
Gain on Disposal of Capital Assets	-	-
	(264,206)	(318,075)
Other Votes and Programs - Revenues (Schedule 2)	2,329,787	2,301,612
Other Votes and Programs - Expenses (Schedule 2)	(2,342,499)	(2,321,042)
	(12,712)	(19,430)
Surplus (deficit) of Revenue Over Expenses for the Year	\$ 483,616	\$ (133,128)

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, 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>

For the Year Ended March 31, 2017

	Invested in Capital Assets	Unrestricted	2017 Total
Balance, beginning of year	\$ 6,204,590	\$ (5,003,843)	\$ 1,200,747
Excess (deficiency) of revenue over expenses for the year (Note 12)	(787,266)	654,138	(133,128)
Net change in investment in capital assets (Note 12)	719,090	(719,090)	-
Balance, end of year	<u>\$ 6,136,414</u>	<u>\$ (5,068,795)</u>	<u>\$ 1,067,619</u>

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

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

For the year ended March 31,	2018	2017
Revenue	\$ -	\$ -
Expenses	2,000	3,000
Deficiency of Revenue Over Expenses	(2,000)	(3,000)
Fund Balance, Beginning of Year	13,340	16,340
Fund Balance, End of Year	\$ 11,340	\$ 13,340

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

Sioux Lookout Meno Ya Win Health Centre

Statement of Cash Flows

March 31,	2018	2017
Cash Provided By (Used In) Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ 483,616	\$ (133,128)
Items not involving cash		
Amortization of capital assets (Note 12)	4,509,495	4,786,882
Amortization of deferred provincial equipment and building grants (Note 10)	(3,747,372)	(4,000,177)
Amortization of capital assets related to other votes and programs (Note 12)	94	561
Other adjustments to capital assets (Note 12)	-	10,852
	<u>1,245,833</u>	<u>664,990</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	(1,459,211)	233,154
Inventory	(28,968)	23,394
Prepaid Expenses	(37,411)	(117,374)
Accounts Payable and Accrued Liabilities	(257,596)	1,364,596
Deferred Revenue	-	(15,915)
Post-Retirement Benefits	181,000	164,200
	<u>(1,602,186)</u>	<u>1,652,055</u>
	<u>(356,353)</u>	<u>2,317,045</u>
Financing Activities		
Repayment of long-term debt	(977,707)	(200,002)
Capital Activities		
Purchase of capital assets (Note 12)	(1,144,915)	(1,029,939)
Capital grants and fund raising receipts (Note 12)	335,903	302,709
	<u>(809,012)</u>	<u>(727,230)</u>
Increase (Decrease) in cash during the year	<u>(2,143,072)</u>	<u>1,389,813</u>
Cash, beginning of year	<u>3,333,806</u>	<u>1,943,993</u>
Cash, end of year	<u><u>1,190,734</u></u>	<u><u>3,333,806</u></u>
Represented by:		
Bank balance	1,184,694	3,326,416
Unrestricted	6,040	7,390
Cash, end of year	<u><u>\$ 1,190,734</u></u>	<u><u>\$ 3,333,806</u></u>
Supplementary cash flow information		
Interest paid	\$ 49,816	\$ 79,205
Interest income	\$ 3,127	\$ 15,986

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

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

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:

- Mental Health and Addictions Program
- Supportive Housing
- Foot Care Services

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 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 2018 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.

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

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.

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

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.

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

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.

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 MasterCards repayable on demand and in accordance with standard terms and conditions. As at March 31, 2018 prime less 0.5% is 2.95% (2017 - 2.2%). As at March 31, 2018, there were unused credit facilities of \$4,000,000 (2017 - \$4,000,000).

