

Lake of the Woods District Hospital
Financial Statements
March 31, 2010

| | Page |
|--|------|
| Auditors' Report | |
| Financial Statements | |
| Statement of Financial Position..... | 1 |
| Statement of Operations | 2 |
| Statement of Changes in Net Assets..... | 3 |
| Statement of Cash Flows | 4 |
| Summary of Significant Accounting Policies | 5 |
| Notes to Financial Statements | 10 |
| Supplementary Financial Information | |
| Schedule 1 - Revenue | 15 |
| Schedule 2 - Hospital Expenses | 16 |
| Schedule 3 - Ministry of Health and Long Term Care Community Mental Health and Addictions Programs..... | 17 |
| Schedule 4 - Ministry of Health and Long Term Care Emergency Health Services Programs | 18 |
| Schedule 5 - Other Programs..... | 19 |

Auditors' Report



MEYERS NORRIS PENNY LLP

To the Board of Directors

Lake of the Woods District Hospital

We have audited the statement of financial position of Lake of the Woods District 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and 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 Lake of the Woods District Hospital as at March 31, 2010 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in Schedules 1 – 5 is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'Meyers Norris Penny LLP'.

Kenora, Ontario
May 15, 2010

Chartered Accountants
Licensed Public Accountants



CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
315 MAIN STREET SOUTH, KENORA, ON P9N 1T4
1-866-381-3338 PH. (807) 468-3338 FAX (807) 468-1418 mnp.ca

Auditors' Report

To the Board of Directors

Lake of the Woods District Hospital

We have audited the statement of financial position of Lake of the Woods District 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and 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 Lake of the Woods District Hospital as at March 31, 2010 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in Schedules 1 – 5 is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Meyers Norris Penny LLP

Kenora, Ontario
May 15, 2010

Chartered Accountants
Licensed Public Accountants

Lake of The Woods District Hospital

Statement of Financial Position

As at March 31, 2010

| | 2010 | 2009 |
|--|----------------------|----------------------|
| Current Assets | | |
| Cash | \$ 4,629,894 | \$ 4,209,167 |
| Short-term investments (Note 2) | 1,048,518 | 1,099,261 |
| Accounts receivable (Note 3) | 2,645,792 | 1,778,917 |
| Inventory | 457,477 | 342,367 |
| Prepaid expenses | 297,619 | 276,413 |
| | 9,079,300 | 7,706,125 |
| Capital Assets (Note 4) | 18,814,580 | 17,711,787 |
| | \$ 27,893,880 | \$ 25,417,912 |
| | | |
| Current liabilities | | |
| Accounts payable (Note 5) | \$ 6,468,554 | \$ 5,984,193 |
| Deferred contributions – donations and grants (Note 7) | 453,934 | 493,268 |
| | 6,922,488 | 6,477,461 |
| Accrued employee future benefit obligation (Note 6) | 923,800 | 880,100 |
| | 7,846,288 | 7,357,561 |
| Deferred contributions | | |
| Unamortized capital contributions (Note 7) | 11,886,951 | 10,016,098 |
| | 19,733,239 | 17,373,658 |
| Net assets | | |
| Invested in capital assets | 6,927,628 | 7,695,689 |
| Internally restricted for capital | 250,000 | 250,000 |
| Unrestricted net assets | 983,013 | 98,564 |
| | 8,160,641 | 8,044,253 |
| | \$ 27,893,880 | \$ 25,417,912 |

