

WILSON MEMORIAL GENERAL HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2010

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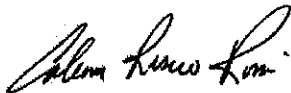
AUDITORS' REPORT

To the Board of Directors:

We have audited the balance sheet of the Wilson Memorial General Hospital as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital'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 balance sheet of the Hospital as at March 31, 2010 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 28, 2010

WILSON MEMORIAL GENERAL HOSPITAL

BALANCE SHEET

As at March 31, 2010 2009

ASSETS

Current

Cash

Restricted	\$ 104,618	\$ 102,575
Unrestricted	243,916	293,267
Accounts Receivable	260,343	256,325
Inventory (Note 4)	103,146	101,274
Prepaid expenses	38,929	69,106

	750,952	822,547
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Recoverable employee benefits

	48,890	23,609
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Capital assets (Note 5)

	7,732,733	8,086,764
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	\$ 8,532,575	\$ 8,932,920
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LIABILITIES

Current

Accounts payable and accruals	\$ 619,282	\$ 649,171
Deferred operating contributions	42,363	39,959
Current portion of long term debt (Note 6)	70,000	70,000

	731,645	759,130
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Long-term debt (Note 6)

	175,000	245,000
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Deferred capital contributions (Note 7)

	7,410,407	7,566,685
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Employee future benefits (Note 8)

	221,900	214,700
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NET ASSETS (DEFICIENCY)

Investment in capital assets (Note 11a)	77,326	205,078
Unrestricted	(83,703)	(57,673)

	(6,377)	147,405
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	\$ 8,532,575	\$ 8,932,920
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Approved on behalf of the Board

Director

Director

Commitments (Note 9)

Contingent Liabilities (Note 10)

WILSON MEMORIAL GENERAL HOSPITAL

STATEMENT OF OPERATIONS

Year ended March 31,	2010	2009
Revenue		
Ministry of Health and Long-Term Care	\$ 4,793,647	\$ 4,601,598
Interest	23	1,753
Other (Note 13)	1,110,079	895,920
Patient Services	539,444	539,934
Amortization of deferred capital contributions- equipment and information systems	214,063	247,652
	<u>6,657,256</u>	<u>6,286,857</u>
Expenditures		
Administrative supplies and services	333,271	326,310
Amortization of equipment and information systems	269,016	300,884
Bad debts	21,888	17,424
Community Support Services	87,848	66,364
Diabetes education services	85,590	87,731
Drugs	66,700	72,353
Dietary food and supplies	134,920	126,260
Electricity and water	97,602	94,912
Fuel	140,848	208,209
Fundraising	24,778	35,858
HOCC Program	299,855	216,146
Interest on long-term debt	7,459	7,039
Maintenance supplies and services	140,710	119,919
Meals on Wheels	46,395	42,654
Medical and surgical supplies	199,130	132,445
Nursing and other patient care supplies	351,892	332,834
Supportive services	116,026	97,335
Wages and employee benefits		
- Administrative	516,692	467,768
- Employee Benefits	802,852	742,345
- Nursing	1,632,519	1,465,628
- Other patient care services	682,075	628,425
- Supportive Services	692,605	678,624
	<u>6,750,671</u>	<u>6,267,467</u>
Excess (deficiency) of revenue over expenditures before the following	(93,415)	19,390
Amortization of land improvements and building	(313,770)	(311,592)
Amortization of deferred capital contributions- land improvements and building	253,403	233,365
Deficiency of revenue under expenditures	\$ (153,782)	\$ (58,837)

WILSON MEMORIAL GENERAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS

March 31,	2010			2009
	Investment in capital assets	Unrestricted	Total	
Balance, beginning of year	\$ 205,078	\$ (57,673)	\$ 147,405	\$ 206,242
Deficiency of revenue under expenditures	(115,320)	(38,462)	(153,782)	(58,837)
Net change in capital assets	(12,432)	12,432		
Balance, end of year	\$ 77,326	\$ (83,703)	\$ (6,377)	\$ 147,405

WILSON MEMORIAL GENERAL HOSPITAL
STATEMENT OF CASHFLOWS

Year ended March 31,	2010	2009
OPERATING ACTIVITIES		
Deficiency of revenue under expenditures	\$ (153,782)	\$ (58,837)
Items not requiring cash from operations		
Amortization	582,786	612,476
Amortization of deferred capital contributions	(467,466)	(481,018)
Employee future benefits	(18,081)	(3,290)
Change in non-cash operational balances (Note 12)	(3,198)	(151,270)
Cash provided by (used in) operating activities	(59,741)	(81,939)
INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	(228,755)	(313,278)
FINANCING ACTIVITIES		
Proceeds from long term debt	-	350,000
Repayment of long term debt	(70,000)	(75,000)
Funding for property plant and equipment		
Ministry of Health and Long Term Care	296,098	199,352
Other funding sources	15,090	192,000
Cash provided by (used in) financing activities	241,188	666,352
Increase (decrease) in cash during year	(47,308)	271,135
Cash, beginning of year	395,842	124,707
Cash, end of year	\$ 348,534	\$ 395,842

WILSON MEMORIAL GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

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, 2010

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, 2010

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.

Disclosures of allocated expenses by Not-For-Profit Organizations

Effective April 1, 2009, the Hospital adopted the CICA Handbook Section 4470, Disclosures of Allocated Expenses by Not-For-Profit Organizations, which establishes disclosure standards for entities that choose to classify their expenses by function and allocate expenses from one function to another. Adoption of these recommendations had no effect on the financial statements for the year ended March 31, 2010.

