

Riverside Health Care Facilities, Inc.
Financial Statements
For the year ended March 31, 2015

**Riverside Health Care
Facilities, Inc.
Financial Statements
For the year ended March 31, 2015**

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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

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 financial statements of Riverside Health Care Facilities, Inc., as at March 31, 2015, which comprise the Statement of Financial Position as at March 31, 2015, 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, 2015, 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, 2015, and the results of operations, changes in net assets and cash flows for the year ended March 31, 2015, 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 18, 2015

Riverside Health Care Facilities, Inc.
Statement of Financial Position

March 31	2015	2014
Assets		
Current		
Cash and bank	\$ 4,799,759	\$ 5,899,418
Accounts receivable (Note 2)	3,468,573	2,776,935
Inventories	245,655	246,206
Prepaid expenses	304,162	151,543
	<u>8,818,149</u>	<u>9,074,102</u>
Capital assets (Note 3)	29,968,462	29,131,264
Construction in progress	54,354	2,349,289
	<u>\$ 38,840,965</u>	<u>\$ 40,554,655</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 6,226,451	\$ 6,130,075
Due to LHIN/MOHLTC/other agencies	1,349,661	1,265,216
	<u>7,576,112</u>	<u>7,395,291</u>
Post-employment benefits and compensated absences (Note 4)	4,279,000	4,141,900
Deferred revenue (Note 5)	17,701,902	19,047,660
Net assets (deficit)		
Unrestricted	(3,240,691)	(3,716,974)
Investment in capital assets (Note 8)	12,469,432	13,631,632
Board designated	55,210	55,146
	<u>9,283,951</u>	<u>9,969,804</u>
	<u>\$ 38,840,965</u>	<u>\$ 40,554,655</u>

On behalf of the Board:

Ed Scholten, CEO Director
Debra Elliott Director

Riverside Health Care Facilities, Inc. Summary Statement of Operations

For the year ended March 31	2015	2014
Operating		
Revenues		
LHIN - base allocation	\$ 23,400,738	\$ 23,157,280
LHIN/MOHLTC - one-time payment	444,631	709,692
LHIN/MOHLTC - paymaster	652,788	768,344
LHIN/MOHLTC - quality based procedures	500,112	472,328
	<u>24,998,269</u>	<u>25,107,644</u>
Patient revenue, differential and co-payment revenue	2,094,716	2,057,755
Recoveries and miscellaneous revenue	1,390,989	1,158,015
Amortization of deferred contributions related to equipment	211,338	262,052
Cancer care	366,626	307,032
	<u>29,061,938</u>	<u>28,892,498</u>
Total revenues		
Expenses		
Salaries and wages	16,325,615	16,571,068
Benefits contributions from employers	4,237,974	4,216,414
Post-employment benefits and compensated absences	125,700	63,400
Medical staff remuneration	1,240,639	1,184,760
Nurse practitioners remuneration	132,914	132,914
Supplies and other expenses	4,334,578	4,267,627
Amortization of software licenses and fees	42,842	70,115
Medical and surgical supplies	669,165	732,893
Drugs and medical gases	751,332	731,927
Bad debts	81,612	44,830
Amortization of major equipment	760,653	802,793
Rent/lease of equipment	178,197	155,969
	<u>28,881,221</u>	<u>28,974,710</u>
Total expenses		
Surplus (deficit) from operations		
	<u>180,717</u>	<u>(82,212)</u>
Other votes (Schedule 1) (Note 7)		
Revenue	13,035,379	12,989,552
Expenses	13,161,336	13,134,900
Deficit from other votes		
	<u>(125,957)</u>	<u>(145,348)</u>
Other funding sources (Schedule 2) (Note 7)		
Revenue	176,230	169,000
Expenses	176,230	169,000
Surplus from other funding sources		
	<u>-</u>	<u>-</u>
Surplus (deficit) from operations, other votes and other funding sources		
	<u>\$ 54,760</u>	<u>\$ (227,560)</u>

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	2015	2014
Surplus (deficit), carried forward	\$ 54,760	\$ (227,560)
Capital revenue		
Amortization of deferred contributions related to non-marketed buildings and service equipment	<u>675,752</u>	<u>656,678</u>
	730,512	429,118
Capital expenses		
Amortization of non-marketed building and service equipment	<u>1,416,429</u>	<u>1,402,872</u>
Deficit for the year	\$ (685,917)	\$ (973,754)

