

Financial Statements of

**NORTH BAY REGIONAL
HEALTH CENTRE**

Year ended March 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Directors of North Bay Regional Health Centre

We have audited the accompanying financial statements of North Bay Regional Health Centre, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in deficiency in net assets and cash flows for the year then ended and notes, comprising 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 our 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, we consider 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 North Bay Regional Health Centre, as at March 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 7, 2017

North Bay, Canada

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016
(In thousands of dollars)

	2017	2016
Revenue:		
Ministry of Health and Long-Term Care / North East Local Health Integration Network	\$ 184,105	187,255
Cancer Care Ontario	8,049	7,226
Patient services	12,045	12,200
Preferred accommodation	2,172	2,237
Other	6,942	7,123
Uniquely funded programs (note 14)	25,062	27,870
Amortization of deferred capital contributions - equipment	1,193	5,307
	<u>239,568</u>	<u>249,218</u>
Expenses:		
Salaries and wages	104,140	110,664
Benefit contributions	34,228	37,965
Medical staff remuneration	20,161	21,072
Drugs	6,480	6,416
Medical and surgical supplies	7,735	7,233
Amortization - equipment	5,278	7,552
Other supplies and services	33,868	33,637
Uniquely funded programs (note 14)	25,128	27,866
	<u>237,018</u>	<u>252,405</u>
Excess (deficiency) of revenue over expenses before the undernoted	2,550	(3,187)
Amortization of deferred capital contributions - buildings	10,101	10,424
Amortization of buildings	(11,019)	(11,104)
Government contribution for interest on other long-term obligations	19,462	19,899
Interest on long-term obligations	(21,105)	(21,563)
Deficiency of revenue over expenses before one-time items	(11)	(5,531)
Ministry of Health and Long-Term Care one-time funding adjustments:		
Operating cost pressures	11,500	-
Post-construction operating plan settlement	2,473	-
Excess (deficiency) of revenue over expenses	<u>\$ 13,962</u>	<u>(5,531)</u>

See accompanying notes to financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Financial Position

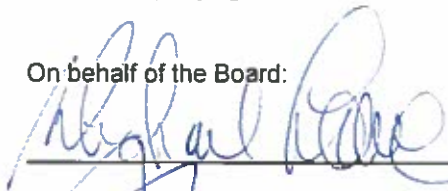
March 31, 2017, with comparative information for 2016

(In thousands of dollars)


	2017	2016
Assets		
Current assets:		
Cash	\$ 764	256
Accounts receivable (note 2)	16,770	6,985
Inventories	2,425	2,434
Prepaid expenses	2,258	2,614
Current portion of long-term receivables (note 4)	413	10,415
	<u>22,630</u>	<u>22,704</u>
Capital assets (note 3)	490,914	501,321
Long-term receivables (note 4)	2,538	2,733
	<u>\$ 516,082</u>	<u>526,758</u>
Liabilities, Deferred Contributions and Deficiency in Net Assets		
Current liabilities:		
Bank indebtedness (note 5)	\$ 23,490	34,066
Accounts payable and accrued liabilities (note 6)	45,867	45,626
Deferred contributions	2,602	1,618
Current portion of long-term obligations (note 7)	8,762	8,952
	<u>80,721</u>	<u>90,262</u>
Long-term obligations (note 7)	369,721	378,771
Deferred capital contributions (note 8)	85,156	91,686
Post-retirement benefit obligation (note 9)	15,168	14,685
	<u>550,766</u>	<u>575,404</u>
Deficiency in net assets	(34,684)	(48,646)
Commitments and contingencies (note 12)		
	<u>\$ 516,082</u>	<u>526,758</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Changes in Deficiency in Net Assets

Year ended March 31, 2017, with comparative information for 2016
(In thousands of dollars)

		2017	2016
Deficiency in net assets, beginning of year	\$	(48,646)	(43,115)
Excess (deficiency) of revenue over expenses		13,962	(5,531)
Deficiency in net assets, end of year	\$	(34,684)	(48,646)

