

CAMPBELLFORD MEMORIAL HOSPITAL
FINANCIAL STATEMENTS
As at March 31, 2016

As at June 02, 2016

**CAMPBELLFORD MEMORIAL HOSPITAL
TABLE OF CONTENTS
AS AT MARCH 31, 2016**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	I
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Cash Flows	5
Statement of Changes in Net Assets (Deficiency)	6
Notes to Financial Statements	7-26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Campbellford Memorial Hospital

Report on the Financial Statements

We have audited the accompanying financial statements of Campbellford Memorial Hospital, which comprise the statements of financial position as at March 31, 2016, and the statements of changes in net assets (deficiency), operations 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 for government not-for-profit organizations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 auditor's 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

WILKINSON & COMPANY LLP - CHARTERED ACCOUNTANTS

Telephone 613-392-2592 • Toll Free 1-888-713-7283 • Fax 613-392-8512
P.O. Box 400, 71 Dundas Street West, Trenton, Ontario K8V 5R6 • www.wilkinson.net

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Campbellford Memorial Hospital as at March 31, 2016 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Wilkinson + Company LLP

TRENTON, Canada
June 2, 2016

Chartered Accountants
Licensed Public Accountants

**Campbellford Memorial Hospital
Statement of Financial Position**

	As At March 31, 2016	As At March 31, 2015
ASSETS		
CURRENT ASSETS		
Cash	\$2,575	\$428,999
Accounts Receivable - Note 2	1,392,912	990,943
Inventory - Note 3	196,550	179,160
Prepaid expenses	282,961	334,051
Total Current Assets	1,874,998	1,933,154
Long-Term Receivable - Note 4	252,000	322,000
Tangible Capital Assets - Note 5	7,493,042	7,864,132
Total Assets	\$9,620,040	\$10,119,285
LIABILITIES		
CURRENT LIABILITIES		
Short term borrowings	\$77,629	-
Accounts Payable and accrued liabilities - Note 6	3,406,768	3,102,003
Government remittance payable	145,666	125,502
Current portion of long-term debt - Note 7	545,910	166,027
Total Current Liabilities	4,175,973	3,393,532
Deferred Capital Contributions - Note 8	5,164,681	5,578,806
Long Term Debt - Note 7	924,524	1,469,874
Post Employment Benefits - Note 9	1,373,800	1,423,100
Total Liabilities	11,638,977	11,865,312
NET ASSETS (DEFICIENCY)		
Invested in Tangible Capital Assets - Note 10	857,931	649,425
Unrestricted	(2,876,869)	(2,395,452)
	(2,018,938)	(1,746,027)
	\$9,620,040	\$10,119,285

COMMITMENTS - NOTE 15

CONTINGENCY - NOTE 16

APPROVED ON BEHALF OF THE BOARD

Tim Hendrie 06-02-16 Director

Sam Pdm June 21 2016 Director

The accompanying notes form an integral part of these financial statements

Campbellford Memorial Hospital
Statement of Operations

For the year ended	March 31, 2016	March 31, 2015
REVENUE		
Ministry of Health and Long-Term Care and Local Health		
Integration Network - Global Funding	\$ 13,599,139	\$ 13,451,376
Physician transfer funding	2,130,913	2,276,649
Paymaster funding	-	15,193
One-time operating funding - Note 12	483,030	640,768
Patient Revenue	1,755,748	1,419,333
Amortization of deferred capital contribution - Note 8	577,179	490,124
Other revenues	851,015	849,342
TOTAL REVENUE	19,397,024	19,142,785
EXPENSES		
DIRECT EXPENSES		
Salaries and benefits	11,755,621	11,684,909
Post-employment benefits - Note 9	(49,300)	(61,500)
Physician transfer payments and medical staff	2,877,350	2,987,571
Supplies	1,429,666	1,478,995
Medical & Surgical Supplies	533,586	514,917
Drugs and Medical Gases	269,549	231,581
Sundry	1,070,487	998,548
Equipment Expenses	914,623	761,292
Amortization of Tangible Capital Assets - Equipment - Note 5	592,412	532,129
TOTAL DIRECT EXPENSES	19,393,994	19,128,442
EXCESS OF REVENUE OVER DIRECT EXPENSES FOR THE YEAR	3,030	14,343
SEPARATELY FUNDED PROGRAMS - Note 13	-	-
OTHER		
Amortization of deferred capital contributions - building and service equipment - Note 8	293,466	279,764
Amortization of building and service equipment - Note 5	(569,407)	(549,822)
	(275,941)	(270,058)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR	(272,911)	(255,715)

