

Lake of the Woods District Hospital
Financial Statements
March 31, 2016

	Page
Management's Responsibility Report	
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Summary of Significant Accounting Policies	5
Notes to the Financial Statements	9
Supplementary Financial Information	
Schedule 1 - Revenue	15
Schedule 2 - Hospital Expenses	17
Schedule 3 - Northwest Local Health Integrated Network Community Mental Health and Addictions Programs	18
Schedule 4 - Ministry of Health and Long Term Care Emergency Health Services Programs	19

Management's Responsibility

To the Members of Lake of the Woods District Hospital:

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 judgment 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 composed 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 fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. 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 9, 2016


President and Chief Executive Officer


Vice President Corporate Services
and Chief Finance Officer

Independent Auditors' Report

To the Members and Board of Directors of Lake of the Woods District Hospital:

We have audited the accompanying financial statements of Lake of the Woods District Hospital, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2016 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 Lake of the Woods District Hospital as at March 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year ended March 31, 2016 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 1-4 is 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.

MNP LLP

Kenora, Ontario
June 9, 2016

Chartered Professional Accountants
Licensed Public Accountants

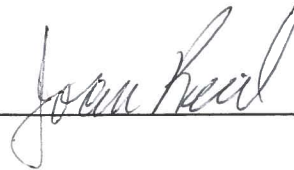
Lake of the Woods District Hospital
Statement of Financial Position
As at March 31, 2016

	2016	2015
Current assets		
Cash (Note 1)	\$ 3,942,811	\$ 3,171,029
Short-term investments (Note 2)	2,645,545	2,685,480
Accounts receivable (Note 3)	1,890,513	2,245,468
Inventory	612,082	622,145
Prepaid expenses	511,222	370,057
	<u>9,602,173</u>	<u>9,094,179</u>
Capital assets (Note 4)	<u>18,510,003</u>	<u>19,151,209</u>
	<u>\$ 28,112,176</u>	<u>\$ 28,245,388</u>
Current liabilities		
Accounts payable (Note 5)	\$ 6,695,967	\$ 7,193,567
Deferred contributions – donations and grants (Note 7)	511,734	511,401
	<u>7,207,701</u>	<u>7,704,968</u>
Accrued employee future benefit obligation (Note 6)	<u>1,567,000</u>	<u>1,493,400</u>
	<u>8,774,701</u>	<u>9,198,368</u>
Deferred contributions		
Unamortized capital contributions (Note 7)	<u>13,760,449</u>	<u>12,628,665</u>
	<u>22,535,150</u>	<u>21,827,032</u>
Commitments and Contingencies (Note 9)		
Net assets		
Invested in capital assets (Note 8)	4,749,554	6,522,544
Internally restricted for capital (Note 8)	1,326,535	250,000
Unrestricted net assets (deficit)	<u>(499,063)</u>	<u>(354,189)</u>
	<u>5,577,026</u>	<u>6,418,355</u>
	<u>\$ 28,112,176</u>	<u>\$ 28,245,388</u>

Approved on behalf of the Board



Director



Director

Lake of the Woods District Hospital

Statement of Operations

For the year ended March 31, 2016

	Budget 2015/16 (Unaudited)	2016	2015
Revenue (Schedule 1)			
Ministry of Health and Long Term Care/LHIN/CCO	\$ 32,544,689	\$ 32,515,260	\$ 33,018,280
Patient revenue from other payors	2,893,000	2,551,461	2,580,774
Differential and co-payment revenue	265,000	305,396	338,780
Other revenue and recoveries	3,217,686	3,111,058	3,310,737
Amortization of grants/donations equipment	1,178,242	745,141	736,568
Total Hospital Operating Revenue	40,098,617	39,228,316	39,985,139
Other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	6,600,000	7,131,707	6,790,850
	46,698,617	46,360,023	46,775,989
Expenses			
Salaries, wages and employee benefits (Schedule 2)	26,110,970	25,746,250	26,631,631
Medical staff remuneration	5,255,796	5,018,275	5,173,031
Supplies and other expenses (Schedule 2)	5,676,080	5,515,085	5,562,185
Medical and surgical supplies (Schedule 2)	1,075,143	1,157,169	1,137,871
Drugs	1,447,805	1,358,780	1,509,256
Amortization of equipment	1,052,528	895,225	889,165
Bad Debts	26,250	28,489	29,284
Total Hospital Operating Expenses	40,644,572	39,719,273	40,932,423
Other programs (Schedules 3 and 4)	6,600,000	7,131,707	6,790,850
	47,244,572	46,850,980	47,723,273
Surplus (deficit) before amortization related to buildings	(545,955)	(490,957)	(947,284)
Amortization of buildings	(1,082,000)	(1,197,995)	(1,090,008)
Amortization of deferred contributions related to buildings	920,800	847,623	727,006
	(161,200)	(350,372)	(363,002)
Surplus (deficit) for the year	\$ (707,155)	\$ (841,329)	\$ (1,310,286)

