

West Nipissing General Hospital

**Independent Auditor's Report and
Financial Statements**

March 31, 2011

Collins Barrow,
Sudbury - Nipissing LLP/s.r.l.
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Independent Auditor's Report

To the Members of the West Nipissing General Hospital

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We have audited the accompanying financial statements of the West Nipissing General Hospital, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets, 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 financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's judgment, 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 control 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the West Nipissing General Hospital as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Sturgeon Falls, Ontario
May 25, 2011

West Nipissing General Hospital

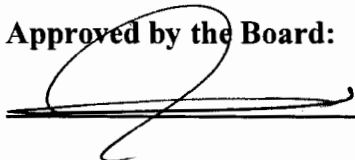
Financial Statements March 31, 2011

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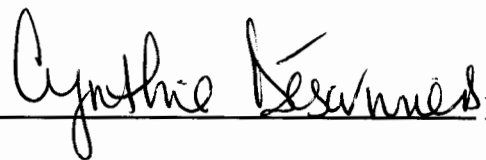
West Nipissing General Hospital
Statement of Financial Position
March 31, 2011

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Cash	\$ 3,950	\$ 3,359
Accounts receivable	389,675	363,206
Accounts receivable - North East Local Health Integration Network	203,000	-
Inventories	288,073	382,404
Prepaid expenses	245,684	265,919
	<u>1,130,382</u>	<u>1,014,888</u>
Capital assets (note 3)	10,334,679	10,648,322
Other assets (note 4)	445,000	340,000
	<u>\$ 11,910,061</u>	<u>\$ 12,003,210</u>
Liabilities, Deferred Contributions and Net Assets		
Current Liabilities		
Bank indebtedness (note 5)	\$ 166,885	\$ 1,047,895
Demand loan (note 6)	191,898	191,898
Accounts payable and accrued charges	1,678,274	1,442,402
Accounts payable - Ministry of Health and Long-Term Care	215,272	214,356
Current portion of long-term debt	200,059	200,059
Current portion of obligation under capital lease	28,491	82,675
	<u>2,480,879</u>	<u>3,179,285</u>
Long-term debt (note 7)	133,373	333,433
Obligation under capital lease (note 8)	-	28,491
Accrued benefits obligation (note 9)	983,106	935,753
Deferred contributions (note 10)	1,098,169	1,081,806
Deferred capital contributions (note 11)	3,465,273	3,444,846
	<u>5,679,921</u>	<u>5,824,329</u>
Net Assets		
Equity in capital assets (note 12)	6,507,483	6,558,818
Unrestricted	(2,758,222)	(3,559,222)
	<u>3,749,261</u>	<u>2,999,596</u>
	<u>\$ 11,910,061</u>	<u>\$ 12,003,210</u>
Contingencies (note 13)		
Commitment (note 14)		

Approved by the Board:



Director



Director

The accompanying notes are an integral part of these financial statements.

West Nipissing General Hospital
Statement of Changes in Net Assets
For The Year Ended March 31, 2011

	<u>Equity in Capital Assets</u>	<u>Unrestricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
Net Assets				
Balance, beginning of year	\$ 6,558,818	\$ (3,559,222)	\$ 2,999,596	\$ 3,247,903
Excess of Revenue over Expenditure (Expenditure over Revenue)	(724,115)	1,473,780	749,665	(248,307)
Invested in Capital Assets (note 12)	<u>672,780</u>	<u>(672,780)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 6,507,483</u>	<u>\$ (2,758,222)</u>	<u>\$ 3,749,261</u>	<u>\$ 2,999,596</u>

The accompanying notes are an integral part of these financial statements.