The accompanying notes form an integral part of these financial statements

Campbellford Memorial Hospital
Statement of Cash Flows

For the year ended	March 31, 2016	March 31, 2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of expenditures over revenue	\$(272,911)	\$(255,715)
Items not involving cash:		
Amortization of tangible capital assets	1,161,819	1,081,951
Amortization of deferred capital contributions	(870,645)	(769,888)
Gain on disposal of tangible capital assets		(8,250)
Increase (decrease) in future employee benefits obligation	(49,300)	(61,500)
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(401,969)	2,244
(Increase) decrease in inventories	(17,390)	17,635
(Increase) decrease in prepaid expenses	51,090	7,731
Increase (decrease) in accounts payable and accrued liabilities	324,933	243,751
	(74,373)	257,958
FINANCING		
Increase (decrease) in bank indebtedness	77,629	-
Long-term debt obligation repayments	(165,471)	(161,710)
(Increase) decrease in long-term receivable	70,000	70,000
Capital lease obligation repayments	-	(13,856)
	(17,842)	(105,567)
CAPITAL		
Contributions received for capital purposes	456,520	1,645,890
Proceeds on disposal of tangible capital assets	-	8,250
Purchase of tangible capital assets	(790,729)	(1,686,160)
	(334,209)	(32,020)
NET INCREASE (DECREASE) IN CASH FOR YEAR	(426,424)	120,372
CASH - BEGINNING OF YEAR	428,999	308,627
CASH- END OF YEAR	\$2,575	\$428,999

The accompanying notes form an integral part of these financial statements

Campbellford Memorial Hospital
Statement of Changes in Net Assets

	For the year ended March 31, 2016		
	Invested in Tangible Capital Assets Note 10	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$649,425	\$(2,395,452)	\$(1,746,027)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(291,174)	18,263	(272,911)
INVESTMENT IN TANGIBLE CAPITAL ASSETS	499,680	(499,680)	-
BALANCE, END OF YEAR	\$857,931	\$(2,876,869)	\$(2,018,938)

	For the year ended March 31, 2015		
	Invested in Tangible Capital Assets Note 10	Unrestricted	Total
BALANCE, BEGINNING OF YEAR	\$745,652	\$(2,235,964)	\$(1,490,312)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(312,063)	56,348	(255,715)
INVESTMENT IN TANGIBLE CAPITAL ASSETS	215,836	(215,836)	-
BALANCE, END OF YEAR	\$649,425	\$(2,395,452)	\$(1,746,027)

The accompanying notes form an integral part of these financial statements

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

The Campbellford Memorial Hospital (the "Hospital") is funded primarily by the Province of Ontario in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care ("Ministry" and "MOHLTC") and the Centre East Local Health Integration Network ("CE LHIN"). Any excess of revenue over expenses earned during a fiscal year may be retained by the Hospital. The Ministry's stated policy is that deficits incurred by the Hospital will not be funded, and this policy has been consistently followed. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The LHIN provides operating funding including base funding, which is expected to be received on an annual basis, and special funding, which is non-recurring in nature, and consequently is unconfirmed for future years.

The Hospital operates under a Hospital Service Accountability Agreement ("H-SAA") with the LHIN. This agreement sets out the rights and obligation of the two parties in respect of funding provided to the Hospital. The H-SAA sets out the funding provided to Campbellford Memorial Hospital together with performance standards and obligation of Campbellford Memorial Hospital that establishes acceptable performance results for the Hospital.

If Campbellford Memorial Hospital does not meet certain performance standards or obligations, the Ministry has the right to adjust some funding streams received by the Hospital. Given that the Ministry is not required to communicate funding adjustments until after the submission of year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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 ("PSAB for Government NPOs"). Significant accounting policies adopted by the Hospital are summarized as follows:

(a) Revenue Recognition

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

Unrestricted contributions are recognized as revenue when received or receivable.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Patient and other revenues are recognized as services are provided.

