

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

March 31, 2017

Sioux Lookout Meno Ya Win Health Centre

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For the year ended March 31, 2017

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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 15, 2017



Chief Executive Officer



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, 2017, 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, 2017 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in Schedules 1-8 are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Thunder Bay, Ontario
June 15, 2017

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Sioux Lookout Meno Ya Win Health Centre
Statement of Financial Position

As at March 31,	2017	2016
Current Assets		
Cash (Note 2)	\$ 3,333,806	\$ 1,943,993
Accounts Receivable (Note 3)	2,706,615	2,939,769
Inventory (Note 4)	146,138	169,532
Prepaid Expenses	495,922	378,548
Total Current Assets	6,682,481	5,431,842
Non-Current Assets		
Capital Assets (Note 5)	124,558,962	128,327,318
Total Assets	\$ 131,241,443	\$ 133,759,160
Trust Fund		
Short-Term Investments	\$ 13,340	\$ 16,340
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 6,524,823	\$ 5,160,227
Deferred Revenue (Note 7)	66,321	82,236
Current Portion of Long-Term Debt (Note 8)	206,003	200,002
Current Portion of Post-Retirement Benefits Liability (Note 9)	92,600	85,000
Total Current Liabilities	6,889,747	5,527,465
Long-Term Liabilities		
Long-Term Debt (Note 8)	2,324,833	2,530,836
Post-Retirement Benefits Liability (Note 9)	1,916,000	1,759,400
Unamortized Deferred Capital Financing (Note 10)	118,422,548	122,122,728
Deferred Contributions - Restricted for Future Capital Asset Purchases (Note 11)	620,696	617,984
Total Long-Term Liabilities	123,284,077	127,030,948
Net Assets (net Debt)		
Unrestricted	(5,063,765)	(5,001,526)
Investment in Capital Assets (Note 12)	6,131,384	6,202,273
Closing Net Assets Balance	1,067,619	1,200,747
Total Liabilities and Net Assets Balance	\$ 131,241,443	\$ 133,759,160
Trust Fund		
Fund Balance - Dr. Hugh W. Allen Scholarship	\$ 13,340	\$ 16,340

Approved on behalf of the Board:

 CEO

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,	2017	2016
Revenue		
Ministry of Health and Long Term Care Base Allocation	\$ 31,664,974	\$ 30,699,697
Ministry of Health and Long Term Care One Time Payments	1,430,990	817,194
Ministry of Health and Long Term Care Recoveries	(481,253)	(48,015)
Paymaster	547,432	871,376
Hospital On-Call Coverage	672,187	672,186
Visiting Specialist	88,510	90,885
Cancer Care Ontario Funding	24,300	104,400
Health Canada	278,790	321,317
Other Revenue (Schedule 1)	5,592,559	6,579,408
Amortization of Donations and Grants for Equipment	494,823	730,760
Total Revenue	40,313,312	40,839,208
Expenses		
Salaries, Wages and Purchased Services (Schedule 3)	20,879,820	20,113,408
Employee Benefits (Schedule 4)	4,922,169	4,364,694
Employee Future Benefits (Note 9)	154,200	179,200
Medical Staff Remuneration (Schedule 5)	1,732,362	1,858,575
Supplies and Other Expenses (Schedule 6)	8,840,824	8,458,840
Medical and Surgical Supplies	1,025,145	966,958
Drugs and Medical Gases	618,812	596,549
Equipment Amortization	980,695	1,050,240
Software Amortization	60,892	66,750
Bad Debts	894,016	808,221
Total Expenses	40,108,935	38,463,435
Excess of Revenue Over Expenses from Hospital Operations	204,377	2,375,773
Other Items		
Amortization of Deferred Contributions Related to Buildings	3,505,354	3,530,220
Amortization of Buildings	(3,745,295)	(3,668,587)
Interest on Long-Term Liabilities	(78,134)	(54,600)
Gain on Disposal of Capital Assets	-	1,834
	(318,075)	(191,133)
Other Votes and Programs - Revenues (Schedule 2)	2,301,612	2,245,246
Other Votes and Programs - Expenses (Schedule 2)	(2,321,042)	(2,252,488)
	(19,430)	(7,242)
Surplus (deficit) of Revenue Over Expenses for the Year	\$ (133,128)	\$ 2,177,398