See accompanying notes to financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

(In thousands of dollars)

	2017	2016
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 13,962	(5,531)
Adjustments for:		
Amortization of capital assets	16,297	18,656
Amortization of deferred capital contributions	(11,294)	(15,731)
Increase in post-employment benefit obligation	483	421
Gain on disposal of capital assets	18	-
	<u>19,466</u>	<u>(2,185)</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(9,785)	(1,563)
Decrease in inventories	9	82
Decrease (increase) in prepaid expenses	356	(250)
Decrease in accounts payable and accrued liabilities	241	(5,253)
Increase in deferred contributions	984	22
	<u>11,271</u>	<u>(9,147)</u>
Cash flows from investing activities:		
Decrease (increase) in long-term receivables	10,197	(744)
Proceeds from disposal of marketable securities	-	509
	<u>10,197</u>	<u>(235)</u>
Cash flows from capital activities:		
Purchase of capital assets	(5,955)	(5,101)
Proceeds from disposal of capital assets	47	36
	<u>(5,908)</u>	<u>(5,065)</u>
Cash flows from financing activities:		
Deferred capital contributions received	4,764	12,704
Principal repayment of long-term obligations	(16,735)	(7,562)
Proceeds on long-term obligations	7,495	1,987
Increase (decrease) in bank indebtedness	(10,576)	7,233
	<u>(15,052)</u>	<u>14,362</u>
Net increase (decrease) in cash	508	(85)
Cash, beginning of year	256	341
Cash, end of year	\$ 764	256

See accompanying notes to financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2017

(In thousands of dollars)

The North Bay Regional Health Centre (the "Health Centre") is incorporated without share capital under the laws of Ontario. Its principal activity is the provision of health care services in the District of Nipissing, Ontario and mental health services in Northeastern Ontario. The Health Centre is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes under section 149 of the Income tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(a) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto, the Health Centre is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-term Care ("MOHLTC") and the North East Local Health Integration Network ("NELHIN"). 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 the subsequent period.

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

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

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis, at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized when the service is provided.

(b) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

Buildings, roads, sidewalks and landscaping	Various rates to 10%
Leasehold improvements	Various rates to 20%
Furniture and equipment	Various rates to 33%
Equipment under capital leases	30%

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Health Centre uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

(d) Related entities:

The notes to financial statements include information for the following entity (note 11):

North Bay Regional Health Centre Foundation ("NBRHC Foundation")

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Employee post-retirement benefits:

The Health Centre accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 14 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

The Health Centre is an employer member of the Health Care of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Health Centre has adopted defined contribution plan accounting principles for this 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 the future employer contributions to the Plan for past employee service.

(f) Funding adjustments:

The Health Centre receives grants from the NELHIN, MOHLTC and Cancer Care Ontario for specific services. Pursuant to the related agreements, if the Health Centre does not meet specified levels of activity, the MOHLTC, NELHIN or Cancer Care Ontario may be entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit, the Health Centre records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Given the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017
(In thousands of dollars)

1. Significant accounting policies (continued):

(h) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured 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 incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

(i) Use of estimates:

The preparation of the financial statements 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 periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

2. Accounts receivable:

	2017	2016
MOHLTC/NELHIN – operating	\$ 386	661
MOHLTC/NELHIN – operating cost pressures	11,500	–
Cancer Care Ontario	208	736
Insurers and patients	2,739	3,322
Other	1,937	2,266
	\$ 16,770	6,985

The reported balance of accounts receivable are net of an allowance for doubtful accounts of \$472 (2016 - \$363).