West Nipissing General Hospital
Statement of Operations
For The Year Ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Revenue		
Provincial funding	\$ 19,171,355	\$ 17,748,052
Other funding sources	3,683,018	5,748,994
Amortization of deferred capital contributions (note 11)	119,913	140,325
Donations and contributions	56,078	1,590
Amortization of deferred contributions (note 10)	35,292	5,269
Investment income	246	615
	<u>23,065,902</u>	<u>23,644,845</u>
Expenditure		
Salaries and wages	10,743,303	11,510,986
Employee benefits	2,733,648	2,832,912
Medical staff remuneration	2,481,645	2,455,190
Contracted services	1,143,022	621,240
Other supplies and expenses	979,839	1,377,293
Equipment	764,268	815,449
Drugs and medical gases	642,331	732,985
Facility operations	631,786	1,103,034
Amortization - equipment	570,462	606,587
Food and dietary supplies	465,974	503,389
Medical and surgical supplies	291,411	385,477
Diagnostic and therapeutic supplies	289,886	318,061
Buildings and grounds	201,845	142,092
Current service cost of post-retirement benefits (note 9)	93,553	95,675
Bad debts	9,698	110,275
	<u>22,042,671</u>	<u>23,610,645</u>
Excess of Revenue Over Expenditure Before Other Items	<u>1,023,231</u>	<u>34,200</u>
Other Items		
Amortization of deferred contributions - building, building service equipment and land improvements (note 11)	227,984	200,310
Amortization - building, building service equipment and land improvements	(501,550)	(482,817)
	<u>(273,566)</u>	<u>(282,507)</u>
Excess of Revenue Over Expenditure (Expenditure Over Revenue)	<u>\$ 749,665</u>	<u>\$ (248,307)</u>

The accompanying notes are an integral part of these financial statements.

West Nipissing General Hospital
Statement of Cash Flows
For The Year Ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Cash Provided By (Used For)		
Operating Activities		
Receipts from - provincial funding	\$ 18,969,271	\$ 17,593,692
- other funding sources	3,702,493	5,844,924
Investment income received	246	615
Donations and contributions received	61,789	1,590
Payments - salaries and benefits	(15,989,503)	(17,171,945)
- other operating payments	(5,179,767)	(6,512,782)
- interest	(10,148)	(24,803)
	<u>1,554,381</u>	<u>(268,709)</u>
Investing Activities		
Acquisition of capital assets	(758,369)	(1,373,869)
Receipt of deferred contributions related to capital assets	368,324	231,727
	<u>(390,045)</u>	<u>(1,142,142)</u>
Financing Activities		
Increase (decrease) in bank indebtedness	(881,010)	1,239,793
Repayments of long-term debt	(200,060)	(390,160)
Proceeds (repayments) of capital lease obligation	(82,675)	111,166
	<u>(1,163,745)</u>	<u>960,799</u>
Increase (Decrease) in Cash Position	591	(450,052)
Cash, Beginning of Year	<u>3,359</u>	<u>453,411</u>
Cash, End of Year	<u>\$ 3,950</u>	<u>\$ 3,359</u>

The accompanying notes are an integral part of these financial statements.

West Nipissing General Hospital

Notes to the Financial Statements

March 31, 2011

1. Type of Corporation

The West Nipissing General Hospital provides health services in the West Nipissing area. The organization is incorporated under the laws of the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Significant Accounting Policies

Accrual Basis of Accounting

Revenue and expenditures are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The West Nipissing General Hospital follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and recognized to revenues on the same basis as the amortization of the related capital assets.

Fees for hospital services are recognized as revenue when the services are provided.

Investment revenues are recognized as they are earned.

Donation revenues are recognized as revenue when received.

Fund Accounting

The financial statements reflect the accounts of the Integrated Fund (the consolidation of Operating and Capital Funds).

The financial statements do not include the assets, liabilities and activities of the Foundation and the Volunteer Organization which, although related to the hospital, are not operated by the Hospital.

Inventories

Inventories are valued at the lower of average cost and current replacement value.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

2. Significant Accounting Policies (Continued)

Pledges

The amount of any pledges to donate funds to the hospital are not included in revenue until such time as funds are received.

Capital Assets

Amortization is calculated using the straight-line method, over their estimated useful lives, using the following rates:

Land improvements	10%
Building	2 1/2% to 5%
Equipment	5% to 20%
Equipment under capital lease	7%

The hospital follows the policy of calculating amortization commencing the first full month the capital asset is commissioned and ready for service.

Deferred Contributions

Donations related to the medical clinic operations are recorded as deferred contributions in the financial statements and are recognized as revenue in the statement of operations to cover any operational deficits incurred by the medical clinic.