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, 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>

For the Year Ended March 31, 2016

	Invested in Capital Assets	Unrestricted	2016 Total
Balance, beginning of year	\$ 4,428,319	\$ (5,404,970)	\$ (976,651)
Excess (deficiency) of revenue over expenses for the year (Note 12)	(529,801)	2,707,199	2,177,398
Net change in investment in capital assets (Note 12)	2,306,072	(2,306,072)	-
Balance, end of year	<u>\$ 6,204,590</u>	<u>\$ (5,003,843)</u>	<u>\$ 1,200,747</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,	2017	2016
Revenue	\$ -	\$ -
Expenses	3,000	2,000
Deficiency of Revenue Over Expenses	(3,000)	(2,000)
Fund Balance, Beginning of Year	16,340	18,340
Fund Balance, End of Year	\$ 13,340	\$ 16,340

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

Sioux Lookout Meno Ya Win Health Centre Statement of Cash Flows

March 31,	2017	2016
Cash Provided By (Used In) Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ (133,128)	\$ 2,177,398
Items not involving cash		
Amortization of capital assets (Note 12)	4,786,882	4,785,577
Amortization of deferred provincial equipment and building grants (Note 10)	(4,000,177)	(4,260,980)
Amortization of capital assets related to other votes and programs (Note 12)	561	7,038
Other adjustments to capital assets (Note 12)	10,852	-
Loss on disposal of capital assets (Note 12)	-	(1,834)
	<u>664,990</u>	<u>2,707,199</u>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	233,154	2,855,101
Inventory	23,394	160,241
Prepaid Expenses	(117,374)	(116,263)
Accounts Payable and Accrued Liabilities	1,364,596	(1,046,218)
Deferred Revenue	(15,915)	(1,092,082)
Post-Retirement Benefits	164,200	189,200
	<u>1,652,055</u>	<u>949,979</u>
	<u>2,317,045</u>	<u>3,657,178</u>
Financing Activities		
Advances of long-term debt	-	2,101,554
Repayment of long-term debt	(200,002)	(1,040,878)
	<u>(200,002)</u>	<u>1,060,676</u>
Capital Activities		
Purchase of capital assets (Note 12)	(1,029,939)	(2,882,345)
Proceeds on disposal of capital assets (Note 12)	-	2,011
Capital grants and fund raising receipts (Note 12)	302,709	521,363
	<u>(727,230)</u>	<u>(2,358,971)</u>
Increase in cash during the year	1,389,813	2,358,883
Cash, beginning of year	1,943,993	(414,890)
Cash, end of year	<u>3,333,806</u>	<u>1,943,993</u>
Represented by:		
Bank balance	3,326,416	1,937,192
Unrestricted	7,390	6,801
Restricted	-	-
Cash, end of year	<u>\$ 3,333,806</u>	<u>\$ 1,943,993</u>
Supplementary cash flow information		
Interest paid	\$ 79,205	\$ 49,816
Interest income	\$ 15,986	\$ 3,127

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, 2017

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
- 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 2017 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, 2017

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, 2017

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, 2017

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.

Recent Accounting Pronouncements

The following Sections apply to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Related Party Disclosures (PS 2200)

This new Section defines a related party and establishes disclosure required for related party transactions.

Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

Inter-entity Transactions (PS 3420)

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with RELATED PARTY DISCLOSURES, Section PS 2200.

Sioux Lookout Meno Ya Win Health Centre Notes to the Financial Statements

March 31, 2017

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, 2017 prime less 0.5% is 2.2% (2016 - 2.2%). As at March 31, 2017, there were unused credit facilities of \$4,000,000 (2016 - \$4,000,000).

