

Financial Statements of

**WEENEEBAYKO AREA  
HEALTH AUTHORITY**

Years ended March 31, 2013 and 2012



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Weeneebayko Area Health Authority

We have audited the accompanying financial statements of **Weeneebayko Area Health Authority**, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in deficiency in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 in our audits 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 Weeneebayko Area Health Authority, as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.



*Other Matter*

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1, 2 and 3 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

July 10, 2013  
Sudbury, Canada

# WEENEBAYKO AREA HEALTH AUTHORITY

## Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
<b>Assets</b>			
Current assets:			
Accounts receivable (note 3)	\$ 7,853,912	\$ 18,291,323	\$ 14,812,558
Inventories	1,519,835	1,481,764	2,035,436
Prepayments	249,730	248,631	396,853
	9,623,477	20,021,718	17,244,847
Capital assets (note 4)	33,869,205	34,216,861	29,400,299
	<u>\$ 43,492,682</u>	<u>\$ 54,238,579</u>	<u>\$ 46,645,146</u>

## Liabilities and Deficiency in Net Assets

Current liabilities:			
Bank indebtedness (note 5)	\$ 8,091,895	\$ 7,909,962	\$ 4,811,879
Accounts payable and accrued liabilities (note 6)	12,205,939	17,955,285	16,372,481
Current portion of long-term obligations (note 7)	109,623	105,784	41,311
	20,407,457	25,971,031	21,225,671
Long-term obligations (note 7)	1,003,186	1,034,984	813,700
Deferred capital contributions (note 8)	30,934,774	29,762,073	25,696,606
	52,345,417	56,768,088	47,735,977
Deficiency in net assets:			
Operating	(12,852,735)	(4,529,509)	(1,090,831)
Internally restricted for capital (note 11)	4,000,000	2,000,000	-
	(8,852,735)	(2,529,509)	(1,090,831)
Contingencies (note 10)			
Commitments (note 11)			
	<u>\$ 43,492,682</u>	<u>\$ 54,238,579</u>	<u>\$ 46,645,146</u>

See accompanying notes to the financial statements.

On behalf of the Board:

 Director

 Director

# WEENEEBAYKO AREA HEALTH AUTHORITY

## Statements of Operations

Years ended March 31, 2013 and 2012

	2013	2012
<b>Revenue:</b>		
North East Local Health Integration Network (NELHIN)	\$ 21,787,109	\$ 21,679,286
Ministry of Health and Long-term Care	5,326,216	5,158,521
Health Canada	12,000,000	12,000,000
Patient services	1,278,267	1,543,517
Rental	968,972	883,731
Other recoveries	1,308,944	1,620,198
Insurance recoveries	965,751	-
Specifically-funded Provincial programs	8,108,582	7,695,660
Specifically-funded Federal programs	14,141,180	15,931,922
Amortization - deferred capital contributions for equipment	596,571	779,976
	<u>66,481,592</u>	<u>67,292,811</u>
<b>Expenses:</b>		
Salaries and wages	19,573,215	18,408,830
Isolated post allowance	3,255,657	3,120,854
Employee benefits	3,101,414	3,000,663
Medical staff remuneration	6,112,395	6,402,589
Professional fees	1,233,516	1,275,400
Travel and training	1,723,670	1,901,690
Supplies and other costs	8,331,126	8,219,292
Carrying charges	474,102	640,352
Insurance claims	965,751	-
Fuel	1,178,686	614,075
Specifically-funded Provincial programs	8,108,582	7,794,914
Specifically-funded Federal programs	17,278,429	16,504,601
Amortization - equipment	932,973	1,033,212
	<u>72,269,516</u>	<u>68,916,472</u>
Deficiency of revenue over expenses before the undernoted	(5,787,924)	(1,623,661)
Surplus repayable	-	(42,000)
Amortization - buildings	(2,010,159)	(1,310,237)
Amortization - deferred capital contributions for buildings	1,474,857	1,080,897
Deficiency of revenue over expenses before undernoted items	(6,323,226)	(1,895,001)
NELHIN working funds deficit funding	-	(498,402)
Health Canada hospital deficit funding	-	954,725
<b>Deficiency of revenue over expenses</b>	<b>\$ (6,323,226)</b>	<b>\$ (1,438,678)</b>

See accompanying notes to the financial statements.