3. Capital assets:

2017	Cost	Accumulated Amortization	Net book Value
Land	\$ 1,226	–	1,226
Buildings, roads, sidewalks and landscaping	528,300	73,166	455,134
Leasehold improvements	2,018	1,416	602
Furniture and equipment	106,570	72,618	33,952
	\$ 638,114	147,200	490,914

2016	Cost	Accumulated Amortization	Net book Value
Land	\$ 1,226	–	1,226
Buildings, roads, sidewalks and landscaping	526,687	62,619	464,068
Leasehold improvements	2,019	1,182	837
Furniture and equipment	102,719	67,529	35,190
	\$ 632,651	131,330	501,321

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

4. Long-term receivables:

	2017	2016
Municipal contributions (i)	\$ 1,139	10,848
Recruitment loans:		
Acute care physicians (ii)	1,694	2,176
Psychiatrists (iii)	118	124
	2,951	13,148
Current portion of long-term receivables	(413)	(10,415)
	\$ 2,538	2,733

(i) Municipal contributions receivable are recorded at their net present value using the effective interest rate method and a discount rate of 4.75%.

(ii) Recruitment loans for acute care physicians are non-interest bearing and partially forgivable provided certain contractual conditions are met by the recipient physician.

(iii) Recruitment loans for psychiatrists are non-interest bearing and fully forgivable provided certain contractual conditions are met by the recipient physician.

(iv) The reported balance of long-term receivable are net of an allowance for doubtful accounts of \$118 (2016 - \$124).

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017
(In thousands of dollars)

5. Bank indebtedness:

The Hospital has an available unsecured line of credit of \$35,000 (2016 - \$45,000) that bears interest at the bank's prime lending rate less 0.75%. At March 31, 2017 the amount drawn against this facility is \$21,971 (2016 - \$32,504).

6. Accounts payable and accrued liabilities:

	2017	2016
Accounts payable and accrued liabilities:		
- NELHIN/MOHLTC	\$ 8,942	8,946
- Cancer Care Ontario	133	246
- Other funding agencies	1,077	578
- Trade payables	16,754	14,507
Payroll accruals:		
- Salaries and wages	7,903	9,395
- Employee deductions payable	4,943	5,698
- Vacation pay and other entitlements	6,115	6,256
	\$ 45,867	45,626

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

7. Long-term obligations

	2017	2016
Long-term obligation, unsecured, payable in monthly instalments of \$2,389, bearing interest at 5.55%, final instalment due June 2040	\$ 373,643	381,350
Available \$3 million credit facility, unsecured, principal repayable on each draw in equal annual instalments over a period of six years, bearing interest at bank prime lending interest rate	1,438	1,686
Long-term obligation, secured over related assets, payable in monthly instalments of \$21, bearing interest at 4.00% and due in 2036	3,402	4,687
	378,483	387,723
Current portion of long-term obligations	(8,762)	(8,952)
	\$ 369,721	378,771

Scheduled principal repayments in each of the next five years and thereafter are as follows:

2018	\$ 8,762
2019	9,074
2020	9,435
2021	9,740
2022 and thereafter	341,472
	\$ 378,483

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017
(In thousands of dollars)

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2017	2016
Balance, beginning of year	\$ 91,686	94,713
Contributions received during the year	9,264	12,704
Less: capital project settlement adjustment	(4,500)	—
Less: amounts amortized to revenue	(11,294)	(15,731)
Balance, end of year	\$ 85,156	91,686

9. Post-employment benefit obligation:

The Health Centre sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for employees with various cost-sharing arrangements as determined by their collective agreements and conditions of employment. The most recent valuation of the employee future benefits was completed as at April 1, 2015. The next full valuation of the plan will be as of April 1, 2018.

The accrued benefit obligation is recorded in the financial statements as follows:

	2017	2016
Balance, beginning of year	\$ 14,685	14,264
Add: Benefit costs	1,394	1,312
	16,079	15,576
Less: Benefit contributions	(911)	(891)
Balance, end of year	\$ 15,168	14,685

Similar to most post-employment benefit plans (other than pension) in Canada, the Health Centre's plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

9. Post-employment benefit obligation (continued):

The significant actuarial assumptions adopted in measuring the Health Centre's accrued benefit obligations are as follows:

	2017	2016
Discount rate	5.43%	5.31%
Dental cost trend rates	3.75%	3.75%

Extended health care costs are 7.5% in the first year, decreasing by 0.25% per annum to an ultimate rate of 4.75% (2016 – 4.75%)

10. Pension plan:

The majority of full-time and part-time employees of the Health Centre are eligible to be members of the Plan which is a multi-employer defined benefit plan. Contributions to the Plan made during the year on behalf of employees amounted to \$10,033 (2016 - \$10,988).

