



Financial Statements

Atikokan General Hospital

March 31, 2019

Contents

	Page
Independent Auditor's Report	1 - 2
Statement 1 - Statement of Financial Position	3
Statement 2 - Statement of Operations	4
Statement 3 - Statement of Re-Measurement Gains	5
Statement 4 - Statement of Changes in Net Assets	6
Statement 5 - Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18
Schedule 1 - Other Program Revenue	19
Schedule 2 - Schedule of Other Programs	20 - 21

Independent Auditor's Report

To the Board of Directors and Members of
Atikokan General Hospital

Opinion

We have audited the financial statements of Atikokan General Hospital (the "Hospital), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, re-measurement gains, changes in net assets and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Atikokan General Hospital as at March 31, 2019, and its results of operations, re-measurement gains, its changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Thunder Bay, Canada
June 5, 2019

Chartered Professional Accountants
Licensed Public Accountants

Atikokan General Hospital

Statement of Financial Position

Statement 1

As at March 31

2019

2018

\$

\$

ASSETS

Current

Cash	141,911	614,430
Short-term investments [note 3]	2,159,825	2,228,246
Accounts receivable [note 4]	966,252	739,604
Inventories	181,156	175,673
Prepaid expenses [note 5]	278,916	195,713
Total current assets	3,728,060	3,953,666

Capital assets, net [note 6]	15,505,378	15,742,414
-------------------------------------	-------------------	-------------------

Construction-in-progress	62,189	-
---------------------------------	---------------	----------

Capital reserve investment - GIC's	32,591	31,191
---	---------------	---------------

	19,328,218	19,727,271
--	-------------------	-------------------

LIABILITIES

Current

Accounts payable and accrued liabilities [note 7]	1,755,960	1,540,733
Other liability	35,085	65,265
Total current liabilities	1,791,045	1,605,998

Capital reserve deferred revenue	32,591	31,191
----------------------------------	--------	--------

Deferred contributions [note 8]	1,099,591	1,091,731
---------------------------------	-----------	-----------

Post-employment benefits [note 9]	866,400	792,100
-----------------------------------	---------	---------

Deferred capital contributions [note 10]	12,997,302	13,204,381
--	------------	------------

Total liabilities	16,786,929	16,725,401
--------------------------	-------------------	-------------------

Net assets

Investment in capital assets [note 11]	2,570,265	2,538,033
--	-----------	-----------

Unrestricted, used for operating activities	(122,130)	381,436
---	-----------	---------

	2,448,135	2,919,469
--	------------------	------------------

Accumulated re-measurement gains	93,154	82,401
----------------------------------	--------	--------

	19,328,218	19,727,271
--	-------------------	-------------------

Contingencies [note 13]

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

Atikokan General Hospital

Statement of Operations

Statement 2

Year ended March 31	2019	2018
	\$	\$
REVENUE		
Province of Ontario		
Ministry of Health and Long-Term Care/ North West Local Health Integration Network	7,936,424	7,769,478
Ministry of Health one-time funding	86,994	71,918
Paymaster	17,700	-
Miscellaneous recoveries	660,310	783,849
Amortization of deferred capital contributions	227,878	209,978
Differential and co-payment	719,115	701,461
	9,648,421	9,536,684
EXPENSES		
Amortization of major equipment and software	314,001	304,007
Bad debts	1,110	596
Benefit contributions for employees	1,598,400	1,560,638
Drugs and medical gas	85,446	89,375
Interest - short-term	-	100
Medical and surgical supplies	219,416	212,139
Medical staff remuneration	189,448	165,866
Salaries and wages	6,041,477	5,890,105
Supplies and sundry expenses	1,521,936	1,543,787
	9,971,234	9,766,613
Deficiency of revenue over expenses before undernoted items	(322,813)	(229,929)
Amortization of deferred capital contributions related to land improvements, building and building service equipment	317,062	309,760
Amortization of land improvements, building and building service equipment	(458,286)	(429,817)
Deficiency of revenue over expenses before the following	(464,037)	(349,986)
Other program revenue [schedule 1]	749,897	692,430
Other program expenses [schedule 2]	757,194	692,430
	(7,297)	-
Deficiency of revenue over expenses for year	(471,334)	(349,986)

See accompanying notes to the financial statements.

