

Riverside Health Care Facilities, Inc.
Financial Statements
For the year ended March 31, 2017

**Riverside Health Care
Facilities, Inc.
Financial Statements
For the year ended March 31, 2017**

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Riverside Health Care Facilities, Inc. Management's Responsibility for the Financial Statements

The accompanying financial statements of Riverside Health Care Facilities, Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board Chair and CEO on behalf of the Organization.

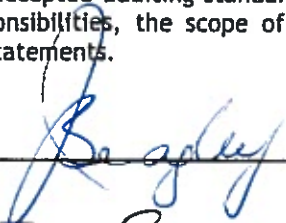
The financial statements have been prepared by management in accordance with public sector accounting principles for government not-for-profit Organizations. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Organization maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Organization's assets are appropriately accounted for and adequately safeguarded.


The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Directors review the Organization's financial statements and meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Organization. The audit has been performed in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.



Board Chair



CEO



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BDO Canada LLP
607 Portage Avenue
Fort Frances ON P9A 0A7 Canada

Independent Auditor's Report

To the Chairperson and Members of the Board of Directors of
Riverside Health Care Facilities, Inc.

We have audited the accompanying financial statements of Riverside Health Care Facilities, Inc., as at March 31, 2017, which comprise the Statement of Financial Position as at March 31, 2017, and the Summary Statement of Operations, the Statement of Changes in Net Assets and the Statement of Cash Flows for the year ended March 31, 2017, and 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 for government not-for-profit Organizations, 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 of 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 the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of Riverside Health Care Facilities, Inc. as at March 31, 2017, and the results of operations, changes in net assets and cash flows for the year ended March 31, 2017, in accordance with Canadian public sector accounting standards for government not-for-profit Organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 22, 2017

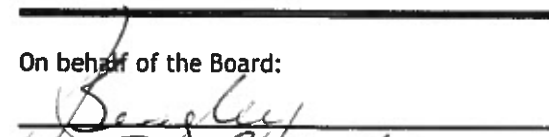

Riverside Health Care Facilities, Inc.
Statement of Financial Position

March 31	2017	2016
Assets		
Current		
Cash and bank (Note 2)	\$ 5,081,069	\$ 4,902,548
Accounts receivable (Note 3)	2,581,178	2,591,484
Inventories (Note 4)	266,196	261,395
Prepaid expenses	302,061	399,571
	<u>8,230,504</u>	<u>8,154,998</u>
Capital assets (Note 5)	27,042,752	28,270,327
Construction in progress	204,879	3,066
	<u>\$ 35,478,135</u>	<u>\$ 36,428,391</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 6,332,451	\$ 5,973,608
Due to LHIN/MOHLTC/other agencies	1,253,134	1,547,988
	<u>7,585,585</u>	<u>7,521,596</u>
Post-employment benefits and compensated absences (Note 7)	4,730,300	4,488,800
Deferred revenue (Note 8)	16,484,825	16,636,567
	<u>28,800,710</u>	<u>28,646,963</u>
Net assets		
Unrestricted	(4,172,150)	(3,911,219)
Investment in capital assets (Note 11)	10,793,520	11,636,823
Board designated	56,055	55,824
	<u>6,677,425</u>	<u>7,781,428</u>
	<u>\$ 35,478,135</u>	<u>\$ 36,428,391</u>

On behalf of the Board:

 Director
 Director

Riverside Health Care Facilities, Inc. Summary Statement of Operations

For the year ended March 31	2017	2016
Operating		
Revenues		
LHIN - base allocation	\$ 24,200,012	\$ 23,722,134
LHIN/MOHLTC - one-time payment	489,987	389,889
LHIN/MOHLTC - paymaster	526,677	620,067
LHIN/MOHLTC - quality based procedures	576,520	388,976
	<u>25,793,196</u>	<u>25,121,066</u>
Patient revenue, differential and co-payment revenue	2,354,004	2,122,236
Recoveries and miscellaneous revenue	1,429,744	1,673,250
Amortization of deferred contributions related to equipment	252,890	233,180
Cancer care	463,875	456,863
	<u>30,293,709</u>	<u>29,606,595</u>
Expenses		
Salaries and wages	16,961,840	16,918,926
Benefits contributions from employers	4,608,294	4,536,817
Post-employment benefits and compensated absences	181,200	172,700
Medical staff remuneration	1,410,700	1,246,806
Nurse practitioners remuneration	61,380	107,231
Supplies and other expenses	4,727,400	4,641,234
Amortization of software licenses and fees	42,134	33,591
Medical and surgical supplies	700,864	623,316
Drugs and medical gases	708,500	738,100
Bad debts	55,434	28,967
Amortization of major equipment	707,557	729,802
Rent/lease of equipment	104,272	162,409
	<u>30,269,575</u>	<u>29,939,899</u>
Total expenses	30,269,575	29,939,899
Surplus (deficit) from operations	24,134	(333,304)
Other votes (Schedule 1) (Note 10)		
Revenue	13,743,759	13,355,663
Expenses	14,134,530	13,786,188
	<u>(390,771)</u>	<u>(430,525)</u>
Deficit from other votes	(390,771)	(430,525)
Other funding sources (Schedule 2) (Note 10)		
Revenue	183,610	196,168
Expenses	183,610	196,168
	<u>-</u>	<u>-</u>
Surplus from other funding sources	-	-
Deficit from operations, other votes and other funding sources	\$ (366,637)	\$ (763,829)

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

Riverside Health Care Facilities, Inc.
Summary Statement of Operations
(Continued)

For the year ended March 31	2017	2016
Deficit, carried forward	\$ (366,637)	\$ (763,829)
Capital revenue		
Amortization of deferred contributions related to non-marketed buildings and service equipment	<u>779,053</u>	<u>772,405</u>
	412,416	8,576
Capital expenses		
Amortization of non-marketed buildings and service equipment	<u>1,516,650</u>	<u>1,511,713</u>
Deficit for the year	\$ (1,104,234)	\$ (1,503,137)

Riverside Health Care Facilities, Inc.
Statement of Changes in Net Assets

For the year ended March 31	Unrestricted	Invested in Capital Assets	Board Designated	Total 2017	Total 2016
Balance, beginning of year	\$ (3,911,219)	\$ 11,636,823	\$ 55,824	\$ 7,781,428	\$ 9,283,951
Deficit for the year	(1,104,234)	-	-	(1,104,234)	(1,503,137)
Net change in investment in capital assets (Note 11)	843,303	(843,303)	-	-	-
Net transfer to board designated	-	-	231	231	614
Balance, end of year	\$ (4,172,150)	\$ 10,793,520	\$ 56,055	\$ 6,677,425	\$ 7,781,428

Riverside Health Care Facilities, Inc.
Statement of Cash Flows

For the year ended March 31	2017	2016
Cash provided by (used in) operations		
Deficit for the year	\$ (1,104,234)	\$ (1,503,137)
Adjustments to net assets Items not involving cash	231	614
Amortization of capital assets	2,274,526	2,304,766
Amortization of deferred contribution related to capital assets	(1,031,943)	(1,005,585)
Net increase in post-employment benefits and compensated absences	241,500	209,800
	<u>380,080</u>	<u>6,458</u>
Change in non-cash working capital items		
Accounts receivable	10,306	877,089
Inventories	(4,801)	(15,740)
Prepaid expenses	97,510	(95,409)
Accounts payable and accrued liabilities	358,843	(252,843)
Due to LHIN/MOHLTC	(294,854)	198,327
Deferred revenue	30,714	(148,518)
	<u>197,718</u>	<u>562,906</u>
	<u>577,798</u>	<u>569,364</u>
Capital transactions		
Purchase of capital assets	(1,248,764)	(555,343)
Financial transactions		
Increase in deferred contributions	849,487	88,768
Increase in cash during the year	178,521	102,789
Cash and bank, beginning of year	4,902,548	4,799,759
Cash and bank, end of year	\$ 5,081,069	\$ 4,902,548

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies

Nature of Organization Riverside Health Care Facilities, Inc. (the "Organization") was incorporated under the Ontario Hospitals Act on May 13, 1975. The Organization is principally involved in providing health care services to the central and western regions of the Rainy River District. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Management's Responsibility The financial statements of Riverside Health Care Facilities, Inc. are representations of management. The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit Organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPO's"). Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

Cash and Cash Equivalents Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.