Contributions for a specified purpose are recorded as deferred contributions in the financial statements and are recognized as revenue in the statement of operations when the related operational expenditures are incurred.

Deferred Capital Contributions

Grants towards the purchase of capital assets are recorded as deferred contributions related to capital assets in the financial statements and are amortized over the life of the related purchase. The amortization of these capital contributions is recorded as revenue in the statement of operations.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

2. Significant Accounting Policies (Continued)

Ministry of Health and Long-Term Care / North East Local Health Integration Network

Under the Health Insurance Act and the regulations thereto, the hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and the North East Local Health Integration Network ("NELHIN"). These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended March 31, 2011.

Renovations

The costs of renovations to the hospital building which significantly increase its useful life and capacity are capitalized as part of the cost of the related capital assets. Renovation costs to adapt the hospital building to changed operating conditions or to maintain normal operating efficiency are expensed as incurred.

Vacation Pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Contributed Services

Volunteers contributed about 2,636 hours (2010 - 2,894 hours) during the year to assist West Nipissing General Hospital in carrying out its health services. Because of the difficulty of determining their fair value, contributed services are not recorded in the financial statements.

Related Entities

The notes to the financial statements include a combined summary of financial position, operations and cash flows of the following entities (note 16):

West Nipissing General Hospital Foundation
West Nipissing General Hospital Auxiliary

West Nipissing General Hospital

Notes to the Financial Statements

March 31, 2011

2. Significant Accounting Policies (Continued)

Employee Future Benefits

The hospital provides defined retirement and other future benefits. These benefits include extended health care, dental and life insurance benefits to approximately one third of its employees. The cost of the obligation is measured by the hospital under an actuarially determined best estimate (note 9).

The hospital also provides for compensation to CUPE, ONA, and OPSEU employees for parental leave on the birth or adoption of a child. During this period the qualifying employee is entitled to 84% to 93% of his/her salary less employment insurance collected by the employee. The hospital recognizes a liability when an employee applies for parental leave, which is recognized for the full duration of the leave up to a maximum of 25 weeks.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurements are dependent on their classification. Financial assets are classified as held-for-trading, held-to-maturity, loans and receivables or available-for-sale. Financial liabilities are classified as held-for-trading or other liabilities. Classification depends on the purpose for which they were acquired or issued, their characteristics or the hospital's designation. The accounting standards require that all financial assets be measured at fair value with the exception of loans and receivables, assets classified as held-to-maturity and available-for-sale financial assets that do not have quoted market prices in an active market. All financial liabilities classified as held-for-trading must also be measured at fair value.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

2. Significant Accounting Policies (Continued)

Classification and Measurement of Financial Instruments

The following summarizes the organizations classification and measurement of its significant categories of financial instruments outstanding as of March 31, 2011:

Cash	Held-for-trading, measured at fair value
Accounts receivable	Loans and receivable, measured at amortized cost
Accounts receivable - NELHIN	Loans and receivable, measured at amortized cost
Bank indebtedness	Held-for-trading, measured at fair value
Demand loan	Other liabilities, measured at amortized cost
Accounts payable and accrued charges	Other liabilities, measured at amortized cost
Accounts payable - MOHLTC	Other liabilities, measured at amortized cost
Long-term debt	Other liabilities, measured at amortized cost
Obligation under capital lease	Other liabilities, measured at amortized cost

3. Capital Assets

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Land	\$ 39,514	\$ -	\$ 39,514	\$ 39,514
Land improvements	746,114	631,468	114,646	139,908
Building	17,870,723	10,149,264	7,721,459	7,807,723
Equipment	12,886,599	10,620,059	2,266,540	2,184,352
Construction in progress	84,578	-	84,578	360,580
Equipment under capital lease	<u>124,548</u>	<u>16,606</u>	<u>107,942</u>	<u>116,245</u>
	<u>\$ 31,752,076</u>	<u>\$ 21,417,397</u>	<u>\$ 10,334,679</u>	<u>\$ 10,648,322</u>

During the year, additions of equipment, buildings and construction in progress were acquired at an aggregate cost of \$758,369 (2010 - \$1,373,869) which were financed by deferred capital contributions and cash.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

