

Financial Statements of

WRINCH MEMORIAL HOSPITAL

Year ended March 31, 2016

STATEMENT OF MANAGEMENT RESPONSIBILITY

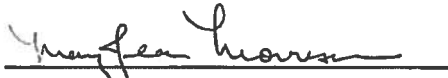
The financial statements of Wrinch Memorial Hospital (the "Hospital") for the year ended March 31, 2016 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB"), as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and in regard to the accounting for restricted contributions which is based on the Restricted Contributions Regulation 198/2011. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through The United Church Health Services Society Finance and Audit Committee. The United Church Health Services Society Finance and Audit Committee meet with management and the external auditor once a year.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination considers internal control relevant to management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Hospital's internal control. The external auditors have full and free access to The United Church Health Services Society Finance and Audit Committee and the option to meet with it on a regular basis.

On behalf of Wrinch Memorial Hospital



Mary Jean Morrison
Chief Executive Officer
The United Church Health Services Society
June 17, 2016



Mark De Groot,
Vice President, Financial & Corporate Services/Chief Financial Officer
Northern Health Authority
June 17, 2016



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of The United Church Health Services Society and the Minister of Health

We have audited the accompanying financial statements of Wrinch Memorial Hospital (the "Hospital") which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements of Wrinch Memorial Hospital as at March 31, 2016, and for the year ended March 31, 2016 are prepared, in all material respects, in accordance with the financial reporting provision of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the financial statement, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single, long, horizontal stroke that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants
Prince George, Canada
June 17, 2016

WRINCH MEMORIAL HOSPITAL

Statement of Financial Position

As at March 31, 2016

	2016	2015
Financial assets		
Accounts receivable (note 2)	\$ 246,230	\$ 51,077
Due from Northern Health Authority	88,475	839,631
	<u>334,705</u>	<u>890,708</u>
Liabilities		
Accounts payable and accrued liabilities (note 3)	232,341	229,809
Retirement allowance (note 4(a))	390,509	377,000
Deferred capital contributions (note 5)	2,862,062	2,893,050
	<u>3,484,912</u>	<u>3,499,859</u>
Net debt	<u>(3,150,207)</u>	<u>(2,609,151)</u>
Non-financial assets		
Tangible capital assets (note 6)	2,868,164	2,347,019
Prepaid expenses	-	59,880
	<u>2,868,164</u>	<u>2,406,899</u>
Accumulated deficit, end of year	\$ (282,043)	\$ (202,252)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Governor



Governor

WRINCH MEMORIAL HOSPITAL

Statement of Operations and Accumulated Surplus (Deficit)

Year ended March 31, 2016

	2016 Budget (note 1(i))	2016	2015
Revenues:			
Northern Health Authority contributions	\$ 5,529,327	\$ 5,669,140	\$ 5,252,764
Medical Services Plan	398,266	349,092	435,973
Amortization of deferred capital contributions	379,834	369,476	412,586
Patients, clients and residents (note 7(a))	224,169	301,139	221,760
Contributions from other Ministries	112,528	-	-
Investment Income	2,000	6,103	6,682
Other revenue (note 7(b))	119,107	249,657	255,317
	<u>6,765,231</u>	<u>6,944,607</u>	<u>6,585,082</u>
Expenses (note 7(c)):			
Acute	5,702,344	6,341,474	6,153,199
Residential care	501,983	497,350	481,709
Community care	425,904	185,574	194,039
	<u>6,630,231</u>	<u>7,024,398</u>	<u>6,828,947</u>
Annual operating surplus (deficit)	135,000	(79,791)	(243,865)
Accumulated (deficit) surplus, beginning of year	(202,252)	(202,252)	41,613
Accumulated deficit, end of year	<u>\$ (67,252)</u>	<u>\$ (282,043)</u>	<u>\$ (202,252)</u>

See accompanying notes to financial statements.

WRINCH MEMORIAL HOSPITAL

Statement of Changes in Net Debt

Year ended March 31, 2016

	2016 Budget (note 1(i))	2016	2015
Annual operating surplus (deficit)	\$ 135,000	\$ (79,791)	\$ (243,865)
Acquisition of tangible capital assets	(780,681)	(890,620)	(756,264)
Amortization of tangible capital assets	381,810	355,475	413,152
Loss on disposal of tangible capital assets	-	14,000	-
	(398,871)	(521,145)	(343,112)
Change in prepaid expenses	-	59,880	(59,880)
(Increase) in net debt	(263,871)	(541,056)	(646,857)
Net debt, beginning of year	(2,609,151)	(2,609,151)	(1,962,294)
Net debt, end of year	\$ (2,873,022)	\$ (3,150,207)	\$ (2,609,151)

See accompanying notes to financial statements.