Atikokan General Hospital		Statement 3	
Statement of Re-Measurement Gains			
Year ended March 31	2019	2018	
	\$	\$	
Accumulated re-measurement gains, beginning of year	82,401	129,398	
Net re-measurement gains (losses) for the year	10,753	(46,997)	
Accumulated re-measurement gains, end of year	93,154	82,401	

See accompanying notes to the financial statements.

Atikokan General Hospital

Statement of Changes in Net Assets

Statement 4

Year ended March 31

2019 2018

	Invested in capital assets \$ <i>[note 11]</i>	Unrestricted used for operating activities \$	Accumulated re-measurement gains (losses) \$	Total \$	Total \$
Net assets, beginning of year	2,538,033	381,436	82,401	3,001,870	3,398,853
Deficiency of revenues over expenses	32,232	(503,566)	-	(471,334)	(349,986)
Net re-measurement gains (losses) for the year	-	-	10,753	10,753	(46,997)
Net assets, end of year	2,570,265	(122,130)	93,154	2,541,289	3,001,870

See accompanying notes to the financial statements.

Atikokan General Hospital

Statement of Cash Flows

Statement 5

Year ended March 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(471,334)	(349,986)
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash		
Amortization of capital assets	772,287	733,824
Amortization of deferred capital contributions	(544,940)	(519,738)
Post-employee benefits expense	74,300	76,600
Changes in remeasurement gains (losses)	10,753	(46,997)
	(158,934)	(106,297)
Net change in non-cash working capital balances related to operations		
Increase in accounts receivable	(226,648)	(85,353)
Increase in inventories	(5,483)	(18,843)
Increase prepaid expenses	(83,203)	(62,395)
Increase (decrease) in accounts payable and accrued liabilities	215,227	(655,918)
Increase (decrease) in deferred contributions	7,860	(10,781,614)
Decrease in other liability	(30,180)	(30,180)
Cash used in operating activities	(281,361)	(11,740,600)
CAPITAL ACTIVITIES		
Construction-in-progress	(62,189)	11,306,160
Contributions received for capital purposes	337,861	105,021
Purchase of capital assets	(535,251)	(1,111,726)
Capitalization of construction-in-progress	-	(11,306,160)
Transfer from deferred contributions	-	10,760,119
Cash provided by (used in) capital activities	(259,579)	9,753,414
INVESTMENT ACTIVITIES		
Capital reserve deferred revenue	1,400	1,403
Decrease in short-term investments	68,421	12,266
Capital reserve investment	(1,400)	(1,403)
Cash provided by financing activities	68,421	12,266
Decrease in cash during year	(472,519)	(1,974,920)
Cash, beginning of year	614,430	2,589,350
Cash, end of year	141,911	614,430

See accompanying notes to the financial statements.

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

GENERAL

Atikokan General Hospital (the "Hospital") is incorporated under the laws of Ontario as a corporation without share capital. The Hospital is dedicated to excellence in compassionate and supportive healthcare for those they serve. The Hospital is a registered charity under the Income Tax Act.

1. 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 Standards Board (PSAB). The Atikokan General Hospital Foundation is a separate entity whose financial information is reported separately from the Hospital.

Contributed services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Revenue recognition

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ontario Ministry of Health and Long-Term Care (the "MOHLTC"), and the North West Local Health Integration Network (the "LHIN"). Operating grants are recorded as revenue in the period to which they relate. The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2018/19 with the MOHLTC and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the MOHLTC/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

If the Hospital does not meet certain performance standards obligations, the MOHLTC/LHIN has the right to adjust funding received by the Hospital. The MOHLTC/LHIN is not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOHLTC/LHIN funding received by the Hospital during the year may be increased or decreased subsequent to year-end.

Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period or expenditure, it is deferred and recognized in that subsequent period or when the expenditure is incurred.

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

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

Amortization of buildings is not funded by the LHIN and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital. As these assets become unrestricted they may be used for such purposes that the Board approves including current operations and capital purchases.

Revenue from patient services is recognized when the services are provided, the amount can be reasonably estimated and collection is reasonably assured.

Ancillary revenue consists of rent and food service and is recognized when the services are provided, the amount can be reasonably estimated and collection is reasonably assured.