# WEENEEBAYKO AREA HEALTH AUTHORITY

## Statements of Changes in Deficiency in Net Assets

Years ended March 31, 2013 and 2012

		2013		2012	
		Operating	Capital	Total	
Deficiency in net assets, beginning of year	\$	(4,529,509)	2,000,000	(2,529,509)	(1,090,831)
Deficiency of revenue over expenses		(6,323,226)	-	(6,323,226)	(1,438,678)
Internally restricted (note 11)		(2,000,000)	2,000,000	-	-
Deficiency in net assets, end of year	\$	(12,852,735)	4,000,000	(8,852,735)	(2,529,509)

See accompanying notes to the financial statements.

# WEENEEBAYKO AREA HEALTH AUTHORITY

## Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (6,323,226)	\$ (1,438,678)
Adjustments for:		
Amortization of capital assets	2,943,132	2,343,449
Amortization of deferred capital contributions	(2,071,428)	(1,860,873)
Increase in accrued benefits obligation	77,800	17,300
	<u>(5,373,722)</u>	<u>(938,802)</u>
Changes in non-cash working capital:		
Accounts receivable	10,437,411	(3,478,765)
Inventories	(38,071)	553,672
Prepayments	(1,099)	148,222
Accounts payable and accrued liabilities	(5,749,346)	1,582,804
	<u>(724,827)</u>	<u>(2,132,869)</u>
Cash flows from capital activities:		
Additions to capital assets	(2,595,476)	(7,160,011)
Increase in deferred capital contributions	3,244,129	5,926,340
	<u>648,653</u>	<u>(1,233,671)</u>
Cash flows from financing activities:		
Increase (decrease) in long-term obligations	(105,759)	268,457
<b>Net decrease in cash</b>	<u>(181,933)</u>	<u>(3,098,083)</u>
Bank indebtedness, beginning of year	(7,909,962)	(4,811,879)
<b>Bank indebtedness, end of year</b>	<u>\$ (8,091,895)</u>	<u>\$ (7,909,962)</u>

See accompanying notes to the financial statements.

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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The Weeneebayko Area Health Authority (the "Health Authority") was incorporated on October 3, 2008 pursuant to subsection 4(1) of the Public Hospitals Act, R.S.O. 1990, chapter P.40.

On April 1, 2012, the Health Authority adopted Canadian public sector accounting standards. The Health Authority has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these Canadian public sector accounting standards.

In accordance with the transitional provisions in Canadian public sector accounting standards, the Health Authority has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Canadian public sector accounting standards.

A summary of transitional adjustments recorded to deficiency in net assets and deficiency of revenue over expenses is provided in note 2.

## 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) Revenue recognition:

The Health Authority 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 Authority is funded primarily by the North East Local Health Integration Network ("NELHIN"), Health Canada and the Ministry of Health and Long-Term Care ("MOHLTC"). 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.



# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

### (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.

### (c) Capital assets:

Purchased capital assets, other than minor equipment, 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:

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Buildings and site services	5%
Furniture, vehicles and equipment	5% - 20%
Information technology	20% - 25%

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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 Authority 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.

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

### (d) Employee post-retirement benefits:

The Health Authority 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 11 years.

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

Substantially all of the employees of the Health Authority are members of the Health Care of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Health Authority has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Health Authority 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.

### (e) 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.

### (f) Funding adjustments:

The Health Authority receives grants from the NELHIN, Health Canada, MOHLTC, Aboriginal Health and Wellness ("AHW"), Cancer Care Ontario ("CCO") and Health Force Ontario ("HFO") for specific services. Pursuant to the related agreements, if the Health Authority does not meet specified levels of activity, the NELHIN, Health Canada, MOHLTC, AHW, CCO and HFO may be entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable. Should programs and activities incur a deficit, the Health Authority records any recoveries thereon in the period in which collection is received.