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

3. Accounts Receivable	2018	2017
Other	\$ 2,102,639	\$ 1,594,118
Insurers and Patients	1,431,719	1,729,687
Ministry of Health and Long-Term Care	789,206	100,000
Due from Trust Fund	7,000	5,000
Allowance for Doubtful Accounts	(164,738)	(722,190)
	<u><u>\$ 4,165,826</u></u>	<u><u>\$ 2,706,615</u></u>

4. Inventory	2018	2017
Opening Balance	\$ 146,138	\$ 169,532
Purchases	1,721,392	1,424,230
Expensed	(1,692,424)	(1,447,624)
Ending Balance	<u><u>\$ 175,106</u></u>	<u><u>\$ 146,138</u></u>

5. Capital Assets	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 363,026	\$ -	\$ 363,026	\$ -
Land Improvements	497,574	6,220	22,650	6,220
Building and Building Service Equipment	144,075,105	26,217,509	144,014,582	22,481,903
Major Equipment	16,925,184	14,455,372	16,315,716	13,681,389
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><u>\$ 161,941,885</u></u>	<u><u>\$ 40,747,597</u></u>	<u><u>\$ 160,796,970</u></u>	<u><u>\$ 36,238,008</u></u>
Net Book Value		<u><u>\$ 121,194,288</u></u>		<u><u>\$ 124,558,962</u></u>

During the year capital assets were acquired with an aggregate cost of \$1,144,915 (2017 - \$1,029,939) using operating cash flows.

Assets with a net book value of \$573,340 (2017 - \$378,351) 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, 2018

6. Accounts Payable and Accrued Liabilities

	2018	2017
Accrued Salaries and Benefits	\$ 2,394,976	\$ 2,637,977
Trade Accounts Payable	2,325,596	2,216,677
Other Payables and Accruals	289,793	623,346
Ministry of Health and Long-Term Care	519,614	904,205
Payroll Remittances	737,248	142,618
	<u>\$ 6,267,227</u>	<u>\$ 6,524,823</u>

7. Deferred Revenue

	2018	2017
Research and Operations - Opening	\$ 66,321	\$ 82,236
Recognized during the year	-	(15,915)
	<u>\$ 66,321</u>	<u>\$ 66,321</u>

8. Long-Term Debt

	2018	2017
Loan, bearing interest fixed at 2.96% (2017 - 2.96%), repayable in blended monthly payments of \$4,646, maturing February 28, 2026. Unsecured.	\$ -	\$ 804,087
Loan, bearing interest fixed at 2.96% (2017 - 2.96%), repayable in blended monthly payments of \$18,532, maturing February 28, 2026. Unsecured.	1,553,129	1,726,749
	<u>1,553,129</u>	<u>2,530,836</u>
Less: current portion	178,830	206,003
	<u>\$ 1,374,299</u>	<u>\$ 2,324,833</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:

2019	\$ 178,830
2020	184,195
2021	189,722
2022	195,415
2023	201,278
Thereafter	603,689
	<u>\$ 1,553,129</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, 2018

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.

	2018	2017
Accrued benefit obligation	\$ 2,049,000	\$ 1,854,700
Unamortized actuarial gain	140,600	153,900
	<u>2,189,600</u>	<u>2,008,600</u>
Less: current portion	97,200	92,600
Accrued employee future benefits obligation liability at March 31	<u>\$ 2,092,400</u>	<u>\$ 1,916,000</u>

	2018	2017
Current year benefit costs	\$ 216,000	\$ 200,900
Amortized actuarial loss (gain)	(13,300)	(18,200)
Interest on accrued benefit obligation	70,900	66,500
Reconciliation of plan funds (benefit payments)	(92,600)	(85,000)
	<u>\$ 181,000</u>	<u>\$ 164,200</u>

	2018	2017
Employee Future Benefit Costs from Operations	\$ 171,000	\$ 154,200
Employee Future Benefit Costs from Other Votes and Programs	10,000	10,000
	<u>\$ 181,000</u>	<u>\$ 164,200</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 \$1,794,386 (2017 - \$1,744,550).