4. Other Assets

Other assets are comprised of deferred physicians' recruitment costs. These costs will be recognized over the terms of the physicians' contracts.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 340,000	\$ 405,000
Add: Additional contributions to existing agreements	90,000	15,000
New agreements signed during the year	<u>75,000</u>	<u>-</u>
	505,000	420,000
Less: Amortization of deferred recruitment costs	<u>(60,000)</u>	<u>(80,000)</u>
	<u>\$ 445,000</u>	<u>\$ 340,000</u>

5. Bank Indebtedness

	<u>2011</u>	<u>2010</u>
Cheques and deposits in circulation	\$ 229,037	\$ 900,602
Bank balance	<u>(62,152)</u>	<u>(2,707)</u>
	166,885	897,895
Line of credit	<u>-</u>	<u>150,000</u>
	<u>\$ 166,885</u>	<u>\$ 1,047,895</u>

The hospital has an authorized line of credit in the amount of \$1,100,000 bearing interest at the bank's prime lending rate minus 0.5% and is repayable on demand.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

6. Demand Loan

	<u>2011</u>	<u>2010</u>
Demand loan, repayable in monthly instalments of interest only, bearing interest at the bank's prime lending rate	<u>\$ 191,898</u>	<u>\$ 191,898</u>

7. Long-Term Debt

	<u>2011</u>	<u>2010</u>
Term loan, repayable in monthly instalments of \$16,672 plus interest at the fixed rate of 2.3%, maturing November 29, 2012	<u>\$ 333,432</u>	<u>\$ 533,492</u>
Current portion	<u>200,059</u>	<u>200,059</u>
	<u>\$ 133,373</u>	<u>\$ 333,433</u>

Principal instalments due in the next two years are as follows:

2012	\$ 200,059
2013	<u>133,373</u>
	<u>\$ 333,432</u>

8. Obligation under Capital Lease

	<u>2011</u>	<u>2010</u>
Equipment lease, bearing interest at 5.02% per annum, repayable in blended monthly instalments of \$7,197, maturing July 12, 2012	<u>\$ 28,491</u>	<u>\$ 111,166</u>
Current portion	<u>28,491</u>	<u>82,675</u>
	<u>\$ -</u>	<u>\$ 28,491</u>

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

9. Accrued Benefits Obligation

The cost of retirement benefits earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

The cost of parental leave is determined using actual information available as at March 31, 2011.

The hospital measures its accrued benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the plan for funding was as of March 31, 2010.

At March 31, 2011, the hospital's accrued benefit obligation relating to post-retirement benefit plans is \$963,900 (2010 - \$923,800) and relating to parental leave is \$19,206 (2010 - \$11,953).

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

Discount rate	5.5%
Dental benefits cost escalation	4.5%
Medical benefits cost escalation	
- extended health care	4.5%

**Retirement and Other Employee Future
Benefit Liabilities**

	<u>2011</u>	<u>2010</u>
Accrued Employee Future Benefit Obligations	\$ 951,306	\$ 907,453
Unamortized Actuarial Gains	35,300	35,300
Unamortized Past Services Cost	<u>(3,500)</u>	<u>(7,000)</u>
Employee Future Benefit Liabilities	<u>\$ 983,106</u>	<u>\$ 935,753</u>

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

9. Accrued Benefits Obligation (Continued)

**Retirement and Other Employee Future
Benefit Expenses**

	<u>2011</u>	<u>2010</u>
Current Year Benefit Cost	\$ 40,353	\$ 46,775
Interest on Accrued Benefit Obligation	49,700	45,400
Amortization of past service costs	<u>3,500</u>	<u>3,500</u>
Employee Future Benefit Expenses ¹	<u>\$ 93,553</u>	<u>\$ 95,675</u>

During the year the hospital contributed \$46,200 (2010 - \$40,222) and the employees contributed \$3,700 (2010 - \$3,400) towards the above noted plan.

¹ Excluding pension contributions to the Healthcare of Ontario Pension Plan, a multi-employer pension plan, described in note 15.

