

**WILSON MEMORIAL GENERAL HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2011**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wilson Memorial General Hospital

Report on the financial statements

We have audited the accompanying statements of **Wilson Memorial General Hospital**, which comprise of the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles and for such internal control as management determines as necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Wilson Memorial General Hospital** as at March 31, 2011, the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants LLP
Licensed Public Accountants
Sault Ste. Marie, Canada
June 13, 2011

WILSON MEMORIAL GENERAL HOSPITAL
BALANCE SHEET

As at March 31	2011	2010
ASSETS		
Current		
Cash		
Restricted	\$ 116,423	\$ 104,618
Unrestricted	119,333	243,916
Accounts Receivable	255,114	260,343
Inventory (Note 4)	109,164	103,146
Prepaid expenses	65,055	38,929
	665,089	750,952
Recoverable employee benefits	72,831	48,890
Capital assets (Note 5)	7,513,610	7,732,733
	\$ 8,251,530	\$ 8,532,575
LIABILITIES		
Current		
Accounts payable and accruals	950,236	619,282
Deferred operating contributions	21,938	42,363
Current portion of long term debt (Note 6)	70,000	70,000
	1,042,174	731,645
Long-term debt (Note 6)	105,000	175,000
Deferred capital contributions (Note 7)	7,043,630	7,410,407
Employee future benefits (Note 8)	226,200	221,900
NET ASSETS (DEFICIENCY)		
Investment in capital assets (Note 11a)	294,980	77,326
Unrestricted	(460,454)	(83,703)
	(165,474)	(6,377)
	\$ 8,251,530	\$ 8,532,575

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,	2011	2010
Revenue		
Ministry of Health and Long-Term Care	\$ 4,952,643	\$ 4,793,647
Interest	760	23
Other (Note 13)	1,245,298	1,110,079
Patient Services	522,093	539,444
Amortization of deferred capital contributions- equipment and information systems	192,846	214,063
	<u>6,913,640</u>	<u>6,657,256</u>
Expenditures		
Administrative supplies and services	294,064	333,272
Amortization of equipment and information systems	251,378	269,016
Bad debts	11,920	21,888
Community Support Services	79,691	87,848
Diabetes education services	94,387	85,590
Drugs	61,244	66,700
Dietary food and supplies	134,814	134,920
Electricity and water	114,164	97,602
Fuel	166,702	140,848
Fundraising	28,423	24,778
HOCC Program	240,428	299,855
Interest on long-term debt	6,797	7,459
Joint operational review	197,092	-
Maintenance supplies and services	142,942	140,710
Meals on Wheels	46,925	46,395
Medical and surgical supplies	171,526	199,130
Nursing and other patient care supplies	360,843	351,892
Supportive services	98,551	116,026
Wages and employee benefits		
- Administrative	400,018	516,692
- Employee Benefits	846,077	802,852
- Nursing	1,768,688	1,632,519
- Other patient care services	696,521	682,075
- Supportive Services	787,370	692,605
	<u>7,000,565</u>	<u>6,750,671</u>
Excess (deficiency) of revenue over expenditures before the following	(86,925)	(93,415)
Amortization of land improvements and building	(314,174)	(313,770)
Amortization of deferred capital contributions- land improvements and building	242,002	253,403
Excess (deficiency) of revenue over expenditures	\$ (159,097)	\$ (153,782)

WILSON MEMORIAL GENERAL HOSPITAL**STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31,	2011			2010
	Investment in capital assets	Unrestricted	Total	
Balance, as previously reported	\$ 77,326	\$ (83,703)	\$ (6,377)	\$ 147,405
Deficiency of revenue under expenditures	(130,704)	(28,393)	(159,097)	(153,782)
Net change in capital assets	348,358	(348,358)	-	
Balance, end of year	\$ 294,980	\$ (460,454)	\$ (165,474)	\$ (6,377)

WILSON MEMORIAL GENERAL HOSPITAL
STATEMENT OF CASHFLOWS

Year ended March 31,	2011	2010
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (159,097)	\$ (153,782)
Items not requiring cash from operations		
Amortization	565,552	582,786
Amortization of deferred capital contributions	(434,848)	(467,466)
Employee future benefits	(19,642)	(18,081)
(Gain) on disposal of property, plant & equipment	-	-
Change in non-cash operational balances (Note 12)	283,615	(3,198)
Cash provided by (used in) operating activities	235,580	(59,741)
INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	(346,429)	(228,755)
FINANCING ACTIVITIES		
Repayment of long term debt	(70,000)	(70,000)
Funding for property plant and equipment		
Ministry of Health and Long Term Care	51,071	296,098
Other funding sources	17,000	15,090
Cash provided by (used in) financing activities	(1,929)	241,188
Decrease in cash during year	(112,778)	(47,308)
Cash, beginning of year	348,534	395,842
Cash, end of year	\$ 235,756	\$ 348,534

WILSON MEMORIAL GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

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

March 31, 2011

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% - 33%
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.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

March 31, 2011

1. Summary of significant accounting policies (continued)

Contributed materials and services -

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

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. 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

