

Riverside Health Care Facilities, Inc.
Consolidated Financial Statements
For the year ended March 31, 2014

**Riverside Health Care
Facilities, Inc.
Consolidated Financial Statements
For the year ended March 31, 2014**

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Riverside Health Care Facilities, Inc., as at March 31, 2014, which comprise the Consolidated Statement of Financial Position as at March 31, 2014, and the Consolidated Summary Statement of Operations, the Consolidated Statement of Changes in Net Assets and the Consolidated Statement of Cash Flows for the year ended March 31, 2014, 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 consolidated 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 consolidated 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 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 judgement, including the assessment of the 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, the consolidated financial statements present fairly in all material respects, the financial position of Riverside Health Care Facilities, Inc. as at March 31, 2014, and the results of operations, changes in net assets and cash flows for the year ended March 31, 2014, in accordance with Canadian public sector accounting standards for government not-for-profit Organizations.



BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants
Fort Frances, Ontario
June 19, 2014

Riverside Health Care Facilities, Inc. Consolidated Statement of Financial Position

| March 31 | 2014 | 2013 |
|--|---------------|---------------|
| Assets | | |
| Current | | |
| Cash and bank | \$ 5,899,418 | \$ 5,569,827 |
| Accounts receivable (Note 2) | 2,776,935 | 3,458,966 |
| Inventories | 246,206 | 240,792 |
| Prepaid expenses | 151,543 | 227,623 |
| | 9,074,102 | 9,497,208 |
| Capital assets (Note 3) | 29,131,264 | 30,009,045 |
| Construction in progress | 2,349,289 | 1,665,845 |
| | \$ 40,554,655 | \$ 41,172,098 |
| Liabilities and Net Assets | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 6,130,075 | \$ 5,671,760 |
| Due to LHIN/MOHLTC/other agencies | 1,265,216 | 1,562,404 |
| | 7,395,291 | 7,234,164 |
| Post-employment benefits and compensated absences (Note 4) | 4,141,900 | 4,074,700 |
| Deferred revenue (Note 5) | 19,047,660 | 18,905,491 |
| Net assets (deficit) | | |
| Unrestricted | (3,716,974) | (3,346,597) |
| Investment in capital assets (Note 8) | 13,631,632 | 14,235,009 |
| Board designated | 55,146 | 69,331 |
| | 9,969,804 | 10,957,743 |
| | \$ 40,554,655 | \$ 41,172,098 |

On behalf of the Board:

| | |
|---|----------|
|  | Director |
|  | Director |

Riverside Health Care Facilities, Inc. Consolidated Summary Statement of Operations

| For the year ended March 31 | 2014 | 2013 |
|---|---------------------|-------------------|
| Operating | | |
| Revenues | | |
| LHIN - base allocation | \$ 23,157,280 | \$ 22,767,116 |
| LHIN/MOHLTC - one-time payment | 709,692 | 326,740 |
| LHIN/MOHLTC - paymaster | 768,344 | 770,031 |
| LHIN/MOHLTC - quality based procedures | 472,328 | - |
| | <u>25,107,644</u> | <u>23,863,887</u> |
| Patient revenue, differential and co-payment revenue | 2,057,755 | 1,993,659 |
| Recoveries and miscellaneous revenue | 1,158,015 | 1,625,509 |
| Amortization of deferred contributions related to equipment | 262,052 | 425,117 |
| Cancer care | 307,032 | 369,128 |
| | <u>28,892,498</u> | <u>28,277,300</u> |
| Expenses | | |
| Salaries and wages | 16,571,068 | 15,854,965 |
| Benefits contributions from employers | 4,216,414 | 3,906,201 |
| Post-employment benefits and compensated absences | 63,400 | 50,400 |
| Medical staff remuneration | 1,184,760 | 1,341,738 |
| Nurse practitioners remuneration | 132,914 | 132,914 |
| Supplies and other expenses | 4,267,627 | 4,258,063 |
| Amortization of software licenses and fees | 70,115 | 90,555 |
| Medical and surgical supplies | 732,893 | 635,792 |
| Drugs and medical gases | 731,927 | 688,211 |
| Bad debts | 44,830 | 53,590 |
| Amortization of major equipment | 802,793 | 927,353 |
| Rent/lease of equipment | 155,969 | 118,456 |
| | <u>28,974,710</u> | <u>28,058,238</u> |
| Surplus (deficit) from operations | <u>(82,212)</u> | <u>219,062</u> |
| Other votes (Schedule 1) (Note 7) | | |
| Revenue | 12,989,552 | 12,334,566 |
| Expenses | 13,134,900 | 12,381,585 |
| Deficit from other votes | <u>(145,348)</u> | <u>(47,019)</u> |
| Other funding sources (Schedule 2) (Note 7) | | |
| Revenue | 169,000 | 307,926 |
| Expenses | 169,000 | 307,926 |
| Surplus from other funding sources | <u>-</u> | <u>-</u> |
| Surplus (deficit) from operations, other votes and other funding sources | <u>\$ (227,560)</u> | <u>\$ 172,043</u> |

