

**CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018**

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**Perth and Smiths Falls  
District Hospital  
Consolidated  
Financial Statements  
March 31, 2018**



Perth and  
Smiths Falls  
District Hospital

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## Management's Responsibility for the Consolidated Financial Statements

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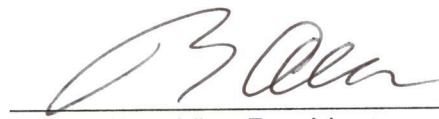
The accompanying consolidated financial statements of the Perth and Smiths Falls District Hospital are the responsibility of the Hospital's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Board approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Hospital. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital's consolidated financial statements.

  
Michele Bellows, Acting President and CEO

  
Brian Allen, Vice President  
Financial and Support Services



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## **INDEPENDENT AUDITOR'S REPORT**

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### **To the Board of Directors and Members of Perth and Smiths Falls District Hospital:**

We have audited the accompanying consolidated financial statements of Perth and Smiths Falls District Hospital (the "Hospital") which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, and changes in net deficiency, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an audit opinion on the consolidated 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Perth and Smiths Falls District Hospital as at March 31, 2018 and the consolidated results of its operations, changes in net deficiency and its consolidated cash flows for the year ended March 31, 2018 in accordance with Canadian Public Sector Accounting Standards.



Allan and Partners LLP  
Chartered Professional Accountants  
Licenced Public Accountants

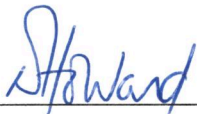
Perth, Ontario,  
May 22, 2018.



**Perth and Smiths Falls District Hospital  
Consolidated Statement of Financial Position**

March 31	2018	2017
	\$	\$
<b>Assets</b>		
Current Assets		
Cash	2,003,420	2,207,712
Accounts receivable (note 2)	1,626,041	2,172,297
Inventories (note 3)	618,680	591,148
Prepaid expenses	444,078	411,984
	<b>4,692,219</b>	5,383,141
Capital Assets (note 4)	<b>66,344,991</b>	66,861,939
Restricted Cash (note 5)	<b>254,035</b>	166,773
	<b>71,291,245</b>	72,411,853
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	6,257,042	6,423,479
Deferred contributions	392,123	299,868
Debt (note 7)	6,236,089	6,176,516
	<b>12,885,254</b>	12,899,863
Employee future benefits (note 6)	<b>1,956,219</b>	1,924,191
Long term debt	<b>2,744,122</b>	3,165,919
Deferred Contributions Related to Capital Assets (note 8)	<b>55,835,276</b>	56,885,519
	<b>60,535,617</b>	61,975,629
Commitments, Contingencies and Guarantees (note 14)		
<b>Net Financial Assets (Deficiency)</b>		
Invested in capital assets	<b>7,129,901</b>	6,150,758
Unrestricted deficiency	<b>(9,259,527)</b>	(8,614,397)
	<b>(2,129,626)</b>	(2,463,639)
	<b>71,291,245</b>	72,411,853

On Behalf of the Board:



\_\_\_\_\_, Chairperson

The accompanying notes are an integral part of these consolidated financial statements.