(b) Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. The fair value of these contributed services is not recorded in the financial statements.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Cash and Equivalents

Cash and equivalents consist of cash on deposit less any outstanding cheques.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is determined on the first in, first out basis.

(e) Related Entities

Related entities include Campbellford Memorial Hospital Foundation, Campbellford Memorial Multicare Lodge, Campbellford Memorial Health Centre and Campbellford Memorial Hospital Auxiliary. The Hospital's relationship with each of these entities and the method by which they are accounted for is more fully described in Note 14.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost. Betterments which extend the estimated life of an asset are capitalized. Repairs and maintenance costs are charged to expense. When a tangible capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect the decline in the asset's value. Gains and losses on the disposal of tangible capital assets are credited or charged to operations in the year of disposal.

Construction in progress is not recorded as a capital asset, or amortized until construction is put into service.

Tangible capital assets are amortized according to Ministry guidelines on a straight-line basis using the following annual rates:

Land improvements	10 years
Buildings	10 - 40 years
Building service equipment	10 - 25 years
Major equipment	5 - 20 years
Software licenses and fees	5 years

(g) Renovations

The costs of renovations to the Hospital building, which significantly increase its useful life and capacity, are capitalized as part of the cost of the related tangible capital assets. Renovation costs to adapt the Hospital building to changed operating conditions or to maintain normal operating efficiency are expensed as incurred.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Accrued Vacation Pay

The Hospital recognizes vacation pay as an expense on the accrual basis as entitlement is earned.

(i) Leased Equipment

Equipment under leases that effectively transfer substantially all of the benefits and risks of ownership to the hospital as lessee is recorded as tangible capital assets at the present value of the minimum payments under the lease with a corresponding liability for the related lease obligation. Charges to expenses are made for amortization of the equipment and interest on the lease obligation.

All other items of equipment held on lease are accounted for as operating leases.

(j) Post-Employment Benefits

The Hospital provides defined retirement and post-employment benefits to certain employee groups. These benefits include pension, health, dental and life insurance benefits. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

(i) The cost of non-pension post-employment future benefits are actuarially determined using management's best estimate of health care costs and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight line basis.

(ii) The discount rate used in the determination of the above-mentioned liabilities is equal to the Ontario provincial cost of borrowing rates recommended for hospital use.

(k) Management Estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable, the estimated useful life of tangible capital assets, accounts payable and accrued liabilities, deferred contributions and actuarial estimation of post-employment benefits and liabilities. Actual results could differ from those estimates.

(l) Financial Instruments

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fair Value

This category includes derivatives and equity instruments quoted in an active market. Financial assets and financial liabilities are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Related party transactions in the normal course of operations are recorded at the exchange amount.

The Hospital owns no financial instruments in this category at this time.

Amortized cost

This category includes accounts receivable, long-term receivable, accounts payable and accrued liabilities, bank loans and term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

2. ACCOUNTS RECEIVABLE

	2016	2015
Campbellford Memorial Hospital Foundation - Note 14 (a)	\$147,175	\$181,636
Campbellford Memorial Multicare Lodge - Note 14 (b)	71,784	88,172
Campbellford Memorial Health Centre - Note 14 (c)	2,196	2,311
Campbellford Memorial Hospital Foundation - donations re capital - Notes 4 and 14 (a)	70,000	70,000
Other	1,101,643	648,824
	<hr/> \$1,392,912 <hr/>	<hr/> \$990,943 <hr/>

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

3. INVENTORIES

Inventories are valued as noted in Accounting Policy Note 1 (d) and consist of the following:

	2016	2015
Food and dietary supplies	\$13,629	\$10,404
Drugs and medicines	64,029	64,545
Laboratory supplies	48,694	55,416
Medical and other supplies	70,197	48,795
	<u>\$196,550</u>	<u>\$179,160</u>

4. LONG-TERM RECEIVABLE

	2016	2015
Due from Campbellford Memorial Hospital Foundation	\$322,000	\$392,000
Less: Current portion included in current accounts receivable	70,000	70,000
	<u>\$252,000</u>	<u>\$322,000</u>

