

Financial Statements of

**NORTH BAY REGIONAL
HEALTH CENTRE**

Year ended March 31, 2018



KPMG LLP
925 Stockdale Road, Ste. 300, PO Box 990
North Bay ON P1B 8K3
Canada
Telephone (705) 472-5110
Fax (705) 472-1249

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, 2018, 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, 2018, 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

North Bay, Canada
June 14, 2018

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)



	2018	2017
Revenue:		
Ministry of Health and Long-Term Care / North East Local Health Integration Network	\$ 190,167	184,105
Cancer Care Ontario	8,574	8,049
Patient services	12,232	12,045
Preferred accommodation	2,079	2,172
Other	6,270	6,942
Uniquely funded programs (note 14)	26,630	25,062
Amortization of deferred capital contributions - equipment	1,299	1,193
	<u>247,251</u>	<u>239,568</u>
Expenses:		
Salaries and wages	105,493	104,140
Benefit contributions	37,022	34,228
Medical staff remuneration	19,860	20,161
Drugs	7,149	6,480
Medical and surgical supplies	7,398	7,735
Amortization - equipment	4,830	5,278
Other supplies and services	33,843	33,868
Uniquely funded programs (note 14)	26,717	25,128
	<u>242,312</u>	<u>237,018</u>
Excess of revenue over expenses before the undernoted	4,939	2,550
Amortization of deferred capital contributions - buildings	10,183	10,101
Amortization of buildings	(11,045)	(11,019)
Government contribution for interest on other long-term obligations	19,055	19,462
Interest on long-term obligations	(20,660)	(21,105)
Gain on disposal of capital assets	2,147	-
Excess (deficiency) of revenue over expenses before one-time items	4,619	(11)
Ministry of Health and Long-Term Care one-time funding adjustments:		
Operating cost pressures	-	11,500
Post-construction operating plan settlement	-	2,473
Excess of revenue over expenses	\$ 4,619	13,962

See accompanying notes to financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Financial Position

March 31, 2018, with comparative information for 2017
(In thousands of dollars)



	2018	2017
Assets		
Current assets:		
Cash	\$ 325	764
Accounts receivable (note 2)	6,157	16,770
Inventories	2,464	2,425
Prepaid expenses	1,951	2,258
Current portion of long-term receivables (note 4)	690	413
	<u>11,587</u>	<u>22,630</u>
Capital assets (note 3)	479,366	490,914
Long-term receivables (note 4)	1,521	2,538
	<u>\$ 492,474</u>	<u>516,082</u>

Liabilities, Deferred Contributions and Deficiency in Net Assets

Current liabilities:		
Bank indebtedness (note 5)	\$ 1,089	23,490
Accounts payable and accrued liabilities (note 6)	48,245	45,241
Deferred contributions	2,382	2,602
Current portion of long-term obligations (note 7)	9,802	9,388
	<u>61,518</u>	<u>80,721</u>
Long-term obligations (note 7)	360,732	369,721
Deferred capital contributions (note 8)	84,612	85,156
Post-retirement benefit obligation (note 9)	15,677	15,168
	<u>522,539</u>	<u>550,766</u>
Deficiency in net assets (note 15)	(30,065)	(34,684)
Commitments and contingencies (note 12)		
	<u>\$ 492,474</u>	<u>516,082</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, 2018, with comparative information for 2017
(In thousands of dollars)



		2018	2017
Deficiency in net assets, beginning of year	\$	(34,684)	(48,646)
Excess of revenue over expenses		4,619	13,962
Deficiency in net assets, end of year	\$	(30,065)	(34,684)

See accompanying notes to financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)