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

Lake of the Woods District Hospital
Statement of Changes in Net Assets
For the year ended March 31, 2016

	2016			2015	
	Invested in Capital Assets	Internally Restricted For Capital	Unrestricted	Total	Total
Balance, beginning of year	\$ 6,522,544	\$ 250,000	\$ (354,189)	\$ 6,418,355	\$ 7,728,641
Surplus (deficit) for the year	-	-	(841,329)	(841,329)	(1,310,286)
Amortization of capital assets/deferred contributions related to capital assets <i>(Note 8)</i>	(486,747)	-	486,747	-	-
Interfund transfer <i>(Note 8)</i>	(1,076,535)	1,076,535	-	-	-
Net change in investment in capital assets <i>(Note 8)</i>	(209,708)	-	209,708	-	-
Balance, end of year	\$ 4,749,554	\$ 1,326,535	\$ (499,063)	\$ 5,577,026	\$ 6,418,355

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

Lake of the Woods District Hospital
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash flows from operations		
Surplus (deficit) for the year	\$ (841,329)	\$ (1,310,286)
Adjustments for:		
Amortization of capital assets	2,093,220	1,979,173
Amortization of deferred contributions related to capital assets	(1,606,473)	(1,475,751)
Increase in long term liability related to employee future benefits	73,600	56,000
	<u>(280,982)</u>	<u>(750,864)</u>
Change in non-cash operating working capital balances	(273,746)	1,084,684
	<u>(554,728)</u>	<u>333,820</u>
Cash flows from financing activities		
Increase in deferred contributions related to capital assets	2,738,257	1,803,487
Increase (decrease) in other deferred contributions	333	(179,965)
Purchase of capital assets	(1,452,014)	(3,301,751)
	<u>1,286,576</u>	<u>(1,678,229)</u>
Cash flows from investing activities		
Decrease in short-term investments	817,923	(26,079)
Net increase (decrease) in cash and equivalents	1,549,771	(1,370,488)
Cash and equivalents, beginning of year	4,503,834	5,874,322
Cash and equivalents, end of year	<u>\$ 6,053,605</u>	<u>\$ 4,503,834</u>
Cash and equivalents are comprised of:		
Cash	\$ 3,942,811	\$ 3,171,029
Short-term investments (Note 2)	2,110,794	1,332,805
	<u>\$ 6,053,605</u>	<u>\$ 4,503,834</u>

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

Lake of the Woods District Hospital

Summary of Significant Accounting Policies

For the year ended March 31, 2016

Operations

Lake of the Woods District Hospital ("the Hospital") was incorporated under a Private Bill (Lake of the Woods District Hospitals Act – Bill PR50) in 1968. The Hospital is principally involved in providing health care services to the City of Kenora. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, which sets out generally accepted accounting principles for government not-for-profit organizations. The Hospital has chosen to use the standards for not-for-profit organizations that include Sections PS 4200 to PS 4270. The significant accounting policies are summarized below.

These financial statements reflect the assets, liabilities and operations of the Hospital. They do not include the assets, liabilities or operations of the Lake of the Woods District Hospital Foundation or the Lake of the Woods District Hospital Auxiliary, which, although associated with the Hospital, are separately managed, and report to separate Boards of Directors.

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

Ministry of Health and Long Term Care:

- Problem Gambling
- Adult Community Mental Health
- Lake of the Woods Addictions
- Remedial Measures
- CMH&A Admin
- Central Ambulance Communication Centre
- Ambulance Regional Training, Kenora

The operating results of these programs are recorded in Schedules 3 and 4 to the financial statements and their assets and liabilities are reported on the statement of financial position of the Hospital. 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 Ministries. Adjustment settlements by the Ministries are recorded when settled.