Campbellford Memorial Hospital Foundation agreed to fund the CT scanner which was purchased in 2010. The Campbellford Memorial Hospital Foundation has guaranteed the Bankers Acceptance as described in Note 7 and is committed to repay a minimum annual principal installment of \$70,000.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

5. TANGIBLE CAPITAL ASSETS

	2016	2015
Land	\$298,985	\$298,985
Land improvements and heliport	504,033	504,033
Buildings	10,022,713	9,751,940
Building service - equipment	4,248,125	4,149,889
Major equipment - shareable	12,193,384	11,818,777
- non-shareable	16,008	16,008
Software licenses	919,585	919,585
Leasehold improvements	146,934	146,935
Total Cost	28,349,767	27,606,152
Less: Accumulated amortization	20,856,725	19,771,710
	7,493,042	7,834,442
Equipment under capital lease	-	74,226
Less: Accumulated amortization on leased tangible capital assets	-	44,536
	-	29,690
Total cost less accumulated amortization	\$7,493,042	\$7,864,132
Allocation of amortization:		
	2016	2015
Equipment and software amortization	\$592,412	\$532,129
Amortization of building and service equipment	\$569,407	\$549,822

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

6. MINISTRY OF HEALTH AND LONG-TERM CARE PAYABLE

	2016	2015
Ministry of Health and Long-Term Care		
- Diabetes program	\$969	\$969
- Common Assessment Program for Community Mental Health	18,374	18,374
- WT Nurse Practitioner	3,758	-
- Community Mental Health	128,924	81,102
- Late Career Initiative Funding	22,633	22,633
- Seniors Friendly Capital Funding	6,926	6,926
- Cancer Care Ontario	13,020	3,420
- Daily Access Reporting Tool	2,000	2,000
- Wait Time Strategy Funding	2,766	27,714
- Overhead Lifts	1,061	1,061
- Small Rural & Northern Hospital Transformation Fund	119,658	123,613
- SFH Assessments	1,134	1,134
- Enhanced Isolation Funding	5,645	5,645
- Security Enhancement	1,203	1,203
- Palliative Care Enhancement	2,593	2,593
- Back Office Integration Funding	13,001	13,001
- Geriatric Assessment & Intervention Network	179,858	79,237
- SFH Environmental Initiatives	170,979	65,549
- Hospital Infrastructure Renewal Fund (HIRF)	334,149	-
- Family Meeting Room	15,433	-
- EMPI Project	2,971	-
- Supportive Housing PSS Wage Enhancement	3,853	-
- Ontario Telemedicine Network	45,700	-
- Assess and Restore Funding		16,736
	\$1,096,608	\$472,912

The above amounts are included in the accounts payable and accrued liabilities on the statement of financial position.

Government remittances payable at March 31, 2016 including federal and provincial sales tax, payroll taxes, health taxes and workers' safety insurance premiums totalled \$145,666.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

7. LONG-TERM DEBT

	2016	2015
Fixed rate term loan, unsecured, repayable in blended monthly installments of \$2,010 including interest at a rate of 2.79% to October 2016	145,469	165,248
Fixed rate term loan, unsecured, repayable in blended monthly installments of \$1,841 including interest at a rate of 2.96% to February 2018	138,010	155,732
Fixed rate term loan, unsecured, repayable in blended monthly installments of \$1,534 including interest at a rate of 3.82% to November 2017.	173,125	184,683
Fixed rate term loan, unsecured, repayable in blended monthly installments of \$6,108 including interest at a rate of 3.75% to November 2017	691,830	738,238
Bankers acceptance, secured by CT scanner, repayable in blended annual installments of \$70,000 including interest at 0.957% to November 2016	322,000	392,000
	1,470,434	1,635,901
Less current portion included in current liabilities	545,910	166,027
	\$924,524	\$1,469,874

Interest expense incurred on these loans during the year was \$42,459 (\$45,657 in 2015) and is included in interest expense.

The bank overdraft bears interest at the bank prime rate.