**Perth and Smiths Falls District Hospital  
Consolidated Statement of Operations**

For the year ended March 31	(Note 16) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
Patient Care			
Ministry of Health	41,824,673	<b>41,977,931</b>	41,887,173
Other patient income	7,478,396	<b>7,813,163</b>	7,347,821
Other funding	1,312,263	<b>1,705,560</b>	1,608,112
Amortization of deferred contributions related to equipment (note 8)	1,450,414	<b>1,357,406</b>	1,441,081
	52,065,746	<b>52,854,060</b>	52,284,187
<b>Expenditures</b>			
Salaries and wages	24,198,063	<b>24,276,751</b>	23,871,666
Employee benefits	7,040,634	<b>7,005,993</b>	7,081,016
Medical staff remuneration	6,343,159	<b>6,675,406</b>	6,283,830
Supplies and other	8,251,450	<b>8,617,957</b>	8,382,936
Medical and surgical supplies	2,525,378	<b>2,717,164</b>	2,695,940
Drugs	945,925	<b>976,076</b>	1,020,572
Interest	100,587	<b>87,505</b>	93,392
Amortization ▶ equipment and software	1,765,636	<b>1,869,172</b>	1,675,495
	51,170,832	<b>52,226,024</b>	51,104,847
<b>Net Revenues from Operations</b>	894,914	<b>628,036</b>	1,179,340
<b>Other Revenues and Expenses</b>			
Revenues ▶ Lanark County Mental Health	3,213,059	<b>3,400,328</b>	3,266,422
▶ Lanark County Support Services	3,183,327	<b>3,882,284</b>	3,408,151
▶ Payment in lieu of municipal taxes	15,600	<b>15,600</b>	15,600
Expenses ▶ Lanark County Mental Health	(3,213,059)	<b>(3,400,328)</b>	(3,266,422)
▶ Lanark County Support Services	(3,073,646)	<b>(3,693,489)</b>	(3,229,944)
▶ Capital interest on long term debt	(88,000)	<b>(75,172)</b>	(83,675)
▶ Payment in lieu of municipal taxes	(15,600)	<b>(15,600)</b>	(15,600)
Amortization of deferred contribution related to building	1,899,005	<b>1,909,997</b>	1,874,873
Amortization of building and improvements	(2,295,897)	<b>(2,317,643)</b>	(2,267,284)
	(375,211)	<b>(294,023)</b>	(297,879)
<b>Excess of Revenues Over Expenses</b>	519,703	<b>334,013</b>	881,461
<b>Net Deficiency, Beginning of Year</b>	(2,463,639)	<b>(2,463,639)</b>	(3,345,100)
<b>Net Deficiency, End of Year</b>	(1,943,936)	<b>(2,129,626)</b>	(2,463,639)

The accompanying notes are an integral part of these consolidated financial statements.

**Perth and Smiths Falls District Hospital  
Consolidated Statement of Changes in Net Deficiency**

Year Ended March 31	Investment in Capital Assets	Unrestricted	2018	2017
	\$	\$	\$	\$
<b>Balance, Beginning of Year</b>	6,150,758	(8,614,397)	<b>(2,463,639)</b>	(3,345,100)
<b>Excess of Revenues Over Expenses</b>	---	334,013	<b>334,013</b>	881,461
<b>Net Change in Investment in Capital Assets (Note 13)</b>	982,780	(982,780)	---	---
<b>Balance, End of Year</b>	7,133,538	(9,263,164)	<b>(2,129,626)</b>	(2,463,639)

The accompanying notes are an integral part of these consolidated financial statements.

**Perth and Smiths Falls District Hospital  
Consolidated Statement of Cash Flows**

For the year ended March 31	2018	2017
	\$	\$
<b>Cash Flows Provided From:</b>		
<b>Operating Activities</b>		
Excess of revenues over expenses	334,013	881,461
Amortization of capital donations and grants	(3,408,214)	(3,456,967)
Amortization of capital assets	4,346,509	4,095,596
	1,272,308	1,520,090
<b>Net Change in Non-Cash Working Capital Balances Related to Operations</b>		
Accounts receivable	546,255	(27,330)
Inventories	(27,532)	42,292
Prepaid expenses	(32,094)	(60,823)
Accounts payable	(166,437)	1,056,294
Deferred funding	92,255	(14,109)
Employee future benefits	32,028	27,188
	444,475	1,023,512
<b>Net Change from Operations</b>	<b>1,716,783</b>	<b>2,543,602</b>
<b>Investing Activities</b>		
Restricted cash	(87,262)	362,325
Capital expenditures (net)	(3,829,561)	(3,339,405)
	(3,916,823)	(2,977,080)
<b>Financing Activities</b>		
Proceeds of long term debt	478,748	---
Repayment of long term debt	(840,971)	(1,461,064)
Capital donations and grants	2,357,971	2,445,218
	1,995,748	984,154
<b>Change in Cash and Equivalents, During the Year</b>	<b>(204,292)</b>	<b>550,676</b>
<b>Cash and Equivalents, Beginning of Year</b>	<b>2,207,712</b>	<b>1,657,036</b>
<b>Cash and Equivalents, End of Year</b>	<b>2,003,420</b>	<b>2,207,712</b>
<b>Cash and Equivalents Represented By:</b>		
Cash	2,224,069	2,503,199
Outstanding items	(220,649)	(295,487)
	2,003,420	2,207,712

The accompanying notes are an integral part of these consolidated financial statements.