Approved on behalf of the Board

Director

Director

Lake of The Woods District Hospital

Statement of Operations

For the year ended March 31, 2010

| | Budget 2009/10 | 2010 | 2009 |
|--|-------------------|-------------------|-------------------|
| Revenue (Schedule 1) | | | |
| Ministry of Health and Long Term Care | \$ 30,306,710 | \$ 30,563,693 | \$ 29,597,509 |
| Patient revenue from other payors | 3,192,470 | 3,118,594 | 3,271,552 |
| Differential and co-payment revenue | 509,063 | 556,537 | 455,660 |
| Other revenue and recoveries | 3,085,658 | 2,912,964 | 3,143,175 |
| Amortization of grants/donations equipment | 1,200,000 | 707,217 | 1,124,233 |
| Total Hospital Operating Revenue | 38,293,901 | 37,859,005 | 37,592,129 |
| Other programs, net of amounts repayable to funding agencies (Schedules 3, 4 and 5) | 5,655,715 | 6,132,025 | 5,958,516 |
| | 43,949,616 | 43,991,030 | 43,550,645 |
| Expenses | | | |
| Salaries, wages and employee benefits (Schedule 2) | 24,067,465 | 24,265,640 | 23,601,822 |
| Medical staff remuneration | 5,207,169 | 5,071,844 | 5,081,417 |
| Supplies and other expenses (Schedule 2) | 5,198,492 | 5,117,394 | 5,012,716 |
| Medical and surgical supplies (Schedule 2) | 1,125,512 | 1,069,801 | 1,061,385 |
| Drugs | 1,143,417 | 1,158,725 | 1,165,800 |
| Amortization of equipment | 1,479,996 | 978,947 | 1,407,590 |
| Bad Debts | 26,250 | 39,053 | 22,742 |
| Total Hospital Operating Expenses | 38,248,301 | 37,701,403 | 37,353,472 |
| Other programs (Schedules 3, 4 and 5) | 5,655,715 | 6,132,025 | 5,958,516 |
| | 43,904,016 | 43,833,428 | 43,311,988 |
| Surplus before amortization related to buildings | 45,600 | 157,602 | 238,657 |
| Amortization of buildings | (535,600) | (747,020) | (690,998) |
| Amortization of deferred contributions related to buildings | 490,000 | 705,805 | 655,449 |
| Surplus for the year | \$ - | \$ 116,388 | \$ 203,108 |

Lake of The Woods District Hospital
Statement of Changes in Net Assets
For the year ended March 31, 2010

| | | | | 2010 | 2009 |
|---|----------------------------------|---|--------------|--------------|--------------|
| | Invested in Capital Assets | Internally Restricted For Capital | Unrestricted | Total | Total |
| Balance, beginning of year | \$ 7,695,689 | \$ 250,000 | \$ 98,564 | \$ 8,044,253 | \$ 7,841,145 |
| Surplus for the year | - | - | 116,388 | 116,388 | 203,108 |
| Amortization of capital assets/deferred contributions related to capital assets <i>(Note 8)</i> | (312,944) | - | 312,944 | - | - |
| Net changes in investment in Capital assets <i>(Note 8)</i> | (455,117) | - | 455,117 | - | - |
| Balance, end of year | \$ 6,927,628 | \$ 250,000 | \$ 983,013 | \$ 8,160,641 | \$ 8,044,253 |

Lake of The Woods District Hospital

Statement of Cash Flows

For the year ended March 31, 2010

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Cash flows from operations | | |
| Surplus for the year | \$ 116,388 | \$ 203,108 |
| Adjustments for: | | |
| Amortization of capital assets | 1,725,967 | 2,098,588 |
| Amortization of deferred contributions related to capital assets | (1,413,022) | (1,779,682) |
| | <u>429,333</u> | <u>522,014</u> |
| Change in non-cash operating working capital balances | (518,832) | 321,253 |
| | <u>(89,499)</u> | <u>843,267</u> |
| Cash flows from financing and investing activities | | |
| Increase in deferred contributions related to capital assets | 3,287,769 | 1,186,676 |
| Increase (decrease) in other deferred contributions | (39,334) | 272,459 |
| Increase in long term liability related to employee future benefits | 43,700 | 43,600 |
| Purchase of capital assets | (2,832,652) | (2,579,168) |
| | <u>459,483</u> | <u>(1,076,433)</u> |
| Net increase (decrease) in cash and equivalents | 369,984 | (233,166) |
| Cash and equivalents, beginning of year | 5,308,428 | 5,541,594 |
| Cash and equivalents, end of year | \$ 5,678,412 | \$ 5,308,428 |
| Cash and equivalents are comprised of: | | |
| Cash | \$ 4,629,894 | \$ 4,209,167 |
| Short-term investments | 1,048,518 | 1,099,261 |
| | <u>\$ 5,678,412</u> | <u>\$ 5,308,428</u> |

Lake of The Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2010

Operations

Lake of the Woods District Hospital ("the Hospital") was incorporated under a Private Bill (Lake of the Woods District Hospitals Act – Bill PR50) in 1968. The Hospital is principally involved in providing health care services to the City of Kenora. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

These financial statements reflect the assets, liabilities and operations of the Hospital. They do not include the assets, liabilities or operations of the Lake of the Woods District Hospital Foundation or the Lake of the Woods District Hospital Auxiliary, which, although associated with the Hospital, are separately managed, and report to separate Boards of Trustees.