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 2015	Total 2014
Balance, beginning of year	\$ (3,716,974)	\$ 13,631,632	\$ 55,146	\$ 9,969,804	\$ 10,957,743
Deficit for the year	(685,917)	-	-	(685,917)	(973,754)
Net change in investment in capital assets (Note 8)	1,162,200	(1,162,200)	-	-	-
Net transfer to (from) board designated	-	-	64	64	(14,185)
Balance, end of year	\$ (3,240,691)	\$ 12,469,432	\$ 55,210	\$ 9,283,951	\$ 9,969,804

Riverside Health Care Facilities, Inc.
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash provided by (used in) operations		
Deficit for the year	\$ (685,917)	\$ (973,754)
Adjustments to net assets	64	(14,185)
Items not involving cash		
Amortization of capital assets	2,253,575	2,310,020
Amortization of deferred contribution related to capital assets	(887,090)	(918,730)
Net increase in post-employment benefits and compensated absences	137,100	67,200
	<u>817,732</u>	<u>470,551</u>
Change in non-cash working capital items		
Accounts receivable	(691,636)	682,034
Inventories	549	(5,414)
Prepaid expenses	(152,619)	76,080
Accounts payable and accrued liabilities	96,377	458,313
Due to LHIN/MOHLTC	84,446	(297,189)
Deferred revenue	(344,908)	875,296
	<u>(1,007,791)</u>	<u>1,789,120</u>
	<u>(190,059)</u>	<u>2,259,671</u>
Capital transactions		
Purchase of capital assets	(1,418,785)	(2,115,683)
Financial transactions		
Increase in deferred contributions	509,185	185,603
	<u>(909,600)</u>	<u>(1,930,080)</u>
Increase (decrease) in cash during the year	(1,099,659)	329,591
Cash and bank, beginning of year	5,899,418	5,569,827
Cash and bank, end of year	\$ 4,799,759	\$ 5,899,418

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2015

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.

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2015

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 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

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.

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued)

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

- (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.

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.

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2015

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 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.

**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 Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued)

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.

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.

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued)

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. Accounts Receivable

	2015	2014
Ministry of Health and Long-Term Care	\$ 555,298	\$ 748,058
Insurers and patients	804,049	671,853
Other	2,109,226	1,357,024
	\$ 3,468,573	\$ 2,776,935

3. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,497,829	\$ -	\$ 1,497,829	\$ 1,497,829
Land improvements	328,569	305,542	23,027	25,312
Buildings and service equipment	52,329,526	27,256,623	25,072,903	24,874,373
Machinery and equipment	13,950,395	10,825,696	3,124,699	2,703,490
Computer software	994,558	744,554	250,004	30,260
	\$ 69,100,877	\$ 39,132,415	\$ 29,968,462	\$ 29,131,264

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2015

4. 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 2014.

	2015		
	Post-Employment Benefits	Non-Vesting Sick Leave	Total
Accrued employee future benefits obligation	\$ 4,677,700	\$ 88,800	\$ 4,766,500
Unamortized actuarial losses	(467,900)	(19,600)	(487,500)
Total	\$ 4,209,800	\$ 69,200	\$ 4,279,000
	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

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2015

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

	2015		
	Post-Employment Benefits	Non-Vesting Sick Leave	Total Expenses
Current year benefit cost	\$ 216,600	\$ -	\$ 216,600
Interest on accrued benefit obligation	170,700	3,600	174,300
Amortized actuarial losses	13,900	1,900	15,800
Total expenses	\$ 401,200	\$ 5,500	\$ 406,700
Benefit payments	\$ 244,100	\$ 25,500	\$ 269,600
	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

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2015

4. 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 \$1,945,245 (2014 - \$1,944,957) 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, 2015, of the future benefits was determined using a discount rate of 3.25% (2014 - 4.00%).
- b) Extended health care costs
Extended health care costs were assumed to increase at a rate of 7.0% for 2015 (2014 - 7.0%) 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 2015 (2014 - 4.0%).