The Hospital has an available operating line credit facility to a maximum of \$1.2 million at March 31, 2016 (\$1.2 million at March 31, 2015) which is unsecured at the lender's prime rate and is due on demand. As at year-end, management has determined that the company has met all covenants contained in the company's banking agreement.

Interest expense incurred during the year on the operating line of credit was \$8,012 (2015 - \$13,773) and is included in interest expense.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

7. LONG-TERM DEBT (Cont'd)

The hospital has an available \$450,000 revolving lease line of credit with zero balance outstanding at the end of the year.

Canadian public sector accounting standards for government not-for-profit organizations require that loans for which the lender can demand repayment be classified as current liabilities. Regular principal payments required on the demand term loans are due as follows:

2017	545,910
2018	924,524

Security for the banker's acceptance of \$322,000 includes a guarantee and postponement of claim totaling \$322,000 signed by Campbellford Memorial Hospital Foundation.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

8. DEFERRED CONTRIBUTIONS

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

	2016		2015	
	Principal Amount \$	Accumulated Amortization \$	Principal Amount \$	Accumulated Amortization \$
Donations for Capital Purposes				
Balance - beginning of year	\$7,091,470	\$4,491,922	\$6,187,997	\$3,990,598
Received/receivable during year:				
Campbellford Memorial				
Hospital Foundation	312,546		860,932	
Disposal of equipment				
Other	-		16,041	
Amortization for year - Note 1(a)		568,243		501,324
Balance - End of year	7,404,016	5,060,165	\$7,091,470	\$4,491,922
	2016		2015	
	Principal Amount	Accumulated Amortization	Principal Amount	Accumulated Amortization
Grants for Capital Purposes				
Balance - beginning of year	\$7,676,869	\$4,697,611	\$6,934,452	\$4,429,049
Received/receivable during year	143,974		742,417	
Amortization for year - Note 1(a)		302,402		268,562
Balance - End of year	7,820,843	5,000,013	7,676,869	4,697,611
Combined Grants and Donations	15,224,858	10,060,178	14,768,339	9,189,533
Unamortized Balance	5,164,681		5,578,806	

During the year, grants and donations of \$767,492 were received/receivable less an infrastructure grant recovery of \$267,003 for the 2015 year as well as \$43,969 for the 2014. Net grants received for the year after adjustment are therefore \$456,520. Of this amount, \$264,804 remains either unspent or the capital items were not in use as of March 31, 2016 and therefore no amortization was taken for the year.

Allocation of amortization:

	2016	2015
Equipment Donation and Grant Amortization	\$577,179	\$490,124
Building and Service Equipment Donation and Grant Amortization	\$293,466	\$279,764

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

9. POST-EMPLOYMENT BENEFITS

The Hospital accounts for employee future benefits using accrual accounting for post-employment benefits. This method uses current market rates to estimate the present value of the post-retirement liabilities. The most recent valuation of the Hospital was performed as at March 31, 2016. The related benefit liability was determined by an independent actuary on behalf of the Hospital. The accrued benefit liability is comprised of:

	2016	2015
Balance, beginning of year	\$1,423,100	\$1,484,600
Employee future benefits expense	9,600	1,800
Contributions by the Hospital	(58,900)	(63,300)
Long-term accrued benefit liability - End of the year	1,373,800	1,423,100

Reconciliation of accrued benefit obligation:

Accrued benefit obligation	736,000	763,800
Unamortized actuarial gains	637,800	659,300
Long-term accrued benefit liability - End of the year	1,373,800	1,423,100

The employee future benefit expense (recovery) included in employee benefits on the Statement of Operations is composed of:

	2016	2015
Current period benefit cost	39,400	32,600
Interest cost	25,600	30,200
Amortization of actuarial (gains) losses	(55,400)	(61,000)
	9,600	1,800
Less actual payments	58,900	63,300
Post-employment benefits recovery	(49,300)	(61,500)

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

9. POST-EMPLOYMENT BENEFITS (Cont'd)

Discount rate for expense	3.31%
Discount rate for disclosure	3.76%
Dental benefits cost escalation	4%
Medical benefits cost escalation - extended health care	7.0%, decreasing 0.25% per year to an ultimate rate of 5.0%