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

### (g) 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.

## 2. Transitional adjustments:

### (a) Deficiency in net assets:

The following table summarizes the impact of the transition to Canadian public sector accounting standards on the Health Authority's net assets as of April 1, 2011:

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Deficiency in net assets:	
As previously reported under Canadian generally accepted accounting principles, March 31, 2011	\$ (1,304,373)
Impact of the transition to Canadian public sector accounting standards	213,542
Restated, April 1, 2011	<u>\$ (1,090,831)</u>

The impact of the transition to Canadian public sector accounting standards is comprised of three components.

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

## 2. Transitional adjustments (continued):

### (a) Net assets (continued):

Discount rate used to calculate employee post-retirement benefits:

Canadian public sector accounting standards require these liabilities to be calculated with a discount rate that is equal to either the Health Authority's rate of borrowing or the rate of return on the plan assets. Prior to transition to these new standards, the discount rate to be equal to the yield on high quality corporate bonds. Under Canadian public sector accounting standards, the Health Authority has adopted a discount rate that is indicative of its long-term cost of borrowing. The change in the discount rate resulted in changes to the related liability and a corresponding adjustment to net assets at the date of transition to Canadian public sector accounting standards.

Additional information concerning employee post-retirement benefits is presented in note 7.

### (b) Statement of operations:

As a result of the above, the Health Authority recorded the following adjustments to deficiency of revenue over expenses for the year ended March 31, 2012:

Deficiency of revenue over expenses:	
As previously reported under Canadian generally accepted accounting principles for year ended March 31, 2012	\$ (1,291,265)
Impact of the transition to Canadian public sector accounting standards	(147,413)
<b>Restated for the year ended March 31, 2012</b>	<b>\$ (1,438,678)</b>

## 3. Accounts receivable:

	March 31, 2013	March 31, 2012	April 1, 2011
NELHIN/MOHLTC - working funds deficit	\$ -	6,810,000	7,308,202
Health Canada - hospital deficits	-	-	3,000,000
Health Canada - program funding	1,816,586	2,077,388	841,106
Health Canada - Non-Insured travel	5,460,692	5,468,768	1,651,386
Health Force Ontario	20,856	38,059	206,130
Canada Revenue Agency (HST)	817,512	4,187,143	1,724,700
Other	1,424,908	899,795	1,013,811
	9,540,554	19,481,153	15,745,335
Less allowance for doubtful accounts	(1,686,642)	(1,189,830)	(932,777)
	<b>\$ 7,853,912</b>	<b>18,291,323</b>	<b>14,812,558</b>

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

## 4. Capital assets:

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March 31, 2013	Cost	Accumulated Amortization	Net book Value
Property and land improvements	\$ 929,543	247,119	682,424
Buildings	53,678,681	26,816,074	26,862,607
Furniture and equipment	22,628,747	19,658,921	2,969,826
Information technology	926,806	562,558	364,248
Construction in progress	2,990,100	-	2,990,100
	<hr/>	<hr/>	<hr/>
	\$ 81,153,877	47,284,672	33,869,205

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March 31, 2012	Cost	Accumulated Amortization	Net book Value
Property and land improvements	\$ 929,543	242,619	686,924
Buildings	45,518,307	24,810,419	20,707,888
Furniture and equipment	22,574,453	18,859,002	3,715,451
Information technology	869,007	429,500	439,507
Construction in progress	8,667,091	-	8,667,091
	<hr/>	<hr/>	<hr/>
	\$ 78,558,401	44,341,540	34,216,861

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April 1, 2011	Cost	Accumulated Amortization	Net book Value
Property and land improvements	\$ 814,543	238,119	576,424
Buildings	44,673,798	23,449,769	21,224,029
Furniture and equipment	21,009,464	17,947,291	3,062,173
Information technology	377,731	308,002	69,729
Assets under capital leases	464,300	54,913	409,387
Construction in progress	4,058,557	-	4,058,557
	<hr/>	<hr/>	<hr/>
	\$ 71,398,393	41,998,094	29,400,299

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# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

## 5. Bank indebtedness:

Pursuant to an agreement, the Health Authority's primary banker has provided the Health Authority with demand credit facilities for operating purposes. The credit facility is for \$10,000,000, is payable on demand with no fixed terms of repayment and bears interest at the rate of prime minus 0.5%. The credit facility is secured by a general security agreement over the Health Authority's assets.