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2016

Revenue Recognition	<p>The Hospital follows the deferral method of accounting for contributions.</p> <p>Under the Health Insurance Act and Regulations thereto, the Hospital is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health and Long Term Care. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.</p> <p>The Hospital receives funding for operations for certain programs from the Ministry of Health and Long Term Care of Ontario. The final amount of operating revenue cannot be determined until the Ministry has reviewed the Hospital's financial and statistical returns for the year. Any adjustments arising from the Ministry's review is recorded in the period in which the adjustment is made.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.</p> <p>Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or when the service is provided.</p>
Contributed Services	<p>A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services of volunteers are not recognized in the financial statements.</p>
Cash and cash equivalents	<p>Cash and cash equivalents include cash and short-term investments with maturities of three months or less.</p>
Investments	<p>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.</p> <p>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.</p>
Inventory	<p>Inventory is stated at the lower of weighted average cost and net realizable value, less a provision for any obsolete or unusable inventory on hand.</p>

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2016

Capital Assets

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is stated at cost, which comprises all direct and indirect costs of construction. Construction in progress is not amortized until the project is complete and the facilities come into use.

Capital assets are amortized on a straight line basis over the following periods of time:

Buildings and building service equipment	- 40 to 50 years
Computer equipment	- 5 years
Furniture and equipment	- 5 to 20 years
Parking lot equipment	- 3 years

Compensated Absences

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

Employee Benefit Plans

The Hospital 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 included in the cost of the plan for the year.

The Hospital is an employer member of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital 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.

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2016

Use of Estimates

The preparation of financial statements is in conformity with Canadian public sector accounting standards which 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. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

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 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. Accrued employee future benefit obligations are determined based on actuarial valuation.

Financial Instruments

The Hospital recognizes its financial instruments when the Hospital 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 Hospital may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital has not made such an election during the year.

The Hospital 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 are 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 Hospital'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 origination, 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.

Lake of the Woods District Hospital

Notes to the Financial Statements

For the year ended March 31, 2016

1. Cash

The Hospital's bank accounts are held at chartered banks. The accounts earn interest at prime less 2% (0.85% at March 31, 2016). The amount held in the ER Group bank account (\$77,100, 2015 - \$47,105) is used exclusively to fund the payment of the ER Physicians and associated administrative costs. The amount held in the Psychiatry bank account (\$115,490, 2015 - \$84,965) is used exclusively to fund the payment of the Psychiatrists and associated administrative costs.

2. Short-term Investments

	Market Value	2016	2015
Copperfin GIC – 2.05% maturing April 20, 2016, redeemable	\$ 1,063,290	\$ 1,063,290	\$ 1,041,420
Copperfin GIC – 2.05% maturing April 23, 2016, redeemable	297,504	297,504	291,385
Copperfin GIC – 1.25% maturing May 1, 2016, redeemable	750,000	750,000	-
	<u>2,110,794</u>	<u>2,110,794</u>	<u>1,332,805</u>
Copperfin GIC – 1.85% matured July 6, 2015, redeemed	-	-	828,665
Copperfin GIC – 1.85% maturing January 5, 2017, redeemable	534,751	534,751	524,010
	<u>534,751</u>	<u>534,751</u>	<u>1,352,675</u>
	<u>\$ 2,645,545</u>	<u>\$ 2,645,545</u>	<u>\$ 2,685,480</u>

Fair values for the above investments are considered to approximate market values.

3. Accounts Receivable

	2016	2015
Ministry of Health and Long Term Care	\$ 620,925	\$ 694,180
Insurers and patients	471,531	441,804
Other	817,779	1,127,077
	<u>1,910,235</u>	<u>2,263,061</u>
Allowance for doubtful accounts	(19,722)	(17,593)
	<u>\$ 1,890,513</u>	<u>\$ 2,245,468</u>

The carrying value of accounts receivable approximates fair value because of the short maturity of these instruments and because they are subject to normal credit terms.