	2018	2017
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 4,619	13,962
Adjustments for:		
Amortization of capital assets	15,875	16,297
Amortization of deferred capital contributions	(11,482)	(11,294)
Increase in post-employment benefit obligation	509	483
Loss (gain) on disposal of capital assets	(2,147)	18
	<u>7,374</u>	<u>19,466</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	10,613	(9,785)
Decrease (increase) in inventories	(39)	9
Decrease in prepaid expenses	307	356
Increase (decrease) in accounts payable and accrued liabilities	3,004	(385)
Increase (decrease) in deferred contributions	(220)	984
	<u>21,039</u>	<u>10,645</u>
Cash flows from investing activities:		
Decrease in long-term receivables	740	10,197
Cash flows from capital activities:		
Purchase of capital assets	(4,612)	(5,955)
Proceeds from disposal of capital assets	2,432	47
	<u>(2,180)</u>	<u>(5,908)</u>
Cash flows from financing activities:		
Deferred capital contributions received	10,938	4,764
Principal repayment of long-term obligations	(8,744)	(16,109)
Proceeds on long-term obligations	169	7,495
Decrease in bank indebtedness	(22,401)	(10,576)
	<u>(20,038)</u>	<u>(14,426)</u>
Net increase (decrease) in cash	(439)	508
Cash, beginning of year	764	256
Cash, end of year	\$ 325	764

See accompanying notes to financial statements.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2018
(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, 2018
(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, 2018
(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 16 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, 2018
(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, 2018
(In thousands of dollars)

2. Accounts receivable:

	2018	2017
MOHLTC/NELHIN – operating	\$ 1,224	386
MOHLTC/NELHIN – operating cost pressures	–	11,500
Cancer Care Ontario	208	208
Insurers and patients	2,628	2,739
Other	2,097	1,937
	\$ 6,157	16,770

The reported balance of accounts receivable are net of an allowance for doubtful accounts of \$457 (2017 - \$472).

3. Capital assets:

2018	Cost	Accumulated Amortization	Net book Value
Land	\$ 1,600	–	1,600
Buildings, roads, sidewalks and landscaping	528,325	83,106	445,219
Leasehold improvements	2,041	1,651	390
Furniture and equipment	109,687	77,530	32,157
	\$ 641,653	162,287	479,366

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

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2018
(In thousands of dollars)

4. Long-term receivables:

	2018	2017
Municipal contributions (i)	\$ 771	1,139
Recruitment loans:		
Acute care physicians (ii)	1,322	1,694
Psychiatrists (iii)	118	118
	2,211	2,951
Current portion of long-term receivables	(690)	(413)
	\$ 1,521	2,538

- (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 (2017 - \$118).

5. Bank indebtedness:

The Health Centre has an available unsecured line of credit of \$35,000 (2017 - \$35,000) that bears interest at the bank's prime lending rate less 0.75%. At March 31, 2018, the amount drawn against this facility is \$953 (2017 - \$21,971).

6. Accounts payable and accrued liabilities:

	2018	2017
Accounts payable and accrued liabilities:		
- NELHIN/MOHLTC	\$ 6,117	8,942
- Cancer Care Ontario	443	133
- Other funding agencies	3,376	1,077
- Trade payables	18,047	16,128
Payroll accruals:		
- Salaries and wages	10,980	7,903
- Employee deductions payable	3,206	4,943
- Vacation pay and other entitlements	6,076	6,115
	\$ 48,245	45,241

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2018
(In thousands of dollars)

7. Long-term obligations

	2018	2017
Long-term obligation, unsecured, payable in monthly instalments of \$2,389, bearing interest at 5.55%, final instalment due June 2040	\$ 366,160	374,268
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	1,088	1,439
Long-term obligation, secured over related assets, payable in monthly instalments of \$21, bearing interest at 4.00% and due in 2036	3,286	3,402
	370,534	379,109
Current portion of long-term obligations	(9,802)	(9,388)
	\$ 360,732	369,721

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

2019	\$ 9,802
2020	9,492
2021	9,887
2022	10,415
2023	10,965
Thereafter	319,973
	\$ 370,534

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2018
(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:

	2018	2017
Balance, beginning of year	\$ 85,156	91,686
Contributions received during the year	10,938	9,264
Less: capital project settlement adjustment	-	(4,500)
Less: amounts amortized to revenue	(11,482)	(11,294)
Balance, end of year	\$ 84,612	85,156

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 valuation of the employee future benefits was completed as at March 31, 2018.