Inventories

Inventory of general, medical and surgical supplies are valued at the lower of average cost and replacement value. All other inventory is valued at the lower of cost and replacement value on a first-in, first-out basis.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are capitalized and amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When capital assets no longer contribute to the Hospital's ability to provide services, its carrying amount is written-down to its net realizable value.

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

Construction-in-progress is stated at cost, which comprises all direct and indirect costs of construction. Construction-in-progress is transferred to land improvements, buildings and building service equipment and amortization of the asset commences when construction is complete and the facility is put into use.

Capital assets are amortized on a straight-line basis using the Canadian Institute for Health Information's Guidelines for Management Information Systems in Canadian Health Service Organizations published annual rates, in effect at the time of acquisition. The annual rates in use by the Hospital are as follows:

Building service equipment and major equipment	5% to 20%
Buildings	2%
Land improvements	5% to 12.5%
Software	33%

Retirement and post-employment benefits

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

- i) The cost of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.
- ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- iii) The discount used in the determination of the above liabilities is based on the Hospital's borrowing rate.

Financial instruments

The Hospital designates its cash and short-term investments, highly liquid, readily convertible, investments that are subject to an insignificant risk of change value and generally have a maturity of three months or less as cash and cash equivalents for the purpose of meeting short-term cash commitments rather than for investing.

Investments are measured at fair value if reasonably determinable through a quoted market price.

Unrealized gains and losses from changes in the fair value of investments are recognized in the statement of re-measurement gains. Upon settlement, the cumulative gain or loss is reclassified from the statement of re-measurement gains and recognized in the statement of operations.

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and other liability are classified as other financial liabilities and are measured at amortized cost.

All financial assets are tested annually for impairment. Where a decline in value is determined to be other than temporary, impairment losses are recorded in the statement of operations.

2. FINANCIAL INSTRUMENT RISK MANAGEMENT

[a] Credit risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments when due. The Hospital is exposed to this risk with respect to accounts receivable.

Accounts receivable are due from clients and outside agencies and are current. A bad debt allowance is set up based on the Hospital's historical experience regarding collections.

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

[b] Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market price. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Hospital is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

There have been no significant changes from the previous year in the exposure to currency and equity risks or policies, procedures and methods to measure the risk.

[c] 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. The current composition of fixed-rate instruments subject the Hospital to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

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

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

[d] Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

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

3. SHORT-TERM INVESTMENTS

	2019	2018
	\$	\$
Notes and bonds	-	1,382,842
Mutual funds	342,953	327,491
Cash	5,000	12,688
Guaranteed Investment Certificates (GICs)	1,811,872	505,225
	2,159,825	2,228,246

Fair value measurements for the investments are those derived from quoted prices in active markets.

The GICs range of interest rates from 0.55% to 2.95% due April 19, 2019 to August 9, 2021.

In 2018/19, there was an increase of \$10,753 in net unrealized gain on investments carried at fair value.

4. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Ministry of Health one-time funding	-	534
Community-based laboratory services	203,087	220,948
Insurers and patients	100,944	150,619
Harmonized Sales Tax receivable	308,873	223,393
Physician incentive loans	114,200	114,200
Other	239,148	29,910
	966,252	739,604

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

5. PREPAID EXPENSES

	2019	2018
	\$	\$
Health benefits plan surplus	130,865	95,145
Other	148,051	100,568
	278,916	195,713

6. CAPITAL ASSETS

Details of year-end capital asset balances are as follows:

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Buildings	17,839,382	4,427,176	17,831,385	4,068,136
Building service equipment	1,469,471	558,618	1,326,185	478,900
Land	25,234	-	25,234	-
Land improvements	302,561	171,639	220,081	152,111
Major equipment	3,873,548	2,858,297	3,712,444	2,680,736
Software	261,557	250,645	250,028	243,060
	23,771,753	8,266,375	23,365,357	7,622,943
Capital assets, net	15,505,378		15,742,414	

The amount of amortization charged to expense for the year is \$772,287 [2018 - \$733,824].