3. Accounts Receivable

	2017	2016
Other	\$ 1,594,118	\$ 1,711,860
Insurers and Patients	1,729,687	1,270,786
Ministry of Health and Long-Term Care	100,000	113,145
Health Canada	-	126,784
Cancer Care Ontario	-	52,200
Due from Trust Fund	5,000	2,000
Allowance for Doubtful Accounts	(722,190)	(337,006)
	<u>\$ 2,706,615</u>	<u>\$ 2,939,769</u>

4. Inventory

	2017	2016
Opening Balance	\$ 169,532	\$ 329,773
Purchases	1,424,230	1,400,967
Expensed	(1,447,624)	(1,561,208)
Ending Balance	<u>\$ 146,138</u>	<u>\$ 169,532</u>

5. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 363,026	\$ -	\$ 315,929	\$ -
Land Improvements	22,650	6,220	6,220	6,220
Building and Building Service Equipment	144,014,582	22,481,903	143,937,678	18,971,892
Major Equipment	16,315,716	13,681,389	16,991,169	13,958,066
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>\$ 160,796,970</u>	<u>\$ 36,238,008</u>	<u>\$ 161,331,992</u>	<u>\$ 33,004,674</u>
Net Book Value	<u>\$ 124,558,962</u>		<u>\$ 128,327,318</u>	

During the year capital assets were acquired with an aggregate cost of \$1,029,939 (2016 - \$2,882,345) using operating cash flows.

Sioux Lookout Meno Ya Win Health Centre Notes to the Financial Statements

March 31, 2017

6. Accounts Payable and Accrued Liabilities	2017	2016
Accrued Salaries and Benefits	\$ 2,637,977	\$ 2,387,805
Trade Accounts Payable	2,216,677	1,461,809
Other Payables and Accruals	623,346	816,681
Ministry of Health and Long-Term Care	904,205	356,289
Payroll Remittances	142,618	137,643
	<u>\$ 6,524,823</u>	<u>\$ 5,160,227</u>

7. Deferred Revenue	2017	2016
Research and Operations - Opening	\$ 82,236	\$ 82,236
Recognized during the year	(15,915)	-
	<u>\$ 66,321</u>	<u>\$ 82,236</u>

8. Long-Term Debt	2017	2016
Loan, bearing interest fixed at 2.96% (2016 - 2.96%), repayable in blended monthly payments of \$4,646, maturing February 28, 2026. Unsecured.	\$ 804,087	\$ 835,526
Loan, bearing interest fixed at 2.96% (2016 - 2.96%), repayable in blended monthly payments of \$18,532, maturing February 28, 2026. Unsecured.	1,726,749	1,895,312
	<u>2,530,836</u>	<u>2,730,838</u>
Less: current portion	206,003	200,002
	<u>\$ 2,324,833</u>	<u>\$ 2,530,836</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:

2018	206,003
2019	212,184
2020	218,550
2021	225,108
2022	231,863
Thereafter	1,437,128
	<u>\$ 2,530,836</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, 2017

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.

	2017	2016
Accrued benefit obligation	\$ 1,854,700	\$ 1,614,100
Unamortized actuarial gain	153,900	230,300
	2,008,600	1,844,400
Less: current portion	92,600	85,000
Accrued employee future benefits obligation liability at March 31	\$ 1,916,000	\$ 1,759,400
	2017	2016
Current year benefit costs	\$ 200,900	\$ 199,500
Amortized actuarial loss (gain)	(18,200)	17,800
Interest on accrued benefit obligation	66,500	70,900
Reconciliation of plan funds (benefit payments)	(85,000)	(99,000)
	\$ 164,200	\$ 189,200
	2017	2016
Employee Future Benefit Costs from Operations	\$ 154,200	\$ 179,200
Employee Future Benefit Costs from Other Votes and Programs	10,000	10,000
	\$ 164,200	\$ 189,200

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 \$1,744,550 (2016 - \$1,681,014).