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

	2018	2017
Balance, beginning of year	\$ 15,168	14,685
Add: Benefit costs	1,449	1,394
	16,617	16,079
Less: Benefit contributions	(940)	(911)
Balance, end of year	\$ 15,677	15,168

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, 2018
(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:

	2018	2017
Discount rate	5.51%	5.43%
Dental cost trend rates	2.75%	3.75%

Extended health care costs are 6.50% (2017 - 7.00%), decreasing by 0.25% per annum to an ultimate rate of 4.50%.

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 \$10,189 (2017 - \$10,033).

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 \$2,177 from the NBRHC Foundation (2017 - \$11,352).

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, 2018
(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, 2018, 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, 2018, \$Nil (2017 - \$1,185) 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, 2018
(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, 2018 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 2017.

(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 2017.

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)



Year ended March 31, 2018
(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:

	2018	2017
Revenue:		
Community mental health	\$ 7,134	6,660
Substance abuse	2,785	2,774
Community support services	49	45
Central ambulance communication center	2,598	2,514
POMS	27	27
Other programs	189	35
	<u>12,782</u>	<u>12,055</u>
Expenses:		
Community mental health	7,214	6,660
Substance abuse	2,805	2,838
Community support services	49	45
Central ambulance communication center	2,598	2,514
POMS	27	27
Other programs	171	37
	<u>12,864</u>	<u>12,121</u>
Excess (deficiency) of revenue over expenses	\$ (82)	(66)

NORTH BAY REGIONAL HEALTH CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)



14. Uniquely funded programs (continued):

(b) Other government funded programs:

	2018	2017
Revenue:		
Land ambulance service	\$ 7,019	6,583
Grants assistance – Autism Grants	1,050	1,121
Grants assistance – ECE Prov Grants	3,261	3,075
Wordplay	1,689	1,626
Client information management system	829	506
Paramedicine	–	96
	<u>13,848</u>	<u>13,007</u>
Expenses:		
Land ambulance service	7,019	6,583
Grants assistance – Autism Grants	1,050	1,121
Grants assistance – ECE Prov Grants	3,261	3,075
Wordplay	1,694	1,626
Client information management system	829	506
Paramedicine	–	96
	<u>13,853</u>	<u>13,007</u>
Excess (deficiency) of revenue over expenses	\$ (5)	–

15. Internally restricted net assets:

Included in net assets is an amount restricted from the sale of certain properties, net of demolition costs in the amount of \$1,756 (2017 – \$Nil). The internally restricted funds will be used to finance future capital investments for which no source of funds are available.

The balance of internally restricted net assets is determined as follows:

Internally restricted net assets, beginning of year	\$ –
Proceeds on sale of properties	2,432
Disposition costs	(676)
Internally restricted net assets, end of year	\$ 1,756

16. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

Supplementary Financial Schedules

Year ended March 31, 2018, with comparative figures for 2017 (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, 2018 audited financial statements

NORTH BAY REGIONAL HEALTH CENTRE

Statement of Operations

(unaudited)

Year ended March 31, 2018, with comparative figures for 2017 (000's)