Riverside Health Care Facilities, Inc.
Notes to Financial Statements

March 31, 2015

4. 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:

	2015	2014
Wage and salary escalation	1.50 %	1.50 %
Discount rate	3.25 %	4.00 %

5. Deferred Revenue

	2015	2014
Deferred revenue		
Deferred physician recruitment funding	\$ 148,518	\$ 302,194
Other deferred revenue	-	191,232
	148,518	493,426
Deferred contributions related to capital assets	17,553,384	17,848,921
Unexpended deferred contributions related to capital assets	-	705,313
	17,553,384	18,554,234
	\$ 17,701,902	\$ 19,047,660

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 Financial Statements

March 31, 2015

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 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, 2015, was \$NIL (2014 - \$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:

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 29,968,462	\$ 29,131,264
Construction in progress	54,354	2,349,289
Amounts financed by:		
Deferred contributions (Note 5)	(17,553,384)	(17,848,921)
	<u>\$ 12,469,432</u>	<u>\$ 13,631,632</u>

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

	<u>2015</u>	<u>2014</u>
Purchase of capital assets	\$ 1,418,785	\$ 2,115,683
Amounts funded by deferred contributions	(1,214,500)	(1,327,770)
Amortization of deferred contributions related to capital assets	887,090	918,730
Amortization of capital assets	(2,253,575)	(2,310,020)
	<u>\$ (1,162,200)</u>	<u>\$ (603,377)</u>

Riverside Health Care Facilities, Inc. Notes to Financial Statements

March 31, 2015

9. 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.

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 financial statements of Riverside Health Care Facilities, Inc., which comprise the Statement of Financial Position as at March 31, 2015, and the Summary Statement of Operations, the Statement of Changes in Net Assets and the 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 18, 2015, which contained an unqualified opinion on those financial statements. The audit was performed to form an opinion on the 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 financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the 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 Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 18, 2015

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	2015	2014
Revenue		
Mental Health - Case Management (Schedule 5)	\$ 86,526	\$ 86,544
Mental Health (Schedule 6)	486,322	501,274
Addictions (Schedule 7)	186,320	194,350
Problem Gambling (Schedule 8)	96,115	94,819
Supportive Housing (Schedule 9)	483,498	473,452
Municipal tax	14,400	14,400
Rainycrest - Home for the Aged (Schedule 10)	10,825,639	10,829,940
Community Support Services (Schedule 11)	856,559	794,773
	13,035,379	12,989,552
Expenses		
Mental Health - Case Management (Schedule 5)	86,526	86,544
Mental Health (Schedule 6)	486,322	501,274
Addictions (Schedule 7)	186,320	194,350
Problem Gambling (Schedule 8)	96,115	94,819
Supportive Housing (Schedule 9)	483,498	473,452
Municipal tax	14,400	14,400
Rainycrest - Home for the Aged (Schedule 10)	10,930,509	10,971,742
Community Support Services (Schedule 11)	877,646	798,319
	13,161,336	13,134,900
Fund balance, end of year	\$ (125,957)	\$ (145,348)

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	2015	2014
Revenue		
Family Violence Counselling Program (Schedule 3)	\$ 140,796	\$ 130,152
Riverside Community Family Violence Service - PARR (Schedule 4)	35,434	38,848
	<u>176,230</u>	<u>169,000</u>
Expenses		
Family Violence Counselling Program (Schedule 3)	140,796	130,152
Riverside Community Family Violence Service - PARR (Schedule 4)	35,434	38,848
	<u>176,230</u>	<u>169,000</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	2015	2014
Revenue		
Ministry of Community and Social Services (Note 7)	\$ 138,077	\$ 130,077
Recoveries	2,719	75
	<u>140,796</u>	<u>130,152</u>
Expenses		
Salaries	98,221	97,326
Benefits	23,871	24,689
Staff travel	289	692
Staff training	7,994	3,843
Professional fees	8,242	800
Supplies	352	1,950
Advertising	697	347
Memberships	931	414
Meetings	199	91
	<u>140,796</u>	<u>130,152</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	2015	2014
Revenue		
Ministry of the Attorney General (Note 7)	\$ 35,434	\$ 38,848
Expenses		
Salaries	26,139	709
Benefits	7,495	1,806
Purchased services	-	34,076
Supplies and materials	1,800	2,257
	35,434	38,848
Fund balance, end of year	\$ -	\$ -