Inventory Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis. Inventory consists of medical and general supplies that are used in the Organization's operations and not for resale purposes.

Capital Assets Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When capital assets no longer contribute to the Organization's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are amortized on a straight line basis using the following estimated annual rates:

Land improvements	10 to 15 years
Buildings	20 to 40 years
Building service equipment	20 to 40 years
Major equipment	5 to 20 years
Computer software	3 to 5 years

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Retirement and Post-employment Benefits and Compensated Absences

The Organization provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental, and vesting sick leave. The Organization has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experienced gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.
- (ii) The Organization is an employer member of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The costs to the Organization of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (iii) The cost of vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.
- (iv) The discount rate used in the determination of the above-mentioned liabilities is equal to the Organization's internal rate of borrowing.

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Financial Instruments The Organization classifies its financial instruments as either fair value or amortized cost. The Organization's accounting policy for each category is as follows:

Fair Value

This category includes cash and cash equivalents and derivatives.

They are initially recognized at cost and subsequently carried at fair value. 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. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Summary Statement of Operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the Summary Statement of Operations.

The Organization does not have any remeasurement gains or losses. As a result, the financial statements do not include a statement of remeasurement gains and losses.

Amortized Cost

This category includes accounts receivable, accounts payable and accrued liabilities and amounts due to LHIN/MOHLTC/other agencies. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the Summary Statement of Operations.

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

**Board Designated
Net Assets**

Board designated net assets include donations and bequests as well as certain fund surpluses designated for specific purposes by the Board of Directors.

Revenue Recognition

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

Under the Health Insurance Act and Regulations thereto, the Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and the North West Local Health Integration Network ("LHIN"). 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 that subsequent period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of property, plant and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property, plant and equipment.

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

Revenue from patient services is recognized when the service is provided.

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

Unrestricted investment income is recognized as revenue when earned.

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

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

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Areas of key estimation include actuarial estimation of post-employment benefits and compensated absences and the estimated useful lives of capital assets.

2. Cash and Bank

The Organization's bank accounts are held at one chartered bank. In the normal course of operations, the Organization is exposed to credit risk from having bank account balances over the amounts insured by the Canadian Deposit Insurance Corporation.

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2017

3. Accounts Receivable

	2017	2016
Ministry of Health and Long-Term Care	\$ 144,212	\$ 122,148
Insurers and patients	962,304	888,427
Other	1,474,662	1,580,909
	\$ 2,581,178	\$ 2,591,484

4. Inventories

	2017	2016
Medical and surgical supplies	\$ 42,596	\$ 43,116
Drugs	142,722	138,259
Other	80,878	80,020
	\$ 266,196	\$ 261,395

5. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,497,829	\$ -	\$ 1,497,829	\$ 1,497,829
Land improvements	326,971	308,513	18,458	20,743
Buildings and service equipment	52,800,334	30,227,346	22,572,988	23,561,725
Machinery and equipment	14,939,016	12,141,988	2,797,028	2,991,446
Computer software	988,615	832,166	156,449	198,584
	\$ 70,552,765	\$ 43,510,013	\$ 27,042,752	\$ 28,270,327

6. Accounts Payable and Accrued Liabilities

	2017	2016
Trade accounts payable	\$ 2,237,762	\$ 1,402,014
Accrued salaries and benefits	4,094,689	4,571,594
	\$ 6,332,451	\$ 5,973,608

**Riverside Health Care Facilities, Inc.
Notes to Financial Statements**

March 31, 2017

7. Post-employment Benefits and Compensated Absences

The Organization has an unfunded benefit plan providing retirement and post-employment benefits (excluding pension) to most of its employees. The Organization pays certain medical and life insurance benefits under an unfunded defined benefit plan on behalf of its retired employees. The eligibility for benefits is determined by the status and employment group to which each individual employee belongs.