		2018 Budget	2018 Actual	2017 Actual
Revenue:				
NELHIN/MOHLTC ⁽¹⁾	Schedule 1	\$ 187,750	\$ 190,167	\$ 184,105
Cancer Care Ontario	Schedule 2	7,135	8,574	8,049
Patient services	Schedule 3	13,925	14,311	14,217
Other	Schedule 4	6,140	6,270	6,942
Uniquely funded programs	Schedule 5	25,898	26,630	25,061
Amortization of deferred equipment contributions		1,113	1,299	1,193
Total Revenues		\$ 241,961	\$ 247,251	\$ 239,567
Expenses:				
Salaries and wages	Schedule 6	107,072	105,493	104,140
Employee benefits	Schedule 7	32,520	37,022	34,228
Medical staff remuneration	Schedule 8	21,736	19,860	20,161
Drugs	Schedule 9	6,138	7,149	6,480
Medical and surgical	Schedule 10	7,906	7,398	7,735
Other supplies and services	Schedule 11	32,907	33,843	33,868
Uniquely funded programs	Schedule 5	25,898	26,717	25,128
Amortization - equipment		5,159	4,830	5,278
Total Expenses		239,336	242,312	237,018
Surplus (Deficiency) of revenue over expenses before the undernoted		\$ 2,625	\$ 4,939	\$ 2,549
% of Total Expenses		1.1%	2.0%	1.1%
Amortization of deferred contributions - buildings		10,070	10,183	10,101
Amortization of buildings		(11,065)	(11,045)	(11,019)
Net gain (loss) on disposal - buildings/land		0	2,147	0
Government contribution for interest on other long-term obligations		19,055	19,055	19,462
Interest on long-term obligations		(20,643)	(20,660)	(21,105)
Surplus (deficiency) of revenue over expenses before one-time items		\$ 42	\$ 4,619	\$ (12)
Ministry of Health and Long-Term care one-time funding adjustments:				
Operational cost pressures		0	0	11,500
Post-construction operating plan settlement		0	0	2,473
Surplus (deficiency) of revenue over expenses		\$ 42	\$ 4,619	\$ 13,961

(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, 2018, with comparative figures for 2017 (000's)



		2018	2018	2017
		Budget	Actual	Actual
Base Funding		\$ 116,635	\$ 118,684	\$ 118,019
Health Based Allocation Model	Note 1	49,667	50,262	49,667
Quality Based Procedures	Note 2	14,002	14,139	13,915
Other MOHLTC/NELHIN funding	Note 3	7,446	7,082	2,504
Total		\$ 187,750	\$ 190,167	\$ 184,105
Variance to Budget			\$ 2,418	1.3%
Variance to Prior Year			\$ 6,062	3.2%

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, congestive heart failure, stroke, chronic obstructive pulmonary disease, cataracts, pneumonia and tonsillectom.

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, 2018, with comparative figures for 2017 (000's)



	2018 Budget	2018 Actual	2017 Actual
Chronic Kidney Disease QBP	\$ 2,933	\$ 3,391	\$ 3,536
New Drug Funding Program	1,919	2,575	1,989
GI Endoscopy QBP	893	1,054	1,020
Cancer surgery QBP	1,278	1,430	1,375
Ontario Breast Screening Program	112	124	129
Total	\$ 7,135	\$ 8,574	\$ 8,049
Variance to Budget		\$ 1,439	16.8%
Variance to Prior Year		\$ 526	6.1%

NORTH BAY REGIONAL HEALTH CENTRE

Schedule 3 - Patient Services

(unaudited)

Year ended March 31, 2018, with comparative figures for 2017 (000's)



		2018 Budget	2018 Actual	2017 Actual
OHIP Revenue	Note 1	\$ 7,800	\$ 7,824	\$ 7,644
Out of Province/Country		2,528	3,025	2,951
Preferred Accommodations	Note 2	2,246	2,079	2,172
Department of Veterans Affairs		382	310	376
Self-pay	Note 3	411	316	572
Workers Compensation	Note 4	339	265	188
Other		219	492	314
Total		\$ 13,925	\$ 14,311	\$ 14,217
Variance to Budget			\$ 387	2.7%
Variance to Prior Year			\$ 94	0.7%

Note 1 - The Health Centre receives funds from OHIP for some outpatient diagnostic tests performed. The funding 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, 2018, with comparative figures for 2017 (000's)