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

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

| For the year ended March 31 | 2014 | 2013 |
|---|---------------------|---------------------|
| Surplus (deficit), carried forward | \$ (227,560) | \$ 172,043 |
| Capital revenue | | |
| Amortization of deferred contributions related to non-marketed buildings and service equipment | <u>656,678</u> | <u>595,113</u> |
| | 429,118 | 767,156 |
| Capital expenses | | |
| Amortization of non-marketed building and service equipment | <u>1,402,872</u> | <u>1,410,975</u> |
| Deficit for the year | \$ (973,754) | \$ (643,819) |

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

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

| For the year ended March 31 | Unrestricted | Invested in Capital Assets | Board Designated | Total 2014 | Total 2013 |
|--|-----------------------|---|-----------------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$ (3,346,597) | \$ 14,235,009 | \$ 69,331 | \$ 10,957,743 | \$ 11,607,374 |
| Deficit for the year | (973,754) | - | - | (973,754) | (643,819) |
| Net change in investment in capital assets (Note 8) | 603,377 | (603,377) | - | - | - |
| Net transfer from board designated | - | - | (14,185) | (14,185) | (5,812) |
| Balance, end of year | \$ (3,716,974) | \$ 13,631,632 | \$ 55,146 | \$ 9,969,804 | \$ 10,957,743 |

Riverside Health Care Facilities, Inc. Consolidated Statement of Cash Flows

| For the year ended March 31 | 2014 | 2013 |
|---|---------------------|---------------------|
| Cash provided by (used in) operations | | |
| Deficit for the year | \$ (973,754) | \$ (643,819) |
| Adjustments to net assets | (14,185) | (5,812) |
| Items not involving cash | | |
| Amortization of capital assets | 2,310,020 | 2,468,488 |
| Amortization of deferred contribution related to capital assets | (918,730) | (1,020,230) |
| Net increase in post-employment benefits and compensated absences | 67,200 | 80,200 |
| | <u>470,551</u> | <u>878,827</u> |
| Change in non-cash working capital items | | |
| Accounts receivable | 682,034 | (1,139,134) |
| Inventories | (5,414) | 5,666 |
| Prepaid expenses | 76,080 | (81,960) |
| Accounts payable and accrued liabilities | 458,313 | 225,626 |
| Due to LHIN/MOHLTC | (297,189) | 297,895 |
| Deferred revenue | 875,296 | 57,155 |
| | <u>1,789,120</u> | <u>(634,752)</u> |
| | <u>2,259,671</u> | <u>244,075</u> |
| Capital transactions | | |
| Purchase of capital assets | (2,115,683) | (1,701,041) |
| Financial transactions | | |
| Decrease in deferred contributions | 185,603 | 576,524 |
| | <u>(1,930,080)</u> | <u>(1,124,517)</u> |
| Increase (decrease) in cash during the year | 329,591 | (880,442) |
| Cash and bank, beginning of year | 5,569,827 | 6,450,269 |
| Cash and bank, end of year | \$ 5,899,418 | \$ 5,569,827 |

Riverside Health Care Facilities, Inc.

Notes to Consolidated Financial Statements

March 31, 2014

1. Significant Accounting Policies

Nature of Organization Riverside Health Care Facilities, Inc. (the "Hospital") was incorporated under the Ontario Hospitals Act on May 13, 1975. The Hospital is principally involved in providing health care services to the central and western regions of the Rainy River District. The Hospital 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.