The Organization measures its accrued benefits obligation for accounting purposes as at March 31st of each year. The latest actuarial valuation was performed in April 2017.

	2017		
	Post-employment Benefits	Non-Vesting Sick Leave	Total
Accrued employee future benefits obligation	\$ 4,257,700	\$ 195,000	\$ 4,452,700
Unamortized actuarial losses	413,100	(135,500)	277,600
Total	\$ 4,670,800	\$ 59,500	\$ 4,730,300
	2016		
	Post-employment Benefits	Non-Vesting Sick Leave	Total
Accrued employee future benefits obligation	\$ 4,728,400	\$ 69,100	\$ 4,797,500
Unamortized actuarial losses	(294,200)	(14,500)	(308,700)
Total	\$ 4,434,200	\$ 54,600	\$ 4,488,800

**Riverside Health Care Facilities, Inc.
Notes to Financial Statements**

March 31, 2017

7. Post-employment Benefits and Compensated Absences (continued)

	2017		
	Post-employment Benefits	Non-Vesting Sick Leave	Total Expenses
Current year benefit cost	\$ 259,600	\$ -	\$ 259,600
Interest on accrued benefit obligation	170,600	2,400	173,000
Amortized actuarial losses	34,400	2,500	36,900
Total expenses	\$ 464,600	\$ 4,900	\$ 469,500
Benefit payments	\$ 228,000	\$ -	\$ 228,000
	2016		
	Post-employment Benefits	Non-Vesting Sick Leave	Total Expenses
Current year benefit cost	\$ 250,200	\$ -	\$ 250,200
Interest on accrued benefit obligation	156,500	2,600	159,100
Amortized actuarial losses	45,700	2,800	48,500
Total expenses	\$ 452,400	\$ 5,400	\$ 457,800
Benefit payments	\$ 228,000	\$ 20,000	\$ 248,000

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2017

7. Post-employment Benefits and Compensated Absences (continued)

Above amounts exclude pension contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), a multi-employer plan, described below:

Retirement Benefits

HOOPP Pension Plan

Substantially all of the full-time employees and some of the part-time employees of the Organization are members of the Healthcare of Ontario Pension Plan (HOOPP). The plan is a multi-employer plan and therefore the Organization's contributions are accounted for as if the plan were a defined contribution plan with the Organization's contributions being expensed in the period they come due. Contributions to the plan during the year by the Organization on behalf of its employees amounted to \$2,065,333 (2016 - \$2,000,301) and are included in the Summary Statement of Operations.

Post-employment Benefits

The Organization extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Organization recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study.

The major actuarial assumptions employed for the valuation are as follows:

- a) Discount rate
The present value as at March 31, 2017, of the future benefits was determined using a discount rate of 3.40% (2016 - 3.50%).
- b) Extended health care costs
Extended health care costs were assumed to increase at a rate of 7.0% for 2017 (2016 - 6.5%) and decrease by annual decrements of 0.25% to an ultimate rate of 5.0%.
- c) Dental costs
Dental costs were assumed to increase at 4.0% per annum in 2017 (2016 - 4.0%).

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2017

7. Post-employment Benefits and Compensated Absences (continued)

Compensated Absences

Non-Vesting Sick Leave

The Organization compensates certain employee groups for any unused sick days they have accumulated upon retirement or death. The employees accrued sick days are paid out at the salary rate in effect at retirement or death. No benefit is payable on termination. The related benefit liability was determined by an actuarial valuation study.

The assumptions used in the valuation of non-vesting sick leave are the Organization's best estimates of expected rates of:

	2017	2016
Wage and salary escalation	1.50 %	1.50 %
Discount rate	3.40 %	3.50 %

8. Deferred Revenue

	2017	2016
Deferred revenue		
Other deferred revenue	\$ 30,714	\$ -
Deferred contributions related to capital assets	16,454,111	16,636,567
	\$ 16,484,825	\$ 16,636,567

Deferred contributions related to capital assets are amortized at the same rate as the corresponding assets are being amortized.