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# Perth and Smiths Falls District Hospital

## Notes to the Consolidated Financial Statements

March 31, 2018

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### Description of Organization

The Perth and Smiths Falls District Hospital is principally involved in providing health care services to the Towns of Perth, Smiths Falls and surrounding area and is funded by the South East Local Health Integration Network (SELHIN). The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

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### 1. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations.

#### Basis of Presentation

These consolidated financial statements reflect the assets, liabilities and operations of the Hospital. The Hospital consolidates the financial activities of controlled entities.

These consolidated financial statements reflect the assets, liabilities and operations of Lanark County Mental Health and Lanark County Support Services.

They do not include the assets, liabilities or operations of its Auxiliaries, Smiths Falls Community Hospital Foundation and The Great War Memorial Hospital of Perth District Foundation or other entities, which, although associated with the Hospital, are separately managed, and report to separate Boards of Trustees.

#### Revenue Recognition

The Hospital follows the deferral method of accounting for contributions.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded, primarily by the Province of Ontario, and allocated by the South East Local Health Integration Network, in accordance with budget arrangements established by the Ministry of Health and Long-Term Care. 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.

The Hospital receives funding for operations for certain programs from the Ministry of Health and Long-Term Care of Ontario. The final amount of operating revenue recorded cannot be determined until the Ministry of Health and Long-Term Care of Ontario has reviewed the Hospital's financial and statistical returns for the year. Any adjustments arising from the Ministry of Health and Long-Term Care of Ontario review is recorded in the period in which the adjustment is made.

Externally restricted contributions, such as trust funds are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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# Perth and Smiths Falls District Hospital

## Notes to the Consolidated Financial Statements

March 31, 2018

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### 1. Significant Accounting Policies / continued

#### Revenue Recognition / continued

The amount of any pledges and bequests to donate funds to the Hospital is not included in revenue until such time as funds are received.

Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or the service is provided.

#### Contributed Services

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

#### Inventories

Inventories are recorded on a first in first out basis and are valued at lower of cost or net realizable value.

#### Classification of Financial Instruments

All financial instruments reported on the Consolidated Statement of Financial Position of the Hospital are classified as follows:

Short-term investments	Fair value
Accounts receivable	Fair value
Investments held of capital purchases	Fair value
Cash held in trust	Fair value
Bank indebtedness	Fair value
Accounts payable and accrued liabilities	Fair value
Long-term debt	Fair value

#### Capital Assets

Purchased capital assets are recorded at cost. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is not amortized until the project is complete and the facilities come into use. Capital assets are amortized on a straight-line basis over their expected useful lives at rates varying from 2% to 30% per annum.

Land Improvements	3 - 25 years
Buildings	10 - 50 years
Building Service Equipment	5 - 25 years
Major Equipment	3 - 20 years

#### Deferred Contributions Related to Funds Held in Trust

The Hospital holds resources and makes disbursements on behalf of various unrelated individuals or groups. The Hospital has no discretion over such transactions.

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## Perth and Smiths Falls District Hospital Notes to the Consolidated Financial Statements

March 31, 2018

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### 1. Significant Accounting Policies / continued

#### Deferred Contributions Related to Funds Held in Trust / continued

Resources received in connection with such trust fund transactions are reported as liabilities not revenue and subsequent distributions are reported as decreases to the liability not expenses.

#### Employee Benefit Plans

The Hospital 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.

The Hospital is an employer member of the Hospitals of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to future employer contributions to the Plan for past employee service.

#### Measurement Uncertainty

The preparation of consolidated 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 consolidated financial statements and reported amounts of revenues and expensed during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. The most significant estimates used in preparing these consolidated financial statements include the estimated useful lives of capital assets, the assumptions underlying the employee future benefit liability calculation, the amount of accrued liabilities and the allowance for doubtful accounts.