Basis of Accounting The consolidated financial statements of the Hospital 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"). The consolidated statements reflect the assets, liabilities, revenues and expenditures of all Organizations which are owned or controlled by the Board of Directors. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following Organization controlled by the Board has been consolidated:

District of Rainy River Home for the Aged,
Operating Business as Rainycrest - Home for the Aged

Rainycrest was formed by an Order of Council of the Ontario Government. The Home is principally involved in providing long-term care to the elderly. The Home is a registered charity under the Income Tax Act and as such is exempt from income taxes.

The consolidated financial statements do not include the activities of the Hospitals auxiliaries, Riverside Foundation for Health Care and LaVerendrye Non-Profit Supportive Housing Corporation, which, although associated with the Hospital, are separately managed and report to separate Boards of Trustees.

**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 Hospital's operations and not for resale purposes.

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

March 31, 2014

1. Significant Accounting Policies (continued)

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 Hospital'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 |

Retirement and Post-employment Benefits and Compensated Absences

The Hospital 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 Hospital 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.

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

March 31, 2014

1. Significant Accounting Policies (continued)

**Retirement and
Post-employment
Benefits and
Compensated
Absences
(continued)**

- (ii) The Hospital 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 Hospital 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 Hospital's internal rate of borrowing.

Financial Instruments

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital'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.

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

March 31, 2014

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Fair Value (continued)

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 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 statement of operations.

The Hospital does not have any remeasurement gains or losses. As a result, the consolidated 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 statement of operations.

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.

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

March 31, 2014

1. Significant Accounting Policies (continued)

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the 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 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.

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

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

March 31, 2014

1. Significant Accounting Policies (continued)

Use of Estimates The preparation of consolidated 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 consolidated 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. Accounts Receivable

| | 2014 | 2013 |
|---------------------------------------|--------------|--------------|
| Ministry of Health and Long-Term Care | \$ 748,058 | \$ 778,976 |
| Insurers and patients | 671,853 | 708,129 |
| Other | 1,357,024 | 1,971,861 |
| | \$ 2,776,935 | \$ 3,458,966 |

3. Capital Assets

| | 2014 | | 2013 | |
|------------------------------------|---------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 1,497,829 | \$ - | \$ 1,497,829 | \$ 1,497,829 |
| Land improvements | 328,569 | 303,257 | 25,312 | - |
| Buildings and service equipment | 50,715,101 | 25,840,728 | 24,874,373 | 25,387,511 |
| Machinery and equipment | 12,744,514 | 10,041,024 | 2,703,490 | 3,023,331 |
| Computer software | 723,948 | 693,688 | 30,260 | 100,374 |
| | \$ 66,009,961 | \$ 36,878,697 | \$ 29,131,264 | \$ 30,009,045 |

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

March 31, 2014

4. Employee Future Benefits

The Hospital has an unfunded benefit plan providing retirement and post-employment benefits (excluding pension) to most of its employees. The Hospital 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 Hospital measures its accrued benefits obligation for accounting purposes as at March 31st of each year. The latest actuarial valuation was performed in April 2014.

| | 2014 | | |
|---|-----------------------------|---------------------------|---------------------|
| | Post-Employment Benefits | Non-Vesting Sick Leave | Total |
| Accrued employee future benefits obligation | \$ 4,174,400 | \$ 103,900 | \$ 4,278,300 |
| Unamortized actuarial losses | (121,700) | (14,700) | (136,400) |
| Total | \$ 4,052,700 | \$ 89,200 | \$ 4,141,900 |
| | 2013 | | |
| | Post-Employment Benefits | Non-Vesting Sick Leave | Total |
| Accrued employee future benefits obligation | \$ 4,417,900 | \$ 123,500 | \$ 4,541,400 |
| Unamortized actuarial losses | (457,300) | (9,400) | (466,700) |
| Total | \$ 3,960,600 | \$ 114,100 | \$ 4,074,700 |