In addition to the Hospital's operating fund which reflects the activities of the day to day operations of the Hospital, the financial statements also include the activities of the following programs:

Ministry of Health and Long Term Care:

- Problem Gambling
- Adult Community Mental Health
- Native Healer
- Lake of the Woods Addictions
- Remedial Measures
- CMH&A Administration
- Central Ambulance Communication Centre
- Ambulance Regional Training, Kenora
- Ambulance Regional Training, Thunder Bay
- Municipal Taxes

Other:

- Diabetes Education Program

The operating results of these programs are recorded in Schedules 3, 4, and 5 to the financial statements and their assets and liabilities are reported on the statement of financial position of the Hospital. Program surpluses are recorded as repayable in the year incurred, except for those programs for which permission has been obtained to carry over surpluses for future program expenditures. In these cases, program surpluses have been recorded as deferred contributions. Program deficits are included in general operations, since they are not funded by the Ministries. Adjustment settlements by the Ministries are recorded when settled.

Lake of The Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2010

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions.

Under the Health Insurance Act and 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. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

The Hospital receives funding for operations for certain programs from the Ministry of Health and Long-Term Care of Ontario. The final amount of operating revenue cannot be determined until the Ministry has reviewed the Hospital's financial and statistical returns for the year. Any adjustments arising from the Ministry's review is recorded in the period in which the adjustment is made.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets except for contributions relating to separate Ministry of Health and Long Term Care Programs which are included in program expenses.

Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or when the service is provided.

Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services of volunteers are not recognized in the financial statements.

Investments

Investments are designated as available-for-sale and are recorded at fair value. Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.

Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions and at a specific point in time and may not be reflective of future fair value.

Inventory

Inventory is stated at the lower of weighted average cost and net realizable value, less a provision for any obsolete or unusable inventory on hand.

Lake of The Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2010

Capital Assets

Purchased capital assets are initially recorded at cost, except for capital assets purchased for other programs. The capital assets policy for other programs is described below under Ministry of Health and Long Term Care Programs and Other Programs. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value.

Minor equipment replacements are expensed in the year of replacement. Construction in progress is not amortized until the project is complete and the facilities come into use.

Capital assets are amortized on a straight line basis over the following periods of time:

| | |
|--|------------------|
| Buildings and building service equipment | - 40 to 50 years |
| Computer equipment | - 5 years |
| Furniture and equipment | - 5 to 20 years |
| Parking lots | - 10 years |

Compensated Absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's benefit plans for vacation, sick leave and retirement allowances.

Ministry of Health and Long Term Care Programs and Other Programs

The Ministry of Health and Long Term Care and Other Programs follow Canadian generally accepted accounting principles except for the following:

1. Capital assets are expensed in the year of purchase.
2. Contributions restricted for the purchase of capital assets are reported in revenue in the year that the assets are purchased.

The Hospital does not follow generally accepted accounting principles in these circumstances since the above reporting guidelines are the basis on which these programs are funded. The net effect of these differences is not material to the Hospital's operating results.

Lake of The Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2010

Employee Benefit Plans

The Hospital accrues its obligation for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages and expected health care costs. The attribution period for such cost begins the date of hire of the employee to the date the employee becomes fully eligible to receive the benefits. The discount rate used to determine accrued benefit obligations is based on a year-end market rate of interest for high quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Adjustments arising from plan amendments, including past service costs, are amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.

The Hospital is an employer member of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to future employer contributions to the Plan for past employee service.