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
	\$	\$
Trade	864,225	540,477
Accrued vacation pay, statutory holidays and overtime	487,966	484,358
Ministry of Health and Long-Term Care/North West Local Health Integration Network	169,563	227,188
Wages and benefits accrual	234,206	288,710
	1,755,960	1,540,733

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2019 \$	2018 \$
Balance, beginning of year	1,091,731	11,873,345
Less:		
Amounts recognized as revenue in the year	(33,478)	(21,745)
Transferred to capital contributions	-	(10,760,119)
Add:		
Amounts received during the year	41,338	250
Balance, end of year	1,099,591	1,091,731

Deferred contributions are comprised of:

	2019 \$	2018 \$
Ministry of Health and Long-Term Care/North West Local Health Integration Network		
Capital grants	32,039	-
Township of Atikokan		
Health professional recruitment	6,129	5,004
Long-term capital	1,061,423	1,085,602
Atikokan General Hospital Foundation		
Long-term capital	-	1,125
	1,099,591	1,091,731

The Ministry of Health and Long-Term Care/North West Local Health Integration Network capital grants are unearned contributions for the construction of infrastructure for the purposes of providing Northern Ontario School of Medicine students a teaching site for their development.

Township of Atikokan long-term capital relates to contributions received for use on the Long-Term Care program that are unearned.

Atikokan General Hospital Foundation long-term capital relates to unearned contributions received for the purpose of purchasing capital for the Hospital's Long-Term Care program.

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

9. POST-EMPLOYMENT BENEFITS LIABILITY

The Hospital provides extended health care, dental and life insurance benefits to substantially all full-time employees. All employee groups are entitled to continue to receive these benefits upon early retirement until they reach age 60.

At March 31, 2019, the Hospital's accrued benefit liability relating to post-retirement benefit plans is \$866,400 [2018 - \$792,100].

The most recent actuarial estimate was provided as at March 31, 2019.

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

Discount rate	3.5%
Dental benefits cost escalation	4.0%
Medical benefits cost escalation extended health care	7.0% in 2016 decreasing by 0.25% per annum to an ultimate rate of 5% per annum thereafter.

Included in employee benefits on the statement of operations is an amount of \$74,300 [2018 - \$76,600] regarding employee benefits. This amount is comprised of:

	2019	2018
	\$	\$
Additional employee future benefit expenses for the year	104,200	100,000
Payments made by the Hospital during the year on behalf of retirees	(29,900)	(23,400)
	74,300	76,600

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of donations and provincial grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2019	2018
	\$	\$
Balance, beginning of year	13,204,381	2,858,979
Add:		
Contributions received for capital purposes	337,861	105,021
Transfer from deferred contributions	-	10,760,119
Less:		
Amounts amortized to revenue	(544,940)	(519,738)
Balance, end of year	12,997,302	13,204,381

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

11. INVESTMENT IN CAPITAL ASSETS

[a] The investment in capital assets consists of the following:

	2019 \$	2018 \$
Capital assets, net	15,567,567	15,742,414
Less amount financed by:		
Deferred capital contributions	12,997,302	13,204,381
Investment, end of year	2,570,265	2,538,033

[b] The change in investment in capital assets is calculated as follows:

	2019 \$	2018 \$
Excess of expenses over revenue:		
Amortization of deferred contributions	544,940	519,738
Amortization of capital assets	(772,287)	(733,824)
Decrease in investment in capital assets	(227,347)	(214,086)
Net change in invested in capital assets:		
Purchase of capital assets	597,440	1,111,726
Transfer from construction in progress	-	11,306,160
Less amounts funded by:		
Atikokan General Hospital Foundation - current year	(238,642)	(100,310)
Other	(2,725)	(98,601)
Ministry of Health and Long-Term Care	(96,494)	(10,666,229)
Increase in investment in capital assets	259,579	1,552,746
Net increase	32,232	1,338,660

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

12. PENSION PLAN

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

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

Variations between actuarial funding estimates and actual experience may be material and any differences are to be funded proportionately by the employees and the employer. The HOOPP Defined Benefit Pension Plan 2019 year in review indicates the Plan is 121% funded. The majority of employees of the Hospital are members of Hospital of Ontario Pension Plan. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$526,700 [2018 - \$515,458] and are included in the statement of operations.

13. CONTINGENCIES

[a] The nature of the Hospital's activities is such that there may be litigation pending or in progress at any time. With respect to a claim at March 31, 2019, management believes the Hospital has a valid defence and appropriate insurance coverage in place. In the event the claim is successful, management believes that such claim is not expected to have a material effect on the Hospital's financial position as the claim is being defended by the Hospital's insurer.