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

March 31, 2014

4. Employee Future Benefits (continued)

| | 2014 | | |
|--|-----------------------------|---------------------------|-------------------|
| | Post-Employment Benefits | Non-Vesting Sick Leave | Total Expenses |
| Current year benefit cost | \$ 197,900 | \$ - | \$ 197,900 |
| Interest on accrued benefit obligation | 173,900 | 4,200 | 178,100 |
| Amortized actuarial losses | 38,400 | 1,100 | 39,500 |
| Total expenses | \$ 410,200 | \$ 5,300 | \$ 415,500 |
| Benefit payments | \$ 318,100 | \$ 30,200 | \$ 348,300 |

| | 2013 | | |
|--|-----------------------------|---------------------------|-------------------|
| | Post-Employment Benefits | Non-Vesting Sick Leave | Total Expenses |
| Current year benefit cost | \$ 182,200 | \$ - | \$ 182,200 |
| Interest on accrued benefit obligation | 178,600 | 5,300 | 183,900 |
| Amortized actuarial losses | 27,900 | 800 | 28,700 |
| Total expenses | \$ 388,700 | \$ 6,100 | \$ 394,800 |
| Benefit payments | \$ 290,800 | \$ 23,800 | \$ 314,600 |

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

March 31, 2014

4. Employee Future Benefits (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 Hospital are members of the Healthcare of Ontario Pension Plan (HOOPP). The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due. Contributions to the plan during the year by the Hospital on behalf of its employees amounted to \$1,944,957 (2013 - \$1,875,152) and are included in the consolidated summary statement of operations.

Post-Employment Benefits

The Hospital extends post employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Hospital 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, 2014, of the future benefits was determined using a discount rate of 4.00% (2013 - 4.20%).

b) Extended health care costs

Extended health care costs were assumed to increase at a rate of 7.0% for 2014 (2013 - 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 2014 (2013 - 4.0%).

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

March 31, 2014

4. Employee Future Benefits (continued)

Compensated Absences

Non-Vesting Sick Leave

The Hospital 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 Hospital's best estimates of expected rates of:

| | 2014 | 2013 |
|----------------------------|--------|--------|
| Wage and salary escalation | 1.50 % | 2.50 % |
| Discount rate | 4.00 % | 4.20 % |

5. Deferred Revenue

| | 2014 | 2013 |
|---|---------------|---------------|
| Deferred revenue | | |
| Deferred physician recruitment funding | \$ 302,194 | \$ 310,580 |
| Other deferred revenue | 191,232 | 242,550 |
| | 493,426 | 553,130 |
| Deferred contributions related to capital assets | 17,848,921 | 17,439,881 |
| Unexpended deferred contributions related to capital assets | 705,313 | 912,480 |
| | 18,554,234 | 18,352,361 |
| | \$ 19,047,660 | \$ 18,905,491 |

Deferred physician recruitment funding is recognized when related costs are incurred.

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

Unexpended deferred contributions related to capital assets are amortized once the funds have been spent and the corresponding assets are put into service.

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

March 31, 2014

6. Credit Facilities

Riverside Health Care Facilities, Inc. is party to a short-term credit agreement with a Canadian chartered bank pursuant to which the Hospital 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, 2014, was \$NIL (2013 - \$NIL).

7. 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.

8. Investment in Capital Assets

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

| | 2014 | 2013 |
|---------------------------------|---------------|---------------|
| Capital assets | \$ 29,131,264 | \$ 30,009,045 |
| Construction in progress | 2,349,289 | 1,665,845 |
| Amounts financed by: | | |
| Deferred contributions (Note 5) | (17,848,921) | (17,439,881) |
| | \$ 13,631,632 | \$ 14,235,009 |

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

| | 2014 | 2013 |
|--|--------------|--------------|
| Purchase of capital assets | \$ 2,115,683 | \$ 1,701,041 |
| Amounts funded by deferred contributions | (1,327,770) | (1,025,437) |
| Amortization of deferred contributions related to capital assets | 918,730 | 1,020,230 |
| Amortization of capital assets | (2,310,020) | (2,468,488) |
| | \$ (603,377) | \$ (772,654) |

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

March 31, 2014

9. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital 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 Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital'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 Hospital 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 Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining 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.

10. 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.

Auditor's Comments on Supplementary Financial Information

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

We have audited the consolidated financial statements of Riverside Health Care Facilities, Inc., which comprise the Consolidated Statement of Financial Position as at March 31, 2014, and the Consolidated Summary Statement of Operations, the Consolidated Statement of Changes in Net Assets and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated June 19, 2014, which contained an unqualified opinion on those consolidated financial statements. The audit was performed to form an opinion on the consolidated financial statements as a whole. The following program schedules are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This supplementary information is prepared to assist Riverside Health Care Facilities, Inc. in assessing and analysing the operations of the individual programs. As a result, the supplementary information 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.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 19, 2014