Amendments to Section 1000, Financial Statement Concepts

Effective April 1, 2009, the Hospital adopted the CICA Handbook Section 1000. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching revenue and expense items.

Adoption of these recommendations had no effect on the financial statements for the year ended March 31, 2010.

2. 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 16. 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, 2010

3. 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.

4. Inventory

	2010	2009
Pharmacy inventory	\$ 34,155	\$ 37,882
Supplies inventory	68,991	63,392
	\$ 103,146	\$ 101,274

5. Capital assets

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 9,857,071	\$ 3,578,943	\$ 6,278,128	\$ 6,461,318
Equipment and Information systems	5,447,796	4,148,069	1,299,727	1,432,448
Land Improvements	470,977	351,822	119,155	157,275
	15,775,844	8,078,834	7,697,010	8,051,041
Land	35,723	-	35,723	35,723
	\$ 15,811,567	\$ 8,078,834	\$ 7,732,733	\$ 8,086,764

6. Long-term debt

	2010	2009
TD Canada Trust loan @ bank prime plus 0.25% Secured by specific equipment. Repayable at \$5,833 per month, due September 2013	\$ 245,000	\$ 315,000
Current portion	(70,000)	(40,000)
	\$ 175,000	\$ 275,000

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

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

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

7. 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:

	2010			2009
	Government	Donations	Total	Total
Balance, beginning of year	\$ 6,125,356	\$ 1,441,329	\$ 7,566,685	\$ 7,656,351
Receipts	296,098	15,090	311,188	391,352
Amortization	(358,246)	(109,220)	(467,466)	(481,018)
Balance, end of year	\$ 6,063,208	\$ 1,347,199	\$ 7,410,407	\$ 7,566,685

	2010			2009
	Government	Donations	Total	Total
Unamortized portion	\$ 5,812,066	\$ 1,340,199	\$ 7,152,265	\$ 7,273,858
Unexpended portion	251,142	7,000	258,142	292,827
	\$ 6,063,208	\$ 1,347,199	\$ 7,410,407	\$ 7,566,685

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

8. Employee future benefits

At March 31, 2010, the Hospital's total accrued benefit obligation related to post retirement benefit plans (other than pension) is \$221,900 (2009 - \$214,700). The most recent actuarial estimate was provided as at April 1, 2009.

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

Discount rate	5.75%
Dental benefits cost escalation	4.00%
Medical benefits cost escalation - extended health care	9.00%
decreasing by 0.5% per annum to an ultimate rate of	5.00%

Included in employee benefits on the statement of operations is an amount of \$7,200 (2009 - \$14,000) regarding employee future benefits. This amount is comprised of:

	2010	2009
Additional benefit expense	\$ 21,500	\$ 14,000
Estimated payments made by the Hospital during the year	(14,300)	-
	<u>\$ 7,200</u>	<u>\$ 14,000</u>

9. 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.

10. 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, 2010

11. Investment in capital assets

a) Investment in capital assets:

	2010	2009
Capital assets at net book value	\$ 7,732,733	\$ 8,086,764
Amounts financed by -		
Deferred capital contributions	(7,410,407)	(7,566,685)
Long-term debt	(245,000)	(315,000)
	\$ 77,326	\$ 205,079

b) Change in nets assets invested in capital assets:

	2010	2009
Deficiency of revenue over expenditures		
Amortization of deferred capital contributions	\$ 467,466	\$ 481,017
Amortization of capital assets	(582,786)	(612,476)
	\$ (115,320)	\$ (131,459)
Net change in capital assets		
Purchase of capital assets	\$ 228,755	\$ 313,278
Amounts funded by -		
Deferred capital contributions		
Utilized to purchase capital assets during the year	(146,546)	(214,572)
Unexpended during the year	(164,642)	(176,780)
Long-term debt	70,000	(275,000)
	\$ (12,432)	\$ (353,074)

12. Change in non-cash operational balances

	2010	2009
Accounts receivable	\$ (4,018)	\$ 16,763
Inventory	(1,872)	20,408
Prepaid expenses	30,177	(5,005)
Accounts payable and accruals	(29,889)	(185,401)
Deferred operating contributions	2,404	1,965
	\$ (3,198)	\$ (151,270)

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

13. Other revenue	2010	2009
Cancer Care Ontario	\$ 49,840	\$ 35,449
Community Support Services Coordination	55,948	43,075
Community Support Services Van Transportation	25,892	25,673
Dietary recoveries	14,610	15,988
Donations	60,283	74,775
HOCC program	299,855	216,146
Meals on Wheels	37,314	30,525
Medical records recoveries	3,695	3,749
Municipal tax grant	1,575	1,575
Northern Diabetes Health Network	85,590	87,732
Pharmacy recovery	7,013	7,013
Rentals	39,458	36,496
Sundry recoveries	346,621	241,756
Underserviced area program	82,385	75,968
	\$ 1,110,079	\$ 895,920

14. 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 March 31, 2010 the contribution rates were 6.9% (2009 - 6.9%) up to the year's maximum pensionable earnings (YMPE) and 9.2% (2009 - 9.2%) above the YMPE. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances 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, 2009 indicates the Plan is 102% funded. Contribution to the Plan made during the year by the Hospital on behalf of its employees amounted to \$261,794 (2009 - \$236,761) and are included in the statement of operations.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

15. Comparative figures

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

16. 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 and amounts invested in capital assets (see Note 11). 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 and to allow for future expansion. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.