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2017

9. Credit Facilities

Riverside Health Care Facilities, Inc. is party to a short-term credit agreement with a Canadian chartered bank pursuant to which the Organization could borrow up to \$1,000,000 in the form of a demand operating loan. The amount drawn under the credit agreement as at March 31, 2017, was \$NIL (2016 - \$NIL).

10. Other Votes and Other Funding Source Revenues

Other votes and other funding source revenues have been recognized to the extent they have been earned in the year. Excess cash flows received at year end are included in due to LHIN/MOHLTC/other agencies liabilities at year end.

11. Investment in Capital Assets

(a) Investment in capital assets is calculated as follows:

	2017	2016
Capital assets	\$ 27,042,752	\$ 28,270,327
Construction in progress	204,879	3,063
Amounts financed by:		
Deferred contributions (Note 8)	(16,454,111)	(16,636,567)
	\$ 10,793,520	\$ 11,636,823

(b) Change in investment in capital assets is calculated as follows:

	2017	2016
Purchase of capital assets	\$ 1,248,764	\$ 555,343
Amounts funded by deferred contributions	(849,484)	(88,771)
Amortization of deferred contributions related to capital assets	1,031,943	1,005,585
Amortization of capital assets	(2,274,526)	(2,304,766)
	\$ (843,303)	\$ (832,609)

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2017

12. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due. The Organization is exposed to this risk relating to its accounts receivable.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Organization measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Organization's historical experience regarding collections.

Market Risk

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

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due. The Organization mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining minimal non-cash assets.

Financial Instrument Classification

All financial instruments, with the exception of cash and cash equivalents, are recognized at amortized cost.

Cash and cash equivalents are recognized at fair value using Level 1 fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.

13. Economic Dependence

Riverside Health Care Facilities, Inc. receives the majority of its funding from the Ministry of Health and Long-Term Care and the North West Local Health Integration Network.

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 1 - Summary of Fund Type II's - Other Votes

For the year ended March 31	2017	2016
Revenue		
Mental Health - Case Management (Schedule 5)	\$ 86,547	\$ 86,547
Mental Health (Schedule 6)	482,673	482,673
Addictions (Schedule 7)	184,956	196,112
Problem Gambling (Schedule 8)	96,446	94,819
Supportive Housing (Schedule 9)	482,302	481,426
Municipal tax	14,400	14,400
Rainycrest - Home for the Aged (Schedule 10)	11,338,392	10,948,218
Community Support Services (Schedule 11)	1,058,043	1,051,468
	<u>13,743,759</u>	<u>13,355,663</u>
Expenses		
Mental Health - Case Management (Schedule 5)	86,547	86,547
Mental Health (Schedule 6)	482,673	482,673
Addictions (Schedule 7)	184,956	196,112
Problem Gambling (Schedule 8)	96,446	94,819
Supportive Housing (Schedule 9)	482,302	481,426
Municipal tax	14,400	14,400
Rainycrest - Home for the Aged (Schedule 10)	11,728,910	11,377,772
Community Support Services (Schedule 11)	1,058,296	1,052,439
	<u>14,134,530</u>	<u>13,786,188</u>
Fund balance, end of year	\$ (390,771)	\$ (430,525)

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 2 - Summary of Fund Type III's - Other Funding Sources

For the year ended March 31	2017	2016
Revenue		
Family Violence Counselling Program (Schedule 3)	\$ 136,028	\$ 146,484
Riverside Community Family Violence Service - PARR (Schedule 4)	47,582	49,684
	183,610	196,168
Expenses		
Family Violence Counselling Program (Schedule 3)	136,028	146,484
Riverside Community Family Violence Service - PARR (Schedule 4)	47,582	49,684
	183,610	196,168
Fund balance, end of year	\$ -	\$ -

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 3 - Family Violence Counselling Program