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 | 2014 | 2013 |
|--|---------------------|--------------------|
| Revenue | | |
| Mental Health - Case Management (Schedule 6) | \$ 86,544 | \$ 72,343 |
| Mental Health (Schedule 7) | 414,930 | 372,600 |
| Addictions (Schedule 8) | 194,350 | 140,914 |
| Concurrent Disorders (Schedule 9) | 86,344 | 86,532 |
| Problem Gambling (Schedule 10) | 94,819 | 94,819 |
| Supportive Housing (Schedule 11) | 473,452 | 493,165 |
| Municipal tax | 14,400 | 14,400 |
| Rainycrest - Home for the Aged (Schedule 12) | 10,829,940 | 10,247,759 |
| Community Support Services (Schedule 13) | 794,773 | 812,034 |
| | <u>12,989,552</u> | <u>12,334,566</u> |
| Expenses | | |
| Mental Health - Case Management (Schedule 6) | 86,544 | 72,343 |
| Mental Health (Schedule 7) | 414,930 | 372,600 |
| Addictions (Schedule 8) | 194,350 | 140,914 |
| Concurrent Disorders (Schedule 9) | 86,344 | 86,532 |
| Problem Gambling (Schedule 10) | 94,819 | 94,819 |
| Supportive Housing (Schedule 11) | 473,452 | 493,165 |
| Municipal tax | 14,400 | 14,400 |
| Rainycrest - Home for the Aged (Schedule 12) | 10,971,742 | 10,294,778 |
| Community Support Services (Schedule 13) | 798,319 | 812,034 |
| | <u>13,134,900</u> | <u>12,381,585</u> |
| Fund balance, end of year | \$ (145,348) | \$ (47,019) |

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 | 2014 | 2013 |
|--|----------------|----------------|
| Revenue | | |
| Family Violence Counselling Program (Schedule 3) | \$ 130,152 | \$ 125,721 |
| Valley Diabetes Education Centre Program (Schedule 4) | - | 143,469 |
| Riverside Community Family Violence Service - PARR (Schedule 5) | 38,848 | 38,736 |
| | <u>169,000</u> | <u>307,926</u> |
| Expenses | | |
| Family Violence Counselling Program (Schedule 3) | 130,152 | 125,721 |
| Valley Diabetes Education Centre Program (Schedule 4) | - | 143,469 |
| Riverside Community Family Violence Service - PARR (Schedule 5) | 38,848 | 38,736 |
| | <u>169,000</u> | <u>307,926</u> |
| 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 | 2014 | 2013 |
|--|----------------|----------------|
| Revenue | | |
| Ministry of Community and Social Services (Note 7) | \$ 130,077 | \$ 123,517 |
| Recoveries | 75 | 2,204 |
| | <u>130,152</u> | <u>125,721</u> |
| Expenses | | |
| Salaries | 97,326 | 95,636 |
| Benefits | 24,689 | 22,238 |
| Staff travel | 692 | 1,168 |
| Staff training | 3,843 | 4,347 |
| Audit and accounting | 800 | - |
| Supplies | 1,950 | 1,619 |
| Advertising | 347 | - |
| Memberships | 414 | 539 |
| Meetings | 91 | 174 |
| | <u>130,152</u> | <u>125,721</u> |
| Fund balance, end of year | \$ - | \$ - |

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 4 - Valley Diabetes Education Centre Program

| For the year ended March 31 | 2014 | 2013 |
|---|-------------|-------------|
| Revenue | | |
| Northern Diabetes Health Network (Note 7) | \$ - | \$ 143,469 |
| Expenses | | |
| Salaries | - | 113,035 |
| Benefits | - | 25,680 |
| Program supplies | - | 190 |
| Postage, stationary and office supplies | - | 1,466 |
| Staff education and travel | - | 2,889 |
| Other | - | 209 |
| | - | 143,469 |
| Fund balance, end of year | \$ - | \$ - |

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 5 - Riverside Community Family Violence Service - PARR

| For the year ended March 31 | 2014 | 2013 |
|---|---------------|---------------|
| Revenue | | |
| Ministry of the Attorney General (Note 7) | \$ 38,848 | \$ 38,736 |
| Expenditure | | |
| Salaries | 709 | 5,022 |
| Benefits | 1,806 | 1,133 |
| Purchased services | 34,076 | 30,349 |
| Supplies and materials | 2,257 | 2,232 |
| | 38,848 | 38,736 |
| Fund balance, end of year | \$ - | \$ - |

**Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 6 - Mental Health (Case Management)**

| For the year ended March 31 | 2014 | 2013 |
|------------------------------------|---------------|---------------|
| Revenue | | |
| LHIN (Note 7) | \$ 86,544 | \$ 72,343 |
| Expenses | | |
| Salaries and wages | 75,411 | 58,623 |
| Benefit contributions | 11,133 | 13,720 |
| | <u>86,544</u> | <u>72,343</u> |
| Fund balance, end of year | \$ - | \$ - |

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

| For the year ended March 31 | 2014 | 2013 |
|--|----------------|----------------|
| Revenue | | |
| LHIN (Note 7) | \$ 396,036 | \$ 331,109 |
| Ontario Common Assessment Needs (OCAN) | - | 12,400 |
| Recoveries | 18,894 | 29,091 |
| | <u>414,930</u> | <u>372,600</u> |
| Expenses | | |
| Salaries and wages | 323,938 | 278,769 |
| Benefit contributions | 69,055 | 49,863 |
| Supplies and materials | 21,937 | 43,968 |
| | <u>414,930</u> | <u>372,600</u> |
| Fund balance, end of year | \$ - | \$ - |

**Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 8 - Addictions**

| For the year ended March 31 | 2014 | 2013 |
|------------------------------------|----------------|----------------|
| Revenue | | |
| LHIN (Note 7) | \$ 193,206 | \$ 139,562 |
| Recoveries | 1,144 | 1,352 |
| | <u>194,350</u> | <u>140,914</u> |
| Expenses | | |
| Salaries and wages | 132,987 | 110,326 |
| Benefit contributions | 20,217 | 20,358 |
| Supplies and materials | 41,146 | 10,230 |
| | <u>194,350</u> | <u>140,914</u> |
| Fund balance, end of year | \$ - | \$ - |

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 9 - Concurrent Disorders

| For the year ended March 31 | 2014 | 2013 |
|------------------------------------|---------------|---------------|
| Revenue | | |
| LHIN (Note 7) | \$ 86,344 | \$ 86,532 |
| Expenses | | |
| Salaries and wages | 68,696 | 67,974 |
| Benefit contributions | 17,648 | 17,500 |
| Supplies and materials | - | 1,058 |
| | <u>86,344</u> | <u>86,532</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> |

**Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 10 - Problem Gambling**

| For the year ended March 31 | 2014 | 2013 |
|------------------------------------|---------------|---------------|
| Revenue | | |
| LHIN (Note 7) | \$ 94,819 | \$ 94,819 |
| Expenses | | |
| Salaries and wages | 75,985 | 73,162 |
| Benefit contributions | 18,058 | 15,069 |
| Supplies and materials | 776 | 6,588 |
| | 94,819 | 94,819 |
| Fund balance, end of year | \$ - | \$ - |

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 11 - Supportive Housing

| For the year ended March 31 | 2014 | 2013 |
|------------------------------------|----------------|----------------|
| Revenue | | |
| LHIN (Note 7) | \$ 458,328 | \$ 474,146 |
| Recoveries | 15,124 | 19,019 |
| | <u>473,452</u> | <u>493,165</u> |
| Expenses | | |
| Salaries and wages | 342,857 | 365,581 |
| Benefit contributions | 90,467 | 77,239 |
| Supplies and materials | 40,128 | 50,345 |
| | <u>473,452</u> | <u>493,165</u> |
| Fund balance, end of year | \$ - | \$ - |

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 12 - Rainycrest - Home for the Aged