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

For the year ended March 31	2015	2014
Revenue		
LHIN (Note 7)	\$ 86,526	\$ 86,544
Expenses		
Salaries and wages	71,748	75,411
Benefit contributions	14,778	11,133
	86,526	86,544
Fund balance, end of year	\$ -	\$ -

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

For the year ended March 31	2015	2014
Revenue		
LHIN (Note 7)	\$ 482,620	\$ 482,380
Recoveries	3,702	18,894
	<u>486,322</u>	<u>501,274</u>
Expenses		
Salaries and wages	372,805	392,634
Benefit contributions	84,063	86,703
Supplies and materials	29,454	21,937
	<u>486,322</u>	<u>501,274</u>
Fund balance, end of year	\$ -	\$ -

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

For the year ended March 31	2015	2014
Revenue		
LHIN (Note 7)	\$ 184,968	\$ 193,206
Recoveries	1,352	1,144
	<u>186,320</u>	<u>194,350</u>
Expenses		
Salaries and wages	139,447	132,987
Benefit contributions	26,067	20,217
Supplies and materials	20,806	41,146
	<u>186,320</u>	<u>194,350</u>
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	2015	2014
Revenue		
LHIN (Note 7)	\$ 94,819	\$ 94,819
Recoveries	1,296	-
	96,115	94,819
Expenses		
Salaries and wages	74,862	75,985
Benefit contributions	17,916	18,058
Supplies and materials	3,337	776
	96,115	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	2015	2014
Revenue		
LHIN (Note 7)	\$ 467,619	\$ 458,328
Recoveries	15,879	15,124
	<u>483,498</u>	<u>473,452</u>
Expenses		
Salaries and wages	361,479	342,857
Benefit contributions	78,529	90,467
Supplies and materials	43,490	40,128
	<u>483,498</u>	<u>473,452</u>
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	2015	2014
Revenue		
Ministry of Health/LHIN		
- General subsidy	\$ 7,059,390	\$ 6,890,744
- One-time subsidies	-	156,800
- Doctor on-call funding	16,318	16,316
- High intensity needs and lab funding	4,447	7,591
	<u>7,080,155</u>	<u>7,071,451</u>
Resident fees	3,166,278	3,014,398
District Municipalities	270,668	369,093
Handi-van	116,597	139,544
Other	191,941	235,454
	<u>10,825,639</u>	<u>10,829,940</u>
Expenses		
Operations		
Nursing and personal care		
Nursing administration	227,727	184,456
Nursing personal care	5,725,115	5,700,089
Doctor on-call expenditures	16,318	16,318
Medical director fees	21,517	17,958
RAI coordinator	79,729	80,140
	<u>6,070,406</u>	<u>5,998,961</u>
Total nursing and personal care		
	6,070,406	5,998,961
Other operations		
Program and support services	655,855	620,039
Raw food	557,256	521,751
Accommodation		
Housekeeping services	600,005	630,924
Building and property	389,843	367,594
Dietary services	1,082,650	1,112,359
Laundry and linen services	312,476	321,676
General and administrative	736,054	697,543
Facility costs	326,157	477,928
Handi-van	125,913	139,208
High intensity needs and lab costs	7,743	7,518
	<u>10,864,358</u>	<u>10,895,501</u>
Total expenses before amortization and post-retirement benefits and compensated absences		
	10,864,358	10,895,501
Fund balance, before amortization and post-retirement benefits and compensated absences		
	<u>(38,719)</u>	<u>(65,561)</u>
Amortization		
Post-retirement benefits and compensated absences	33,651	34,241
	<u>32,500</u>	<u>42,000</u>
	<u>66,151</u>	<u>76,241</u>
Total expenses		
	<u>10,930,509</u>	<u>10,971,742</u>
Fund balance, end of year		
	<u>\$ (104,870)</u>	<u>\$ (141,802)</u>

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

For the year ended March 31	2015	2014
Revenue		
LHIN - General subsidy	\$ 427,355	\$ 406,849
- Assisted living	120,432	105,432
- One-time funding	81,371	-
Recoveries and miscellaneous revenue	227,401	282,492
	<u>856,559</u>	<u>794,773</u>
Expenses		
Salaries and wages	561,106	561,796
Benefit contributions	166,939	167,264
Building occupancy	6,696	9,555
Equipment	44,748	11,516
Other operating	33,369	30,841
Supplies	64,788	13,801
	<u>877,646</u>	<u>794,773</u>
Deficiency of revenue over expenses	(21,087)	-
Recoveries of prior years fund balances	-	(3,546)
Fund balance, end of year	\$ (21,087)	\$ (3,546)

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 financial statements of Riverside Health Care Facilities, Inc., which comprise the Statement of Financial Position as at March 31, 2015, and the Summary Statement of Operations, the Statement of Changes in Net Assets and the 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 18, 2015, which contains an unqualified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The following program schedule for the period January 1, 2014, to December 31, 2014, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the 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 Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 18, 2015

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

For the year ended December 31	2014	2013
Revenue		
Ministry of Health/LHIN		
- General subsidy	\$ 7,241,216	\$ 7,083,607
- Subsidy due back to LHIN/MOHLTC	(231,393)	(440,851)
- One-time subsidies	71,300	171,834
- Doctor on-call funding	16,318	16,334
- High intensity needs and lab funding	8,143	5,702
	7,105,584	6,836,626
Resident fees	3,147,153	2,986,404
District Municipalities	280,018	422,242
Handi-van	122,727	125,898
Other	346,706	267,559
Total revenue	11,002,188	10,638,729
Expenses		
Operations		
Nursing and personal care		
Nursing administration	211,044	186,261
Nursing personal care	5,830,646	5,598,464
Doctor on-call expenditures	16,318	16,337
Medical director fee	17,958	17,958
RAI Coordinator	80,962	78,644
Total nursing and personal care	6,156,928	5,897,664
Other operations		
Program and support services	673,623	554,418
Raw food	555,553	513,252
Accommodation		
Housekeeping services	598,882	621,784
Building and property	390,765	406,916
Dietary services	1,069,101	1,107,357
Laundry and linen services	314,723	315,906
General and administrative	746,222	686,866
Facility costs	404,564	390,370
Handi-van	131,578	139,659
High intensity needs and lab costs	6,400	7,192
Total expenses before amortization and post-retirement benefits and compensated absences	11,048,339	10,641,384
Fund balance before amortization and post-retirement benefits and compensated absences	(46,151)	(2,655)
Amortization	33,750	34,909
Post-retirement benefits and compensated absences	34,875	42,600
	68,625	77,509
Total expenses	11,116,964	10,718,893
Deficiency of revenue over expenses	\$ (114,776)	\$ (80,164)

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, 2015, 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, 2015, 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 18, 2015

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

March 31, 2015	Rainycrest Bequest	Rainycrest Residents' Council	Emo Health Centre	Rainy River Health Centre	Rainycrest Residents' Comfort	2015 Total	2014 Total
Assets							
Cash and bank	\$ -	\$ 18,276	\$ 898	\$ 1,761	\$ 109,762	\$ 130,697	\$ 118,404
Short-term investments	-	-	-	-	-	-	124,882
Due from Riverside Health Care Facilities, Inc.	125,571	-	-	-	-	125,571	-
	<u>\$ 125,571</u>	<u>\$ 18,276</u>	<u>\$ 898</u>	<u>\$ 1,761</u>	<u>\$ 109,762</u>	<u>\$ 256,268</u>	<u>\$ 243,286</u>
Liabilities							
Balance	\$ 125,571	\$ 18,276	\$ 898	\$ 1,761	\$ 109,762	\$ 256,268	\$ 243,286

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

For the year ended March 31	2015	2014
Revenue		
Interest	\$ 689	\$ 1,690
Expenditure	-	-
Excess of revenue over expenditure	689	1,690
Trust fund balance, beginning of year	124,882	123,192
Trust fund balance, end of year	\$ 125,571	\$ 124,882

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

For the year ended March 31	2015	2014
Revenue		
Beverage sales	\$ 7,550	\$ 3,551
Interest	152	131
Other revenue	530	-
	<u>8,232</u>	<u>3,682</u>
Expenditure		
Beverage purchases	5,259	2,859
Excess of revenue over expenditure	2,973	823
Trust fund balance, beginning of year	15,303	14,480
Trust fund balance, end of year	\$ 18,276	\$ 15,303

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

March 31, 2015

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.