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% (2016 - 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, 2017

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:

	2017	2016
Balance, beginning of year as stated	\$ 122,122,728	\$ 125,809,446
Contributions received during the year	302,709	521,363
Contributions received during the year - restricted for future capital asset purchases	(2,712)	(2,317)
Transferred from deferred - restricted for future capital asset purchases	-	55,216
Amortization	(4,000,177)	(4,260,980)
Balance, end of year	<u>\$ 118,422,548</u>	<u>\$ 122,122,728</u>

11. Deferred Contributions - Restricted for Future Capital Asset Purchases

	2017	2016
Health Canada - New Hospital	\$ 345,236	\$ 345,236
Employee 50/50 Draw	26,972	24,260
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>\$ 620,696</u>	<u>\$ 617,984</u>

12. Investment in Capital Assets

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

	2017	2016
Capital assets	\$ 124,558,962	\$ 128,327,318
Amounts financed by Deferred Contributions	(118,422,548)	(122,122,728)
	<u>\$ 6,136,414</u>	<u>\$ 6,204,590</u>

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

	2017	2016
Excess (deficiency) of revenue over expenses:		
Amortization of capital grants	\$ 4,000,177	\$ 4,260,980
Amortization of capital assets	(4,786,882)	(4,785,577)
Amortization of capital assets related to other votes and programs	(561)	(7,038)
Gain on disposal of capital assets	-	1,834
	<u>(787,266)</u>	<u>(529,801)</u>

Sioux Lookout Meno Ya Win Health Centre Notes to the Financial Statements

March 31, 2017

12. Investment in Capital Assets (continued)

	2017	2016
Net changes in investment in capital assets:		
Purchase of capital assets	1,029,939	2,882,345
Deferred capital financing	-	(55,216)
Proceeds on disposal of capital assets	-	(2,011)
Contributions received during the year - restricted for future capital asset purchases	2,712	2,317
Other adjustments to capital assets	(10,852)	-
Deferred capital financing received	(302,709)	(521,363)
	719,090	2,306,072
	\$ (68,176)	\$ 1,776,271

13. Pension Agreement

Healthcare of Ontario Pension Plan (the "Plan") provides pension service to more than 320,000 active and retired members and approximately 500 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, 2016 disclosed an actuarial surplus of \$15,898 million. The results of this valuation disclosed total actuarial liabilities of \$54,461 million in respect of benefits accrued for service with actuarial assets at that date of \$70,359 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 \$1,744,550 (2016 - \$1,681,014).

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, 2017.

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.

15. Related Entity

The Health Centre has an economic interest in Sioux Lookout Meno Ya Win Health Centre Foundation (the "Foundation") which the Health Centre does not control or have significant influence over. The Foundation holds funds of approximately \$1,288,223 (2016 - \$1,232,000), the benefit of which is to be used for capital projects or capital asset purchases of the Health Centre. During the year the Foundation contributed \$9,500 (2016 - \$256,140) to the Health Centre.

Sioux Lookout Meno Ya Win Health Centre

Notes to the Financial Statements

March 31, 2017

16. 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% (2016 - 2.96%).

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

17. Economic Dependence

The Health Centre receives 82.7% (2016 - 77.7%) of its funding from the Ministry of Health and Long-Term Care and the Northwest Local Health Integrated Network.

18. 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,	2017	2016
Service Recipient		
Ontario Health Insurance Plan	\$ 1,462,039	\$ 1,514,201
Chronic and Long-Term Care Co-Payments	563,775	460,253
Uninsured Residents of Ontario	385,397	451,478
Other Province Insurance	248,599	177,619
Other Service Recipient Revenue	78,384	79,770
Non-resident of Canada	67,480	53,728
Preferred Accommodation Charges	28,924	36,269
Ambulance Services	47,625	41,931
Workplace Safety and Insurance Board	21,233	17,294
Federal Government	1,774	8,272
	<u>2,905,230</u>	<u>2,840,815</u>
Other Revenue and Recoveries		
Other Revenue and Recoveries	900,088	1,891,448
Food Services	680,368	643,234
Interdepartmental Recoveries	294,311	457,955
Office Rent	518,035	362,638
Pharmacy Services	85,370	111,340
Building and Grounds Services	98,537	99,259
Speech/Language Pathology Services	63,315	78,822
Research and Education Grants	-	61,875
Accommodation Rent	23,669	26,501
Investment Income	15,986	5,521
Operational Grants and Donations	7,650	-
	<u>2,687,329</u>	<u>3,738,593</u>
Total Revenue	<u>\$ 5,592,559</u>	<u>\$ 6,579,408</u>