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2016

4. Capital Assets

	Cost	Accumulated Amortization	2016 Net book Value
Land	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	31,223,681	17,029,852	14,193,829
Computer equipment	3,486,513	3,032,879	453,634
Furniture and equipment	16,637,514	13,734,840	2,902,674
Parking lot equipment	336,063	336,063	-
	51,896,546	34,133,634	17,762,912
Construction in process	747,091	-	747,091
	\$ 52,643,637	\$ 34,133,634	\$ 18,510,003

	Cost	Accumulated Amortization	2015 Net book Value
Land	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	30,672,018	15,831,856	14,840,162
Computer equipment	3,409,524	2,852,844	556,680
Furniture and equipment	16,198,599	13,005,970	3,192,629
Parking lot equipment	336,063	336,063	-
	50,828,979	32,026,733	18,802,246
Construction in process	348,963	-	348,963
	\$ 51,177,942	\$ 32,026,733	\$ 19,151,209

5. Accounts Payable

	2016	2015
Vacation benefits payable	\$ 1,791,800	\$ 1,853,300
Accrued salaries	1,292,430	1,115,410
Trade accounts payable	1,411,678	1,898,656
Due to Ministry of Health and Long Term Care	863,009	926,887
Other payables and accruals	469,683	516,183
Payroll remittances	861,126	876,886
Sick leave benefits payable	6,241	6,245
	\$ 6,695,967	\$ 7,193,567

6. Accrued Employee Future Benefit Obligation

The Hospital provides extended health care, dental and life insurance benefits to all unionized, full time employees who enrol in the benefit plans and extends this coverage to the post-retirement period. The Hospital accrues its obligations under these plans as the benefits are earned. The most recent actuarial valuation of employee future benefit was completed as at April 29, 2016.

At March 31, 2016, the Hospital's accrued benefit obligation relating to post-retirement benefit plans was \$1,567,000 (2015 - \$1,493,400). Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligations were as follows:

Discount Rate for calculation of Net Benefit Costs (during Fiscal 2016)	3.31% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2016)	3.76% per annum
Dental Cost Trend Rates	4.0% per annum
Extended Health Care Trend Rates	7.75% in Fiscal 2016; decreasing by 0.25% per annum to an ultimate rate of 5.0%
Retirement age	Age 59 or immediate if older than 59
Full eligibility age	Age 55
Members electing coverage at retirement	
CUPE & Non-Union Full Time	80%
ONA Full Time	65%

Retirement and Other Employee Future Benefit Liabilities	2016 Total Employee Future Benefits	2015 Total Employee Future Benefits
Accrued benefit liability at beginning of period	\$ 1,493,400	\$ 1,437,400
Expense for the year	203,400	175,500
Funding contributions (total)	(129,800)	(119,500)
	\$ 1,567,000	\$ 1,493,400

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2016

6. Accrued Employee Future Benefit Obligation *(Continued from previous page)*

Retirement and Other Employee Future Benefit Expenses	2016 Total Employee Future Benefits	2015 Total Employee Future Benefits
Current year benefit cost	\$ 100,300	\$ 82,300
Interest on accrued benefit obligation	63,300	72,300
Recognized actuarial gains	39,800	20,900
	\$ 203,400	\$ 175,500

Included in salaries, wages and employee benefits in the statement of operations is an expense of \$73,600 (2015 - \$56,000) regarding employee future benefits.

7. Deferred Contributions

a) Deferred Contributions – Donations and Grants

Deferred contributions represent funding received for programs which will be utilized for future years.

2016	2015
\$ 511,734	\$ 511,401

b) Deferred Contributions – Unamortized Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized 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.

	2016	2015
Balance, beginning of year	\$ 12,628,665	\$ 12,300,929
Additional contributions received	2,738,257	1,803,487
Less: amounts amortized to revenue	(1,592,764)	(1,463,574)
Less: amounts amortized to CMH&A other revenue	(4,152)	(3,633)
Less: amounts amortized to RTC Kenora other revenue	(4,513)	(3,500)
Less: amounts amortized to CACC other revenue	(5,044)	(5,044)
	\$ 13,760,449	\$ 12,628,665

Lake of the Woods District Hospital
Notes to the Financial Statements
For the year ended March 31, 2016

8. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 18,510,003	\$ 19,151,209
Amounts financed by:		
Deferred contributions	(13,760,449)	(12,628,665)
	<u>\$ 4,749,554</u>	<u>\$ 6,522,544</u>

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

	2016	2015
Excess of expense over revenue:		
Amortization of buildings	\$ (1,197,995)	\$ (1,090,008)
Amortization of deferred contributions related to buildings	847,623	727,006
Amortization of equipment	(895,225)	(889,165)
Amortization of deferred contributions related to equipment	745,141	736,568
Amortization of deferred contributions related to other programs	13,709	12,177
	<u>\$ (486,747)</u>	<u>\$ (503,422)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 1,452,014	\$ 3,301,751
Amounts funded by deferred contributions	(1,661,722)	(1,803,487)
	<u>\$ (209,708)</u>	<u>\$ 1,498,264</u>
Amounts internally restricted for capital asset purchases during the year	<u>(1,076,535)</u>	<u>-</u>
	<u>\$ (1,772,990)</u>	<u>\$ 994,842</u>

9. Commitments and Contingencies

A group of Hospitals, including the Hospital, have formed the 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 were members and these losses could be material. No reassessments have been made to March 31, 2016.