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, 2017 of the future benefits was determined using a discount rate of 3.5% (2017 - 3.5%).

b) Extended Health Care Trend Rates

Extended health care costs were assumed to increase at 7.5% per annum in 2016 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, 2018

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:

	2018	2017
Balance, beginning of year as stated	\$ 118,422,548	\$ 122,122,728
Contributions received during the year	335,903	302,709
Contributions received during the year - restricted for future capital asset purchases	(3,466)	(2,712)
Amortization	(3,747,372)	(4,000,177)
Balance, end of year	<u>\$ 115,007,613</u>	<u>\$ 118,422,548</u>

11. Deferred Contributions - Restricted for Future Capital Asset Purchases

	2018	2017
Health Canada - New Hospital	\$ 345,236	\$ 345,236
Employee 50/50 Draw	30,438	26,972
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>\$ 624,162</u>	<u>\$ 620,696</u>

12. Investment in Capital Assets

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

	2018	2017
Capital assets	\$ 121,194,288	\$ 124,558,962
Amounts financed by Deferred Contributions	(115,007,613)	(118,422,548)
	<u>\$ 6,186,675</u>	<u>\$ 6,136,414</u>

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

	2018	2017
Excess (deficiency) of revenue over expenses:		
Amortization of capital grants	\$ 3,747,372	\$ 4,000,177
Amortization of capital assets	(4,509,495)	(4,786,882)
Amortization of capital assets related to other votes and programs	(94)	(561)
	<u>(762,217)</u>	<u>(787,266)</u>

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

12. Investment in Capital Assets (continued)

	2018	2017
Net changes in investment in capital assets:		
Purchase of capital assets	1,144,915	1,029,939
Contributions received during the year - restricted for future capital asset purchases	3,466	2,712
Other adjustments to capital assets	-	(10,852)
Deferred capital financing received	(335,903)	(302,709)
	<u>812,478</u>	<u>719,090</u>
	<u>\$ 50,261</u>	<u>\$ (68,176)</u>

13. Pension Agreement

Healthcare of Ontario Pension Plan (the "Plan") provides pension service to more than 339,000 active and retired members and approximately 540 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, 2017 disclosed an actuarial surplus of \$18,153 million. The results of this valuation disclosed total actuarial liabilities of \$59,602 million in respect of benefits accrued for service with actuarial assets at that date of \$77,755 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 \$1,794,386 (2017 - \$1,744,550).

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, 2018.

The Health Centre entered into a contract starting July 1, 2014 for dietary, laundry and housekeeping supply and management. The contract will expire March 31, 2019.

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2018

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% (2017 - 2.96%).

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

16. Economic Dependence

The Health Centre receives 83.7% (2017 - 82.7%) of its funding from the Ministry of Health and Long-Term Care and the Northwest Local Health Integrated Network.

17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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

For the year ended March 31,	2018	2017 (Restated)
Service Recipient		
Ontario Health Insurance Plan	\$ 1,758,870	\$ 1,462,039
Chronic and Long-Term Care Co-Payments	602,678	563,775
Uninsured Residents of Ontario	595,555	385,397
Other Province Insurance	212,682	248,599
Other Service Recipient Revenue	95,506	78,384
Non-resident of Canada	81,775	67,480
Preferred Accommodation Charges	528	28,924
Ambulance Services	55,005	47,625
Workplace Safety and Insurance Board	20,054	21,233
Federal Government	-	1,774
	<u>3,422,653</u>	<u>2,905,230</u>
Other Revenue and Recoveries		
Other Revenue and Recoveries	959,651	900,088
Food Services	808,578	680,368
Interdepartmental Recoveries	334,815	294,311
Centre for Complex Diabetes Care	532,267	459,260
Office Rent	526,903	518,035
Pharmacy Services	139,178	85,370
Building and Grounds Services	100,026	98,537
Speech/Language Pathology Services	30,680	63,315
Accommodation Rent	18,154	23,669
Interest Income	12,265	15,986
Operational Grants and Donations	3,430	7,650
	<u>3,465,947</u>	<u>3,146,589</u>
Total Revenue	<u><u>\$ 6,888,600</u></u>	<u><u>\$ 6,051,819</u></u>