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

(Unaudited)

	Substance Abuse	Problem Gambling	Community Mental Health	Administration	Community Support Services	2017	2016
Revenue							
Ministry of Health and Long-Term Care	1,009,312	83,130	999,113	-	100,000.00	2,191,555	2,102,915
Ministry of Health and Long-Term Care Recoveries	-	-	(10,420)	-	(656)	(11,076)	(1,816)
Sessional Fee Funding	-	-	-	-	-	-	8,671
Dryden Regional Health Centre	-	-	86,052	-	-	86,052	86,052
Other Revenue and Recoveries	19,294	-	4,400	11,387	-	35,081	49,424
Total Revenue	1,028,606	83,130	1,079,145	11,387	99,344	2,301,612	2,245,246
Expenses							
Salaries and Wages	592,758	69,061	677,679	183,631	62,712	1,585,841	1,535,300
Employee Benefits	133,357	12,622	162,631	78,610	15,188	402,408	337,085
Employee Future Benefits (Note 9)	-	-	-	10,000	-	10,000	10,000
Medical Fees	-	-	1,149	-	-	1,149	2,685
Supplies and Other Expenses	47,806	903	45,617	190,416	10,612	295,354	353,851
Medical and Surgical Supplies	9,073	-	-	-	16,656	25,729	6,529
Amortization	-	-	-	561	-	561	7,038
Total Expenses	782,994	82,586	887,076	463,218	105,168	2,321,042	2,252,488
Net Revenue (Expense) Before Other Items	245,612	544	192,069	(451,831)	(5,824)	(19,430)	(7,242)
Allocated Administration Expenses	(248,507)	(4,518)	(198,806)	451,831	-	-	-
Net Revenue (Expense)	(2,895)	(3,974)	(6,737)	-	(5,824)	(19,430)	(7,242)

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

(Unaudited)

March 31,	2017	2016
Patient Care		
Ambulatory Care	\$ 1,804,577	\$ 1,927,386
Centre for Complex Diabetes Care	357,891	299,195
Community Health and Support Services	426,780	521,016
Diabetes Education	587,503	601,900
Diagnostics Imaging	1,282,122	1,337,147
Extended Care Unit	964,284	981,826
Inpatient Wards	4,205,043	3,928,739
Laboratory	1,392,714	1,363,221
Operating Room	901,186	807,486
Pharmacy	449,234	297,990
Therapeutic Services	917,157	804,968
Total Patient Care	13,288,491	12,870,874
Support Services		
Administration	2,587,455	2,623,153
Environmental Services	1,304,535	1,163,336
Food Services	860,080	954,603
Information System Support	389,377	382,430
In House Education	185,140	195,127
Marketed Services	221,892	29,180
Materials Management	297,019	289,477
Patient Information	984,311	864,608
Physical Plant	761,520	740,620
Total Support Services	7,591,329	7,242,534
Total Salaries, Wages and Purchased Services	\$ 20,879,820	\$ 20,113,408

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

(Unaudited)