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 revenue and expenses during the reporting period. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

**Financial Instruments –
Held for trading**

The organization has classified the following financial assets and liabilities as held for trading: cash and short term investments.

These instruments are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the trade date.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statements of revenue and expenses.

Lake of The Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2010

**Financial Instruments –
Loans and receivables** The organization has classified accounts receivable as loans and receivables. Transactions to purchase or sell these items are recorded on the trade date.

Loans and receivables are subsequently measured at their amortized costs, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess of revenue over expenses upon derecognition or impairment.

**Financial Instruments –
Other financial liabilities** The organization has classified accounts payable as other financial liabilities. These liabilities are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the trade date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liabilities's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenue over expenses upon derecognition or impairment.

**Change in accounting
policy and adoption of
accounting standards –
Fair value measurements** In June 2009, the Canadian Institute of Chartered Accountants amended Section 3862 Financial Instruments – Disclosures to include enhanced disclosures relating to fair value measurements. The amendment establishes new requirements for disclosing fair value measurements recognized in the balance sheet using a three-tier fair value hierarchy based on the lowest level input that is significant to that fair value measurement.

This amendment is effective for annual financial statements relating to fiscal years ending after September 30, 2009. The adoption of these changes has not had a material impact on its financial statements.

**Change in accounting
policy and adoption of
accounting standards –
Liquidity risk** In June 2009, the Canadian Institute of Chartered Accountants amended Section 3862 Financial Instruments – Disclosures to include enhanced disclosures relating to liquidity risk in response to current market conditions. The amendment establishes new requirements for disclosing maturity analysis for derivative and non-derivative financial liabilities based on how the Organization manages its liquidity risk.

This amendment is effective for annual financial statements relating to fiscal years ending after September 30, 2009. The adoption of these changes has not had a material impact on its financial statements.

Lake of The Woods District Hospital

Notes to Financial Statements

For the year ended March 31, 2010

1. Cash

The Hospital's bank accounts are held at chartered banks. The accounts earn interest at prime less 2%.

2. Short-term Investments

| | Market Value | 2010 | 2009 |
|---|---------------------|---------------------|---------------------|
| CIBC 4/5 Plans in Trust | \$ 32,018 | \$ 32,018 | \$ 94,946 |
| Sunlife GIC – 2.00% maturing March 30, 2010 | 255,000 | 255,000 | 250,000 |
| Sunlife GIC – 0.70% maturing April 25, 2010 | 761,500 | 761,500 | 754,315 |
| | \$ 1,048,518 | \$ 1,048,518 | \$ 1,099,261 |

3. Accounts Receivable

| | 2010 | 2009 |
|---------------------------------------|---------------------|---------------------|
| Ministry of Health and Long Term Care | \$ 1,250,600 | \$ 792,023 |
| Insurers and patients | 669,545 | 524,365 |
| Other | 730,027 | 485,169 |
| | 2,650,172 | 1,801,557 |
| Allowance for doubtful accounts | (4,380) | (22,640) |
| | \$ 2,645,792 | \$ 1,778,917 |

4. Capital Assets

| | Cost | Accumulated Amortization | 2010 Net book Value | 2009 Net Book Value |
|--|----------------------|-----------------------------|---------------------------|---------------------------|
| Land and land improvements | \$ 212,775 | \$ - | \$ 212,775 | \$ 212,775 |
| Buildings and building service equipment | 24,971,060 | 11,021,747 | 13,949,313 | 13,247,027 |
| Computer equipment | 2,621,056 | 1,904,344 | 716,712 | 597,665 |
| Furniture and equipment | 13,566,412 | 11,257,958 | 2,308,454 | 2,476,510 |
| Parking lots | 336,063 | 204,490 | 131,573 | 209,961 |
| | 41,707,366 | 24,388,539 | 17,318,827 | 16,743,938 |
| Construction in process | 1,495,753 | - | 1,495,753 | 967,849 |
| | \$ 43,203,119 | \$ 24,388,539 | \$ 18,814,580 | \$ 17,711,787 |

Cost and accumulated amortization of capital assets at March 31, 2009 amounted to \$40,550,240 and \$22,838,453 respectively.