| For the year ended March 31 | 2014 | 2013 |
|---|----------------------------|---------------------------|
| Revenue | | |
| Ministry of Health/LHIN | \$ 6,890,744 | \$ 6,370,260 |
| - General subsidy | 156,800 | 86,334 |
| - One-time subsidies | 16,316 | 16,400 |
| - Doctor on-call funding | 7,591 | 18,092 |
| - High intensity needs and lab funding | <u>7,071,451</u> | <u>6,491,086</u> |
| Resident fees | 3,014,398 | 2,912,451 |
| District Municipalities | 369,093 | 467,518 |
| Other | <u>374,998</u> | <u>376,704</u> |
| Total revenue | <u>10,829,940</u> | <u>10,247,759</u> |
| Expenses | | |
| Operations | | |
| Nursing and personal care | | |
| Nursing administration | 184,456 | 204,289 |
| Nursing personal care | 5,700,089 | 5,437,617 |
| Doctor on-call expenditures | 16,318 | 16,400 |
| Medical director fees | 17,958 | 17,958 |
| RAI coordinator | <u>80,140</u> | <u>81,274</u> |
| Total nursing and personal care | <u>5,998,961</u> | <u>5,757,538</u> |
| Other operations | | |
| Program and support services | 620,039 | 485,378 |
| Raw food | <u>521,751</u> | <u>488,014</u> |
| Accommodation | | |
| Housekeeping services | 630,924 | 607,337 |
| Building and property | 367,594 | 400,794 |
| Dietary services | 1,112,359 | 1,044,297 |
| Laundry and linen services | 321,676 | 302,996 |
| General and administrative | 697,543 | 679,119 |
| Facility costs | 477,928 | 289,923 |
| Handi-van | 139,208 | 142,636 |
| High intensity needs and lab costs | <u>7,518</u> | <u>18,092</u> |
| Total expenses before amortization and post-retirement benefits and compensated absences | <u>10,895,501</u> | <u>10,216,124</u> |
| Fund balance, before amortization and post-retirement benefits and compensated absences | <u>(65,561)</u> | <u>31,635</u> |
| Amortization | 34,241 | 36,954 |
| Post-retirement benefits and compensated absences | <u>42,000</u> | <u>41,700</u> |
| | <u>76,241</u> | <u>78,654</u> |
| Total expenses | <u>10,971,742</u> | <u>10,294,778</u> |
| Fund balance, end of year | <u>\$ (141,802)</u> | <u>\$ (47,019)</u> |

Riverside Health Care Facilities, Inc.
Statement of Revenue and Expenses
Schedule 13 - Community Support Services

| For the year ended March 31 | 2014 | 2013 |
|--|-------------------|----------------|
| Revenue | | |
| LHIN - General subsidy | \$ 512,281 | \$ 531,852 |
| Recoveries and miscellaneous revenue | 282,492 | 280,182 |
| | <u>794,773</u> | <u>812,034</u> |
| Expenses | | |
| Salaries and wages | 561,796 | 585,482 |
| Benefit contributions | 167,264 | 152,398 |
| Building occupancy | 9,555 | 9,590 |
| Equipment | 11,516 | 12,590 |
| Other operating | 30,841 | 35,083 |
| Supplies | 13,801 | 16,891 |
| | <u>794,773</u> | <u>812,034</u> |
| Excess of revenues over expenses | - | - |
| Recoveries of prior years fund balances | <u>(3,546)</u> | - |
| Fund balance, end of year | <u>\$ (3,546)</u> | <u>\$ -</u> |

Auditor's Comments on Supplementary Financial Information

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

We have audited the consolidated financial statements of Riverside Health Care Facilities, Inc., which comprise the Consolidated Statement of Financial Position as at March 31, 2014, and the Consolidated Summary Statement of Operations, the Consolidated Statement of Changes in Net Assets and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated June 19, 2014, which contains an unqualified opinion on those consolidated financial statements. The audit was performed to form an opinion on the consolidated financial statements as a whole. The following program schedule for the period January 1, 2013, to December 31, 2013, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This supplementary information is prepared to assist Riverside Health Care Facilities, Inc. in assessing and analysing the operations of the individual programs. As a result, the supplementary information 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.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 19, 2014