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### 2. Accounts Receivable

Accounts receivable are comprised of the following:

	2018	2017
	\$	\$
Ministry of Health	6,575	170,336
Other	1,476,705	1,471,346
Due from other funds	142,761	530,615
	<b>1,626,041</b>	<b>2,172,297</b>

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**Perth and Smiths Falls District Hospital  
Notes to the Consolidated Financial Statements**

**March 31, 2018**

**3. Inventories**

	2018	2017
	\$	\$
Medical and surgical	299,082	290,144
Other	319,598	301,004
	<b>618,680</b>	<b>591,148</b>

**4. Capital Assets**

	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land and Land Improvements	1,707,295	270,821	1,436,474	439,147
Software, Licences and Fees	2,998,203	2,634,759	363,444	559,513
Building	89,666,122	30,657,716	59,008,406	54,001,263
Service Equipment	3,672,422	2,961,111	711,311	4,397,827
Major Equipment	22,887,663	18,113,924	4,773,739	5,465,296
Capital Projects in Progress	51,617	---	51,617	1,998,893
	<b>120,983,322</b>	<b>54,638,331</b>	<b>66,344,991</b>	<b>66,861,939</b>

**5. Bank Indebtedness**

The Hospital has an operating line of credit of \$7,500,000, with its corporate bankers, of which \$5,350,000 was drawn against at March 31, 2018 (2017 \$5,350,000) (note 7). This line of credit is unsecured and bears interest at prime less 1.1%.

Restricted cash is comprised of funds retained for the purpose of future capital equipment and infrastructure renewal. These funds are externally restricted to be used for the purpose intended by the contributor of the funds.



**Perth and Smiths Falls District Hospital  
Notes to the Consolidated Financial Statements**

**March 31, 2018**

**6. Employee Future Benefits**

The Hospital provides extended health care and dental insurance benefits to certain of its employees and extends this coverage to the post-retirement period. The most recent actuarial valuation of employee future benefits was completed as at March 31, 2018.

At March 31, the Hospital's employee future benefits accrued liability and benefit obligation is as follows:

	<b>2018</b>	2017
	<b>\$</b>	\$
Accrued benefit obligation opening	<b>1,924,191</b>	1,897,003
Benefits accrued in the period	<b>69,576</b>	76,120
Benefits paid in the period	<b>(131,209)</b>	(137,950)
Interest on accrued benefit obligation during the period	<b>66,730</b>	70,165
Experience gain	<b>26,931</b>	18,853
Accrued liability	<b>1,956,219</b>	1,924,191

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

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

	<b>2018</b>	2017
Discount rate to determine accrued benefit obligation	<b>3.37%</b>	3.56%
Dental benefits cost escalation	<b>2.75%</b>	2.75%
Medical benefits cost escalation – extended health care	<b>4.25%</b>	4.25%
Inflation	<b>2.25%</b>	2.25%
Expected average remaining service life of employees	6.0 years	6.0 years

Included in the statement of operations is an amount \$164,140 (2017 \$165,766) regarding employee future benefits. This amount is comprised of:

	<b>2018</b>	2017
	<b>\$</b>	\$
Additional benefit expense	<b>32,931</b>	27,816
Benefit payments made by the Hospital during the year	<b>131,209</b>	137,950
	<b>164,140</b>	165,766

**Perth and Smiths Falls District Hospital  
Notes to the Consolidated Financial Statements**

**March 31, 2018**

**7. Debt**

	2018	2017
	\$	\$
Bank of Montreal demand loan, (2.02%), \$3,350,000 due June, 2018, \$2,000,000 due December 2018.	<b>5,350,000</b>	5,350,000
Bank of Montreal, fixed rate term loan, (1.89%), repayable in blended monthly payments of \$50,519, due May 2018.	<b>1,285,964</b>	1,861,970
Bank of Montreal, fixed term loan, (1.89%), repayable in blended monthly payments of \$13,569, due May 2018.	<b>947,078</b>	1,090,530
Bank of Montreal, fixed rate term loan, (1.88%), repayable in blended monthly payments of \$10,474, due March 2019.	<b>932,876</b>	1,039,935
Bank of Montreal, fixed rate term loan, (2.04%), repayable in blended monthly payments of \$4,414, due October 2018.	<b>464,293</b>	---
	<b>8,980,211</b>	9,342,435
Less: current portion of long term debt	<b>6,236,089</b>	6,176,516
	<b>2,744,122</b>	3,165,919

Principal payments fall due as follows:

	\$
2019	<b>6,236,089</b>
2020	<b>903,038</b>
2021	<b>411,529</b>
2022	<b>316,711</b>
2023	<b>322,808</b>
2024 and thereafter	<b>790,036</b>
	<b>8,980,211</b>

The Hospital currently has a demand loan of \$1,285,964 (2017 \$1,861,970) to cover the gap between final redevelopment project expenditures and final funding. Monthly payments of \$50,519 are made on the loan.