WRINCH MEMORIAL HOSPITAL

Statement of Cash Flows

Year ended March 31, 2016

	2016	2015
Cash flows from (used in) operating activities:		
Annual deficit	\$ (79,791)	\$ (243,865)
Items not involving cash:		
Amortization of deferred capital contributions	(369,476)	(412,586)
Amortization of tangible capital assets	355,475	413,152
Loss on disposal of tangible assets	14,000	-
	(79,792)	(243,299)
Net change in non-cash operating items (note 8)	631,924	627,115
Net change in cash from operating activities	552,132	383,816
Capital activities:		
Acquisition of tangible capital assets (note 6)	(890,620)	(756,264)
Net change in cash from capital activities	(890,620)	(756,264)
Financing activities:		
Capital contributions (note 5)	473,449	398,899
Contribution refund to Northern Health Authority (note 5)	(134,961)	-
Reclassification of funds received (note 5)	-	(26,451)
Net change in cash from financing activities	338,488	372,448
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

See accompanying notes to financial statements.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

Wrinch Memorial Hospital (the "Hospital") was established under the *Hospital Act* to manage the delivery of health care services within the Hazelton region of the Province of British Columbia.

With approval from the Ministry of Health and the Northern Health Authority, the Hospital operates under the Constitution and Bylaws of The United Church Health Services Society (the "UCHSS"), a non-profit society wholly-owned by The United Church of Canada.

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC supplemented by Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board, referred to as the financial reporting framework (the "framework").

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards ("PSAS") issued by the Canadian Public Sector Accounting Board ("PSAB") without any PS 4200 series.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services.

If the depreciable tangible capital asset funded by a deferred capital contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

- (ii) Contributions externally restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred operating contributions, and recognized in revenue in the year in which the stipulation or restriction on the contributions has been met by the Hospital.

For BC tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410, Government Transfers; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with PS 3100, Restricted Assets and Revenues;

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under PSAS.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(c) Asset retirement obligations:

The Hospital recognizes an asset retirement obligation in the period in which it incurs a legal or constructive obligation associated with the retirement of a tangible capital asset, including leasehold improvements resulting from the acquisition, construction, development, and/or normal use of the asset.

Obligations which can be reasonably estimated are measured at the best estimate of the future cash flows required to settle the liabilities, discounted at estimated credit-adjusted risk-free discount rates. The estimated amount of the asset retirement cost is capitalized as part of the carrying value of the related tangible capital asset and is amortized over the life of the asset.

The liability is accreted to reflect the passage of time. At each reporting date, the Hospital reviews its asset retirement obligations to reflect current best estimates. Asset retirement obligations are adjusted for changes in factors such as the amount or timing of the expected underlying cash flows, or discount rates, with the offsetting amount recorded to the carrying amount of the related asset.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(d) Employee benefits:

(i) Defined benefit obligations, including multiple employer benefit plans:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple employer defined long-term disability and health and welfare benefits plans as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses for retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 11 years (2014 – 10 years). Actuarial gains and losses from event-driven benefits such as long-term disability and health and welfare benefits that do not vest or accumulate are recognized immediately.

The discount rate used to measure obligation is based on the Province of BC's cost of borrowing if there are no plan assets. The expected rate of return on plan assets is the discount rate used if there are plan assets. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan is implemented.

(ii) Defined contribution plans and multi-employer benefit plans:

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed when due and payable.

(iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees, which do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

(iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Hospital to pay benefits occurs.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(e) Non-financial assets:

Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset and overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Asset	Basis
Land improvements	5 - 25 years
Buildings	10 - 50 years
Equipment	5 - 25 years

Assets under construction or development are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Hospital's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of tangible capital assets are recorded in the statement of operations. Write-downs are not subsequently reversed.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. Such fair value becomes the cost of the contributed asset. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(f) Revenue recognition:

Under the *Hospital Insurance Act* and *Regulation* thereto, the Hospital is funded primarily by the Province of BC in accordance with budget management plans and performance agreements established and approved by the Ministry.