11. Related entity:

The Health Centre has an economic interest in the NBRHC Foundation. The NBRHC Foundation was incorporated by Letters Patent under the Ontario Corporations Act on September 30, 1999 as a not-for-profit organization and is a registered charity under the Income Tax Act. Its primary goal is to provide ongoing resources for patient-focused care, education and research.

During the current year, the Health Centre received total contributions of \$11,352 from the NBRHC Foundation (2016 - \$3,725).

12. Commitments and contingencies:

(a) Lifecycle and maintenance costs

In February 2007, the former North Bay General Hospital ("NBGH") signed an agreement with Plenary Health North Bay GP ("Plenary") to build, maintain and finance the NBRHC facility. Plenary commenced facility construction in March 2007 with substantial completion in June 2010.

Upon completion of construction, annual payments of approximately \$6.8 million for lifecycle and facility maintenance costs commenced for a period of 30 years, with the final payment due in May 2041. A portion of the payment is subject to indexing for increases in cost of living, labour, insurance and energy and utilities.

The MOHLTC has approved an annual grant to fund the lifecycle component of these payments and negotiations are ongoing for a long-term funding arrangement for the MOHLTC's share of the facility maintenance costs, with the expectation being that this funding will be incorporated into the Health Centre's operating grants.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

12. Commitments and contingencies (continued):

(b) HealthCare Insurance Reciprocal of Canada:

The Health Centre is a member of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2017, no assessments have been received by the Health Centre.

(c) Legal matters and litigation:

The Health Centre is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. With the exception of specific matters noted below, management is of the opinion that these matters are mitigated by adequate insurance coverage.

Prior to the current year, the NBGH was named as a co-defendant in a statement of claim. The action is claiming damages that are in excess of the insurance coverage that the NBGH held at the time of the incident. It is the Health Centre's position and that of its legal counsel that the likelihood of loss, if any, is not determinable at this time and the Health Centre has not recorded a liability for any amount relating to this claim. Damages and legal costs, if any, relating to this matter would be recognized in the year they become determinable.

Prior to the current year the NBGH was named as a co-defendant in a statement of claim where the date of occurrence was prior to the current insurance policy period. There is a dispute between the previous and current insurers as to which policy coverage extends to this claim. It is the Health Centre's position and that of its legal counsel that the likelihood of loss that is not covered by insurance, if any, is not determinable at this time and the Health Centre has not recorded a liability for any amount relating to this claim. Damages and legal costs, if any, relating to this matter would be recognized in the year they become determinable.

(d) Employment matters:

During the normal course of business, the Health Centre is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable. Where amounts are not reasonably determinable, costs, if any, relating to these matter would be recognized when known.

(e) Letters of credit:

As at March 31, 2017, \$1,185 (2016 - \$1,835) of letters of credit have been issued with respect to performance contracts. These arrangements are secured by a general security agreement.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

13. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Health Centre is exposed to credit risk with respect to accounts receivable and other investments.

The Health Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Health Centre at March 31, 2017 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2016.

(b) Liquidity risk:

Liquidity risk is the risk that the Health Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Centre manages its liquidity risk by monitoring its operating requirements. The Health Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2016.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

14. Uniquely funded programs:

The Health Centre administers a number of programs which are separately funded. The revenues and expenses related to these programs are recorded separately from the base funding operations of the Health Centre and any excess or deficiency of revenue over expenses is settled with the funding agencies on an annual basis.