March 31, 2011

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

	2011	2010
Pharmacy inventory	\$ 34,870	\$ 34,155
Supplies inventory	74,294	68,992
	<u>\$ 109,164</u>	<u>\$ 103,146</u>

5. Capital assets

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 9,857,071	\$ 3,816,629	\$ 6,040,442	\$ 6,278,128
Equipment and Information systems	5,785,227	4,437,462	1,347,765	1,299,727
Land Improvements	479,975	390,295	89,680	119,155
	<u>16,122,273</u>	<u>8,644,386</u>	<u>7,477,887</u>	<u>7,697,010</u>
Land	35,723	-	35,723	35,723
	<u>\$ 16,157,996</u>	<u>\$ 8,644,386</u>	<u>\$ 7,513,610</u>	<u>\$ 7,732,733</u>

6. Long-term debt

	2011	2010
TD Canada Trust loan @ bank prime plus 0.25% Secured by specific equipment. Repayable at \$5,833 per month, due September 2013	\$ 175,000	\$ 245,000
Current portion	(70,000)	(70,000)
	<u>\$ 105,000</u>	<u>\$ 175,000</u>

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

2012	-	70,000
2013	-	70,000
2014	-	35,000

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

March 31, 2011

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:

	2011			2010
	Government	Donations	Total	Total
Balance, beginning of year	\$ 6,063,208	\$ 1,347,199	\$ 7,410,407	\$ 7,566,685
Receipts	51,071	17,000	68,071	311,187
Amortization	(317,314)	(117,534)	(434,848)	(467,465)
Balance, end of year	5,796,965	1,246,665	7,043,630	7,410,407

	2011			2010
	Government	Donations	Total	Total
Unamortized portion	\$ 5,558,764	\$ 1,246,665	\$ 6,805,429	\$ 7,152,266
Unexpended portion	238,201	-	238,201	258,142
	5,796,965	1,246,665	7,043,630	7,410,407

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

March 31, 2011

8. Employee future benefits

At March 31, 2011, the Hospital's total accrued benefit obligation related to post retirement benefit plans (other than pension) is \$226,200 (2010 - \$221,900). 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 \$4,300 (2010 - \$7,200) regarding employee future benefits. This amount is comprised of:

	2011	2010
Additional benefit expense	\$ 23,500	\$ 21,500
Estimated payments made by the Hospital during the year	(19,200)	(14,300)
	\$ 4,300	\$ 7,200

9. Commitments

Under the terms of equipment and vehicle operating leases, the Hospital is committed to make minimum monthly lease payments totaling \$23,470 per annum. The lease expiry dates range from February 2012 to December 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**March 31, 2011

11. Investment in capital assets

a) Investment in capital assets:

	2011	2010
Capital assets at net book value	<u>\$ 7,513,610</u>	<u>\$ 7,732,733</u>
Amounts financed by -		
Deferred capital contributions	(7,043,630)	(7,410,407)
Long-term debt	(175,000)	(245,000)
	<u>\$ 294,980</u>	<u>\$ 77,326</u>

b) Change in nets assets invested in capital assets:

Deficiency of revenue over expenditures	2011	2010
Amortization of deferred capital contributions	\$ 434,848	\$ 467,466
Amortization of capital assets	(565,552)	(582,786)
	<u>\$ (130,704)</u>	<u>\$ (115,320)</u>

Net change in capital assets

Purchase of capital assets	\$ 346,429	\$ 228,755
Amounts funded by -		
Deferred capital contributions		
Utilized to purchase capital assets during the year	(68,071)	(146,546)
Unexpended during the year	-	(164,642)
Long-term debt	70,000	70,000
	<u>\$ 348,358</u>	<u>\$ (12,432)</u>

12. Change in non-cash operational balances

	2011	2010
Accounts receivable	\$ 5,229	\$ (4,018)
Inventory	(6,017)	(1,872)
Prepaid expenses	(26,126)	30,177
Accounts payable and accruals	330,954	(29,889)
Deferred operating contributions	(20,425)	2,404
	<u>\$ 283,615</u>	<u>\$ (3,198)</u>

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

March 31, 2011

13. Other revenue	2011	2010
Cancer Care Ontario	40,428	49,840
Community Support Services Coordination	50,770	55,948
Community Support Services Van Transportation	27,279	25,892
Demutualization recoveries	10,456	-
Dietary recoveries	11,465	14,610
Donations	67,014	60,283
Gain on disposal of capital assets		-
HOCC program	240,428	299,855
Joint operational review	197,092	-
Meals on Wheels	41,302	37,314
Medical records recoveries	2,849	3,695
Municipal tax grant	1,575	1,575
Northern Diabetes Health Network	94,221	85,590
Pharmacy recovery	6,141	7,013
Rentals	39,583	39,458
Sundry recoveries	311,687	346,621
Underserviced area program	103,008	82,385
	\$ 1,245,298	\$ 1,110,079

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 January 1, 2011 the contribution rates were 6.9% (2010 - 6.9%) up to the year's maximum pensionable earnings (YMPE) and 9.2% (2010 - 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 101% funded. Contribution to the Plan made during the year by the Hospital on behalf of its employees amounted to \$273,495 (2010 - \$261,794) and are included in the statement of operations.

WILSON MEMORIAL GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

March 31, 2011

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.