[b] The Hospital participates in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2019.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors at HIROC. There are no distributions receivable from HIROC as of March 31, 2019.

Atikokan General Hospital

Notes to the Financial Statements

March 31, 2019

14. ECONOMIC DEPENDENCE

The Hospital is dependent on annual contributions from the Ministry of Health and Long-Term Care/North West Local Health Integration Network in order to finance its operations. Should these contributions cease, the Hospital would be unable to continue its current operations.

15. RELATED ENTITIES

Atikokan General Hospital Foundation

The Hospital's fundraising partner is the Atikokan General Hospital Foundation (the "Foundation"). The Hospital has one representative on the six-member Board of the Foundation. The Foundation is incorporated under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act. Net resources of the Foundation amount to \$410,668 of which \$14,343 represents contributions externally restricted for the purchase of capital assets for the Hospital. The balance is available for distribution at the discretion of the Foundation's Board of Directors.

The net assets and results of operations of the Foundation are not included in these financial statements.

Related party transactions during the year include an amount of \$158,882 that has been donated to the Hospital from the Foundation for capital purposes.

16. NORTHWEST HEALTH ALLIANCE

The Hospital is a member of the Northwest Health Alliance ("NWhA") which is a not-for-profit organization that was established by 12 of the 13 hospitals in Northwestern Ontario to facilitate collaboration and cost-sharing among health service providers. The NWhA is tasked with developing, implementing, managing, operating and distributing products and shared services that will enhance the provision of health care.

17. MINISTRY OF HEALTH AND LONG-TERM CARE / NORTH WEST LOCAL HEALTH INTEGRATION NETWORK FUNDING

Revenue from the MOHLTC and the LHIN has been calculated in accordance with MOHLTC and LHIN policy and is subject to final approval by the MOHLTC and the LHIN. Adjustment to the accounting records is made at the time of final settlement.

Atikokan General Hospital
Other Program Revenue**Schedule 1**

Year ended March 31	2019	2018
	\$	\$
Ministry of Health and Long-Term Care		
Alcohol and Drug	69,421	54,403
Case Management	99,984	90,304
Mental Health	458,451	444,469
Problem Gambling	93,295	85,797
Rent Supplement	10,273	9,145
Other revenues	18,473	8,312
	749,897	692,430

Atikokan General Hospital
Schedule of Other Programs
 Year ended March 31

Schedule 2

	Substance Abuse		Problem Gambling		Case Management and Mental Health	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Revenues						
Funding	69,421	54,403	93,295	85,797	576,908	543,084
Expenses						
Benefit contributions	9,502	4,995	12,280	5,985	124,996	132,186
Buildings and ground	-	-	-	-	36,230	32,353
Equipment	-	-	-	-	12,893	760
Purchased services	-	-	-	-	86,223	33,522
Salaries, wages	39,925	19,978	51,597	56,991	313,719	325,274
Supplies and sundry expenses	5,846	3,324	5,493	3,327	48,217	64,589
	55,273	28,297	69,370	66,303	622,278	588,684
Administration allocation	14,148	26,106	23,925	19,494	(45,370)	(45,600)
	(19,328)	(26,106)	(26,042)	(19,494)	45,370	45,600
Annual surplus (deficit)	(5,180)	-	(2,117)	-	-	-

Atikokan General Hospital
Schedule of Other Programs
 Year ended March 31

Schedule 2 (continued)

	Visiting Specialist Clinics		Rent Supplement		Region Lab Program		Total
	2019	2018	2019	2018	2019	2018	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Funding	-	-	10,273	9,146	-	-	692,430
Expenses							
Benefit contributions	-	-	-	-	-	-	143,166
Buildings and ground	-	-	10,273	9,146	-	-	41,499
Equipment	-	-	-	-	-	-	760
Purchased services	-	-	-	-	-	-	33,522
Salaries, wages	-	-	-	-	-	-	402,243
Supplies and sundry expenses	-	-	-	-	-	-	71,240
	-	-	10,273	9,146	-	-	692,430
Administration allocation	-	-	-	-	-	-	(7,297)
Annual surplus (deficit)	-	-	-	-	-	-	(7,297)