(a) MOHLTC/NELHIN funded programs:

	2017	2016
Revenue:		
Community mental health	\$ 6,660	6,809
Substance abuse	2,774	2,608
Community support services	45	2,701
Central ambulance communication centre	2,514	2,388
Other programs	62	172
	<u>12,055</u>	<u>14,678</u>
Expenses:		
Community mental health	6,660	6,809
Substance abuse	2,838	2,608
Community support services	45	2,701
Central ambulance communication centre	2,514	2,388
Other programs	64	168
	<u>12,121</u>	<u>14,674</u>
Excess (deficiency) of revenue over expenses	\$ (66)	4

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2017

(In thousands of dollars)

14. Uniquely funded programs (continued):

(b) Other government funded programs:

	2017	2016
Revenue:		
Land ambulance service	\$ 6,583	6,370
Grants assistance	4,196	4,530
Wordplay	1,626	1,598
Client information management system	506	597
Paramedicine	96	97
	13,007	13,192
Expenses:		
Land ambulance service	6,583	6,370
Grants assistance	4,196	4,530
Wordplay	1,626	1,598
Client information management system	506	597
Paramedicine	96	97
	13,007	13,192
Excess of revenue over expenses	\$ -	-

Supplementary Financial Schedules

Year ended March 31, 2017, with comparative figures for 2016 (000's)

Note:

These supplementary financial schedules are unaudited, prepared by NBRHC management and are for information purposes only.

These supplementaries provide additional information relating to the March 31, 2017 audited financial statements

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Operations

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017	2017	2016
		Budget	Actual	Actual
Revenue:				
NELHIN/MOHLTC ⁽¹⁾	Schedule 1	\$ 186,729	\$ 184,105	\$ 187,255
Cancer Care Ontario	Schedule 2	7,135	8,049	7,226
Patient services	Schedule 3	14,607	14,217	14,437
Other	Schedule 4	6,823	6,942	7,123
Uniquely funded programs	Schedule 5	25,514	25,062	27,870
Amortization of deferred equipment contributions		1,215	1,193	5,307
Total Revenues		\$ 242,024	\$ 239,568	\$ 249,218
Expenses:				
Salaries and wages	Schedule 6	107,489	104,140	110,664
Employee benefits	Schedule 7	31,999	34,228	37,965
Medical staff remuneration	Schedule 8	22,091	20,161	21,072
Drugs	Schedule 9	6,136	6,480	6,416
Medical and surgical	Schedule 10	7,909	7,735	7,233
Other supplies and services	Schedule 11	34,055	33,868	33,637
Uniquely funded programs	Schedule 5	25,504	25,128	27,866
Amortization - equipment		5,388	5,278	7,552
Total Expenses		240,572	237,018	252,405
Surplus (Deficiency) of revenue over expenses before the undernoted		\$ 1,451	\$ 2,550	\$ (3,188)
% of Total Expenses		0.6%	1.1%	(1.3)%
Amortization of deferred contributions - buildings		10,137	10,101	10,424
Amortization of buildings		(11,042)	(11,019)	(11,104)
Government contribution for interest on other long-term obligations		19,462	19,462	19,899
Interest on long-term obligations		(21,128)	(21,105)	(21,563)
Surplus (deficiency) of revenue over expenses before one-time items		\$ (1,120)	\$ (11)	\$ (5,532)
Ministry of Health and Long-Term care one-time funding adjustments:				
Operational cost pressures		0	11,500	0
Post-construction operating plan settlement		0	2,473	0
Surplus (deficiency) of revenue over expenses		\$ (1,120)	\$ 13,962	\$ (5,532)

(1) - North East Local Health Integration Network/Ministry of Health and Long Term Care

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 1 - NELHIN/MOHLTC Revenue**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017	2017	2016
		Budget	Actual	Actual
Base Funding		\$ 117,017	\$ 118,019	\$ 114,566
Health Based Allocation Model	Note 1	49,667	49,667	49,171
Quality Based Procedures	Note 2	14,115	13,915	12,800
Other MOHLTC/NELHIN funding	Note 3	5,929	2,504	10,717
Total		\$ 186,729	\$ 184,105	\$ 187,255

Variance to Budget	\$ (2,624)	(1.4)%
Variance to Prior Year	\$ (3,150)	(1.7)%

Note 1 - Health Based Allocation Model funding is an evidence-based funding model which considers factors such as age, gender, socio-economic status, rural geography and patient flows.