**8. Deferred Contributions**

The Ministry of Health and Long Term Care provide grants for approved Hospital building and building service projects. The Hospital also received donations from its Foundations, Auxiliaries and other private donors for capital projects and equipment. These grants and donations are recorded in deferred contributions and amortized over the useful life of the associated asset.

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**Perth and Smiths Falls District Hospital  
Notes to the Consolidated Financial Statements**

**March 31, 2018**

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**8. Deferred Contributions / continued**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Capital Provincial Grants (net of amortization of \$16,570,244 (2017: \$15,426,580).	<b>43,631,363</b>	44,908,332
Capital Donations (net of amortization of \$8,133,825 (2017: \$8,159,302).	<b>12,203,913</b>	11,977,187
	<b>55,835,276</b>	56,885,519

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**9. Financial Instruments**

*Establishing Fair Value*

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments. The fair value of long term debt is not materially different from their carrying values.

*Fair Value Hierarchy*

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie: as prices) or indirectly (ie: derived from prices); and,

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The financial instruments recorded at fair value in the Consolidated Statement of Financial Position, classified using the fair value hierarchy described above:

At March 31, 2018 ▶ Level 1 ▶ Restricted Cash ▶ \$254,035

At March 31, 2017 ▶ Level 1 ▶ Restricted Cash ▶ \$166,773

*Credit Risk*

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and incur a financial loss. The Hospital is exposed to credit risk on its accounts receivable.

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## Perth and Smiths Falls District Hospital Notes to the Consolidated Financial Statements

March 31, 2018

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### 10. Pension Plan

Substantially all of the employees of the Facility are 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 earnings.

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

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2017 indicated the plan is fully funded on a solvency basis. Contributions to the plan made during the year by the Facility on behalf of its employees amounted to \$2,266,948 (previous year \$2,214,929) and are included in the statement of operations.

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### 11. Related Party Transactions

The Hospital has an economic interest in the Great War Memorial Hospital of Perth District Foundation and the Smiths Falls Community Hospital Foundation. The Foundations were established to raise funds for the use of the Hospital. The Foundations are incorporated under the Business Corporations Act and are registered charities under the Income Tax Act.

The net assets and results from operations of the Foundations are not included in the statement of the Hospital.

Contributions received during the year amount to:

	2018	2017
	\$	\$
Smiths Falls Community Hospital Foundation		
▸ Equipment	405,586	140,751
Great War Memorial Hospital of Perth District Foundation		
▸ Equipment	1,460,724	486,942
Smiths Falls Community Hospital Auxiliary	18,912	6,195
Great War Memorial Hospital Auxiliary	59,220	30,148

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**Perth and Smiths Falls District Hospital  
Notes to the Consolidated Financial Statements**

**March 31, 2018**

**12. Segmented Information**

2018	Salaries, Wages & Benefits	Medical Staff Remuneration	Supplies & Other	Medical & Surgical Supplies	Drugs	Amortization Equipment & Software	Total
	\$	\$	\$	\$	\$	\$	\$
Administration & Support	7,751,205	206,114	5,293,163	84,192	40,229	528,175	13,903,078
Inpatient Care	12,364,297	1,594,910	891,935	2,258,269	752,369	615,298	18,477,078
Ambulatory Care	3,952,053	2,906,088	219,673	269,533	182,127	57,443	7,586,917
Diagnostic	6,562,673	1,968,294	1,942,955	100,341	1,336	659,092	11,234,691
Others	652,516	---	357,736	4,829	15	9,164	1,024,260
<b>2018</b>	<b>31,282,744</b>	<b>6,675,406</b>	<b>8,705,462</b>	<b>2,717,164</b>	<b>976,076</b>	<b>1,869,172</b>	<b>52,226,024</b>