March 31,	2017	2016
Benefit and Vacation % in Lieu	\$ 314,842	\$ 311,049
Canada Pension Plan	786,164	743,872
Dental Insurance	164,506	157,917
Employer Health Tax	402,265	395,085
Employment Insurance	363,964	364,079
Extended Health Care Insurance	364,062	303,330
Group Life and Accidental Death & Dismemberment	76,138	73,901
Hospital Pension Plan	1,629,021	1,563,524
Long-Term Disability Insurance	178,505	174,951
Other	371,128	18,951
Semi-Private Insurance	7,945	4,198
Workplace Safety & Insurance Board	263,629	253,837
Total Employee Benefits	\$ 4,922,169	\$ 4,364,694

Sioux Lookout Meno Ya Win Health Centre
Schedule 5 - Medical Staff Remuneration

(Unaudited)

March 31,	2017	2016
Centre for Complex Diabetes Care	\$ 10,000	\$ 10,833
Clinical Laboratory	9,179	18,357
Diagnostic Readings	885,508	972,529
Employee Health	72,000	87,750
Honorariums	-	15,000
Hospital On Call Coverage	672,187	672,186
Visiting Specialist	83,488	81,920
Total Medical Staff Remuneration	\$ 1,732,362	\$ 1,858,575

Sioux Lookout Meno Ya Win Health Centre
Schedule 6 - Supplies and Other Expenses

(Unaudited)

March 31,	2017	2016
Patient Care		
Ambulatory Care	\$ 104,360	\$ 143,940
Centre for Complex Diabetes Care	70,541	67,424
Community Health and Support Services	9,718	1,492
Diabetes Education	191,982	134,702
Diagnostics Imaging	295,722	273,476
Extended Care Unit	172,040	84,362
Inpatient Wards	354,709	294,839
Laboratory	1,068,328	990,031
Operating Room	67,578	54,785
Pharmacy	16,056	46,847
Therapeutic Services	39,514	53,231
Total Patient Care	2,390,548	2,145,129
Support Services		
Administration	1,357,165	1,024,908
e-ICU Project	-	124,916
Environmental Services	297,783	378,654
Food Services	368,810	596,160
Information System Support	1,050,662	1,055,780
In House Education	121,733	113,431
Marketed Services	473,728	437,827
Materials Management	57,744	38,959
Patient Information	97,916	88,162
Physical Plant	2,452,582	2,126,370
Small Hospital Transformation Fund Projects	172,153	328,544
Total Support Services	6,450,276	6,313,711
Total Supplies and Other Expenses	\$ 8,840,824	\$ 8,458,840

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

(Unaudited)

March 31,	2017	2016
Revenue		
Ministry of Health and Long-Term Care Base Allocation	\$ 878,166	\$ 878,166
Operating Expenses		
Salaries and Wages	587,503	601,900
Employee Benefits	126,273	128,927
Supplies and Other Expenses	158,100	148,264
Total Operating Expenses	871,876	879,091
Net Revenue (Expense)	\$ 6,290	\$ (925)

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

	Radiology	Admitting	Non-Invasive Cardiology	Home and Community Care	PACS Connectivity	2017
Revenue						
Health Canada	67,106	100,592	20,194	127,600	44,899	360,391
Ontario Health Insurance Plan	36,179	-	19,823	-	-	56,002
Total Revenue	103,285	100,592	40,017	127,600	44,899	416,393
Expenses						
Salaries and Benefits	42,830	70,105	9,706	-	-	122,641
Administration Fee	8,328	9,278	3,299	4,583	3,680	29,168
Medical Fees	16,644	-	20,814	-	-	37,458
Supplies and Other Expenses	23,484	22,295	2,318	45,831	36,804	130,732
Equipment	322	376	151	-	-	849
Total Expenses	91,608	102,054	36,288	50,414	40,484	320,848
Net Revenue (Expense) Before Amount Repayable	11,677	(1,462)	3,729	77,186	4,415	95,545
Amount Repayable to Health Canada	-	-	-	(77,186)	(4,415)	(81,601)
Net Revenue (Expense)	11,677	(1,462)	3,729	-	-	13,944

Reconciliation to Statement of Operations:

Health Canada Revenue	360,391
Amount Repayable to Health Canada	(81,601)
Statement of Operations Health Canada Revenue	278,790