Note 2 - Volume based funding for specific procedures relating to orthopaedics (hips and knees), congestive heart failure, stroke, chronic obstructive pulmonary disease, cataracts, pneumonia, tonsillectomy, and neonatal jaundice.

Note 3 - Other MOHLTC/NELHIN funding includes one-time funding, funding recoveries and funding flowed to/from other Government Reporting Entities (paymaster funding).

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 2 - Cancer Care Ontario**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



	2017	2017	2016
	Budget	Actual	Actual
Renal Program	\$ 2,933	\$ 3,536	\$ 3,079
Chemotherapy Clinic	1,919	1,989	2,190
Endoscopy Clinic	893	1,020	983
Cancer surgeries	1,278	1,375	856
Ontario Breast Screening Program	111	128	118
Total	\$ 7,135	\$ 8,049	\$ 7,226
Variance to Budget		\$ 914	11.4%
Variance to Prior Year		\$ 823	10.2%

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 3 - Patient Services**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017	2017	2016
		Budget	Actual	Actual
OHIP Revenue	Note 1	\$ 7,925	\$ 7,644	\$ 7,554
Out of Province/Country		2,866	2,951	3,256
Patient Accommodations	Note 2	2,223	2,172	2,237
Department of Veterans Affairs		392	376	374
Self-pay	Note 3	578	572	422
Workers Compensation	Note 4	394	188	370
Other		229	313	225
Total		\$ 14,607	\$ 14,217	\$ 14,437
Variance to Budget			\$ (390)	(2.7)%
Variance to Prior Year			\$ (220)	(1.5)%

Note 1 - The Health Centre is funded through OHIP for tests performed and is comprised of two components: a professional component representing reimbursement of costs to Physicians, and a technical component which represents the reimbursement of direct Health Centre costs.

Note 2 - Billings to patients or their insurance company to cover the per diem rate for semi-private or private bed accommodations.

Note 3 - Billings to patients for uninsured procedures or tests.

Note 4 - Billings to the Workplace Safety and Insurance Board for referred-in patients covered by WSIB programs.

NORTH BAY REGIONAL HEALTH CENTRE

Schedule 4 - Other Income

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017 Budget	2017 Actual	2016 Actual
Parking	Note 1	\$ 0	\$ 1	\$ 0
HealthPro rebates	Note 2	693	729	856
Administrative cost recoveries	Note 3	48	31	49
Laboratory	Note 4	594	451	587
WSIB rebates	Note 5	56	424	279
Physiotherapy	Note 6	147	131	141
NOSM contract recoveries	Note 7	102	315	280
Building rental	Note 8	2,475	1,754	1,722
Non-patient food services	Note 9	788	631	678
Information systems recoveries	Note 10	46	54	119
Television rental	Note 11	13	22	10
Records processing	Note 12	67	68	61
Other	Note 13	1,794	2,331	2,341
Total		\$ 6,823	\$ 6,942	\$ 7,123

Variance to Budget \$ 119 1.7%

Variance to Prior Year \$ (181) (2.6)%

Note 1 - Parking revenue is the revenue generated from the Health Centre's parking lots.

Note 2 - HealthPro rebates are patronage dividends received based on participation in various contracts.

Note 3 - Administrative cost recoveries include the recovery of costs provided by administrative support departments to external and uniquely funded programs.

Note 4 - Laboratory includes all recoveries for tests referred-in from other hospitals as well as recoveries from

Note 5 - WSIB rebates based on experience rating.

Note 6 - Physiotherapy includes revenue from the outpatient rehab clinic operated in partnership with Martel & Mitchell (formerly CBI (the "Canadian Back Institute")).

Note 7 - Recoveries for site administration through the Northern Ontario School of Medicine.

Note 8 - Building rental includes recoveries for a variety of rental properties owned by the Health Centre.

Note 9 - Non-patient food services include revenue from our contract with Aramark for cafeteria services.