Lake of The Woods District Hospital

Notes to Financial Statements

For the year ended March 31, 2010

5. Accounts Payable

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Trade accounts payable | \$ 1,385,378 | \$ 1,067,787 |
| Due to Ministry of Health and Long Term Care | 1,087,141 | 924,351 |
| Accrued salaries and payroll remittances | 1,811,304 | 1,829,509 |
| Vacation benefits payable | 1,831,231 | 1,780,749 |
| Sick leave benefits payable | 17,606 | 24,397 |
| 4/5 plans | 47,042 | 97,886 |
| Other payables and accruals | 288,852 | 259,514 |
| | \$ 6,468,554 | \$ 5,984,193 |

6. Accrued Employee Future Benefit Obligation

The Hospital provides extended health care, dental and life insurance benefits to all unionized, full time employees who enrol in the benefit plans and extends this coverage to the post-retirement period. The Hospital accrues its obligations under these plans as the benefits are earned. The most recent actuarial valuation of employee future benefit was completed as at April 1, 2008.

At March 31, 2010, the Hospital's employee future benefits accrued liability and accrued benefit obligation was \$923,800 (2009 - \$880,100).

Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

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

| | |
|--|---|
| Discount Rate for calculation of Net Benefit Costs (during Fiscal 2010) | 7.50% per annum |
| Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2010) | 5.75% per annum |
| Dental Cost Trend Rates | 4.0% per annum |
| Extended Health Care Trend Rates | 9.0% in 2010; decreasing by 0.5% per annum to an ultimate rate of 5.0% in 2018 and thereafter |
| Retirement age | Age 60 or immediate if older than 60 |
| Full eligibility age | Age 55 |
| Members electing coverage at retirement | |
| CUPE & Non-Union Full Time | 80% |
| ONA Full Time | 50% |

Lake of The Woods District Hospital

Notes to Financial Statements

For the year ended March 31, 2010

6. Accrued Employee Future Benefit Obligation - Continued

| | 2010 | 2009 |
|---|---|---|
| Retirement and Other Employee Future Benefit Liabilities | Total Employee Future Benefits | Total Employee Future Benefits |
| Accrued benefit liability at beginning of period | \$ 880,100 | \$ 836,500 |
| Expense for the year | 97,700 | 97,400 |
| Funding contributions (total) | (54,000) | (53,800) |
| | \$ 923,800 | \$ 880,100 |

| | 2010 | 2009 |
|--|---|---|
| Retirement and Other Employee Future Benefit Expenses | Total Employee Future Benefits | Total Employee Future Benefits |
| Current year benefit cost | \$ 28,600 | \$ 35,500 |
| Interest on accrued benefit obligation | 63,300 | 56,100 |
| Recognized actuarial gains (losses) | 166,500 | (162,500) |
| Recognition of unamortized actuarial losses (gains) on plan amendments | (166,500) | 162,500 |
| Recognition of gains on prior service costs | 5,800 | 5,800 |
| | \$ 97,700 | \$ 97,400 |

Included in salaries, wages and employee benefits in the statement of operations is an amount of \$54,000 (2009-\$53,800) regarding employee future benefits.

7. Deferred Contributions

a) Deferred Contributions – Donations and Grants

Deferred contributions represent funding received for programs which will be utilized in future years.

| | 2010 | 2009 |
|--|------------|------------|
| | \$ 453,934 | \$ 493,268 |

b) Deferred Contributions – Unamortized Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

| | 2010 | 2009 |
|------------------------------------|---------------|---------------|
| Balance, beginning of year | \$ 10,016,098 | \$ 10,609,103 |
| Additional contributions received | 3,287,769 | 1,186,676 |
| Less: amounts amortized to revenue | (1,416,916) | (1,779,681) |
| | \$ 11,886,951 | \$ 10,016,098 |

Lake of The Woods District Hospital**Notes to Financial Statements***For the year ended March 31, 2010***8. Net Assets Invested in Capital Assets**

a) Investment in capital assets is calculated as follows:

| | 2010 | 2009 |
|------------------------|---------------------|---------------------|
| Capital assets | \$ 18,814,580 | \$ 17,711,787 |
| Amounts financed by: | | |
| Deferred contributions | (11,886,951) | (10,016,098) |
| | <u>\$ 6,927,628</u> | <u>\$ 7,695,689</u> |

b) Change in invested in capital assets is calculated as follows:

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Excess of expense over revenue: | | |
| Amortization of buildings | \$ (747,020) | \$ (690,998) |
| Amortization of deferred contributions related to buildings | 705,805 | 655,449 |
| Amortization of equipment | (978,947) | (1,407,590) |
| Amortization of deferred contributions related to equipment | 707,217 | 1,124,233 |
| | <u>\$ (312,944)</u> | <u>\$ (318,906)</u> |
| Net change in investment in capital assets: | | |
| Purchase of capital assets net of disposals | \$ 2,832,652 | \$ 2,579,168 |
| Amounts funded by deferred contributions | (3,287,769) | (1,186,676) |
| | <u>\$ (455,117)</u> | <u>\$ 1,392,492</u> |

9. Commitments and Contingencies

A group of Hospitals, including the Hospital, have formed the Health Care Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2010.

The Hospital has construction in progress recorded in capital assets of \$1,495,753 at March 31, 2010 (2009 - \$967,849). The cost to complete this construction is estimated at \$1,627,110.

10. Pension Plan

Substantially all 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. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to \$1,949,066 (2009 – \$1,911,418) and are included in employee benefits in the statement of operations.

Pension expense is based on the 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. 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 the participating members. The most recent triennial actuarial valuation of the Plan as at December 31, 2009 indicates the plan is fully funded.

11. Financial instruments

The carrying value of accounts receivable, capital grants receivable, accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments.

12. Related Entities

The Hospital has an economic interest in Lake of the Woods District Hospital Foundation (the "Foundation") and Lake of the Woods District Hospital Auxiliary (the "Auxiliary"). Both of these organizations raise funds for the Hospital for the purchase of capital assets.

During the year, the Foundation and the Auxiliary transferred \$615,979 (2009 - \$344,586) and \$123,686 (2009 - \$81,104) respectively to the Hospital for capital asset purchases.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.

14. Budget Amounts

Budget amounts are unaudited.

15. Economic Dependence

The Lake of the Woods District Hospital receives the majority of its funding from the Ministry of Health and Long Term Care.

Lake of The Woods District Hospital

Schedule 1 – Revenue

For the year ended March 31, 2010

| | Budget 2009/10 | 2010 | 2009 |
|--|----------------------|----------------------|----------------------|
| Ministry of Health and Long Term Care | | | |
| Base funding | \$ 25,686,900 | \$ 25,913,600 | \$ 25,071,111 |
| One time funding | 4,619,810 | 4,650,093 | 4,526,398 |
| | <u>30,306,710</u> | <u>30,563,693</u> | <u>29,597,509</u> |
| Patient Revenue from Other Payers | | | |
| Workplace Safety and Insurance Board | | | |
| -Inpatient | 21,000 | 8,350 | 39,846 |
| -Outpatient | 49,700 | 45,527 | 53,237 |
| Non-residents of the province | | | |
| -Inpatient | 367,500 | 413,696 | 321,839 |
| -Outpatient | 475,500 | 475,318 | 563,127 |
| Non-residents of Canada and uninsured residents | | | |
| -Inpatient | 39,825 | 22,000 | 46,000 |
| -Outpatient | 74,025 | 59,965 | 91,890 |
| OHIP | 1,754,170 | 1,603,005 | 1,588,775 |
| Ambulance services | 78,750 | 68,650 | 62,395 |
| Cancer Care Ontario | 332,000 | 422,083 | 489,352 |
| Other Provincial Ministries | - | - | 15,091 |
| | <u>3,192,470</u> | <u>3,118,594</u> | <u>3,271,552</u> |
| Differential charges for preferred accommodation | 385,563 | 371,706 | 293,120 |
| Chronic care co-payments | 123,500 | 184,831 | 162,540 |
| | <u>509,063</u> | <u>556,537</u> | <u>455,660</u> |
| Other Revenue | | | |
| Investment income | 80,000 | 15,394 | 83,828 |
| Food services | 267,750 | 214,207 | 222,647 |
| Ancillary operations | 448,101 | 418,604 | 459,716 |
| Parking | 287,000 | 280,752 | 227,666 |
| Laboratory services | 625,000 | 632,631 | 589,195 |
| Other revenue and recoveries | 1,237,777 | 1,337,248 | 1,414,008 |
| Donations | 140,030 | 14,128 | 146,115 |
| | <u>3,085,658</u> | <u>2,912,964</u> | <u>3,143,175</u> |
| Amortization of grants/donations of equipment | <u>1,200,000</u> | <u>707,217</u> | <u>1,124,233</u> |
| Total Hospital Operating Revenue | 38,293,901 | 37,859,005 | 37,592,129 |
| Revenue from other programs, net of amounts repayable to funding agencies (<i>Schedules 3, 4, and 5</i>) | 5,655,715 | 6,132,025 | 5,958,516 |
| Total Revenue | <u>\$ 43,949,616</u> | <u>\$ 43,991,030</u> | <u>\$ 43,550,645</u> |