10. INVESTMENT IN TANGIBLE CAPITAL ASSETS

(a). Investment in tangible capital assets represents the following:

	<u>2016</u>	<u>2015</u>
Tangible capital assets	\$7,493,042	\$7,864,132
Less amounts funded by:		
Deferred contributions used for capital asset acquisition (Note 8)	5,164,681	5,578,806
Accounts payable	-	-
Term debt	1,470,431	1,635,901
	<u>\$857,931</u>	<u>\$649,425</u>

(b). Change in net assets invested in tangible capital assets is calculated as follows:

	<u>2016</u>	<u>2015</u>
Deficiency of revenues over expenditures:		
Amortization of deferred capital contributions related to tangible capital assets	\$870,645	\$769,888
Gain (loss) on disposal of tangible capital assets	-	8,250
Proceeds on disposal of tangible capital assets	-	(8,250)
Amortization of tangible capital assets	(1,161,819)	(1,081,951)
	<u>(291,174)</u>	<u>(312,063)</u>
Net change in investment in tangible capital assets:		
Purchase of tangible capital assets	790,729	1,686,160
Amounts funded by deferred capital contributions	(456,520)	(1,645,890)
Decrease (increase) in long-term debt	165,471	161,711
Decrease (increase) in capital lease	-	13,856
	<u>499,680</u>	<u>215,836</u>
CHANGE IN NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS	<u>(208,506)</u>	<u>(96,227)</u>

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

11. PENSION PLAN

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. Contributions to the plan made during the year by the hospital on behalf of its employees amounted to \$791,503 (2015 - \$755,842) and are included in the statement of operations.

As of December 31, 2015, the HOOPP pension plan is in a surplus position with the regulatory funded ratio of actuarial value of net assets to accrued liabilities of 122%, up from 115% in 2014.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

12. MINISTRY OF HEALTH AND LONG-TERM CARE - ONE-TIME FUNDING

	2016	2015
Wait time pay for results	\$121,242	\$125,000
Nursing - late career initiative	-	9,814
Nursing - new graduates	-	21,123
Cancer Care Ontario – colonoscopy funding	40,960	49,921
Cancer Care Ontario – Mammo Inspection Reimbursement	2,492	-
Wait time strategy - surgery funds	16,542	8,820
CT Wait time funding	43,750	43,846
Transportation Costs	-	100,000
Family Meeting Room Renovations	12,149	-
Electronic Master Patient Index project	4,623	-
SFH Environmental Initiatives	22,475	2,737
Small Rural & Northern Hospital Transformation Fund	218,797	138,297
Assess and Restore – Enhancement of Physiotherapy	-	24,065
Novari Upgrade	-	5,079
Ideas- Physiotherapy	-	2,353
CCN Back Office Integration	-	30,014
Palliative Enhancements	-	8,408
Montesorri	-	3,289
Patient Order Sets	-	25,000
Ebola Preparedness	-	23,591
Data Quality & Clean-up Initiative	-	19,411
	\$483,030	\$640,768

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

13. MINISTRY OF HEALTH AND LONG-TERM CARE - SEPARATELY FUNDED PROGRAMS

The Ministry separately funds the operating expenses of the programs listed below. The arrangement provides that any surplus arising from each program's actual operating results for the year is refundable to the Ministry in the following year. Any deficit arising from each programs' actual operating results for the year is payable by the Hospital and is included in expenses.

	2016	2015
Funding		
Community Mental Health Program	\$741,157	\$713,226
Municipal Taxes	5,625	5,625
GAIN Clinic	470,205	65,933
Supportive Housing	410,660	-
	<u>\$1,627,647</u>	<u>\$784,784</u>
Expenses		
Community Mental Health Program	\$741,157	\$713,226
Municipal Taxes	5,625	5,625
GAIN Clinic	470,205	65,933
Supportive Housing	410,660	-
	<u>\$1,627,647</u>	<u>\$784,784</u>
Deficit absorbed by the Hospital	-	-

14. RELATED ENTITIES

(a) Campbellford Memorial Hospital Foundation

The Facility is closely related to Campbellford Memorial Hospital Foundation which was established to raise funds for charitable purposes in the community health care field as well as for the benefit of the Facility. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The net assets resulting from operations of the Foundation are not included in the statements of the Facility since the Foundation does not accumulate funds solely for the Hospital.