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

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

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in Note 1(a).

Volunteers contribute a significant amount of their time each year to assist the Hospital in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

Contributions for the acquisition of land, or the contribution of land, are recorded as revenue in the period of acquisition or transfer of title.

(g) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of estimates include the valuation of accounts receivable, the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, contingent liabilities, fair value of designated financial instruments, including derivatives and the future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

(h) Financial instruments:

Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

Financial assets and financial liabilities, other than derivatives, equity instruments quoted in an active market and financial instruments designated at fair value, are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at cost less any amount for valuation allowance.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the Hospital's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

(i) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Hospital's Fiscal 2015/2016 budget.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

2. Accounts receivable:

	2016	2015
Patients, clients and residents	\$ 64,571	\$ 62,482
Regional Hospital Districts	190,470	-
	255,041	62,482
Allowance for doubtful accounts	(8,811)	(11,405)
	<u>\$ 246,230</u>	<u>\$ 51,077</u>

3. Accounts payable and accrued liabilities:

	2016	2015
Accrued vacation pay	\$ 223,341	\$ 220,809
Trade accounts payable and accrued liabilities	9,000	9,000
	<u>\$ 232,341</u>	<u>\$ 229,809</u>

4. Employee benefits:

(a) Retirement allowance:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective or employee agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Hospital's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2015 and extrapolated to March 31, 2016 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2016 are derived.

Information about retirement allowance benefits is as follows:

	2016	2015
Accrued benefit obligation:		
Severance benefits	\$ 254,000	\$ 217,000
Sick leave benefits	201,000	153,000
	<u>455,000</u>	<u>370,000</u>
Unamortized actuarial (loss) gain	<u>(64,491)</u>	<u>7,000</u>
Accrued benefit obligation	<u>\$ 390,509</u>	<u>\$ 377,000</u>

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

4. Employee benefits (continued):

(a) Retirement allowance (continued):

The accrued benefit obligation for retirement allowance reported on the statement of financial position is as follows:

	2016	2015
Accrued benefit expense obligation, beginning of year	\$ 377,000	\$ 363,000
Net benefit expense:		
Current service cost	26,000	28,000
Interest expense	15,000	17,000
Amortization of actuarial loss	-	2,000
Net benefit expense	41,000	47,000
Benefits paid	(27,491)	(33,000)
Accrued benefit obligation, end of year	\$ 390,509	\$ 377,000

The significant actuarial assumptions adopted in measuring the Hospital's accrued retirement allowance liabilities are as follows:

	2016	2015
Accrued benefit obligation as at March 31:		
Discount rate	3.93%	3.98%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.98%	4.26%
Rate of compensation increase ¹	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

¹ In addition to the normal merit and promotional increases individuals may be eligible for

(b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability, group life insurance, accidental death and dismemberment, extended health and dental claims ("health and welfare benefits") for certain employee groups of the Hospital and other provincially-funded organizations.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

4. Employee benefits (continued):

(b) Healthcare Benefit Trust (continued):

The Hospital and all other participating employers are responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the Trust.

The long-term disability benefits and health and welfare benefits are provided through Northern Health's benefits plan. Northern Health's assets (liabilities) reported as of March 31, 2016 are based on the actuarial valuation at December 31, 2015, extrapolated to March 31, 2016 for a deficit of \$15.785 million. The plan covers approximately 8,000 active members, of which approximately 80 are employees of the Hospital. The next expected actuarial valuation will be as of December 31, 2015.

(c) Employee pension benefits:

The Hospital and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan, multi-employer defined benefit plans governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$260,979 (2015 - \$215,941) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent actuarial valuation for the plan at December 31, 2012, indicated an unfunded liability of approximately \$1,370 million. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 184,000 active members, of which approximately 75 are employees of the Hospital. The next expected actuarial valuation date will be as of December 31, 2015 with results available in fall 2016.

Currently there are no employees of the Hospital participating in the Public Service Pension Plan.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

5. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of tangible capital assets.