		2018 Budget	2018 Actual	2017 Actual
Parking	Note 1	\$ 2,183	\$ 1,736	\$ 1,747
HealthPro rebates	Note 2	693	735	729
Administrative cost recoveries	Note 3	583	642	631
Laboratory	Note 4	528	338	445
WSIB rebates	Note 5	56	18	424
Physiotherapy	Note 6	420	432	373
NOSM contract recoveries	Note 7	82	180	316
Building rental	Note 8	191	213	212
Non-patient food services	Note 9	200	190	206
Information systems recoveries	Note 10	154	148	183
Television rental	Note 11	133	118	130
Records processing	Note 12	67	47	68
Other	Note 13	850	1,473	1,478
Total		\$ 6,140	\$ 6,270	\$ 6,942

Variance to Budget

\$ 131 2.1%

Variance to Prior Year

\$ (672) (10.7)%

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 patients for non-OHIP tests.

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, 2018, with comparative figures for 2017 (000's)



	2018 Budget	2018 Actual	2017 Actual
Revenues			
Community mental health	\$ 6,914	\$ 7,134	\$ 6,660
Substance abuse	2,803	2,785	2,774
Central ambulance communication centre	2,740	2,598	2,514
Community support services	40	49	45
Other programs	35	189	130
Land ambulance services	6,565	7,019	6,583
Grants assistance	4,577	4,311	4,196
Wordplay	1,600	1,689	1,626
Client information management system	597	829	506
POMS	27	27	27
Total	\$ 25,898	\$ 26,630	\$ 25,061

Expenses

Community mental health	6,914	7,214	6,660
Substance abuse	2,803	2,805	2,838
Central ambulance communication centre	2,740	2,598	2,514
Community support services	40	49	46
Other programs	35	172	132
Land ambulance services	6,565	7,019	6,583
Grants assistance	4,577	4,311	4,196
Wordplay	1,600	1,694	1,626
Client information management system	597	829	506
POMS	27	27	27
Total	\$ 25,898	\$ 26,717	\$ 25,128

Variance to Budget	\$ 818	3.1%
Variance to Prior Year	\$ 1,589	5.9%

NORTH BAY REGIONAL HEALTH CENTRE

Schedule 6 -Salaries and Wages

(unaudited)

Year ended March 31, 2018, with comparative figures for 2017 (000's)



	2018 Budget	2018 Actual	2017 Actual
Worked (regular and purchased services)	\$ 89,493	\$ 85,550	\$ 85,432
Vacation benefits	7,229	6,862	6,911
Overtime	2,747	3,914	3,429
Sick time	2,428	3,634	3,590
Other benefits (orientation, education, etc.)	5,175	5,533	4,778
Total	\$ 107,072	\$ 105,493	\$ 104,140

Average Rate:

Average hourly rate	\$37.89	\$37.71	\$37.13
% Increase over prior year		1.6%	

FTEs:	1,449	1,434	1,438
% Decrease over prior year		(.3)%	

By Functional Grouping (\$000's):

Corporate and Support Services	\$ 23,322	\$ 23,010	\$ 23,771
Mental Health, Addictions and Senior Services	33,685	30,477	30,665
Clinical Services	49,623	48,961	46,802
Administration	1,165	1,132	1,112
Medical Resources	610	554	953
Other	-1,333	1,359	837
Total	\$ 107,072	\$ 105,493	\$ 104,140

By Functional Grouping (FTE's):

Corporate and Support Services	385	386	397
Mental Health, Addictions and Senior Services	436	415	419
Clinical Services	612	615	599
Administration	8	8	8
Medical Resources	8	7	12
Other	0	3	3
Total	1,449	1,434	1,438

NORTH BAY REGIONAL HEALTH CENTRE

Schedule 7 - Employee Benefits

(unaudited)

Year ended March 31, 2018, with comparative figures for 2017 (000's)



		2018 Budget	2018 Actual	2017 Actual
Statutory benefits	Note 1	\$ 17,957	\$ 19,365	\$ 18,304
Insured benefits	Note 2	6,140	6,256	5,170
In lieu	Note 3	5,848	6,219	6,058
Termination benefits	Note 4	1,000	3,036	2,551
Maternity/parental leave benefits		550	733	781
Post employment benefits		750	989	926
Other benefits		275	424	438
Total		\$ 32,520	\$ 37,022	\$ 34,228

