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**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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# SUNDRIDGE AND DISTRICT MEDICAL CENTRE

## CONTENTS

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	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statements of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14

## Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Sundridge and District Medical Centre

### Opinion

We have audited the financial statements of the Sundridge and District Medical Centre ("the Medical Centre"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Sundridge and District Medical Centre as at December 31, 2018, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Medical Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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, 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.

In preparing the financial statements, management is responsible for assessing the Medical Centre's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Medical Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Medical Centre's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Medical Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Medical Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Medical Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada  
June 12, 2019

Chartered Professional Accountants  
Licensed Public Accountants

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 71,992	\$ 98,486
Accounts receivable	370	-
	<b>72,362</b>	<b>98,486</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	35,723	55,754
Deferred revenue (Note 2)	-	2,336
Long-term debt (Note 3)	22,496	32,096
Employee benefits payable (Note 4)	1,431	-
	<b>59,650</b>	<b>90,186</b>
<b>NET FINANCIAL ASSETS</b>	<b>12,712</b>	<b>8,300</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 5)	107,793	120,827
Prepaid expenses	1,000	-
	<b>108,793</b>	<b>120,827</b>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<b>\$ 121,505</b>	<b>\$ 129,127</b>

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**  
**STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 <i>(see Note 7)</i>	Actual 2018	Actual 2017
<b>REVENUE</b>			
Rural and Northern Physicians Group and Nurse Practitioner	\$ 339,710	\$ 339,710	\$ 308,648
Rental	119,072	105,496	101,368
Municipal contributions	4,651	4,651	-
Other	203	1,191	378
<b>TOTAL REVENUE</b>	<b>463,636</b>	<b>451,048</b>	<b>410,394</b>
<b>EXPENSES</b>			
Rural and Northern Physicians Group and Nurse Practitioner	357,130	375,672	309,756
Materials and supplies	65,235	46,426	41,578
Municipal contribution repayment	-	-	19,642
Contracted services	31,659	23,538	29,549
Rents and financial expenses	12	-	10
Amortization	13,000	13,034	12,578
<b>TOTAL EXPENSES</b>	<b>467,036</b>	<b>458,670</b>	<b>413,113</b>
<b>ANNUAL DEFICIT</b> <i>(Note 6)</i>	<b>(3,400)</b>	<b>(7,622)</b>	<b>(2,719)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>129,127</b>	<b>129,127</b>	<b>131,846</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 125,727</b>	<b>\$ 121,505</b>	<b>\$ 129,127</b>

The accompanying notes are an integral part of these financial statements

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 <i>(see Note 7)</i>	Actual 2018	Actual 2017
Annual deficit	\$ (3,400)	\$ (7,622)	\$ (2,719)
Acquisition of tangible capital assets	-	-	(4,545)
Amortization of tangible capital assets	13,000	13,034	12,578
Change in prepaid expenses	-	(1,000)	171
<b>Increase in net financial assets</b>	<b>9,600</b>	<b>4,412</b>	<b>5,485</b>
<b>Net financial assets, beginning of year</b>	<b>8,300</b>	<b>8,300</b>	<b>2,815</b>
<b>Net financial assets, end of year</b>	<b>\$ 17,900</b>	<b>\$ 12,712</b>	<b>\$ 8,300</b>

The accompanying notes are an integral part of these financial statements

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Annual deficit	\$ (7,622)	\$ (2,719)
Non-cash charges to operations:		
Amortization	13,034	12,578
Change in employee benefits payable	1,431	-
	<u>6,843</u>	<u>9,859</u>
Changes in non-cash items:		
Accounts receivable	(370)	1,848
Accounts payable and accrued liabilities	(20,031)	17,982
Deferred revenue	(2,336)	(8,359)
Prepaid expenses	(1,000)	171
	<u>(23,737)</u>	<u>11,642</u>
Cash provided by (applied to) operating transactions	<u>(16,894)</u>	<u>21,501</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	-	(4,545)
Cash applied to capital transactions	-	(4,545)
<b>Financing transactions</b>		
Debt principal repayments	(9,600)	(9,600)
Cash applied to financing transactions	(9,600)	(9,600)
<b>Net change in cash and cash equivalents</b>	<b>(26,494)</b>	<b>7,356</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>98,486</b>	<b>91,130</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 71,992</b>	<b>\$ 98,486</b>

The accompanying notes are an integral part of these financial statements



## SUNDRIDGE AND DISTRICT MEDICAL CENTRE

### NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2018

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The Sundridge and District Medical Centre (the "organization") is a joint committee of the Corporation of the Village of Sundridge, the Corporation of the Township of Strong, and the Corporation of the Township of Joly, who contribute towards the organization in the following proportions: Sundridge - 40%; Strong - 50%; Joly - 10%.

#### Management Responsibility

The financial statements of the organization are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the organization are as follows:

##### Basis of Accounting

- (i) Accrual basis of accounting  
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (ii) Cash and cash equivalents  
Cash and cash equivalents include cash on hand, balances held at financial institutions and short-term deposits with original maturities of three months or less.
- (iii) Non-financial assets  
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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**(a) Tangible capital assets**

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years  
Buildings - 50 years  
Equipment and furniture - 5 to 10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

**(iv) Government transfers**

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

**(v) Employee benefits**

Obligations for sick leave under employee benefits payable are accrued as the employee renders the services necessary to earn the benefits.

**(vi) Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and employee benefits payable. Actual results could differ from these estimates.

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 20182. DEFERRED REVENUE

The organization defers that portion of its Nurse Practitioner and Rural and Northern Physicians Group Agreement grants that must be used to cover expenditures of the subsequent year.

Details of the deferred revenue reported on the Statement of Financial Position are as follows:

	2018	2017
Balance, beginning of year:		
Rural and Northern Physicians Group	\$ 2,336	\$ 10,695
	2,336	10,695
Received during the year:		
Rural and Northern Physicians Group	190,047	190,039
Nurse Practitioner	147,327	110,250
	337,374	300,289
Recognized in revenue during the year		
Rural and Northern Physicians Group	(192,383)	(198,398)
Nurse Practitioner	(147,327)	(110,250)
	(339,710)	(308,648)
Balance, end of year		
Rural and Northern Physicians Group	\$ -	\$ 2,336

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

3. LONG-TERM DEBT

(a) The balance of the long-term debt reported on the Statement of Financial Position is made up of the following:

	2018	2017
Village of Sundridge, 0% loan, repayable in monthly payments of \$320 commencing January 2016	\$ 8,998	\$ 12,838
Township of Strong, 0% loan, repayable in monthly payments of \$400 commencing January 2016	11,248	16,048
Township of Joly, 0% loan, repayable in monthly payments of \$80 commencing January 2016	2,250	3,210
	<b>\$ 22,496</b>	<b>\$ 32,096</b>

(b) Future estimated principal and interest payments on the long-term debt are as follows:

	Principal	Interest
2019	\$ 9,600	\$ -
2020	9,600	-
2021	3,296	-
	<b>\$ 22,496</b>	<b>\$ -</b>

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

	2018	2017
Principal payments	\$ 9,600	\$ 9,600

4. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the organization's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$1,431 (2017 NIL) at the end of the year.

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 20185. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below.

<b>2018</b>					
	Land and Land Improvements	Buildings	Equipment and Furniture	TOTAL	
COST					
BALANCE, BEGINNING AND END OF YEAR	\$ 15,028	\$ 252,518	\$ 59,130	\$	326,676
ACCUMULATED AMORTIZATION					
Balance, beginning of year	3,714	166,705	35,430		205,849
Annual amortization	572	5,051	7,411		13,034
BALANCE, END OF YEAR	4,286	171,756	42,841		218,883
TANGIBLE CAPITAL ASSETS-NET	\$ 10,742	\$ 80,762	\$ 16,289	\$	107,793
<b>2017</b>					
	Land and Land Improvements	Buildings	Equipment and Furniture	TOTAL	
COST					
Balance, beginning of year	\$ 15,028	\$ 252,518	\$ 54,585	\$	322,131
Additions and betterments	-	-	4,545		4,545
BALANCE, END OF YEAR	15,028	252,518	59,130		326,676
ACCUMULATED AMORTIZATION					
Balance, beginning of year	3,143	161,655	28,473		193,271
Annual amortization	571	5,050	6,957		12,578
BALANCE, END OF YEAR	3,714	166,705	35,430		205,849
TANGIBLE CAPITAL ASSETS-NET	\$ 11,314	\$ 85,813	\$ 23,700	\$	120,827

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 20186. ACCUMULATED SURPLUS

The 2018 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Tangible capital assets	\$ 120,827	\$ (13,034)	\$ 107,793
General operating surplus	40,396	(2,757)	37,639
Unfunded long-term debt	(32,096)	9,600	(22,496)
Unfunded employee benefits	-	(1,431)	(1,431)
	<b>\$ 129,127</b>	<b>\$ (7,622)</b>	<b>\$ 121,505</b>

7. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<b>ADOPTED BUDGET:</b>	
Change in general operating surplus	\$ -
<b>ADJUSTMENTS:</b>	
Amortization of tangible capital assets	(13,000)
Debt principal repayments	9,600
<b>ANNUAL DEFICIT</b>	<b>\$ (3,400)</b>

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

8. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes the organization's related party transactions with its contributing municipalities during the year:

	2018	2017
Municipal contributions (repayments)		
Township of Strong	\$ 2,325	\$ (9,821)
Village of Sundridge	1,861	(7,857)
Township of Joly	465	(1,964)
Expenses		
Village of Sundridge		
Administration - Rural and Northern Physicians Group and Nurse Practitioner	7,320	7,320
Administration and secretary - general operations	2,325	2,025
Property taxes	11,309	10,938

At the end of the year, amounts due to contributing municipalities are as follows:

Township of Strong		
- 0% loan	11,248	16,048
- Other	-	17,821
Village of Sundridge		
- 0% loan	8,998	12,838
- Other	1,267	16,012
Township of Joly		
- 0% loan	2,250	3,210
- Other	-	1,964

The amounts due to contributing municipalities related to the 0% loan are reported in Note 3. Amounts due for other transactions are reported in accounts payable and accrued liabilities on the Statement of Financial Position.

9. SEGMENT DISCLOSURE

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.

**SUNDRIDGE AND DISTRICT MEDICAL CENTRE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 201810. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Statement of Operations by the object of the expense. Expenses incurred by the Nurse Practitioner are categorized by object. Expenses incurred under the Northern Physician Group agreement are categorized as contracted services.

	2018	2017
Salaries, wages and benefits	\$ 151,144	\$ 92,224
Materials and supplies	58,090	39,824
Contracted services	221,239	236,400
External transfers	-	19,642
Rents and financial expenses	15,163	12,445
Amortization	13,034	12,578
	<b>\$ 458,670</b>	<b>\$ 413,113</b>