For the year ended March 31	2017	2016
Revenue		
Ministry of Community and Social Services (Note 10)	\$ 136,028	\$ 143,656
Recoveries	-	2,828
	<u>136,028</u>	<u>146,484</u>
Expenses		
Salaries	79,900	86,213
Benefits	31,609	39,763
Staff travel	313	1,206
Staff training	275	3,704
Professional fees	10,069	200
Supplies	1	1,647
Advertising	-	524
Program administration	12,200	12,000
Insurance	1,020	-
Memberships	402	958
Meetings	239	269
	<u>136,028</u>	<u>146,484</u>
Fund balance, end of year	\$ -	\$ -

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 4 - Riverside Community Family Violence Service - PARR

For the year ended March 31	2017	2016
Revenue		
Ministry of the Attorney General (Note 10)	\$ 47,582	\$ 47,583
Recoveries	-	2,101
	<u>47,582</u>	<u>49,684</u>
Expenses		
Salaries	24,404	36,587
Benefits	5,259	8,397
Supplies and materials	17,919	4,700
	<u>47,582</u>	<u>49,684</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 5 - Mental Health (Case Management)

For the year ended March 31	2017	2016
Revenue		
LHIN (Note 10)	\$ 86,547	\$ 86,547
Expenses		
Salaries and wages	78,059	32,710
Benefit contributions	8,349	10,860
Supplies and materials	139	42,977
	<u>86,547</u>	<u>86,547</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 6 - Mental Health

For the year ended March 31	2017	2016
Revenue		
LHIN (Note 10)	\$ 482,673	\$ 482,673
Expenses		
Salaries and wages	318,296	371,085
Benefit contributions	87,506	92,071
Supplies and materials	76,871	19,517
	482,673	482,673
Fund balance, end of year	\$ -	\$ -

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 7 - Addictions

For the year ended March 31	2017	2016
Revenue		
LHIN (Note 10)	\$ 183,294	\$ 194,968
Recoveries	1,662	1,144
	184,956	196,112
Expenses		
Salaries and wages	115,827	137,038
Benefit contributions	26,893	28,094
Supplies and materials	42,236	30,980
	184,956	196,112
Fund balance, end of year	\$ -	\$ -

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 8 - Problem Gambling

For the year ended March 31	2017	2016
Revenue		
LHIN (Note 10)	\$ 94,819	\$ 94,819
Recoveries	1,627	-
	96,446	94,819
Expenses		
Salaries and wages	73,499	76,241
Benefit contributions	18,753	17,783
Supplies and materials	4,194	795
	96,446	94,819
Fund balance, end of year	\$ -	\$ -

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 9 - Supportive Housing

For the year ended March 31	2017	2016
Revenue		
LHIN (Note 10)	\$ 467,640	\$ 467,640
Recoveries	14,662	13,786
	482,302	481,426
Expenses		
Salaries and wages	368,915	337,386
Benefit contributions	83,171	77,704
Supplies and materials	30,216	66,336
	482,302	481,426
Fund balance, end of year	\$ -	\$ -

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 10 - Rainycrest - Home for the Aged

For the year ended March 31	2017	2016
Revenue		
Ministry of Health/LHIN		
- General subsidy	\$ 7,380,692	\$ 7,059,217
- One-time subsidies	70,000	-
- Doctor on-call funding	15,883	15,956
- High intensity needs and lab funding	52,017	11,029
	<hr/>	<hr/>
	7,518,592	7,086,202
Resident fees	3,416,848	3,384,150
District Municipalities	79,970	172,243
Handi-van	147,474	120,093
Other	175,508	185,530
	<hr/>	<hr/>
Total revenue	11,338,392	10,948,218
Expenses		
Operations		
Nursing and personal care		
Nursing administration	318,563	203,263
Nursing personal care	6,255,392	5,937,890
Doctor on-call expenditures	15,876	15,949
Medical director fees	23,944	14,957
RAI coordinator	74,891	83,881
	<hr/>	<hr/>
Total nursing and personal care	6,688,666	6,255,940
Other operations		
Program and support services	619,874	671,447
Raw food	581,272	602,834
Accommodation		
Housekeeping services	655,331	626,105
Building and property	359,315	347,356
Dietary services	1,126,580	1,128,835
Laundry and linen services	304,906	354,922
General and administrative	834,546	802,293
Facility costs	333,351	343,136
Handi-van	143,910	155,944
High Intensity needs and lab costs	8,790	9,632
Bad debts	11,584	468
	<hr/>	<hr/>
Total expenses before amortization and post-retirement benefits and compensated absences	11,668,125	11,298,912
Fund balance before amortization and post-retirement benefits and compensated absences	(329,733)	(350,694)
Amortization	8,185	29,660
Post-retirement benefits and compensated absences	52,600	49,200
	<hr/>	<hr/>
	60,785	78,860
Total expenses	11,728,910	11,377,772
Fund balance, end of year	\$ (390,518)	\$ (429,554)

