



Consolidated Financial Statements

Central Regional Health Authority

March 31, 2016

Statement of responsibility

The accompanying consolidated financial statements are the responsibility of the Board of Trustees of the Central Regional Health Authority (the "Authority") and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards as recommended by the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Authority met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated finalized financial statements.

Grant Thornton LLP as the Authority's appointed external auditors, have audited the consolidated financial statements. The auditor's report is addressed to the Authority and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Authority in accordance with Canadian public sector accounting standards.

 Chair  Director



Grant Thornton

Independent Auditors' Report

To the Board of Trustees of
Central Regional Health Authority

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We have audited the accompanying consolidated financial statements of Central Regional Health Authority which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, 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 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 organization'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 organization'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 consolidated financial position of Central Regional Health Authority as at March 31, 2016 and the results of its consolidated operations and changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Gander, Canada

June 21, 2016



Chartered Professional Accountants

Central Regional Health Authority

Consolidated Statement of Financial Position

March 31

2016

2015

Financial assets

Cash	\$ 10,431,922	\$ 25,531,798
Receivables (Note 3)	15,957,582	17,943,520
Residents' trust funds held on deposit	663,030	806,475
Cash restricted for security deposits	40,022	37,532
Investments restricted for general endowment purposes (Note 4)	913,364	879,504
Replacement reserves (Note 9)	<u>175,516</u>	<u>165,156</u>
	<u>28,181,436</u>	<u>45,363,985</u>

Liabilities

Payables and accruals (Note 5)	25,830,184	33,675,620
Employee future benefits		
Accrued vacation	16,265,510	15,204,206
Accrued severance (Note 6)	31,030,200	29,683,330
Accrued sick (Note 6)	16,929,710	16,291,236
Deferred grants (Note 7)	20,534,777	25,023,293
Long-term debt (Note 8)	10,605,429	11,962,051
Trust funds payable	663,030	806,475
Security deposits liability	40,022	37,531
Replacement reserves (Note 9)	175,516	165,155
J.M. Olds scholarship and library funds	<u>82,980</u>	<u>83,731</u>
	<u>122,157,358</u>	<u>132,932,628</u>

Net financial debt

(93,975,922) (87,568,643)

Non-financial assets

Capital assets (Note 10)	54,392,100	56,949,347
Deposits on capital assets	609,328	245,810
Inventories (Note 11)	2,386,331	2,444,850
Prepays (Note 12)	<u>4,705,068</u>	<u>3,378,348</u>
	<u>62,092,827</u>	<u>63,018,355</u>

Accumulated deficit

\$ (31,883,095) \$ (24,550,288)

Commitments (Note 14)

Contingencies (Note 15)

On behalf of the Board

Trustee

Trustee

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Consolidated Statement of Operations

Year ended March 31	Budget 2016	Actual 2016	Actual 2015
Revenue			
Provincial plan operating	\$ 333,817,303	\$ 333,818,528	\$ 312,446,952
Provincial capital grants	-	3,591,557	7,097,594
Other capital contributions	-	300,302	457,190
MCP	13,777,431	13,012,427	13,314,663
Patient-resident services	14,315,000	14,758,010	13,768,329
CMHC mortgage interest subsidy (Note 14)	56,982	52,766	55,920
Capital project funding	2,534,785	12,921,284	13,554,791
Recoveries	9,745,500	10,697,425	10,168,053
Cottage operations	1,566,686	1,548,484	1,516,953
Foundations	844,100	1,054,928	919,020
Other revenue	4,494,425	4,723,741	4,039,129
	<u>381,152,212</u>	<u>396,479,452</u>	<u>377,338,594</u>
Expenditure			
Administration	35,724,910	33,774,833	30,990,653
Community and social services	99,449,916	99,162,760	88,081,121
Support services	65,376,360	65,002,319	61,620,657
Nursing inpatient services	85,963,023	90,779,911	87,203,528
Ambulatory care services	25,104,046	25,139,329	21,941,067
Diagnostic and therapeutic services	46,720,089	47,069,948	43,017,097
Medical services	17,816,541	18,182,819	17,754,541
Educational services	1,661,341	1,546,216	1,119,020
Undistributed	925,200	11,821,785	13,637,308
Cottage, operations, including amortization of \$512,262 (2015 - \$502,817)	1,585,711	1,536,694	1,517,204
Foundations, including amortization of \$4,096 (2015 - \$4,312)	849,000	798,415	853,750
	<u>381,176,137</u>	<u>394,815,029</u>	<u>367,735,946</u>
Surplus – shareable	<u>(23,925)</u>	<u>1,664,423</u>	<u>9,602,648</u>
Non-shareable items			
(Loss) gain loss on disposal of capital assets	-	(28,971)	25,150
Amortization of capital assets	-	(5,921,298)	(6,113,365)
Accrued vacation pay – increase	-	(1,061,617)	(1,089,664)
Accrued severance pay – increase	-	(1,346,870)	(1,220,831)
Accrued sick pay – increase	-	(638,474)	(83,397)
	<u>-</u>	<u>(8,997,230)</u>	<u>(8,482,107)</u>
(Deficit) Surplus			
- shareable and non-shareable	(23,925)	(7,332,807)	1,120,541
Accumulated (deficit)			
Beginning of year	-	(24,550,288)	(25,670,829)
End of year	<u>\$ -</u>	<u>\$ (31,883,095)</u>	<u>\$ (24,550,288)</u>

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Consolidated Statement of Changes in Net Financial
Debt

March 31	2016	2015
Net debt - beginning of year	\$ (87,568,643)	\$ (91,037,355)
(Deficit) Surplus	<u>(7,332,807)</u>	<u>1,120,541</u>
Changes in capital assets		
Acquisition of capital assets	(4,016,429)	(7,722,060)
Amortization of capital assets	6,437,656	6,620,494
Other adjustments	-	167,152
Loss (gain) on disposal of capital assets	28,971	(25,150)
Proceeds on disposal of capital assets	107,049	95,622
Deposits on capital assets	<u>(363,518)</u>	<u>(141,418)</u>
Increase (decrease) in net book value of capital assets	<u>2,193,729</u>	<u>(1,005,360)</u>
Changes in non-financial assets		
Decrease (increase) in inventories	58,520	(204,861)
(Increase) decrease in prepaids	<u>(1,326,721)</u>	<u>3,558,392</u>
(Increase) decrease in non-financial assets	<u>(1,268,201)</u>	<u>3,353,531</u>
(Increase) decrease in net debt	<u>(6,407,279)</u>	<u>3,468,712</u>
Net debt, end of year	<u>\$ (93,975,922)</u>	<u>\$ (87,568,643)</u>

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Consolidated Statement of Cash Flows

Year ended March 31	2016	2015
Operating		
Deficit (surplus)	\$ (7,332,807)	\$ 1,120,541
Amortization	6,437,656	6,620,494
Loss (gain) on disposal of capital assets	28,971	(25,150)
Investment losses	<u>(10,191)</u>	<u>(35,787)</u>
	(876,371)	7,680,098
Changes in		
Receivables	1,985,938	470,410
Payables and accruals	(7,845,436)	6,583,505
Accrued vacation pay	1,061,304	1,090,612
Accrued severance pay	1,346,870	1,220,831
Accrued sick pay	638,474	83,397
Deferred grants	(4,488,516)	(2,508,430)
Inventories	58,519	(204,861)
Prepays	<u>(1,326,720)</u>	<u>3,558,392</u>
Net cash (applied to) provided from operations	<u>(9,445,938)</u>	<u>17,973,954</u>
Financing		
Repayment of long-term debt	(1,356,622)	(1,387,167)
Repayment of capital leases	-	(117,902)
Net changes in J.M. Olds funds	<u>(750)</u>	<u>880</u>
Net cash applied to financing	<u>(1,357,372)</u>	<u>(1,504,189)</u>
Investing		
Additions to capital assets	(4,016,429)	(7,722,060)
Deposits on capital assets	(363,518)	(141,418)
Increase in general endowment fund investments	(23,668)	(39,907)
Proceeds on disposal of capital assets	107,049	95,622
Other adjustments	<u>-</u>	<u>167,152</u>
Net cash applied to investing	<u>(4,296,566)</u>	<u>(7,640,611)</u>
Net (decrease) increase in cash	(15,099,876)	8,829,154
Cash, net of bank indebtedness:		
Beginning	<u>25,531,798</u>	<u>16,702,644</u>
Ending (Note 3)	<u>\$ 10,431,922</u>	<u>\$ 25,531,798</u>

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

1. Nature of operations

The Central Regional Health Authority (“Central Health”) or (“The Authority”) is charged with the responsibility for the provision of health care services in the Central region of Newfoundland and Labrador.

The mandate of Central Health is to provide the best possible health and community services and programs which respond to the identified needs of the people of Central Newfoundland and Labrador within available resources.

Central Health is a not-for-profit corporation and is exempt from income taxes and is constituted under the Regional Health Authorities Act.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Outlined below are those policies considered particularly significant by the Authority.

Basis of consolidation

These consolidated statements represent the consolidated assets, liabilities, revenues and expenses of the following entities which comprise the reporting entity. The reporting entity is comprised of all organizations which are controlled by Central Health including the following:

North Haven Manor Cottages
Valley Vista Cottages
Bonnews Lodge Apartment Complex
Central Northeast Health Foundation
South and Central Health Foundation

Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include accrued severance, accrued sick leave, useful life of tangible capital assets and allowance for doubtful receivables.

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

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank overdrafts are considered a component of cash and cash equivalents and are secured by approved authority to borrow authorized by the Province's Minister of Health and Community Services.

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Expenses

Expenses are reported on an accrual basis. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services in transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Severance and sick pay liability

An accrued liability for severance is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service. An estimate for the provision of employees with less than nine years of service has been determined by actuarial analysis.

An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates. Actuarial gains or losses are being amortized to the liability and the related expense straight-line over the expected average remaining service life of the employee group.

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

2. Summary of significant accounting policies (cont'd.)

Inventories

Inventories have been determined using the following methods for the various areas. Cost includes purchase price plus the non-refundable portion of applicable taxes.

General stores	Average cost
Drugs	First-in, first-out

Capital assets

The Authority has control over certain lands, buildings and equipment with the title resting with the Government and consequently these assets are not recorded under capital assets. In accordance with an operating agreement with Newfoundland and Labrador Housing Corporation, certain assets of the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, and Bonnews Lodge Apartment Complex are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Other capital assets are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5.0%
Buildings and service equipment	5.0%
Equipment	12.5%
Motor vehicles	20.0%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Replacement reserves

Under certain operating agreements with Newfoundland and Labrador Housing Corporation (NLHC) the Authority is required to maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may only be used as approved by NLHC. Transactions in the reserves are shown in Note 10.

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

2. Summary of significant accounting policies (cont'd.)

Pension costs

Employees of Central Health are covered by the Public Service Pension Plan and the Government Money Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and Central Health. The annual contributions for pensions are recognized in the accounts on a current basis.

Financial instruments

The Authority recognizes a financial asset or a financial liability on its statement of financial position when the Authority becomes a party to the contractual provision of the financial instrument. The Authority initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions. The Authority subsequently measures all its financial assets and liabilities at amortized cost except for investments restricted for endowment purposes which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents, receivables, trust funds and replacement reserve funding. Financial assets measured at fair value are investments restricted for endowment purposes.

Financial liabilities measured at amortized cost include bank indebtedness, payables and accruals, employee future benefits, deferred grants, long-term debt, obligations under capital lease, trust funds, security deposits, replacement reserves and scholarship and library funds payable.

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks.

3. Cash	<u>2016</u>	<u>2015</u>
Operating:		
Cash	\$ 16,475	\$ 17,175
Bank – current accounts	<u>8,912,639</u>	<u>24,055,974</u>
	8,929,114	24,073,149
Cash and bank other:		
North Haven Manor Cottage Units Phase I, II, III	203,624	152,834
North Haven Manor Cottage Units Phase IV	22,726	24,667
Valley Vista Cottages	45,792	23,281
Central Northeast Health Foundation	635,930	639,415
South and Central Health Foundation	<u>594,736</u>	<u>618,452</u>
	<u>\$ 10,431,922</u>	<u>\$ 25,531,798</u>

The Authority has access to a \$15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services. This line of credit was unused at March 31, 2016 and March 31, 2015

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

4. Receivables	<u>2016</u>	<u>2015</u>
Operating		
Provincial plan grants - operating	\$ 6,338,500	\$ 8,598,449
Capital grants	-	252,076
Patient, rents and other	6,863,906	5,863,671
MCP	1,862,650	2,150,049
Cancer Foundation	733,022	678,844
HST	<u>557,194</u>	<u>688,051</u>
	16,355,272	18,231,140
Allowance for doubtful	<u>(496,201)</u>	<u>(344,219)</u>
	<u>15,859,071</u>	<u>17,886,921</u>
North Haven Manor Cottages Phase I,II,III		
Trade	670	26
Due from NLHC - operating subsidy	<u>6,270</u>	<u>6,270</u>
	<u>6,940</u>	<u>6,296</u>
North Haven Manor Cottages Phase IV		
Accrued interest	<u>444</u>	489
	<u>444</u>	489
Valley Vista Cottages		
Trade	335	-
Due from NLHC - operating subsidy	<u>4,257</u>	<u>4,257</u>
	<u>4,592</u>	<u>4,257</u>
Central Northeast Health Foundation		
Trade	5,565	10,557
Capital grant	<u>40,000</u>	<u>17,500</u>
	<u>45,565</u>	<u>28,057</u>
South and Central Health Foundation		
Trade	970	-
Capital grant	<u>40,000</u>	<u>17,500</u>
	<u>40,970</u>	<u>17,500</u>
	<u>\$ 15,957,583</u>	<u>\$ 17,943,520</u>

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

5. Investments restricted for general endowment purposes

The Central Northeast Health Foundation Inc. and South and Central Health Foundation maintain investments restricted for general endowment purposes, with their market value as follows:

	<u>2016</u>	<u>2015</u>
Central Northeast Health Foundation Inc.	\$ 262,311	\$ 242,936
South and Central Health Foundation	<u>651,053</u>	<u>636,568</u>
	<u>\$ 913,364</u>	<u>\$ 879,504</u>

6. Payables and accruals

	<u>2016</u>	<u>2015</u>
Operating		
Trade	\$ 18,138,984	\$ 16,516,528
Residents comfort fund	80,073	75,766
Accrued - wages	7,551,459	17,023,608
- interest	<u>31,985</u>	<u>35,360</u>
	<u>25,802,501</u>	<u>33,651,262</u>
North Haven Manor Cottage Units Phase I,II,III		
Trade	4,747	3,724
Accrued interest	<u>640</u>	<u>1,122</u>
	<u>5,387</u>	<u>4,846</u>
North Haven Manor Cottage Units Phase IV		
Trade	1,613	1,613
Accrued interest	444	489
Due to NLHC - operating subsidy	<u>10,570</u>	<u>12,123</u>
	<u>12,627</u>	<u>14,225</u>
Valley Vista Cottages		
Trade	1,500	1,500
Accrued interest	<u>462</u>	<u>797</u>
	<u>1,962</u>	<u>2,297</u>
Bonnews Lodge Apartment Complex		
Trade	2,491	2,056
Accrued interest	612	677
Due to NLHC - operating subsidy	<u>4,604</u>	<u>257</u>
	<u>7,707</u>	<u>2,990</u>
	<u>\$ 25,830,184</u>	<u>\$ 33,675,620</u>

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

7. Employee future benefits 2016 2015

Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation as at March 31, 2015 and extrapolated to March 31, 2016. The assumptions are based on future events. The economic assumptions used in the valuation are Central Health's best estimates of expected rates as follows:

Wages and salary escalation	3.75%	3.75%
Interest	3.70%	2.90%

Based on actuarial valuation of the liability, at March 31, 2016 the results for sick leave are:

Accrued sick pay obligation, beginning	\$ 17,999,871	\$ 16,535,793
Current period benefit cost	1,862,700	1,704,464
Benefit payments	(2,522,210)	(2,298,789)
Interest on the accrued benefit obligations	685,331	633,307
Actuarial losses	<u>4,412,980</u>	<u>1,425,096</u>
Accrued sick pay obligations, at end	<u>\$ 22,438,672</u>	<u>\$ 17,999,871</u>

Based on actuarial valuation of the liability, at March 31, 2016 the results for severance are:

Accrued benefit obligation, beginning	\$ 33,140,527	\$ 29,468,470
Current period benefit cost	2,378,599	1,957,955
Benefit payments	(2,246,598)	(2,009,693)
Interest on the accrued benefit obligation	943,949	1,148,262
Actuarial (gains) losses	<u>(3,823,739)</u>	<u>2,575,533</u>
Accrued severance obligation, at end	<u>\$ 30,392,738</u>	<u>\$ 33,140,527</u>

A reconciliation of the accrued benefit obligation and the accrued benefit liability is as follows:

Sick benefits

Accrued benefit obligation	\$ 22,438,672	\$ 17,999,871
Unamortized actuarial losses	<u>(5,508,962)</u>	<u>(1,708,635)</u>
Accrued benefit liability	<u>\$ 16,929,710</u>	<u>\$ 16,291,236</u>

Severance benefits

Accrued benefit obligation	\$ 30,392,738	\$ 33,140,527
Unamortized actuarial losses	<u>637,462</u>	<u>(3,457,197)</u>
Accrued benefit liability	<u>\$ 31,030,200</u>	<u>\$ 29,683,330</u>

Central Regional Health Authority
Notes to the Consolidated Financial Statements
 March 31, 2016

8. Deferred grants	<u>2016</u>	<u>2015</u>
Deferred operating grants	\$ 1,347,325	\$ 2,579,863
Deferred capital grants	<u>19,187,452</u>	<u>22,443,430</u>
	<u>\$ 20,534,777</u>	<u>\$ 25,023,293</u>

9. Long-term debt	<u>2016</u>	<u>2015</u>
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Operating

0.99% CMHC mortgage on Lakeside Homes; repayable in equal monthly instalments of \$11,734, interest included; maturing April, 2020, renewable April, 2020.	\$ 563,281	\$ 695,009
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly instalments of \$4,574, interest included; maturing July, 2023.	310,852	341,484
1.59% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly instalments of \$3,056, plus interest; maturing December, 2018.	100,769	137,441
3.53% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly instalments of \$58,386, interest included; maturing January, 2027.	6,299,814	6,769,037
2.97% Canadian Imperial Bank of Commerce mortgage on 3 Twomey Dr, Botwood housing; repayable in equal monthly instalments of \$384, interest included; maturing June, 2027, renewable July, 2018.	44,092	47,349
2.89% Canadian Imperial Bank of Commerce mortgage on 145 Commonwealth Ave, Botwood housing; repayable in equal monthly instalments of \$347, interest included; maturing July, 2027, renewable August, 2018.	39,939	42,904
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly instalments of \$10,124, interest included; maturing August, 2027.	915,431	962,662

Central Regional Health Authority

Notes to the Consolidated Financial Statements

March 31, 2016

9. Long-term debt (cont'd.)	<u>2016</u>	<u>2015</u>
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly instalments of \$8,165, interest included; maturing October, 2024.	611,018	659,292
1.82% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly instalments of \$7,752, interest included; maturing July, 2019.	300,592	387,293
2.99% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly instalments of \$406, interest included; maturing July, 2024, renewable May, 2017.	35,912	39,655
2.99% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly instalments of \$352, interest included; maturing April, 2020, renewable May, 2017.	16,210	19,891
2.89% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly instalments of \$350, interest included; maturing July, 2020, renewable December, 2016.	<u>17,085</u>	<u>20,736</u>
	<u>9,254,995</u>	<u>10,122,753</u>
North Haven Manor Cottages Phase I,II,III		
4.25% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of \$8,668, interest included; maturing December, 2016.	\$ 76,660	\$ 175,185
1.64% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of \$8,541, interest included; maturing November, 2018.	<u>267,234</u>	<u>364,477</u>
	<u>343,894</u>	<u>539,662</u>

Central Regional Health Authority

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March 31, 2016

9. Long-term debt (cont'd.)	<u>2016</u>	<u>2015</u>
North Haven Manor Cottages Phase IV		
1.67% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of \$3,029, interest included maturing July, 2025, renewable April, 2017.	<u>313,927</u>	<u>344,752</u>
Valley Vista Cottages		
2.26% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of \$4,865, interest included; maturing June, 2016.	14,515	71,863
1.53% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of \$9,738, interest included; maturing December, 2017.	201,534	314,366
1.67% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of \$4,807, interest included; maturing May, 2018, renewable June, 2016.	<u>122,650</u>	<u>177,789</u>
	<u>338,699</u>	<u>564,018</u>
Bonnews Lodge Apartment Complex		
2.04% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly instalments of \$3,714, interest included; maturing November, 2024, renewable April, 2019.	<u>353,914</u>	<u>390,866</u>
	<u>\$ 10,605,429</u>	<u>\$ 11,962,051</u>

The aggregate amount of principal payments estimated to be required in each of the next five years and thereafter is as follows:

2017	\$ 1,331,020
2018	1,247,923
2019	1,106,386
2020	975,477
2021	844,759
Thereafter	5,099,864

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Notes to the Consolidated Financial Statements

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10. Replacement reserves	<u>2016</u>	<u>2015</u>
North Haven Manor Cottages Phase I,II,III		
Balance, beginning	\$ 17,635	\$ 8,678
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	<u>12,900</u>	<u>12,900</u>
	60,755	51,798
Less:		
Approved expenditures	<u>30,320</u>	<u>34,163</u>
Balance, ending	<u>30,435</u>	<u>17,635</u>
North Haven Manor Cottages Phase IV		
Balance, beginning	82,643	82,643
Less:		
Approved expenditures	<u>-</u>	<u>-</u>
Balance, ending	<u>82,643</u>	<u>82,643</u>
Valley Vista Cottages		
Balance, beginning	2,477	5,678
Add:		
Allocation for year	<u>30,000</u>	<u>30,000</u>
	32,477	35,678
Less:		
Approved expenditures	<u>32,439</u>	<u>33,201</u>
Balance, ending	<u>38</u>	<u>2,477</u>
Bonnews Lodge Apartment Complex		
Balance, beginning	62,400	62,400
Less:		
Approved expenditures	<u>-</u>	<u>-</u>
Balance, ending	<u>62,400</u>	<u>62,400</u>
	<u>\$ 175,516</u>	<u>\$ 165,155</u>
Funding		
Replacement reserve funds	\$ 30,473	\$ 20,112
Due from Newfoundland and Labrador Housing Corporation	<u>145,043</u>	<u>145,043</u>
	<u>\$ 175,516</u>	<u>\$ 165,155</u>

Central Regional Health Authority
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11. Capital assets			2016	2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating				
Land	\$ 448,832	\$ -	\$ 448,832	\$ 450,991
Land improvements	1,031,546	764,553	266,993	281,045
Buildings and service equipment	65,474,050	47,471,039	18,003,011	18,950,538
Equipment	126,667,567	93,935,569	32,731,998	33,710,073
Equipment under capital lease	2,781,898	2,604,185	177,713	225,106
Motor vehicles	2,959,681	2,159,684	799,997	849,663
Motor vehicles under capital lease	196,503	184,859	11,644	13,663
	<u>199,560,077</u>	<u>147,119,889</u>	<u>52,440,188</u>	<u>54,481,079</u>
North Haven Manor Cottages Phase I, II, III				
Land	16,900	-	16,900	16,900
Land improvements	180,500	136,492	44,008	55,630
Buildings	3,268,159	2,569,712	698,447	898,640
Equipment	113,849	87,022	26,827	34,176
	<u>3,579,408</u>	<u>2,793,226</u>	<u>786,182</u>	<u>1,005,346</u>
North Haven Manor Cottages Phase IV				
Land	24,571	-	24,571	24,571
Buildings	687,616	383,260	304,356	335,181
	<u>712,187</u>	<u>383,260</u>	<u>328,927</u>	<u>359,752</u>
Valley Vista Cottages				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	3,243,860	344,910	568,731
Equipment	33,262	33,262	-	1,498
	<u>3,649,046</u>	<u>3,277,122</u>	<u>371,924</u>	<u>597,243</u>
Bonnews Lodge Apartment Complex				
Land	774	-	774	774
Buildings	870,022	519,382	350,640	387,330
Equipment	6,204	3,704	2,500	2,762
	<u>877,000</u>	<u>523,086</u>	<u>353,914</u>	<u>390,866</u>
South and Central Health Foundation				
Land	33,134	-	33,134	33,134
Buildings	119,141	41,310	77,831	81,927
	<u>152,275</u>	<u>41,310</u>	<u>110,965</u>	<u>115,061</u>
	<u>\$ 208,529,993</u>	<u>\$ 154,137,893</u>	<u>\$ 54,392,100</u>	<u>\$ 56,949,347</u>

Central Regional Health Authority

Notes to the Consolidated Financial Statements

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12. Inventories	<u>2016</u>	<u>2015</u>
General stores	\$ 1,067,817	\$ 1,100,408
Drugs	<u>1,318,514</u>	<u>1,344,442</u>
	<u>\$ 2,386,331</u>	<u>\$ 2,444,850</u>

13. Prepaids	<u>2016</u>	<u>2015</u>
Operating		
Equipment maintenance	\$ 2,206,328	\$ 1,083,986
Malpractice and membership fees	66,177	108,094
General insurance	263,531	208,305
Municipal taxes	691,351	720,419
Other	<u>1,382,436</u>	<u>1,167,313</u>
	4,609,823	3,288,117
Municipal taxes		
North Haven Manor Cottage Units Phase I, II, III	51,549	47,377
North Haven Manor Cottage Units Phase IV	6,033	5,467
Valley Vista Cottages	36,230	36,041
South and Central Health Foundation	<u>1,433</u>	<u>1,346</u>
	<u>\$ 4,705,068</u>	<u>\$ 3,378,348</u>

14. Operating subsidies

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2016 was \$53,144 (2015 - \$55,920) for operating facilities and \$363,586 (2015 - \$356,094) for the Authority's Cottage operations.

Central Regional Health Authority
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15. Commitments

Operating leases

The Authority has a number of agreements whereby it leases property and equipment. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2017	\$	432,696
2018		352,898
2019		279,838
2020		227,540
2021		93,039

16. Contingencies

As of March 31, 2016 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.