10. Deferred Contributions

Deferred contributions represent the unamortized and unspent balances of money received for specific purposes. The details of the continuity of these funds are as follows:

	<u>2011</u>	<u>2010</u>
Deferred contributions related to donations received for the operations of the medical clinic		
Balance, beginning of year	\$ 1,070,995	\$ 1,076,264
Less: Amounts amortized to revenue	<u>(29,581)</u>	<u>(5,269)</u>
Balance, end of year	<u>1,041,414</u>	<u>1,070,995</u>
Deferred contributions related to operations		
Balance, beginning of year	10,811	-
Contributions during the year	51,655	10,811
Less: Amounts amortized to revenue	<u>(5,711)</u>	<u>-</u>
Balance, end of year	<u>56,755</u>	<u>10,811</u>
Total deferred contributions	<u>\$ 1,098,169</u>	<u>\$ 1,081,806</u>

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

10. Deferred Contributions (Continued)

Amounts amortized to revenue during the current year:

Medical Clinic	\$ 29,581	\$ 5,269
Operations	<u>5,711</u>	<u>-</u>
Total amounts amortized to revenue	<u>\$ 35,292</u>	<u>\$ 5,269</u>

11. Deferred Capital Contributions

Deferred capital contributions represent the unamortized and unspent balances of grants received for capital asset acquisitions. The details of the continuity of these funds are as follows:

	<u>2011</u>	<u>2010</u>
Deferred contributions related to equipment		
Balance, beginning of year	\$ 465,471	\$ 577,472
Contributions during the year	165,324	28,324
Less: Amounts amortized to revenue	<u>(119,913)</u>	<u>(140,325)</u>
Balance, end of year	<u>510,882</u>	<u>465,471</u>
Deferred contributions related to building, building service equipment and land improvements		
Balance, beginning of year	2,979,375	2,976,282
Contributions during the year	203,000	203,403
Less: Amounts amortized to revenue	<u>(227,984)</u>	<u>(200,310)</u>
Balance, end of year	<u>2,954,391</u>	<u>2,979,375</u>
Total deferred contributions related to capital assets	<u>\$ 3,465,273</u>	<u>\$ 3,444,846</u>

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

12. Equity in Capital Assets

	<u>2011</u>	<u>2010</u>
The equity in capital assets is calculated as follows:		
Capital assets, net book value	\$ 10,334,679	\$ 10,648,322
Long-term debt	(333,432)	(533,492)
Capital lease obligations	(28,491)	(111,166)
Amounts financed by deferred contributions	<u>(3,465,273)</u>	<u>(3,444,846)</u>
	<u>\$ 6,507,483</u>	<u>\$ 6,558,818</u>

The change in equity in capital assets is calculated as follows:

Excess of expenditure over revenue:		
Amortization of deferred contributions - building, building service equipment and land improvements	\$ 227,984	\$ 200,310
Amortization of deferred contributions - equipment	119,913	140,325
Amortization of capital assets	<u>(1,072,012)</u>	<u>(1,089,404)</u>
	<u>\$ (724,115)</u>	<u>\$ (748,769)</u>
Net change in equity in capital assets:		
Acquisition of capital assets	\$ 758,369	\$ 1,373,869
Amounts funded by deferred contributions	(368,324)	(231,727)
Proceeds from capital lease obligation	-	(124,548)
Payments on capital lease obligation	82,675	13,382
Principal payments on long-term debt	<u>200,060</u>	<u>198,262</u>
	<u>\$ 672,780</u>	<u>\$ 1,229,238</u>

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

13. Contingencies

Grants

The hospital receives grants from the MOHLTC and the NELHIN for specific services. Pursuant to the related agreement, if the hospital does not meet specified levels of activity, the MOHLTC or NELHIN are entitled to seek repayments. Should any amounts become payable, the amounts would be charged to operations in the period in which the amount of the repayment is determined to be payable.

Legal and Litigation Matters

The hospital is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

14. Commitment

Under the terms of a operating lease for equipment expiring June 1, 2012, the hospital is committed to make minimum payments totaling \$75,049 as follows:

2012	\$ 64,328
2013	<u>10,721</u>
	<u>\$ 75,049</u>

15. Pension Plan

The hospital makes contributions to the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to HOOPP for 2011 was \$726,275 (2010 - \$ 742,200) for current services and is included as an expenditure on the Statement of Operations.