## 6. Accounts payable and accrued liabilities:

	March 31, 2013	March 31, 2012	April 1, 2011
Accounts payable and accrued liabilities:			
- operating and capital	\$ 6,051,125	12,215,726	9,744,237
- NELHIN/MOHLTC	574,388	446,495	404,495
- Health Canada	477,717	294,234	678,522
- other	17,881	49,590	-
Payroll accruals:			
- salaries, wages and employee benefit contributions	3,155,602	3,879,692	3,391,846
- vacation pay, overtime, statutory holiday and sick leave banks	953,140	834,761	913,729
Deferred revenue	976,086	234,787	1,239,652
	<u>\$12,205,939</u>	<u>17,955,285</u>	<u>16,372,481</u>

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

## 7. Long-term obligations:

	March 31, 2013	March 31, 2012	April 1, 2011
Employee post-retirement benefits	\$ 908,800	831,000	813,700
Bank of Nova Scotia, term loan payable in monthly installments of \$ 9,594, including principal and interest at 3.57%, maturing January 2015	204,009	309,768	-
Other	-	-	41,311
	1,112,809	1,140,768	855,011
Less current portion	109,623	105,784	41,311
	\$ 1,003,186	1,034,984	813,700

Principal payments required to retire the term loan payable are as follows:

2014	109,623
2015	94,386
	\$ 204,009

### (i) Employee post-retirement benefits:

The Health Authority provides payments to certain employees upon their retirement, resignation or death while employed with the Health Authority, the amount of which is calculated based on their years of services and annual regular salary at the cessation of their employment. The most recent valuation of the employee future benefits was completed as at March 31, 2012. The next full valuation of the plan will be as of March 31, 2015.

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

	2013	2012
Balance, beginning of year	\$ 831,000	813,700
Add: Benefit costs	168,500	149,300
	999,500	963,000
Less: Benefit contributions	(90,700)	(132,000)
Balance, end of year	\$ 908,800	831,000

# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

## 7. Long-term obligations (continued):

### (i) Employee post-retirement benefits (continued):

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

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

	March 31, 2013	March 31, 2012	April 1, 2011
Discount rate	3.50%	3.75%	4.50%

### (ii) Term loan:

The Bank of Nova Scotia term loan is secured by a general security agreement over the assets of the Health Authority.

## 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:

	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	\$ 29,762,073	25,696,606	24,476,131
Add: Contributions	3,244,129	5,926,340	2,299,041
Less: Amounts amortized to revenue	(2,071,428)	(1,860,873)	(1,078,566)
	\$ 30,934,774	29,762,073	25,696,606

The balance of unamortized and unspent funds consists of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Unamortized	\$ 28,300,770	28,229,692	24,686,319
Unspent	2,634,004	1,532,381	1,010,287
	\$ 30,934,774	29,762,073	25,696,606



# WEENEEBAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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## 9. Pension plan:

Substantially all of the employees of the Health Authority are members of the Health Care of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit plan. Contributions to the Plan made during the year on behalf of employees amounted to \$422,734 (2012 - \$469,331) and are included in employee benefits in the statement of operations.

## 10. Contingencies:

The Health Authority 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. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

## 11. Commitments:

- (i) The Health Authority has uncompleted construction contracts in progress which amount to \$1,171,851 (2012 - \$ 2,314,928).
- (ii) Pursuant to the integration agreement between the Health Authority and Health Canada, by the expiry of the agreement on September 30, 2015 the Health Authority must set aside \$9,550,000 of Health Canada funding specifically to meet future capital infrastructure requirements. In accordance with this provision an internal restriction in the amount of \$4,000,000 (2012 - \$2,000,000) has been undertaken to date.

## 12. 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 Authority is exposed to credit risk with respect to accounts receivable.

The Health Authority 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 Authority at March 31, 2013 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 2012.

# WEENEebAYKO AREA HEALTH AUTHORITY

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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## 12. Financial risks and concentration of credit risk (continued):

### (b) Liquidity risk:

Liquidity risk is the risk that the Health Authority will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Authority manages its liquidity risk by monitoring its operating requirements. The Health Authority 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 the date of an invoice.

There have been no significant changes to the liquidity risk exposure from 2012.