	2016	2015
Deferred capital contributions, beginning of year	\$ 2,893,050	\$ 2,933,188
Capital contributions received:		
Regional Hospital District	401,222	351,807
Northern Health Authority	60,491	47,092
Foundations and auxiliaries	11,736	-
	473,449	398,899
Reclassification of funds received	-	(26,451)
Contribution refund to Northern Health Authority	(134,961)	-
Amortization for the year	(369,476)	(412,586)
Deferred capital contributions, end of year	\$ 2,862,062	\$ 2,893,050

Deferred capital contributions are comprised of the following:

	2016	2015
Contributions used to purchase tangible capital assets	\$ 2,862,062	\$ 2,340,918
Unspent contributions	-	552,132
	\$ 2,862,062	\$ 2,893,050

6. Tangible capital assets:

Cost	2015	Additions	Disposals	Transfers	2016
Land	\$ 6,101	\$ -	\$ -	\$ -	6,101
Land improvements	10,038	-	-	-	10,038
Buildings	6,783,087	-	-	1,358,400	8,141,487
Equipment	1,931,178	-	(73,744)	163,683	2,021,117
Construction in progress	744,049	890,620	-	(1,522,083)	112,586
Total	\$ 9,474,453	\$ 890,620	\$ (73,744)	\$ -	\$ 10,291,329
Accumulated amortization	2015	Amortization	Disposals		2016
Land improvements	\$ 10,038	\$ -	\$ -	\$ -	10,038
Buildings	5,871,293	203,173	-	118,331	6,192,797
Equipment	1,246,103	152,302	(59,744)	(118,331)	1,220,330
Total	\$ 7,127,434	\$ 355,475	\$ (59,744)	\$ -	\$ 7,423,165

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

6. Tangible capital assets (continued):

Cost	2014	Additions	Disposals	Transfers	2015
Land	\$ 6,101	\$ -	\$ -	\$ -	6,101
Land improvements	10,038	-	-	-	10,038
Buildings	6,743,789	-	-	39,298	6,783,087
Equipment	3,378,291	-	(1,528,961)	81,848	1,931,178
Construction in progress	108,931	756,264	-	(121,146)	744,049
Total	\$ 10,247,150	\$ 756,264	\$ (1,528,961)	\$ -	9,474,453

Accumulated amortization	2014	Amortization	Disposals	2015
Land improvements	\$ 10,038	\$ -	\$ -	\$ 10,038
Buildings	5,642,359	228,934	-	5,871,293
Equipment	2,590,846	184,218	(1,528,961)	1,246,103
Total	\$ 8,243,243	\$ 413,152	\$ (1,528,961)	\$ 7,127,434

Net book value	2016	2015
Land	\$ 6,101	\$ 6,101
Land improvements	-	-
Buildings	2,067,021	911,794
Equipment	682,454	685,075
Projects in progress	112,588	744,049
Total	\$ 2,868,164	\$ 2,347,019

Tangible capital assets are funded as follows:

	2016	2015
Externally funded	\$ 2,862,063	\$ 2,340,918
Internally funded	6,101	6,101
Tangible capital assets	\$ 2,868,164	\$ 2,347,019

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

7. Statement of operations:

(a) Patients, clients and residents revenue:

	2016	2015
Residents of BC-self pay	\$ 168,838	\$ 144,144
Non-residents of BC	63,668	24,287
WorkSafe BC	36,680	26,535
Non-residents of Canada	24,924	11,007
Uninsured residents	7,029	15,787
	<u>\$ 301,139</u>	<u>\$ 221,760</u>

(b) Other revenues:

	2016	2015
Sales to non-related entities	\$ 208,234	\$ 211,349
Donations	41,423	43,968
	<u>\$ 249,657</u>	<u>\$ 255,317</u>

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

7. Statement of operations (continued):

(c) The following is a summary of expenses by object:

	2016	2015
Compensation:		
Compensation	\$ 3,986,786	\$ 3,865,582
Employee benefits	899,101	863,442
Purchased services - physicians	86,238	101,969
	<u>4,972,125</u>	<u>4,830,993</u>
Supplies		
Medical and surgical	180,824	198,119
Diagnostic	176,981	162,131
Drugs and medical gases	149,210	134,369
Food and dietary	92,746	74,367
Laundry and linen	26,532	29,159
Housekeeping	20,286	22,535
Printing, stationery and office	12,456	5,161
Other	61,757	37,403
	<u>720,792</u>	<u>663,244</u>
Amortization of tangible capital assets	355,475	413,152
Equipment and building services:		
Equipment expenses	165,891	177,368
Plant operation utilities	113,097	105,723
Service contracts	13,280	18,879
Other	5,113	55,045
	<u>297,381</u>	<u>357,014</u>
Referred-out and contracted services:		
Health and support service providers	160,906	125,428
Other health authorities and BC government reporting entities	10,079	10,551
	<u>170,985</u>	<u>135,979</u>
Sundry:		
Professional fees	32,152	9,077
Travel and accommodation	20,233	14,700
Patient transport	15,953	16,984
Communication and data processing	2,094	2,007
Other	57,504	34,094
	<u>127,936</u>	<u>76,862</u>
Distributions to affiliated organization	365,704	351,703
Loss on disposal of tangible capital assets	14,000	-
	<u>\$ 7,024,398</u>	<u>\$ 6,828,947</u>