Lake of The Woods District Hospital

Schedule 2 – Hospital Expenses

For the year ended March 31, 2010

| | Budget 2009/10 | 2010 | 2009 |
|--|----------------|---------------|---------------|
| Salaries, Wages and Employee Benefits | | | |
| Administrative and Support Services | \$ 6,162,756 | \$ 6,172,133 | \$ 6,011,070 |
| Nursing Inpatient Services | 9,231,088 | 9,514,212 | 9,329,006 |
| Ambulatory Care Services | 3,393,880 | 3,360,057 | 3,233,775 |
| Diagnostic and Therapeutic Services | 4,747,869 | 4,579,953 | 4,520,757 |
| Regional Stroke Community Program | 48,872 | 75,398 | 54,315 |
| Education | 91,303 | 91,151 | 84,251 |
| Marketed Services | 286,697 | 325,000 | 336,835 |
| WSIB NEER Assessment | 45,000 | 104,036 | (11,787) |
| Future Employee Benefits | 60,000 | 43,700 | 43,600 |
| | \$ 24,067,465 | \$ 24,265,640 | \$ 23,601,822 |
| Supplies and Other Expenses | | | |
| Administrative and Support Services | \$ 2,677,120 | \$ 2,567,410 | \$ 2,502,370 |
| Nursing Inpatient Services | 513,531 | 452,867 | 466,711 |
| Ambulatory Care Services | 399,033 | 444,931 | 457,335 |
| Regional Stroke Community Program | 1,775 | 2,024 | 2,399 |
| Diagnostic and Therapeutic Services | 1,234,788 | 1,242,451 | 1,134,773 |
| Education | 84,225 | 79,970 | 81,808 |
| Marketed Services | 288,020 | 327,741 | 367,318 |
| | \$ 5,198,492 | \$ 5,117,394 | \$ 5,012,716 |
| Medical and Surgical Supplies | | | |
| Administrative and Support Services | \$ 60,420 | \$ 73,493 | \$ 65,191 |
| Nursing Inpatient Services | 520,536 | 496,740 | 492,899 |
| Ambulatory Care Services | 480,876 | 451,729 | 450,943 |
| Diagnostic and Therapeutic Services | 63,630 | 47,031 | 51,438 |
| Education | 50 | 776 | 863 |
| Marketed Services | - | 31 | 51 |
| | \$ 1,125,512 | \$ 1,069,801 | \$ 1,061,385 |

Lake of the Woods District Hospital
Schedule 3 – Ministry of Health and Long Term Care
Community Health and Addictions Programs
For The Year Ended March 31, 2010