The Hospital pays various expenses on behalf of the Foundation, such as salaries and supplies for which it is reimbursed by the Foundation.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

14. RELATED ENTITIES (Cont'd)

During the year, the Campbellford Memorial Hospital Foundation transferred and committed \$312,546 for the purchase of equipment.

At year-end, the receivable for these expenses and current year equipment purchase commitments amounted to \$147,175 (2015 - \$181,636) - Note 2

The Hospital has a receivable from the Foundation for capital expenditures of \$70,000 current plus \$252,000 as described in Note 4 (2015 - \$392,000).

(b) Transactions with Campbellford Memorial Multicare Lodge

The Campbellford Memorial Hospital leases space from the Multicare Lodge and sublets a portion of this space. By mutual agreement the Hospital pays the Multicare Lodge a rental fee equal to the rental income received from the sublet portion. Lease costs of \$82,666 and rental income of \$82,666 related to this activity are included in other expenses and income respectively.

The Hospital provides various services which are billed to the Multicare Lodge and amounted to \$24,177 during the year. Also, the Hospital pays various expenses on behalf of the Multicare Lodge, such as salaries, electricity and dietary, for which it is reimbursed by the Multicare Lodge. At the year-end, there was an amount receivable from the Multicare Lodge for these services of \$71,784 – Note 2.

(c) Campbellford Memorial Health Centre and Campbellford Memorial Hospital Auxiliary

These are also related entities in which the Hospital has an economic interest. The Health Centre provides a collegial setting intended to attract and retain medical professionals for the benefit of the community. The Hospital provides certain support services amounting to \$24,539 to the Health Centre, for which it is reimbursed. At the year-end, the receivable balance from the Health Centre was \$2,196 – Note 2.

The Auxiliary, through the efforts of its volunteers, promotes the interests of the Hospital and raises significant funds to assist the Hospital to acquire medical equipment.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

15. COMMITMENTS

(a) Members' Agreement with Booth Centennial Healthcare Linen Services

A members' agreement, signed April 18, 2002 exists between Booth Centennial Healthcare Linen Services and Campbellford Memorial Hospital whereby all laundry services required at the Hospital are supplied by Booth Centennial Healthcare Linen Services. This company was incorporated without share capital for the purpose of providing central facility laundry and linen services to its members. The participating members become members of Booth Centennial Healthcare Linen Services.

(b) Lab Reagent Agreement

A Utilization agreement, signed October 2008 exists between Roche Diagnostics and Campbellford Memorial Hospital whereby lab equipment is supplied at no charge with the signing of the reagent contract at a cost of \$32,409.50 per year. At the end of the agreement, the Hospital may buy out the equipment for the residual value, renegotiate the agreement or return the equipment. The agreement will be extended until May 31, 2016.

(c) Copier Lease

On September 1, 2008, the Hospital signed a 5 year copier lease agreement requiring ten semi-annual payments of \$13,879. This contract has been renegotiated to May 2018 requiring semi-annual payments of \$5,460. As well an additional copier lease started in January 2012 until January 2017 for \$214 per month.

(d) Software Support Agreements

- 1) Northumberland Hills Hospital for PACS support - \$102,957 per annum to March 2019.
- 2) Peterborough Regional Health Center for system software support - \$25,446
- 3) MediSolutions - \$33,731 per annum to March 2017
- 4) SHI microsoft agreement - \$13,058 per annum to May 2017.
- 5) Aramark Canada Ltd. - \$15,870 per annum to December 2018.
- 6) Carefusion - \$11,244 per annum to May 2016.
- 7) EMHware Inc. - \$6,975 per annum to March 2017.
- 8) Latric Systems Inc.- \$2,234 per annum to July 2016.
- 9) Kronos Canadian Systems- \$6,148 per annum to December 2016.
- 10) Lanier Healthcare Canada- \$7,516 per annum to August 2016.
- 11) Surge Learning- \$7,625 per annum to December 2016.
- 12) Think Research- \$12,228 per annum to March 2017.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