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

8. Supplementary cash flow information:

Net change in non-cash operating items:

	2016	2015
Accounts receivable	\$ (195,153)	\$ 49,971
Due from Northern Health Authority	751,156	639,049
Accounts payable and accrued liabilities	2,532	(16,025)
Retirement allowance	13,509	14,000
Prepaid expenses	59,880	(59,880)
	\$ 631,924	\$ 627,115

9. Related party and other agency operations:

During the year the Hospital received an amount of \$87,596 (2015 - \$68,115) in rental income and \$21,142 (2015 - \$14,134) of recoveries from The United Church Health Services Society, the parent organization.

10. Risk management:

The Hospital is exposed to credit risk, liquidity risk and foreign exchange risk from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Hospital's financial instruments is provided below by type of risk below.

(a) Credit risk

Credit risk primarily arises from the Hospital's accounts receivable and risk exposure is limited to the balance at the date of the statement of financial position. Accounts receivable primarily consist of amounts receivable from patients, clients and residents, Regional Hospital Districts and other Health Authorities and BC government reporting entities as detailed in Note 2. To reduce the risk, the Hospital periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectable amounts. As at March 31, 2016, the amount of allowance for doubtful debts was \$8,811 (2015 - \$11,405).

(b) Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet its financial obligations as they become due. It is the Hospital's intention to meet its financial obligations through the collection of current accounts receivable and future funding from the Ministry.

The Hospital's principal source of funding is from the Ministry. The Hospital is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter or grant documentation. The Hospital has complied with the external restrictions on the funding provided.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

10. Risk management (continued):

The table below shows when various financial assets and liabilities mature:

2016 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts Receivable	\$ 246,230	\$ -	\$ -	246,230
Due from Northern Health Authority	88,475	-	-	88,475
Total financial assets	\$ 334,705	\$ -	\$ -	334,705

Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 232,341	\$ -	\$ -	232,341
	\$ 232,341	\$ -	\$ -	232,341

2015 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts Receivable	\$ 51,077	\$ -	\$ -	51,077
Due from Northern Health Authority	839,631	-	-	839,631
Total financial assets	\$ 890,708	\$ -	\$ -	890,708

Financial liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 229,809	\$ -	\$ -	229,809
	\$ 229,809	\$ -	\$ -	229,809

(c) Foreign exchange risk

The Hospital has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant.

WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2016

11. Budget:

The original budget, as approved by the board on June 12, 2015, has been adjusted to reflect changes made to sector allocations for various programs and services and the refinement of allocations between accounts. The changes are as follows:

	Board approved plan	Adjustments	Restated budget
Revenue:			
Northern Health Authority contributions	\$ 5,365,727	\$ 163,600	\$ 5,529,327
Medical Services Plan	398,266	-	398,266
Ministry of Health contributions	112,528	-	112,528
Amortization of deferred capital contributions	379,834	-	379,834
Patients, clients and residents	224,169	-	224,169
Investment income	2,000	-	2,000
Other revenue	119,107	-	119,107
	\$ 6,601,631	\$ 163,600	\$ 6,765,231
Expenses:			
Acute	\$ 5,683,808	\$ 18,536	\$ 5,702,344
Residential care	491,919	10,064	501,983
Community care	425,904	-	425,904
	\$ 6,601,631	\$ 28,600	\$ 6,630,231
Annual operating surplus	\$ -	\$ 135,000	\$ 135,000

12. Subsequent event:

As of April 1, 2016, the affiliation agreement between the United Church Health Services Society and the Northern Health Authority was terminated. All financial assets, non-financial assets and liabilities will be transferred to the Northern Health Authority at their net book value.