Note 10 - Information systems recoveries includes recoveries from other organizations that the Information Systems department provides support for.

Note 11 - Television rental includes revenue generated from the provision of television services to patients.

Note 12 - Records processing includes recoveries for requests for patient information.

Note 13 - Other includes a variety of cost recoveries, reimbursements, charges and billings received by the Health Centre.

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 5 -Uniquely Funded Programs**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



	2017 Budget	2017 Actual	2016 Actual
Revenues			
Community mental health	\$ 6,703	\$ 6,660	\$ 6,809
Substance abuse	2,606	2,774	2,608
Central ambulance communication centre	2,667	2,514	2,388
Community support services	40	45	2,702
Other programs	62	62	172
Land ambulance services	6,663	6,583	6,370
Grants assistance	4,577	4,195	4,530
Wordplay	1,600	1,626	1,598
Client information management system	597	506	597
Paramedicine	0	95	97
Total	\$ 25,514	\$ 25,062	\$ 27,870

Expenses			
Community mental health	6,579	6,660	6,809
Substance abuse	2,719	2,838	2,608
Central ambulance communication centre	2,667	2,514	2,388
Community support services	40	46	2,702
Other programs	62	64	168
Land ambulance services	6,663	6,583	6,370
Grants assistance	4,577	4,195	4,530
Wordplay	1,600	1,626	1,598
Client information management system	597	506	597
Paramedicine	0	95	97
Total	\$ 25,504	\$ 25,128	\$ 27,866

Variance to Budget	\$ (377)	(1.5)%
Variance to Prior Year	\$ (2,738)	(10.9)%

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 6 -Salaries and Wages**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



	2017 Budget	2017 Actual	2016 Actual
Worked (regular and purchased services)	\$ 89,190	\$ 85,432	\$ 90,013
Vacation benefits	7,463	6,911	7,557
Overtime	2,885	3,429	3,363
Sick time	2,509	3,590	3,606
Other benefits (orientation, education, etc.)	5,443	4,778	6,126
Total	\$ 107,489	\$ 104,140	\$ 110,664

Average Rate:

Average hourly rate	\$37.54	\$37.13	\$36.60
% Increase over prior year		1.4%	

FTEs:	1,469	1,438	1,551
% Decrease over prior year		(7.2)%	

By Functional Grouping (\$000's):

Corporate and Support Services	\$ 23,052	\$ 22,461	\$ 23,866
Mental Health, Addictions and Senior Services	33,319	31,141	34,971
Clinical Services	48,739	47,621	47,984
Administration	1,170	1,112	1,227
Medical Resources	1,032	968	1,291
Other	177	837	1,325
Total	\$ 107,489	\$ 104,140	\$ 110,664

By Functional Grouping (FTE's):

Corporate and Support Services	382	372	399
Mental Health, Addictions and Senior Services	444	426	488
Clinical Services	621	616	628
Administration	8	8	9
Medical Resources	14	12	16
Other	0	3	10
Total	1,469	1,438	1,551

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 7 - Employee Benefits**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017	2017	2016
		Budget	Actual	Actual
Statutory benefits	Note 1	\$ 18,433	\$ 18,304	\$ 20,149
Insured benefits	Note 2	5,362	5,170	4,997
In lieu	Note 3	5,284	6,058	5,850
Termination benefits	Note 4	1,500	2,551	5,093
Maternity/parental leave benefits		550	781	756
Post employment benefits		690	926	789
Other benefits		180	438	330
Total		\$ 31,999	\$ 34,228	\$ 37,965

Benefits as a % of Salary and Wages:

Statutory benefits	17.1%	17.6%	18.2%
Insured benefits	5.0%	5.0%	4.5%
In lieu	4.9%	5.8%	5.3%
Termination benefits	1.4%	2.4%	4.6%
Maternity/parental leave benefits	0.5%	0.7%	0.7%
Post employment benefits	0.6%	0.9%	0.7%
Other benefits	0.2%	0.4%	0.3%
Total	29.8%	32.9%	34.3%

Note 1 - Statutory benefits include CPP, EI, HOOPP and WSIB.