10. Pension Plan

Substantially all of the employees of the Hospital are members of the Hospitals of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$2,067,826 (2015 – \$2,113,441) and are included in employee benefits in the statement of operations.

Pension expense is based on the Plan management's best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent triennial actuarial valuation of the Plan as at December 31, 2015 indicates the plan is fully funded.

11. Financial Instruments

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

12. Related Entities

The Hospital has an economic interest in Lake of the Woods District Hospital Foundation (the "Foundation") and Lake of the Woods District Hospital Auxiliary (the "Auxiliary"), which the Hospital does not control or have significant influence over. Both of these organizations raise funds for the Hospital for the purchase of capital assets.

During the year, the Foundation and the Auxiliary transferred \$795,220 (2015 - \$725,056) and \$73,916 (2015 - \$103,044) respectively to the Hospital for capital asset purchases.

13. Comparative Figures

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

14. Budget Amounts

Budget amounts are unaudited.

15. Economic Dependence

The Lake of the Woods District Hospital receives 82.9% (2015 – 82.5%) of its funding from the Ministry of Health and Long Term Care and Northwest Local Health Integrated Network.

Lake of the Woods District Hospital

Schedule 1 - Revenue

For the year ended March 31, 2016

(Unaudited)

	Budget 2015/16	2016	2015
Ministry of Health and Long Term Care/LHIN/CCO			
Global Funding	\$ 14,312,810	\$ 14,509,041	\$ 14,704,805
Quality Based Procedures	2,815,756	2,245,320	2,244,424
Health Based Allocation Methodology	8,670,171	8,670,171	9,321,127
	25,798,737	25,424,532	26,270,356
One time and other funding	4,395,155	4,965,993	4,566,668
Cancer Care Ontario	2,350,797	2,124,735	2,181,256
	32,544,689	32,515,260	33,018,280
Patient Revenue from Other Payers			
Workplace Safety and Insurance Board			
-Inpatient	20,000	4,592	15,249
-Outpatient	80,000	47,091	69,790
Non-residents of the province			
-Inpatient	400,000	252,144	275,767
-Outpatient	629,000	703,570	571,640
Non-residents of Canada and uninsured residents			
-Inpatient	52,000	35,291	96,369
-Outpatient	140,000	97,937	75,663
OHIP	1,487,000	1,332,867	1,387,345
Ambulance services	85,000	77,970	88,951
	2,893,000	2,551,461	2,580,774
Differential charges for preferred accommodation	210,000	215,682	223,453
Chronic care co-payments	55,000	89,714	115,327
	265,000	305,396	338,780
Other Revenue and Recoveries			
Investment income	65,000	53,243	73,773
Food services	221,000	201,587	217,649
Ancillary operations	226,333	252,261	197,061
Parking	320,000	296,530	288,408
Laboratory services	662,500	710,548	738,598
Other revenue and recoveries	1,714,853	1,589,922	1,785,857
Donations	8,000	6,967	9,391
	3,217,686	3,111,058	3,310,737
Subtotal	\$ 38,920,375	\$ 38,483,175	\$ 39,248,571

Lake of the Woods District Hospital

Schedule 1 - Revenue

For the year ended March 31, 2016

(Unaudited)

	Budget 2015/16	2016	2015
Subtotal from previous page	\$ 38,920,375	\$ 38,483,175	\$ 39,248,571
Amortization of grants/donations of equipment	1,178,242	745,141	736,568
Total Hospital Operating Revenue	40,098,617	39,228,316	39,985,139
Revenue from other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	6,600,000	7,131,707	6,790,850
Total Revenue	\$ 46,698,617	46,360,023	\$ 46,775,989

Lake of the Woods District Hospital
Schedule 2 – Hospital Expenses
For the year ended March 31, 2016
(Unaudited)