| | Problem Gambling | Adult Community Mental Health | Native Healer | Lake of the Woods Addictions | Remedial Measures | CMH&A Admin | 2010 Total | 2009 Total |
|---------------------------------------|-------------------|-------------------------------|-------------------|------------------------------|-------------------|-------------------|---------------------|---------------------|
| Revenue | | | | | | | | |
| Ministry of Health and Long Term Care | \$ 209,729 | \$ 1,057,549 | \$ 108,791 | \$ 1,873,331 | \$ - | \$ - | \$ 3,249,400 | \$ 3,196,895 |
| Other | 5,814 | 27,069 | - | 8,180 | 13,854 | 509,416 | 564,333 | 551,805 |
| | <u>\$ 215,543</u> | <u>\$ 1,084,618</u> | <u>\$ 108,791</u> | <u>\$ 1,881,511</u> | <u>\$ 13,854</u> | <u>\$ 509,416</u> | <u>\$ 3,813,733</u> | <u>\$ 3,748,700</u> |
| Expenses | | | | | | | | |
| Salaries and employee benefits | \$ 163,015 | \$ 790,048 | \$ 72,277 | \$ 1,398,332 | \$ 11,800 | \$ 292,293 | \$ 2,727,764 | \$ 2,685,013 |
| Supplies and other expenses | 52,528 | 267,108 | 30,744 | 483,179 | 2,054 | 217,123 | 1,052,736 | 1,041,597 |
| | <u>\$ 215,543</u> | <u>\$ 1,057,155</u> | <u>\$ 103,021</u> | <u>\$ 1,881,511</u> | <u>\$ 13,854</u> | <u>\$ 509,416</u> | <u>\$ 3,780,500</u> | <u>\$ 3,726,610</u> |
| Surplus before amounts repayable | \$ - | \$ 27,463 | \$ 5,770 | \$ - | \$ - | \$ - | \$ 33,233 | \$ 22,090 |
| Amounts repayable | - | (27,463) | (5,770) | - | - | - | (33,233) | (22,090) |
| Surplus (deficit) for the year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Lake of the Woods District Hospital
Schedule 4 – Ministry of Health and Long Term Care
Emergency Health Services
For the year ended March 31, 2010

| | Central Ambulance Communication Centre | Kenora Ambulance Regional Training | Thunder Bay Ambulance Regional Training | 2010 Total | 2009 Total |
|---|--|--|--|---------------|---------------|
| Revenue | | | | | |
| Ministry of Health and Long Term Care | \$ 1,665,752 | \$ 269,388 | \$ 148,490 | \$ 2,083,630 | \$ 2,129,845 |
| Other | 58,749 | 875 | 340 | 59,964 | 13,424 |
| | \$ 1,724,501 | \$ 270,263 | \$ 148,830 | \$ 2,143,594 | \$ 2,143,269 |
| Expenses | | | | | |
| Salaries and employee benefits | \$ 1,583,623 | \$ 116,252 | \$ 84,696 | \$ 1,784,571 | \$ 1,650,382 |
| Supplies and other expenses | 140,878 | 149,651 | 47,075 | 337,604 | 352,502 |
| | \$ 1,724,501 | \$ 265,903 | \$ 131,771 | \$ 2,122,175 | \$ 2,002,884 |
| Surplus before amounts repayable | \$ - | \$ 4,360 | \$ 17,059 | \$ 21,419 | \$ 140,385 |
| Amounts repayable/deferred | - | (4,360) | (17,059) | (21,419) | (140,385) |
| Surplus (deficit) for the year | \$ - | \$ - | \$ - | \$ - | \$ - |

Lake of the Woods District Hospital
Schedule 5 – Other Programs
For the year ended March 31, 2010

| | Municipal Taxes | Diabetes Education Program | 2010 Total | 2009 Total |
|---------------------------------------|--------------------|----------------------------------|---------------|---------------|
| Revenue | | | | |
| Ministry of Health and Long Term Care | \$ 11,100 | - | \$ 11,100 | \$ 11,100 |
| Northern Diabetes Network | - | 218,250 | 218,250 | 217,922 |
| | \$ 11,100 | \$ 218,250 | \$ 229,350 | \$ 229,022 |
| Expenses | | | | |
| Salaries and employee benefits | - | \$ 204,682 | \$ 204,682 | \$ 206,078 |
| Payment to physicians | - | - | - | - |
| Supplies and other expenses | 11,100 | 13,568 | 24,668 | 22,944 |
| | \$ 11,100 | \$ 218,250 | \$ 229,350 | \$ 229,022 |
| Surplus (deficit) for the year | \$ - | \$ - | \$ - | \$ - |