On January 1, 2011, the yearly maximum pensionable earnings increased to \$48,300 from \$47,200 in 2010. The contributions are calculated at a rate of 6.9% for the amount up to the yearly maximum pensionable earnings stated above and at a rate of 9.2% for the amount above the yearly maximum pensionable earnings.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

16. Other Information - Related Entities

(i) Foundation

The West Nipissing General Hospital Foundation was created for the purpose of promoting and participating in fund-raising programs in order to raise money for capital projects and to undertake, carry-out, encourage and assist the West Nipissing General Hospital and others associated with it directly or indirectly in any or all phases of medical research, education and the advancement of the hospital's objectives.

Pertinent financial information of the Foundation as at March 31, 2011 is as follows:

	<u>2011</u>	<u>2010</u>
Total assets	<u>\$ 32,619</u>	<u>\$ 17,900</u>
Total liabilities	\$ 3,772	\$ 2,861
Capital equity	<u>28,847</u>	<u>15,039</u>
	<u>\$ 32,619</u>	<u>\$ 17,900</u>
Results of operations:		
Total revenue	\$ 48,139	\$ 13,054
Total expenditure	<u>34,331</u>	<u>2,392</u>
Excess of Revenue Over Expenditure	<u>\$ 13,808</u>	<u>\$ 10,662</u>

During the year, the hospital received \$21,385 (2010 - \$ -) in donations from the Foundation

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

16. Other Information - Related Entities (Continued)

(ii) Auxiliary

Pertinent financial information of the West Nipissing General Hospital Auxiliary as at December 31, 2010 is as follows:

	<u>2010</u>	<u>2009</u>
Total assets	<u>\$ 68,284</u>	<u>\$ 88,353</u>
Total liabilities	\$ 1,468	\$ 2,099
Capital equity	<u>66,816</u>	<u>86,254</u>
	<u>\$ 68,284</u>	<u>\$ 88,353</u>
Results of operations:		
Total revenue	\$ 105,645	\$ 122,860
Total expenditure	<u>125,084</u>	<u>135,051</u>
Excess of Revenue Over Expenditure	<u>\$ (19,439)</u>	<u>\$ (12,191)</u>

During the year, the hospital received capital grants amounting to approximately \$29,976 (2010 - \$24,911) from the Auxiliary.

West Nipissing General Hospital

Notes to the Financial Statements

March 31, 2011

17. Financial Instruments

The hospital's financial instruments consist of cash, accounts receivable, accounts receivable - North East Local Health Integration Network, bank indebtedness, demand loan, accounts payable and accrued charges, accounts payable - Ministry of Health and Long-Term Care, long-term debt and obligation under capital lease.

Fair Value

The fair value of cash, accounts receivable, accounts receivable - North East Local Health Integration Network, bank indebtedness, accounts payable and accrued charges, and accounts payable - Ministry of Health and Long-Term Care are comparable to their carrying value due to their short-term nature and interest rates comparable to the market rates. The fair value of the demand loan, long-term debt and the obligation under capital lease are comparable to their carrying value because the market and actual rates of interest are comparable.

Market Risk

The hospital is not exposed to market risks.

Credit Risk

The hospital's accounts receivable are made of a large number of small balances from insurers and patients, large balances from government organizations, and smaller balances from various organizations. Management is of the opinion that it is not exposed to such risks as the larger portion of the balances are from government agencies, well established organizations and insurers.

Currency Risk

The hospital does not realize any of its revenue and does not make any of its purchases in foreign currency. Therefore, the currency fluctuations have no major impact on the organization.

Interest Rate Risk

The hospital manages its cash according to its operational needs and is exposed to interest rate risk to the extent of the fluctuations of the market rates of interest.

The hospital's long-term debt and obligation under capital lease have fixed interest rates. As a result, management is of the opinion that the risks associated with these are minimal.

West Nipissing General Hospital
Notes to the Financial Statements
March 31, 2011

18. Capital Disclosure

Capital disclosure establishes standards for the disclosure of information related to the hospital's objectives, policies and processes for managing capital.