## 13. Change in accounting policy:

On April 1, 2012, the Health Authority adopted Public Accounting Standards *PS 3450 – Financial Instruments*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Health Authority's accounting policy choices (see Note 1 - Significant Accounting Policies).

The adoption of these standards did not have a significant effect on the Health Authority's financial statements for the year ended March 31, 2013.

**WEENEEBAYKO AREA HEALTH AUTHORITY**

Schedule 1

## Schedule of Revenues and Expenses - Hospital Operations

Years ended March 31, 2013 and 2012

	2013	2012
<b>Revenue:</b>		
North East Local Health Integration Network	\$ 21,787,109	\$ 21,679,286
Ministry of Health and Long-Term Care	5,326,216	5,158,521
Health Canada	12,000,000	12,000,000
Patient services	1,278,267	1,543,517
Rental	968,972	883,731
Other recoveries	1,308,944	1,620,198
Insurance recoveries	965,751	-
Amortization - deferred capital contributions for equipment	596,571	779,976
	<u>44,231,830</u>	<u>43,665,229</u>
<b>Expenses:</b>		
Salaries and wages	19,573,215	18,408,830
Isolated post allowance	3,255,657	3,120,854
Employee benefits	3,101,414	3,000,663
Medical staff remuneration	6,112,395	6,402,589
Professional fees	1,233,516	1,275,400
Travel and training	1,723,670	1,901,690
Supplies and other costs	8,331,126	8,219,292
Carrying charges	474,102	640,352
Insurance claims	965,751	-
Fuel	1,178,686	614,075
Amortization - equipment	932,973	1,033,212
	<u>46,882,505</u>	<u>44,616,957</u>
Deficiency of revenue over expenses before the undernoted	(2,650,675)	(951,728)
Surplus repayable	-	(42,000)
Amortization - buildings	(2,010,159)	(1,310,237)
Amortization - deferred capital contributions for buildings	1,474,857	1,080,897
Deficiency of revenue over expenses	<u>\$ (3,185,977)</u>	<u>\$ (1,223,068)</u>

See accompanying notes to the financial statements.

# WEENEEBAYKO AREA HEALTH AUTHORITY

Schedule 2

Schedule of Revenues and Expenses - Specifically-Funded Provincial Programs

Years ended March 31, 2013 and 2012

	Ambulance Services	Mental Health	Locum Travel	Cancer Care	2013 Total	2012 Total
<b>Revenue:</b>						
North East Local Health Integration Network	\$ -	1,001,653	-	-	1,001,653	\$ 1,284,385
Ministry of Health and Long-Term Care	7,164,470	-	-	-	7,164,470	6,139,345
Health Force Ontario	-	-	141,115	-	141,115	228,915
Cancer Care Ontario	-	-	-	98,187	98,187	57,778
Other recoveries	-	2,743	-	4,231	6,974	1,827
	7,164,470	1,004,396	141,115	102,418	8,412,399	7,712,250
<b>Expenses:</b>						
Salaries and wages	4,132,384	605,050	62,100	28,197	4,827,731	4,302,762
Isolated post allowance	487,341	80,643	-	534	568,518	635,170
Employee benefits	976,878	129,650	-	2,013	1,108,541	974,259
Professional fees	12,519	33,529	-	43,861	89,909	297,377
Travel and training	150,672	43,770	35,335	2,513	232,290	319,380
Administration	45,000	-	-	-	45,000	45,000
Interest on ambulance base loan	-	-	-	-	-	1,920
Supplies and other costs	1,055,859	111,754	43,680	25,300	1,236,593	1,219,046
	6,860,653	1,004,396	141,115	102,418	8,108,582	7,794,914
Excess (deficiency) of revenue over expenses before the undernoted	303,817	-	-	-	303,817	(82,664)
Surplus repayable	(303,817)	-	-	-	(303,817)	(16,590)
Excess (deficiency) of revenue over expenses	\$ -	-	-	-	-	\$ (99,254)

See accompanying notes to the financial statements.