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

(Unaudited)

	Substance Abuse	Problem Gambling	Community Mental Health	Crisis	Administration	Supportive Housing	Community Support Services	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue									
Ministry of Health and Long-Term Care	1,079,531	83,130	898,473	192,000	-	22,400	100,000	2,375,534	2,191,555
Ministry of Health and Long-Term Care Recoveries	(30,315)	-	(44,622)	-	-	-	-	(74,937)	(11,076)
Sessional Fee Funding	-	-	8,640	-	-	-	-	8,640	-
Dryden Regional Health Centre	-	-	-	-	-	-	-	-	86,052
Other Revenue and Recoveries	-	-	1,038	-	19,512	-	-	20,550	35,081
Total Revenue	1,049,216	83,130	863,529	192,000	19,512	22,400	100,000	2,329,787	2,301,612
Expenses									
Salaries and Wages	571,928	63,574	448,169	147,335	285,732	-	59,740	1,576,478	1,585,841
Employee Benefits	130,324	14,285	119,470	32,937	70,390	-	15,250	382,656	402,408
Employee Future Benefits (Note 9)	-	-	-	-	10,000	-	-	10,000	10,000
Medical Fees	-	-	-	-	-	-	-	-	1,149
Supplies and Other Expenses	61,657	669	28,378	12,038	205,911	24,224	6,186	339,063	295,354
Medical and Surgical Supplies	14,495	-	-	-	-	-	19,713	34,208	25,729
Amortization	-	-	-	-	94	-	-	94	561
Total Expenses	778,404	78,528	596,017	192,310	572,127	24,224	100,889	2,342,499	2,321,042
Net Revenue (Expense) Before Other Items	270,812	4,602	267,512	(310)	(552,615)	(1,824)	(889)	(12,712)	(19,430)
Allocated Administration Expenses	(273,544)	(5,527)	(273,544)	-	552,615	-	-	-	-
Net Revenue (Expense)	(2,732)	(925)	(6,032)	(310)	-	(1,824)	(889)	(12,712)	(19,430)

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

For the year ended March 31,	2018	2017
Patient Care		
Ambulatory Care	\$ 1,949,593	\$ 1,804,577
Centre for Complex Diabetes Care	358,696	357,891
Community Health and Support Services	440,838	426,780
Diabetes Education	623,115	587,503
Diagnostics Imaging	1,444,544	1,282,122
Extended Care Unit	931,444	964,284
Inpatient Wards	4,780,522	4,205,043
Laboratory	1,512,241	1,392,714
Operating Room	933,854	901,186
Pharmacy	379,158	449,234
Therapeutic Services	1,036,198	917,157
Total Patient Care	14,390,203	13,288,491
Support Services		
Administration	2,373,584	2,587,455
Environmental Services	1,380,950	1,304,535
Food Services	815,644	860,080
Information System Support	384,630	389,377
In House Education	205,350	185,140
Marketed Services	221,224	221,892
Materials Management	297,573	297,019
Patient Information	987,383	984,311
Physical Plant	894,885	761,520
Total Support Services	7,561,223	7,591,329
Total Salaries, Wages and Purchased Services	\$ 21,951,426	\$ 20,879,820

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

For the year ended March 31,	2018	2017
Benefit and Vacation % in Lieu	\$ 325,925	\$ 314,842
Canada Pension Plan	820,720	786,164
Dental Insurance	118,160	164,506
Employer Health Tax	422,656	402,265
Employment Insurance	337,882	363,964
Extended Health Care Insurance	343,723	364,062
Group Life and Accidental Death & Dismemberment	81,899	76,138
Hospital Pension Plan	1,679,000	1,629,021
Long-Term Disability Insurance	186,654	178,505
Other	38,311	371,128
Semi-Private Insurance	2,825	7,945
Workplace Safety & Insurance Board	252,190	263,629
Total Employee Benefits	\$ 4,609,945	\$ 4,922,169