	Budget 2015/16	2016	2015
Salaries, Wages and Employee Benefits			
Administrative and Support Services	\$ 6,656,995	\$ 6,569,512	\$ 6,650,973
Nursing Inpatient Services	9,980,930	9,973,206	10,504,844
Ambulatory Care Services	3,798,444	3,603,022	3,696,482
Diagnostic and Therapeutic Services	4,977,408	4,975,178	5,151,311
Regional Stroke & Ontario Breast Screening Program	66,664	61,718	63,553
Education	101,836	100,783	97,074
Marketed Services	408,693	384,016	357,178
WSIB NEER Assessment	45,000	5,215	54,216
Future Employee Benefits	75,000	73,600	56,000
	\$ 26,110,970	\$ 25,746,250	\$ 26,631,631
Supplies and Other Expenses			
Administrative and Support Services	\$ 3,031,033	\$ 3,024,581	\$ 3,069,419
Nursing Inpatient Services	449,937	472,448	483,831
Ambulatory Care Services	551,656	431,022	463,635
Regional Stroke & Ontario Breast Screening Program	1,675	729	204
Diagnostic and Therapeutic Services	1,324,037	1,317,635	1,238,071
Education	87,495	53,044	55,146
Marketed Services	230,247	215,626	251,879
	\$ 5,676,080	\$ 5,515,085	\$ 5,562,185
Medical and Surgical Supplies			
Administrative and Support Services	\$ 76,333	\$ 68,013	\$ 76,052
Nursing Inpatient Services	573,455	582,572	615,432
Ambulatory Care Services	371,497	427,407	391,049
Diagnostic and Therapeutic Services	53,578	78,663	54,921
Regional Stroke & Ontario Breast Screening Program	-	113	112
Education	280	314	278
Marketed Services	-	87	27
	\$ 1,075,143	\$ 1,157,169	\$ 1,137,871

Lake of the Woods District Hospital
Schedule 3 – Northwest Local Health Integrated Network
Community Mental Health and Addictions Programs
For the year ended March 31, 2016
(Unaudited)

	Problem Gambling	Adult Community Mental Health	Lake of the Woods Addictions	Remedial Measures	CMH&A Admin	2016 Total	2015 Total
Revenue							
Northwest Local Health Integrated Network	\$ 217,133	\$ 1,221,261	\$ 2,218,899	\$ -	\$ -	\$ 3,657,293	\$ 3,634,898
Other	1,956	26,690	200,014	31,419	677,428	937,507	688,492
	\$ 219,089	\$ 1,247,951	\$ 2,418,913	\$ 31,419	\$ 677,428	\$ 4,594,800	\$ 4,323,390
Expenses							
Salaries and employee benefits	\$ 183,578	\$ 927,419	\$ 1,803,390	\$ 25,435	\$ 425,797	\$ 3,365,619	\$ 3,157,998
Supplies and other expenses	35,511	320,532	615,523	5,984	251,631	1,229,181	1,157,096
	\$ 219,089	\$ 1,247,951	\$ 2,418,913	\$ 31,419	\$ 677,428	\$ 4,594,800	\$ 4,315,094
Surplus before amounts repayable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,296
Amounts repayable	-	-	-	-	-	-	(8,296)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Lake of the Woods District Hospital
Schedule 4 – Ministry of Health and Long Term Care
Emergency Health Services Programs
For the year ended March 31, 2016
(Unaudited)

	Central Ambulance Communication Centre	Ambulance Regional Training, Kenora	2016 Total	2015 Total
Revenue				
Ministry of Health and Long Term Care	\$ 2,227,333	\$ 350,981	\$ 2,578,314	\$ 2,502,096
Other	78,020	6,338	84,358	77,770
	\$ 2,305,353	\$ 357,319	\$ 2,662,672	\$ 2,579,866
Expenses				
Salaries and employee benefits	\$ 1,816,077	\$ 138,649	\$ 1,954,726	\$ 1,916,266
Supplies and other expenses	414,467	167,714	582,181	559,490
	\$ 2,230,544	\$ 306,363	\$ 2,536,907	\$ 2,475,756
Surplus before amounts repayable	\$ 74,809	\$ 50,956	\$ 125,765	\$ 104,110
Amounts repayable/deferred	(74,809)	(50,956)	(125,765)	(104,110)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -