

**WILSON MEMORIAL GENERAL HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2009**

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AUDITORS' REPORT

To the Board of Directors:

We have audited the statement of financial position of the Wilson Memorial General Hospital as at March 31, 2009 and the statement of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospitals's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with accounting principles recommended for government by the Canadian Institute of Chartered Accountants and disclosed in the summary of significant accounting policies.



Chartered Accountants LLP
Licensed Public Accountants
Sault Ste. Marie, Canada
May 20, 2009

WILSON MEMORIAL GENERAL HOSPITAL
BALANCE SHEET

As at March 31	2009	2008
ASSETS		
Current		
Cash		
Restricted	\$ 102,575	\$ 58,673
Unrestricted (Note 4)	293,267	66,034
Accounts Receivable	256,325	273,088
Inventory (Note 5)	101,274	121,682
Prepaid expenses	69,106	64,101
	822,547	583,578
Recoverable employee benefits	23,609	6,319
Capital assets (Note 6)	8,086,764	8,385,962
	\$ 8,932,920	\$ 8,975,859
LIABILITIES		
Current		
Accounts payable and accruals	649,171	834,572
Deferred operating contributions	39,959	37,994
Current portion of long term debt (Note 7)	70,000	40,000
	759,130	912,566
Long-term debt (Note 7)	245,000	-
Deferred capital contributions (Note 8)	7,566,685	7,656,351
Employee future benefits (Note 9)	214,700	200,700
NET ASSETS (DEFICIENCY)		
Investment in capital assets (Note 12a)	205,078	689,611
Unrestricted	(57,673)	(483,369)
	147,405	206,242
	\$ 8,932,920	\$ 8,975,859

Approved on behalf of the Board

Director

Director

WILSON MEMORIAL GENERAL HOSPITAL

STATEMENT OF OPERATIONS

Year ended March 31	2009	2008
Revenue		
Ministry of Health and Long-Term Care	\$ 4,601,598	\$ 4,526,917
Interest	1,753	13,184
Other (Note 14)	895,920	939,114
Patient Services	539,934	542,940
Amortization of deferred capital contributions- equipment and information systems	139,441	175,969
	6,178,646	6,198,124
Expenditures		
Administrative supplies and services	326,310	285,590
Ambulance base hospital	-	11,573
Amortization of equipment and information systems	300,884	286,087
Bad debts	17,424	27,061
Community Support Services	66,364	-
Diabetes education services	87,731	85,951
Drugs	72,353	97,066
Dietary food and supplies	126,260	120,194
Electricity and water	94,912	87,878
Fuel	208,209	149,232
Fundraising	35,858	44,714
HOCC Program	216,146	416,730
Interest on long-term debt	7,039	4,615
Maintenance supplies and services	119,919	129,017
Meals on Wheels	42,654	41,696
Medical and surgical supplies	132,445	117,257
Nursing and other patient care supplies	332,834	339,121
Supportive services	97,335	89,821
Wages and employee benefits		
- Administrative	467,768	404,392
- Employee Benefits	742,345	777,419
- Nursing	1,465,628	1,442,362
- Other patient care services	628,425	646,921
- Supportive Services	678,624	692,763
	6,267,467	6,297,460
Excess (deficiency) of revenue over expenditures before the following	(88,821)	(99,336)
Amortization of land improvements and building	(311,592)	(307,186)
Amortization of deferred capital contributions- land improvements and building	341,576	288,214
Excess (deficiency) of revenue over expenditures	\$ (58,837)	\$ (118,308)

WILSON MEMORIAL GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31	2009			2008
	Investment in capital assets	Unrestricted	Total	Total
Balance, as previously reported	\$ 689,611	\$ (483,369)	\$ 206,242	\$ 285,276
Correction of an error	-	-	-	39,274
Balance, as restated	689,611	(483,369)	206,242	324,550
Excess (deficiency) of revenue over expenditures	(131,459)	72,622	(58,837)	(118,308)
Net change in capital assets	(353,074)	353,074	-	-
Balance, end of year	\$ 205,078	\$ (57,673)	\$ 147,405	\$ 206,242

WILSON MEMORIAL GENERAL HOSPITAL
STATEMENT OF CASHFLOWS

Year ended March 31	2009	2008
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	(58,837)	(118,308)
Items not requiring cash from operations		
Amortization	612,476	593,273
Amortization of deferred capital contributions	(481,018)	(464,182)
Employee future benefits	(3,290)	23,077
(Gain) on disposal of property, plant & equipment	-	(596)
Change in non-cash operational balances (Note 13)	(151,270)	141,272
Cash provided by (used in) operating activities	(81,939)	174,536
INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	(313,278)	(794,620)
Proceeds from disposition of property, plant & equipment	-	596
Cash provided by (used in) investment activities	(313,278)	(794,024)
FINANCING ACTIVITIES		
Proceeds from long term debt	350,000	-
Repayment of long term debt	(75,000)	(60,000)
Funding for property plant and equipment		
Ministry of Health and Long Term Care	199,352	198,481
Other funding sources	192,000	206
Cash provided by (used in) financing activities	666,352	138,687
Increase (decrease) in cash during year	271,135	(480,801)
Cash, beginning of year	124,707	605,508
Cash, end of year	395,842	124,707

WILSON MEMORIAL GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

Purpose of the Organization

Wilson Memorial General Hospital (the Hospital) is principally involved in providing health care services to the Town of Marathon and surrounding region of Northwestern Ontario.

The Hospital is incorporated under the Provincial Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act. Accordingly, the Hospital is not subject to income taxes, provided certain conditions under the Income Tax Act are met.

1. Summary of significant accounting policies

Financial instruments -

Financial asset and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. The Hospital uses the settlement date for valuing investment purchases and sales, as opposed to sale date.

Held for trading -

Financial assets and financial liabilities that are acquired or incurred principally for the purpose of generating profits in the near term are classified as held for trading. These instruments are accounted for at fair value based on market prices, with the change in fair value recognized in net income for the period. The Hospital has classified cash as held for trading.

Loans, receivables and other liabilities -

Loans, receivables and other liabilities are accounted for at amortized cost using the effective interest rate method. The Hospital has classified accounts receivable and accounts payable and accruals as loans, receivables and other liabilities. The carrying value of accounts payable and accruals approximates its fair value due to the immediate or short term maturity of these financial instruments.

Unless otherwise noted, it is management's opinion that the Hospital is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Restricted Cash -

Restricted cash consists of externally restricted contributions and interest earned for the purchase of certain equipment and palliative care.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

1. Summary of significant accounting policies (continued)

Inventory -

Inventory is valued at the lower of cost and net realizable value. Cost of supplies is determined on a first-in, first-out basis. Cost of pharmacy is determined on a weighted average cost basis.

Capital assets and amortization -

Purchased capital assets are valued at acquisition cost and contributed assets are valued at their Fair Market Value at the time of contribution. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

The amortization of the capital assets is recorded annually with a corresponding reduction in investment in capital assets. All assets are amortized over their estimated useful lives using a straight-line basis at the following annual rates:

Buildings	2.5% - 5.0%
Equipment and Information Systems	5% - 20%
Land Improvements	10%

Asset impairment -

The Hospital monitors events and changes in circumstances which may require and assessment of the recoverability of its long-lived assets. If required, the Hospital would assess recoverability using estimated undiscounted future operating cash flows. If the carrying amount of an asset is not recoverable, an impairment loss is recognized in operations, measured by comparing the carrying amount of the asset to its fair value.

Revenue -

The Hospital follows the deferral method of accounting for revenue received. Under this method, externally restricted contributions for operations are recognized as revenue in the year in which the related expenses are incurred. Funds externally restricted for the purchase of capital assets are recognized as revenue in an amount equal to the annual amortization of the related assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

Contributed materials and services -

The Hospital does not recognize the receipt of contributed materials and services.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

1. Summary of significant accounting policies (continued)

Compensated absences -

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the benefit plans of the Hospital.

Employee future benefits -

The Hospital provides extended health care, dental and life insurance benefits to substantially all employees and accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service from management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Use of estimates -

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

2. Change in accounting policy

Effective October 2008, the Canadian Institute of Chartered Accountants (CICA) altered Handbook Section 3862, Financial Instruments – Disclosures and Handbook Section 3863, Financial Instruments – Presentation to allow for the deferral of the adoption of these sections for non-profit organizations. As such, the Hospital has not adopted these sections for financial reporting purposes.

3. Capital disclosures

CICA Handbook Section 1535, Capital Disclosures, establishes disclosure requirements about an entity's capital objectives, policies, and process for managing capital. This new disclosure is provided in note 17. The adoption of this standard did not have a material impact on the financial statements.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

4. Cash

The Hospital has available an operating line of \$400,000 secured by a general security agreement. Interest is payable monthly at the bank's prime lending rate.

5. Inventory

	2009	2008
Pharmacy inventory	\$ 37,882	\$ 42,912
Supplies inventory	63,392	78,770
	\$ 101,274	\$ 121,682

6. Capital assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 9,802,626	\$ 3,341,308	\$ 6,461,318	\$ 6,694,260
Equipment and Information systems	5,273,486	3,841,038	1,432,448	1,464,264
Land Improvements	470,977	313,702	157,275	191,715
	15,547,089	7,496,048	8,051,041	8,350,239
Land	35,723	-	35,723	35,723
	\$ 15,582,812	\$ 7,496,048	\$ 8,086,764	\$ 8,385,962

7. Long-term debt

	2009	2008
TD Canada Trust loan @ bank prime plus 0.25% Secured by specific equipment.		
i. repayable at \$5,000 per month, due November 2008	\$ 315,000	\$ 40,000
ii. Repayable at \$5,833 per month, due September 2013		-
Current portion	(70,000)	(40,000)
	\$ 245,000	\$ -

The approximate principal repayments for each of the next five years are due as follows:

2009	-	\$ 70,000
2010	-	70,000
2011	-	70,000
2012	-	70,000
2013	-	35,000

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

8. Deferred capital contributions

Deferred capital contributions represent current and prior fiscal years' funding expended for the purchase of capital assets. These capital contributions are realized as the related capital assets are amortized.

Deferred capital contributions consist of the following:

	2009			2008
	Government	Donations	Total	Total
Balance, beginning of year	\$ 6,298,811	\$ 1,357,540	\$ 7,656,351	\$ 7,921,846
Receipts	199,352	192,000	391,352	198,687
Amortization	(372,807)	(108,211)	(481,018)	(464,182)
Balance, end of year	6,125,356	1,441,329	7,566,685	7,656,351

	2009			2008
	Government	Donations	Total	Total
Unamortized portion	\$ 5,834,529	\$ 1,439,329	\$ 7,273,858	\$ 7,532,851
Unexpended portion	290,827	2,000	292,827	123,500
	6,125,356	1,441,329	7,566,685	7,656,351

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

9. Employee future benefits

At March 31, 2009, the Hospital's total accrued benefit obligation related to post retirement benefit plans (other than pension) is \$214,700 (2008 - \$200,700). The most recent actuarial estimate was provided as at April 1, 2007.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount rate	5.0%
Dental benefits cost escalation	4.0%
Medical benefits cost escalation - extended health care	9.0%

Included in employee benefits on the statement of operations is an amount of \$14,000 (2008 - \$14,000) regarding employee future benefits. This amount is comprised of:

	<u>2009</u>	<u>2008</u>
Additional benefit expense	\$ 14,000	\$ 14,000
Estimated payments made by the Hospital during the year	-	-
	<u>\$ 14,000</u>	<u>\$ 14,000</u>

10. Commitments

Under the terms of equipment and vehicle operating leases, the Hospital is committed to make minimum monthly lease payments totaling \$21,001 per annum. The lease expiry dates range from February 2011 to September 2013.

11. Contingent liabilities

Wilson Memorial General Hospital, together with five other regional hospitals, has a self insured employee benefit plan for semi-private, dental and extended health care benefits. Under the terms of the plan, the Hospital will pay for certain employee benefit claims not exceeding \$5,000 per year. Any excess claims would be insured.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

12. Investment in capital assets

a) Investement in capital assets:

	<u>2009</u>	<u>2008</u>
Capital assets at net book value	\$ 8,086,764	\$ 8,385,962
Amounts financed by -		
Deferred capital contributions	(7,566,685)	(7,656,351)
Long-term debt	(315,000)	(40,000)
	<u>\$ 205,079</u>	<u>\$ 689,611</u>

b) Change in nets assets invested in capital assets:

	<u>2009</u>	<u>2008</u>
Deficiency of revenue over expenditures		
Amortization of deferred capital contributions	\$ 481,017	\$ 464,182
Amortization of capital assets	(612,476)	(593,273)
	<u>\$ (131,459)</u>	<u>\$ (129,091)</u>
Net change in capital assets		
Purchase of capital assets	\$ 313,278	\$ 794,620
Amounts funded by -		
Deferred capital contributions		
Utilized to purchase capital assets during the year	(214,572)	(198,687)
Unexpended during the year	(176,780)	-
Long-term debt	(275,000)	60,000
	<u>\$ (353,074)</u>	<u>\$ 655,933</u>

13. Change in non-cash operational balances

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 16,763	\$ (85,791)
Inventory	20,408	4,025
Prepaid expenses	(5,005)	19,731
Accounts payable and accruals	(185,401)	170,313
Deferred operating contributions	1,965	32,994
	<u>\$ (151,270)</u>	<u>\$ 141,272</u>

WILSON MEMORIAL GENERAL HOSPITAL NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

14. Other revenue	2009	2008
Affiliate facility program	-	11,580
Cancer Care Ontario	35,449	6,000
Community Support Services Coordination	43,075	-
Community Support Services Van Transportation	25,673	-
Dietary recoveries	15,988	20,931
Donations	74,775	109,548
Gain on disposal of capital assets	-	596
HOCC program	216,146	416,730
Meals on Wheels	30,525	31,009
Medical records recoveries	3,749	5,756
Municipal tax grant	1,575	1,575
Northern Diabetes Health Network	87,732	85,125
Pharmacy recovery	7,013	6,682
Rentals	36,496	38,016
Sundry recoveries	241,756	129,597
Underserviced area program	75,968	75,969
	\$ 895,920	\$ 939,114

15. Pension Plan

Most of the employees of the Hospital are members of the Hospitals of Ontario Pension Plan (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. On January 1, 2009 the contribution rates were 6.9% (2008 - 6.9%) up to the year's maximum pensionable earnings (YMPE) and 9.2% (2008 - 9.2%) above the YMPE. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variations between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by participating members. The most recent actuarial valuation of the Plan as at December 31, 2008 indicates the Plan is 97% funded. Contribution to the Plan made during the year by the Hospital on behalf of its employees amounted to \$236,761 (2008 - \$229,359) and are included in the statement of operations.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2009

16. Comparative figures

The financial statements of the Hospital as at March 31, 2008 and for the year then ended were audited by another firm of Chartered Accountants who expressed an opinion without reservation on those statements, in their report dated May 15, 2008.

Certain of the comparative figures presented in the accompanying financial statements have been reclassified to conform with the current year's presentation.

17. Capital Management

The organization considers its capital to be its net assets, restricted and unrestricted. Its restricted net assets consist of amounts for future operations (see Note 8) and amounts invested in capital assets (see Note 12). The organization's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services to and to allow for future expansion. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

18. Future Accounting Standards

The Hospital is currently assessing the impact, if any, of the following future accounting standards effective for annual financial statements relating to fiscal periods beginning on or after January 1, 2009:

CICA Handbook Section 1540, Cash Flow Statements, was amended to include not-for-profit organizations within its scope.

CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations, has been amended to permit a not-for-profit organization to present net assets invested in equipment as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as the principal in a transaction.

CICA Handbook Section 4430, Capital Assets Held by Not-For-Profit Organizations, has been amended to reflect the changes in Section 4400.

The CICA has introduced Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations, which establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another.