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 11 - Community Support Services

For the year ended March 31	2017	2016
Revenue		
LHIN - General subsidy	\$ 415,217	\$ 435,499
- Assisted living	334,711	315,354
Recoveries and miscellaneous revenue	308,115	300,615
	<u>1,058,043</u>	<u>1,051,468</u>
Expenses		
Salaries and wages	669,206	648,803
Benefit contributions	212,243	192,690
Building occupancy	6,644	6,320
Equipment	17,786	16,991
Other operating	71,729	101,014
Supplies	80,688	49,271
Program administration	-	37,350
	<u>1,058,296</u>	<u>1,052,439</u>
Fund balance, end of year	\$ (253)	\$ (971)



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Notice To Reader

To the Chairperson and Members of the Board of Directors of
Riverside Health Care Facilities, Inc.

On the basis of information provided by management, we have compiled the Rainycrest - Home for the Aged - Calendar Year Schedule of Riverside Health Care Facilities, Inc. for the year ended December 31, 2016.

We have not performed an audit or a review engagement in respect of the schedule and, accordingly, we express no assurance thereon.

Readers are cautioned that the schedule may not be appropriate for their purposes.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 22, 2017

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Rainycrest - Home for the Aged - Calendar Year Schedule
(Unaudited - See Notice To Reader)

For the year ended December 31	2016	2015
Revenue		
Ministry of Health/LHIN		
- General subsidy	\$ 7,476,072	\$ 7,079,795
- Subsidy due back to LHIN/MOHLTC	(59,832)	(166,503)
- Doctor on-call funding	15,883	16,067
- High intensity needs and lab funding	22,737	8,069
	<u>7,454,860</u>	<u>6,937,428</u>
Resident fees	3,416,060	3,328,276
District Municipalities	98,425	196,850
Handi-van	166,607	117,229
Other	212,914	171,300
	<u>11,348,866</u>	<u>10,751,083</u>
Expenses		
Operations		
Nursing and personal care		
Nursing administration	237,753	206,994
Nursing personal care	6,129,678	5,802,608
Doctor on-call expenditures	15,875	16,060
Medical director fees	23,026	17,958
RAI coordinator	77,053	80,238
	<u>6,483,385</u>	<u>6,123,858</u>
Total nursing and personal care		
	6,483,385	6,123,858
Other operations		
Program and support services	603,600	668,961
Raw food	594,468	586,217
Accommodation		
Housekeeping services	635,884	609,311
Building and property	319,427	367,557
Dietary services	1,113,185	1,132,520
Laundry and linen services	351,544	324,111
General and administrative	871,492	656,004
Facility costs	327,887	360,673
Handi-van	150,403	138,737
High intensity needs and lab costs	32,985	10,860
	<u>11,484,260</u>	<u>10,978,809</u>
Total expenses before amortization and post-retirement benefits and compensated absences		
	11,484,260	10,978,809
Fund balance before amortization and post-retirement benefits and compensated absences		
	(135,394)	(227,726)
Amortization		
Post-retirement benefits and compensated absences	9,306	28,801
	51,748	45,025
	<u>61,054</u>	<u>73,826</u>
Total expenses		
	11,545,314	11,052,635
Deficiency of revenue over expenses		
	\$ (196,448)	\$ (301,552)

Independent Auditor's Report

To the Chairperson and Members of the Board of Directors of
Riverside Health Care Facilities, Inc.