The hospital's capital is comprised of Net Assets Invested in Capital Assets, and Unrestricted Net Assets.

The hospital's objectives when managing its capital are to maintain flexibility between enabling it to operate efficiently, generating predictable cash flows for continuing operations and having funds for unexpected increases in expenditure or decreases in revenue.

19. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

West Nipissing General Hospital
Schedule of Operations - Hospital Sector
For The Year Ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Revenue		
Provincial funding	\$16,539,175	\$14,197,740
Other funding sources	3,039,228	5,113,905
Amortization of deferred capital contributions	119,913	140,325
Donations and contributions	54,953	1,590
Amortization of deferred contributions	35,292	5,269
Investment income	246	615
	<u>19,788,807</u>	<u>19,459,444</u>
Expenditure		
Salaries and wages	8,970,225	9,017,970
Medical staff remuneration	2,441,344	2,420,026
Employee benefits	2,240,472	2,188,381
Other supplies and expenses	894,864	1,234,381
Equipment	737,079	795,865
Contracted services	653,497	599,488
Drugs and medical gases	635,971	724,648
Facility operations	598,634	593,473
Amortization - equipment	564,083	606,587
Diagnostic and therapeutic supplies	275,710	260,719
Medical and surgical supplies	267,081	351,315
Food and dietary supplies	210,705	213,259
Buildings and grounds	160,123	133,373
Current service cost of post-retirement benefits	93,553	95,675
Bad debts	8,323	109,400
	<u>18,751,664</u>	<u>19,344,560</u>
Excess of Revenue Over Expenditure Before Other Items	<u>1,037,143</u>	<u>114,884</u>
Other Items		
Amortization of deferred contributions - building, building service equipment and land improvement	227,984	200,310
Amortization - building, building service equipment and land improvements	<u>(501,550)</u>	<u>(482,817)</u>
	<u>(273,566)</u>	<u>(282,507)</u>
Excess of Revenue Over Expenditure (Expenditure Over Revenue)	<u>\$ 763,577</u>	<u>\$ (167,623)</u>

West Nipissing General Hospital
Schedule of Operations - Community Mental Health Sector
For The Year Ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Revenue		
Provincial funding	\$ 1,048,595	\$ 2,011,083
Other funding sources	<u>3,211</u>	<u>4,445</u>
	<u>1,051,806</u>	<u>2,015,528</u>
Expenditure		
Salaries and wages	756,631	1,453,836
Employee benefits	185,614	368,127
Other supplies and expenses	67,050	121,445
Equipment	22,742	17,852
Buildings and grounds	11,721	8,719
Amortization - equipment	6,379	-
Drugs and medical gases	1,359	4,184
Medical and surgical supplies	201	9,540
Facility operations	138	16,063
Contracted services	-	<u>21,752</u>
	<u>1,051,835</u>	<u>2,021,518</u>
Excess of Expenditure Over Revenue	<u>\$ (29)</u>	<u>\$ (5,990)</u>

West Nipissing General Hospital
Schedule of Operations - Long-Term Care Sector
For The Year Ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Revenue		
Provincial funding	\$ 1,583,585	\$ 1,539,229
Other funding sources	640,579	630,644
Donations and contributions	<u>1,125</u>	<u>-</u>
	<u>2,225,289</u>	<u>2,169,873</u>
Expenditure		
Salaries and wages	1,016,447	1,039,180
Contracted services	489,525	-
Employee benefits	307,562	276,404
Food and dietary supplies	255,269	290,130
Medical staff remuneration	40,301	35,164
Facility operations	33,014	493,498
Buildings and grounds	30,001	-
Medical and surgical supplies	24,129	24,622
Other supplies and expenses	17,925	21,467
Diagnostic and therapeutic supplies	14,176	57,342
Drugs and medical gases	5,001	4,153
Equipment	4,447	1,732
Bad debts	<u>1,375</u>	<u>875</u>
	<u>2,239,172</u>	<u>2,244,567</u>
Excess of Expenditure Over Revenue	<u>\$ (13,883)</u>	<u>\$ (74,694)</u>