# WEENEEBAYKO AREA HEALTH AUTHORITY

## Schedule of Revenues and Expenses - Specifically-Funded Federal Programs

Years ended March 31, 2013 and 2012

Schedule 3

	Non-Insured		NIHB		Timmins		NIHB		Moosonee		Timmins		Local		TRC Event		Zone		Pre-Natal		Northern		Capital		HISF					
	Travel	Dental	Transportation	Translator	Working Group	Hostel	Hostel	Working Group	Hostel	Hostel	Hostel	Drivers	Traditional Healing	Traditional Healing	Support	Teaching	Diabetes	ON1100085	Mental Health	2013	2012									
<b>Revenue:</b>																														
Deferred revenue, beginning of year																														
Health Canada	1,032,667	1,623,818	-	-	46,000	396,779	787,821	787,821	787,821	787,821	296,569	90,724	1,084,983	1,204,384	92,629	-	-	189,194	-	189,194	6,719,203	6,174,312								
Aboriginal Health and Wellness	-	-	-	62,665	-	168,724	-	-	-	-	-	-	-	-	-	-	440,108	-	-	440,108	-	-	662,564	-	-	-	-	-		
Northern Diabetes Network	46,583	29,994	6,729,820	-	-	-	-	-	-	-	-	-	-	-	-	5,160	-	-	-	-	-	-	8,085,401	-	-	-	-	-		
Other recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Deferred revenue, end of year	1,079,250	1,653,812	6,729,820	62,665	46,000	565,503	787,821	46,000	787,821	565,503	296,569	90,724	1,084,983	1,204,384	92,629	445,268	189,194	189,194	74,493	14,403,115	16,270,566									
	1,079,250	1,653,812	6,729,820	62,665	46,000	565,503	787,821	46,000	787,821	565,503	296,569	90,724	1,084,983	1,204,384	92,629	445,268	189,194	189,194	(70,597)	14,403,115	16,270,566									
<b>Expenses:</b>																														
Salaries and wages	587,507	417,359	-	48,820	-	66,882	290,184	-	66,882	290,184	132,304	-	82,873	399,120	16,000	247,937	-	-	-	2,288,966	2,070,185									
Isolated post allowance	130,667	115,586	-	-	-	10,487	-	-	10,487	-	29,844	-	7,131	-	-	52,867	-	-	-	346,594	274,334									
Employee benefits	86,739	78,323	-	8,375	-	9,872	36,245	-	9,872	36,245	17,032	-	14,259	-	-	37,323	-	-	-	292,390	292,390									
Professional fees	105,474	775,303	-	-	-	71,616	36,581	-	71,616	36,581	26,964	-	530,594	-	-	27,240	-	-	-	1,573,772	1,711,654									
Travel and training	-	171,574	7,088,064	-	6,112	-	-	-	-	-	-	-	-	-	-	-	21,730	-	-	-	7,852,777	8,140,107								
Fuel purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189,194	-	-	867,802	867,802								
Carrying costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	191,301	368,735								
Supplies and other costs	141,127	195,251	-	7,502	41,810	748,605	138,372	41,810	748,605	138,372	31,357	53,000	10,693	711,739	76,983	58,171	-	-	1,500	2,216,120	2,336,394									
Bad debts	-	-	2,329,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,329,517	443,000								
	1,051,514	1,753,408	9,608,872	64,697	47,922	907,462	580,977	47,922	907,462	580,977	237,501	109,892	1,056,091	1,128,742	92,983	445,268	189,194	189,194	3,896	17,278,429	16,504,601									
Excess (deficiency) of revenue over expenses before the undernoted	27,736	(89,596)	(2,879,052)	(2,032)	(1,922)	(119,641)	(15,474)	(1,922)	(119,641)	(15,474)	59,068	(19,168)	29,892	75,642	(364)	-	-	-	-	(2,945,911)	(468,822)									
Surplus repayable	(27,736)	-	-	-	-	-	-	-	-	-	(59,068)	-	(28,892)	(75,642)	-	-	-	-	-	-	(191,338)	(103,857)								
Excess (deficiency) of revenue over expenses	\$ -	(89,596)	(2,879,052)	(2,032)	(1,922)	(119,641)	(15,474)	(1,922)	(119,641)	(15,474)	-	(19,168)	-	-	(364)	-	-	-	-	(3,137,249)	\$ (572,679)									

See accompanying notes to the financial statements.