Benefits as a % of Salary and Wages:

Statutory benefits	16.8%	18.4%	17.6%
Insured benefits	5.7%	5.9%	5.0%
In lieu	5.5%	5.9%	5.8%
Termination benefits	0.9%	2.9%	2.4%
Maternity/parental leave benefits	0.5%	0.7%	0.7%
Post employment benefits	0.7%	0.9%	0.9%
Other benefits	0.3%	0.4%	0.4%
Total	30.4%	35.1%	32.9%

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, 2018, with comparative figures for 2017 (000's)



		2018	2018	2017
		Budget	Actual	Actual
Remunerations managed by the Hospital	Note 1	\$ 10,456	\$ 8,744	\$ 8,992
Fee for service	Note 2	7,960	7,769	7,889
Ministry Funded Agreements	Note 3	3,320	3,347	3,280
Total		\$ 21,736	\$ 19,860	\$ 20,161

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, 2018, with comparative figures for 2017 (000's)



		2018 Budget	2018 Actual	2017 Actual
Antineoplastics	Note 1	\$ 2,099	\$ 2,810	\$ 2,312
Cardiovascular		1,244	1,754	1,417
CNS agents, respiratory agents, and anesthetics	Note 2	1,138	1,053	1,221
Non-medicated intravenous		388	344	364
Anti-infectives		373	266	268
Gastrointestinal and urinary tract agents		290	244	224
Oxygen		167	119	197
Other		439	559	477
Total		\$ 6,138	\$ 7,149	\$ 6,480

Note 1 - Cancer drug reimbursements from Cancer Care Ontario \$ 1,919 \$ 2,575 \$ 1,989

Note 2 - Eprex drug reimbursements from MOHLTC \$ 425 \$ 696 \$ 641

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



(unaudited)

Year ended March 31, 2018, with comparative figures for 2017 (000's)

	2018	2018	2017
	Budget	Actual	Actual
Operating rooms			
<i>Prostheses</i>	\$ 1,515	\$ 1,506	\$ 1,458
<i>Orthoses</i>	340	218	295
<i>Other</i>	2,556	2,335	2,449
Total Operating rooms	4,411	4,059	4,202
Acute/Sub Acute IP	864	750	757
Ophthalmology	625	586	571
Renal dialysis program	552	499	576
Emergency	361	390	363
Diagnostic Imaging	274	291	282
Endoscopy	271	248	270
Other	548	575	714
Total	\$ 7,906	\$ 7,398	\$ 7,735

NORTH BAY REGIONAL HEALTH CENTRE
Schedule 11 - Other Supplies and Services

(unaudited)

Year ended March 31, 2018, with comparative figures for 2017 (000's)



	2018 Budget	2018 Actual	2017 Actual
Facility maintenance	\$ 5,704	\$ 5,814	\$ 6,128
Contracted services	5,009	6,035	4,954
Equipment maintenance	4,234	4,332	4,328
Utilities	3,582	3,190	3,793
Service contracts	2,394	2,471	2,315
Laboratory supplies	1,669	1,850	1,712
Dietary supplies	1,296	1,295	1,278
Professional services	679	948	1,112
Insurance	1,017	1,133	1,085
General supplies, sundries	929	949	981
Housekeeping, laundry supplies	687	748	740
Rent	621	620	709
Equipment purchases (minor)	583	497	568
Travel and training	841	494	476
Office supplies	454	438	460
Medical imaging supplies	451	439	435
Biomedical supplies	333	412	434
Membership and subscription Fees	433	380	409
Short Term Interest	237	158	228
Telephone	199	187	190
Bad debts	63	98	152
Recruitment	69	90	107
Public relations and advertising	42	40	25
Other	1,381	1,225	1,249
Total	\$ 32,907	\$ 33,843	\$ 33,868