Note 2 - Includes the Health Centre's share of HOODIP, EHC, drugs, dental, HOOGLIP and group life.

Note 3 - Amounts paid to part time staff in lieu of benefits (e.g. HOOPP, health/dental plans, insurance ,etc).

Note 4 - Termination benefits include retirement benefits and severance benefits.

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 8 - Medical Staff Remuneration**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017	2017	2016
		Budget	Actual	Actual
Remunerations managed by the Hospital	Note 1	\$ 10,582	\$ 8,992	\$ 9,312
Fee for service	Note 2	8,000	7,889	8,409
Ministry Funded Agreements	Note 3	3,510	3,280	3,351
Total		\$ 22,091	\$ 20,161	\$ 21,072

Note 1 - Hospital managed remunerations include contractual arrangements with physicians.

Note 2 - Includes remunerations for services provided by physicians relating to Diagnostic Imaging and Laboratory.

Note 3 - Includes Hospital on Call Coverage payments, Paediatric Stabilization, and Divested Provincial Psychiatric Hospital remunerations.

NORTH BAY REGIONAL HEALTH CENTRE**Schedule 9 - Drugs**

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



		2017	2017	2016
		Budget	Actual	Actual
Antineoplastics	Note 1	\$ 2,099	\$ 2,312	\$ 2,541
Cardiovascular		1,244	1,417	1,221
CNS agents, respiratory agents, and anesthetics		1,138	1,221	1,200
Non-medicated intravenous		388	364	357
Anti-infectives		373	268	291
Gastrointestinal and urinary tract agents		289	224	206
Oxygen		167	197	121
Other		438	477	479
Total		\$ 6,136	\$ 6,480	\$ 6,416

Note 1 - Cancer drug reimbursements from Cancer Care Ontario

	<u>\$ 1,919</u>	<u>\$ 1,989</u>	<u>\$ 2,190</u>
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NORTH BAY REGIONAL HEALTH CENTRE
Schedule 10 - Medical and Surgical Supplies

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



	2017 Budget	2017 Actual	2016 Actual
Operating rooms			
<i>Prostheses</i>	\$ 1,593	\$ 1,458	\$ 1,320
<i>Orthoses</i>	340	295	217
<i>Other</i>	2,435	2,449	2,326
Total Operating rooms	4,369	4,202	3,863
Acute/Sub Acute IP	854	757	749
Ophthalmology	625	571	517
Renal dialysis program	552	576	544
Emergency	361	363	349
Diagnostic Imaging	297	282	254
Endoscopy	271	270	272
Other	581	714	683
Total	\$ 7,909	\$ 7,735	\$ 7,233

NORTH BAY REGIONAL HEALTH CENTRE
Schedule 10 - Medical and Surgical Supplies

(unaudited)

Year ended March 31, 2017, with comparative figures for 2016 (000's)



	2017	2017	2016
	Budget	Actual	Actual
Facility maintenance	\$ 5,650	\$ 6,128	\$ 5,744
Contracted services	5,157	4,954	4,530
Equipment maintenance	4,158	4,328	4,168
Utilities	2,959	3,793	3,720
Service contracts	2,355	2,315	2,398
Laboratory supplies	1,650	1,712	1,689
Dietary supplies	1,336	1,278	1,433
Professional services	985	1,112	1,556
Insurance	1,017	1,085	978
General supplies, sundries	942	981	977
Housekeeping, laundry supplies	720	740	687
Rent	660	709	819
Equipment purchases (minor)	596	568	404
Travel and training	932	476	556
Office supplies	501	460	465
Medical imaging supplies	432	435	434
Biomedical supplies	355	434	355
Membership and subscription Fees	501	409	462
Short Term Interest	334	228	492
Telephone	237	190	215
Bad debts	62	152	92
Recruitment	79	107	127
Public relations and advertising	88	25	56
Other	2,346	1,249	1,281
Total	\$ 34,055	\$ 33,868	\$ 33,637