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

| For the year ended December 31 | 2013 | 2012 |
|---|---------------------|---------------------|
| Revenue | | |
| Ministry of Health/LHIN | - | - |
| - General subsidy | \$ 7,083,607 | \$ 6,854,361 |
| - Subsidy due back to LHIN/MOHLTC | (440,851) | (501,612) |
| - One-time subsidies | 171,834 | 40,000 |
| - Doctor on-call funding | 16,334 | 16,400 |
| - High intensity needs and lab funding | 5,702 | 19,272 |
| | <hr/> | <hr/> |
| | 6,836,626 | 6,428,421 |
| Resident fees | 2,986,404 | 2,898,679 |
| District Municipalities | 422,242 | 492,124 |
| Other | 367,069 | 321,483 |
| | <hr/> | <hr/> |
| Total revenue | 10,612,341 | 10,140,707 |
| Expenses | | |
| Operations | | |
| Nursing and personal care | | |
| Nursing administration | 186,261 | 203,704 |
| Nursing personal care | 5,598,464 | 5,502,731 |
| Doctor on-call expenditures | 16,337 | 16,400 |
| Medical director fee | 17,958 | 18,007 |
| RAI Coordinator | 78,644 | 84,345 |
| | <hr/> | <hr/> |
| Total nursing and personal care | 5,897,664 | 5,825,187 |
| Other operations | | |
| Program and support services | 554,418 | 512,638 |
| Raw food | 513,252 | 502,722 |
| Accommodation | | |
| Housekeeping services | 621,784 | 609,200 |
| Building and property | 406,916 | 332,253 |
| Dietary services | 1,107,357 | 1,057,360 |
| Laundry and linen services | 315,906 | 307,653 |
| General and administrative | 686,866 | 675,486 |
| Facility costs | 390,370 | 284,659 |
| Handi-van | 139,659 | 141,151 |
| High intensity needs and lab costs | 7,192 | 14,679 |
| Bad debts | - | 2,716 |
| | <hr/> | <hr/> |
| Total expenses before amortization and post-retirement benefits and compensated absences | 10,641,384 | 10,265,704 |
| Fund balance before amortization and post-retirement benefits and compensated absences | (29,043) | (124,997) |
| | <hr/> | <hr/> |
| Amortization | 34,909 | 38,294 |
| Post-retirement benefits and compensated absences | 42,600 | 55,650 |
| | <hr/> | <hr/> |
| | 77,509 | 93,944 |
| | <hr/> | <hr/> |
| Total expenses | 10,718,893 | 10,359,648 |
| Deficiency of revenue over expenses | \$ (106,552) | \$ (218,941) |

Independent Auditor's Report

To the Chairman 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, 2014, 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 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, 2014, 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 Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 19, 2014

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

| March 31, 2014 | Rainycrest Bequest | Rainycrest Residents' Council | Emo Health Centre | Rainy River Health Centre | Rainycrest Residents' Comfort | 2014 Total | 2013 Total |
|------------------------|-----------------------|-------------------------------------|-------------------------|---------------------------------|-------------------------------------|---------------|---------------|
| Assets | | | | | | | |
| Cash | \$ - | \$ 15,303 | \$ 482 | \$ 719 | \$ 101,900 | \$ 118,404 | \$ 118,911 |
| Short-term investments | 124,882 | - | - | - | - | 124,882 | 123,192 |
| | \$ 124,882 | \$ 15,303 | \$ 482 | \$ 719 | \$ 101,900 | \$ 243,286 | \$ 242,103 |
| Liabilities | | | | | | | |
| Balance | \$ 124,882 | \$ 15,303 | \$ 482 | \$ 719 | \$ 101,900 | \$ 243,286 | \$ 242,103 |

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

| For the year ended March 31 | 2014 | 2013 |
|--|-------------------|-------------------|
| Revenue | | |
| Interest | \$ 1,690 | \$ 1,564 |
| Expenditure | - | - |
| Excess of revenue over expenditure | 1,690 | 1,564 |
| Trust fund balance, beginning of year | 123,192 | 121,628 |
| Trust fund balance, end of year | \$ 124,882 | \$ 123,192 |

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

| For the year ended March 31 | 2014 | 2013 |
|--|------------------|------------------|
| Revenue | | |
| Beverage sales | \$ 3,551 | \$ 3,624 |
| Interest | 131 | 132 |
| | <u>3,682</u> | <u>3,756</u> |
| Expenditure | | |
| Beverage purchases | <u>2,859</u> | <u>1,697</u> |
| Excess of revenue over expenditure | 823 | 2,059 |
| Trust fund balance, beginning of year | <u>14,480</u> | <u>12,421</u> |
| Trust fund balance, end of year | <u>\$ 15,303</u> | <u>\$ 14,480</u> |

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

March 31, 2014

Summary of Significant Accounting Policies

| | |
|--|---|
| Basis of Accounting | Sources of revenue and expenditures are reported on the cash basis of accounting. |
| Property, Plant and Equipment | <p>Property, plant and equipment are reported as an expenditure on the Statement of Operations in the year of acquisition.</p> <p>Property, plant and equipment are not capitalized, and accordingly no amortization is recorded.</p> |
| 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. |