Sioux Lookout Meno Ya Win Health Centre

Schedule 5 - Medical Staff Remuneration

(Unaudited)

For the year ended March 31,	2018	2017
Centre for Complex Diabetes Care	\$ 10,000	\$ 10,000
Clinical Laboratory	18,357	9,179
Diagnostic Readings	1,066,970	885,508
Employee Health	72,000	72,000
Hospital On Call Coverage	672,187	672,187
Visiting Specialist	94,224	83,488
Total Medical Staff Remuneration	\$ 1,933,738	\$ 1,732,362

Sioux Lookout Meno Ya Win Health Centre

Schedule 6 - Supplies and Other Expenses

(Unaudited)

For the year ended March 31,	2018	2017
Patient Care		
Ambulatory Care	\$ 57,112	\$ 104,360
Centre for Complex Diabetes Care	53,955	70,541
Community Health and Support Services	3,628	9,718
Diabetes Education	269,079	191,982
Diagnostics Imaging	358,859	295,722
Extended Care Unit	119,845	172,040
Inpatient Wards	452,625	354,709
Laboratory	1,129,246	1,068,328
Operating Room	44,462	67,578
Pharmacy	99,056	16,056
Therapeutic Services	47,491	39,514
Total Patient Care	2,635,358	2,390,548
Support Services		
Administration	1,239,814	1,357,165
Environmental Services	355,028	297,783
Food Services	381,582	368,810
Information System Support	1,224,061	1,050,662
In House Education	84,340	121,733
Marketed Services	549,615	473,728
Materials Management	45,896	57,744
Patient Information	119,261	97,916
Physical Plant	2,595,106	2,452,582
Small Hospital Transformation Fund Projects	-	172,153
Total Support Services	6,594,703	6,450,276
Total Supplies and Other Expenses	\$ 9,230,061	\$ 8,840,824

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

For the year ended March 31,	2018	2017
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 878,166	\$ 878,166
Other Revenue and Recoveries	34,259	-
Total Revenue	912,425	878,166
Operating Expenses		
Salaries and Wages	623,115	587,503
Employee Benefits	130,993	126,273
Supplies and Other Expenses	163,021	158,100
Total Operating Expenses	917,129	871,876
Net Revenue (Expense)	\$ (4,704)	\$ 6,290

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

(Unaudited)

	Radiology	Admitting	Non-Invasive Cardiology	Home and Community Care	PACS Connectivity	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue							
Health Canada	67,106	100,592	20,194	101,200	6,875	295,967	360,391
Ontario Health Insurance Plan	32,176	-	17,866	-	-	50,042	56,002
Total Revenue	99,282	100,592	38,060	101,200	6,875	346,009	416,393
Expenses							
Salaries and Benefits	43,744	70,524	10,458	-	-	124,726	122,641
Administration Fee	8,074	9,264	3,924	-	625	21,887	29,168
Medical Fees	15,444	-	27,217	-	-	42,661	37,458
Supplies and Other Expenses	20,820	21,516	473	108,227	6,250	157,286	130,732
Equipment	735	598	1,087	-	-	2,420	849
Total Expenses	88,817	101,902	43,159	108,227	6,875	348,980	320,848
Net Revenue (Expense) Before Amount Repayable	10,465	(1,310)	(5,099)	(7,027)	-	(2,971)	95,545
Amount Repayable to Health Canada	-	-	-	-	-	-	(81,601)
Net Revenue (Expense)	10,465	(1,310)	(5,099)	(7,027)	-	(2,971)	13,944

Reconciliation to Statement of Operations:

Health Canada Revenue	295,967
Amount Repayable to Health Canada	-
Statement of Operations Health Canada Revenue	295,967