15. COMMITMENTS (Cont'd)

(e) Equipment Service Agreements

Campbellford Memorial Hospital has signed the following equipment service and support agreements:

- 1) Steris Canada Inc. - \$26,912 per annum to Feb, 2017.
- 2) Sysmex Service. - \$11,997 per annum to June 2017.
- 3) Canadian Medical Equipment Protection Plan - \$137,521 per annum to March 2017.
- 4) Philips Healthcare - \$139,000 per annum to February 2021.
- 5) Philips Healthcare - \$8,000 per annum to February 2021.
- 6) Siemens Service agreement - \$3,076 per annum to Feb 2017.
- 7) Novari Health - \$9,780 per annum to March 2018.
- 8) GE Healthcare Canada Inc.- \$4,560 per annum to July 2020.
- 9) GE Healthcare Canada Inc.- \$4,855 per annum to November 2020.
- 10) Nuance Communications- \$2,231 per annum to December 2016.
- 11) Pentax Canada- \$6,400 per annum to July 2016.

(f) Regional Initiatives

As part of a collaborative effort with other regional health care partners, the hospital has committed to some regional initiatives that require investment in information technology and expects to enter into additional similar agreements in the near future. The future costs of these initiatives are indeterminable at this time.

(g) Supportive Housing

As of April 01, 2015, Campbellford Memorial Hospital entered into an accountability agreement with the Local Health Integration Network for supportive housing contracted with the Campbellford Memorial Multicare Lodge.

16. CONTINGENCY

Campbellford Memorial Hospital uses Industrial Alliance to administer the Extended Health Care, stop loss coverage, travel and dental benefits for the Hospital. Industrial Alliance provides administrative services only; therefore, the Hospital assumes the actual risk. As at March 31, 2016, the Hospital's portion of the plan was in a surplus position of approximately \$104,616 which is included in prepaid expenses and deposits.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Hospital's cash, accounts receivable, accounts payable and accrued liabilities and mortgages payable approximate their carrying amounts due to the immediate and short-term nature of these financial instruments. It is not practicable to determine the fair value of the amounts due to related parties due to the non-arm's length nature of the relationship and that there are no repayment terms.

The fair value of the long-term debt approximates its carrying value as the interest rate does not differ significantly from the current market rates are variable to the Hospital for similar debt.

The Hospital has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, interest rate risk and liquidity risk.

Credit Risk

Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due.

Accounts receivable are short-term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk is limited to the carrying value of these instruments.

There have been no significant changes from the previous period in the exposure to risk or policies used to measure risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

At March 31, 2016 all of the Hospital's long-term debt was at fixed interest rates, with the exception of advances under the bank credit facility.

The organization is also exposed to interest rate risk through its credit facilities discussed in Note 7 to these financial statements. As at year-end, the interest rate risk from these credit facilities is not significant, as these credit facilities have not been utilized.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet all cash outflow obligations as they come due. The organization mitigates this risk by monitoring cash activities and expected outflows.

**CAMPBELLFORD MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

18. CAPITAL MANAGEMENT

The Hospital considers its net assets, long-term debt and deferred capital contributions as its capital.

Net assets

As a government not-for-profit organization, the Hospital operations are reliant on revenues generated annually. The Hospital has an accumulated net assets deficiency over its history to March 31, 2016 of (\$2,018,938) 2015 - (\$1,746,027) which are presented in the statement of financial position as net assets.

Long-Term debt

The Hospital's capital management program also utilizes debt financing. At March 31, 2016, the Hospital was in compliance with all covenants applicable to its debt instruments.

Deferred capital contributions

Capital grants and capital donations are treated as deferred capital contributions and amortized over the life of the related tangible capital assets. At March 31, 2016, the Hospital was in compliance with all restrictions applicable to these funding sources.

The Hospital's objectives with respect to capital management are to maintain a sufficient level of capital to be able to fulfill its overall purpose, as outlined on page 6; and, to meet the requirements outlined in the Hospital Service Accountability Agreement with the Local Health Integration Network. The Hospital's Board and management will continue to work collaboratively with the Local Health Integration Network and other health care partners to find long-term solutions to capital management challenges.