2017	Salaries, Wages & Benefits	Medical Staff Remuneration	Supplies & Other	Medical & Surgical Supplies	Drugs	Amortization Equipment & Software	Total
	\$	\$	\$	\$	\$	\$	\$
Administration & Support	7,528,558	201,977	5,130,139	58,897	44,135	476,444	13,440,150
Inpatient Care	12,476,336	1,655,919	883,138	2,311,613	781,462	550,631	18,658,099
Ambulatory Care	3,749,729	2,688,537	245,505	251,385	194,482	67,222	7,196,860
Diagnostic	6,449,742	1,737,397	1,820,037	73,244	1,451	572,051	10,653,922
Others	748,317	---	397,509	801	42	9,147	1,155,816
<b>2017</b>	<b>30,952,682</b>	<b>6,283,830</b>	<b>8,476,328</b>	<b>2,695,940</b>	<b>1,020,572</b>	<b>1,675,495</b>	<b>51,104,847</b>

**13. Capital Disclosures**

- (a) The Hospital defines capital as unrestricted net assets and investment in capital assets. The Hospital's objective with respect to capital is to fund ongoing operations, capital asset acquisitions and future projects.

The Hospital's overall strategy with respect to capital remains unchanged from the year ended March 31, 2017. The Hospital is not subject to externally imposed capital requirements.

- (b) Investment in capital assets is calculated as follows:

	2018	2017
	\$	\$
Capital Assets	<b>66,344,991</b>	66,861,939
Less: amounts financed by deferred grants and contributions	<b>(55,835,276)</b>	(56,885,519)
amounts financed by long term debt	<b>(3,630,212)</b>	(3,992,435)
Add: cash restricted for investment in capital assets	<b>254,035</b>	166,773
	<b>7,133,538</b>	6,150,758

**Perth and Smiths Falls District Hospital  
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**March 31, 2018**

**13. Capital Disclosures / continued**

(c) Net change in investment in capital assets is calculated as follows:

	2018	2017
	\$	\$
Purchase of Capital Assets	3,829,561	3,339,405
Change in Cash Restricted for Investment in Capital Assets	87,262	(362,325)
Deferred Contributions Received	(2,357,971)	(2,445,218)
Amortization of Deferred Grants and Contributions Related to Capital Assets	3,408,214	3,456,967
Proceeds of long term debt	(478,748)	---
Amortization of Capital Assets	(4,346,509)	(4,095,596)
Principal Repayment of Long Term Debt Incurred for Purchase of Capital Assets	840,971	811,064
	<b>982,780</b>	<b>704,297</b>

Investment held for capital purchases related to funding received and restricted for the purpose of capital expenditures. The funds are held with the Hospital's bank and are classified as long term as the associated cash outflow is not expected to occur within one year.

**14. Commitments, Contingencies and Guarantees**

The Perth and Smiths Falls District Hospital (Lanark County Mental Health) has entered into lease arrangements as follows:

- ▶ Smiths Falls property commencing May 1, 2018 to April 30, 2028
- ▶ Carleton Place property, commencing February 1, 2017 to January 31, 2019.

	\$
2018 / 2019	185,290
2019 / 2020	163,740
2020 / 2021	163,740
2021 / 2028	1,146,180

**3SO**

The Perth and Smiths Falls District Hospital is a member of a non-profit organization (3SO) that has been created to manage a shared regional supply chain. Each of the participating seven hospitals located in the SE LHIN is a voting member of 3SO with three independent board directors from within the SE LHIN. The Perth & Smiths Falls District Hospital has agreed to provide a limited guarantee to a maximum of \$57,500 or 5.75% of the \$1 million dollar line of credit obtained by 3SO. At March 31, 2018, the line of credit accessed by 3SO was \$Nil (2017 \$Nil).

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**Perth and Smiths Falls District Hospital  
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**15. Contingent Liabilities**

The nature of the Hospital's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at March 31, 2018, management believes that the Hospital has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

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**16. Budget Figures**

Perth and Smiths Falls District Hospital reviews its operating and capital budgets each year. The approved operating budget for 2017 / 2018 is included in the budget figures presented in the Statement of Operations.

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