We have audited the accompanying Statement of Financial Position of Riverside Health Care Facilities, Inc. Trust Funds, as at March 31, 2017, and the Statement of Operations for the Bequest Trust and the Residents' Council Trust for the year then ended and a summary of significant accounting policies and other explanatory information (together "the financial statements"). The financial statements have been prepared by management based on the financial provisions of Sections 241 and 242 of the Long-Term Care Homes Act.

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 Sections 241 and 242 of the Long-Term Care Homes Act, and for such internal control as management determines is necessary to enable the preparation of the 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 the 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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, if any, 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 Riverside Health Care Facilities, Inc. Trust Funds, as at March 31, 2017, are prepared, in all material respects, in accordance with the financial provisions of Sections 241 and 242 of the Long-Term Care Homes Act.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the Note to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Riverside Health Care Facilities, Inc. to comply with the financial reporting provisions of Sections 241 and 242 of the Long-Term Care Homes Act. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Directors of Riverside Health Care Facilities, Inc. and should not be distributed to or used by parties other than the Board of Directors of Riverside Health Care Facilities, Inc. and the Ministry of Health and Long-Term Care.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 22, 2017

Riverside Health Care Facilities, Inc.
Statement of Financial Position
Trust Funds

March 31, 2017	Rainycrest Bequest	Rainycrest Residents' Council	Emo Health Centre	Rainy River Health Centre	Rainycrest Residents' Comfort	2017 Total	2016 Total
Assets							
Cash and bank	\$	\$	\$	\$	\$	\$	\$
Short-term investments	127,316	22,640	366	1,571	120,362	144,939	136,322
	<u>\$ 127,316</u>	<u>\$ 22,640</u>	<u>\$ 366</u>	<u>\$ 1,571</u>	<u>\$ 120,362</u>	<u>\$ 272,255</u>	<u>\$ 262,388</u>
Liabilities							
Balance	\$	\$	\$	\$	\$	\$	\$
	<u>127,316</u>	<u>22,640</u>	<u>366</u>	<u>1,571</u>	<u>120,362</u>	<u>272,255</u>	<u>267,388</u>

Riverside Health Care Facilities, Inc.
Statement of Operations
Rainycrest - Bequest Trust Fund

<u>For the year ended March 31</u>	<u>2017</u>	<u>2016</u>
Revenue		
Interest	\$ 1,250	\$ 495
Expenditure	-	-
Excess of revenue over expenditure	1,250	495
Trust fund balance, beginning of year	126,066	125,571
Trust fund balance, end of year	\$ 127,316	\$ 126,066

**Riverside Health Care Facilities, Inc.
Statement of Operations
Rainycrest - Residents' Council Trust Fund**

For the year ended March 31	2017	2016
Revenue		
Beverage sales	\$ 10,596	\$ 9,897
Interest	119	121
Other revenue	26	115
	<u>10,741</u>	<u>10,133</u>
Expenditure		
Beverage purchases	<u>9,288</u>	<u>7,222</u>
Excess of revenue over expenditure	1,453	2,911
Trust fund balance, beginning of year	<u>21,187</u>	<u>18,276</u>
Trust fund balance, end of year	<u>\$ 22,640</u>	<u>\$ 21,187</u>

**Riverside Health Care Facilities, Inc.
Note to Financial Statements
Trust Funds**

March 31, 2017

Summary of Significant Accounting Policies

Basis of Accounting Sources of revenue and expenditure are reported on the cash basis of accounting.

Property, Plant and Equipment Property, plant and equipment are reported as an expenditure on the Statement of Operations in the year of acquisition.

Property, plant and equipment are not capitalized, and accordingly no amortization is recorded.

Inventories Inventories of supplies are expensed in the year they are acquired.

**Emo Health Centre,
Rainy River Health Centre, and
Rainycrest Residents' Comfort
Trust Funds**

No Statement of Operations is presented for these Trust Funds. The funds held in these Trusts belong to the residents or patients of the applicable facility and are held in non-interest bearing bank accounts in accordance with the requirements of the Ministry of Health and Long-Term Care. Any receipts or payments from the Trust are made on behalf of specific residents or patients and are accounted for as such.