

Lake of the Woods District Hospital
Financial Statements
March 31, 2011



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Management's Responsibility

To the Members of Lake of the Woods District Hospital:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Organization's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 2, 2011


President and Chief Executive Officer


Vice President Corporate Services
and Chief Finance Officer

Independent Auditors' Report

To the Board of Directors of Lake of the Woods District Hospital:

We have audited the accompanying financial statements of Lake of the Woods District 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.

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' 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 we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

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

Other Matter

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
June 2, 2011

Chartered Accountants
Licensed Public Accountants

Lake of the Woods District Hospital
Statement of Financial Position
As at March 31, 2011

	2011	2010
Current assets		
Cash	\$ 4,378,670	\$ 4,629,894
Short-term investments (Note 2)	1,096,756	1,048,518
Accounts receivable (Note 3)	1,713,806	2,645,792
Inventory	500,487	457,477
Prepaid expenses	356,084	297,619
	<u>8,045,803</u>	<u>9,079,300</u>
Capital assets (Note 4)	<u>19,610,292</u>	<u>18,814,580</u>
	<u>\$ 27,656,095</u>	<u>\$ 27,893,880</u>
Current liabilities		
Accounts payable (Note 5)	\$ 5,911,132	\$ 6,468,554
Deferred contributions – donations and grants (Note 7)	448,160	453,934
	<u>6,359,292</u>	<u>6,922,488</u>
Accrued employee future benefit obligation (Note 6)	<u>972,000</u>	<u>923,800</u>
	7,331,292	7,846,288
Deferred contributions		
Unamortized capital contributions (Note 7)	12,092,435	11,886,951
	<u>19,423,727</u>	<u>19,733,239</u>
Net assets		
Invested in capital assets (Notes 8)	7,517,857	6,927,628
Internally restricted for capital	250,000	250,000
Unrestricted net assets	464,511	983,013
	<u>8,232,368</u>	<u>8,160,641</u>
	<u>\$ 27,656,095</u>	<u>\$ 27,893,880</u>

Approved on behalf of the Board



Director



Director

Lake of the Woods District Hospital

Statement of Operations

For the year ended March 31, 2011

	Budget 2010/11	2011	2010
Revenue (Schedule 1)			
Ministry of Health and Long Term Care/LHIN	\$ 31,279,066	\$ 31,787,406	\$ 30,985,776
Patient revenue from other payors	2,833,000	2,811,251	2,696,511
Differential and co-payment revenue	565,000	470,812	556,537
Other revenue and recoveries	2,898,447	2,998,072	2,912,964
Amortization of grants/donations equipment	815,000	616,195	707,217
Total Hospital Operating Revenue	38,390,513	38,683,736	37,859,005
Other programs, net of amounts repayable to funding agencies (Schedules 3, 4 and 5)	6,132,000	6,222,818	6,132,025
	44,522,513	44,906,554	43,991,030
Expenses			
Salaries, wages and employee benefits (Schedule 2)	24,466,696	25,068,509	24,265,639
Medical staff remuneration	5,137,362	5,171,936	5,071,844
Supplies and other expenses (Schedule 2)	5,396,947	5,068,726	5,117,394
Medical and surgical supplies (Schedule 2)	1,116,148	1,072,658	1,069,801
Drugs	1,165,339	1,122,380	1,158,725
Amortization of equipment	1,040,791	930,156	978,947
Bad Debts	26,250	16,054	39,053
Total Hospital Operating Expenses	38,349,533	38,450,419	37,701,403
Other programs (Schedules 3, 4 and 5)	6,132,000	6,222,818	6,132,025
	44,481,533	44,673,237	43,833,428
Surplus before amortization related to buildings	40,980	233,317	157,602
Amortization of buildings	(856,700)	(762,794)	(747,020)
Amortization of deferred contributions related to buildings	815,720	601,206	705,805
	(40,980)	(161,588)	(41,215)
Surplus for the year	\$ -	\$ 71,729	\$ 116,388

Lake of the Woods District Hospital
Statement of Changes in Net Assets
For the year ended March 31, 2011

				2011	2010
	Invested in Capital Assets	Internally Restricted For Capital	Unrestricted	Total	Total
Balance, beginning of year	\$ 6,927,628	\$ 250,000	\$ 983,013	\$ 8,160,641	\$ 8,044,253
Surplus for the year	-	-	71,729	71,729	116,388
Amortization of capital assets/deferred contributions related to capital assets <i>(Note 8)</i>	(475,549)	-	475,549	-	-
Net changes in investment in Capital assets <i>(Note 8)</i>	1,065,778	-	(1,065,778)	-	-
Balance, end of year	\$ 7,517,857	\$ 250,000	\$ 464,511	\$ 8,232,368	\$ 8,160,641

Lake of the Woods District Hospital

Statement of Cash Flows

For the year ended March 31, 2011

	2011	2010
Cash flows from operations		
Surplus for the year	\$ 71,729	\$ 116,388
Adjustments for:		
Amortization of capital assets	1,692,950	1,725,967
Amortization of deferred contributions related to capital assets	(1,217,401)	(1,413,022)
	547,278	429,333
Change in non-cash operating working capital balances	273,087	(518,832)
	820,365	(89,499)
Cash flows from financing and investing activities		
Increase in deferred contributions related to capital assets	1,422,885	3,287,769
Decrease in other deferred contributions	(5,774)	(39,334)
Increase in long term liability related to employee future benefits	48,200	43,700
Purchase of capital assets	(2,494,876)	(2,832,652)
Proceeds from disposal of capital assets	6,214	-
	(1,023,351)	459,483
Net increase (decrease) in cash and equivalents	(202,986)	369,984
Cash and equivalents, beginning of year	5,678,412	5,308,428
Cash and equivalents, end of year	\$ 5,475,426	\$ 5,678,412
Cash and equivalents are comprised of:		
Cash	\$ 4,378,670	\$ 4,629,894
Short-term investments	1,096,756	1,048,518
	\$ 5,475,426	\$ 5,678,412

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 as issued by the Accounting Standards Board.

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, 2011

Revenue Recognition	<p>The Hospital follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or when the service is provided.</p>
Contributed Services	<p>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.</p>
Investments	<p>Investments are designated as held for trading 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.</p> <p>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.</p>
Inventory	<p>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.</p>

Lake of the Woods District Hospital
Summary of Significant Accounting Policies

For the year ended March 31, 2011

Capital Assets	<p>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.</p> <p>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.</p> <p>Capital assets are amortized on a straight line basis over the following periods of time:</p> <table><tr><td>Buildings and building service equipment</td><td>- 40 to 50 years</td></tr><tr><td>Computer equipment</td><td>- 5 years</td></tr><tr><td>Furniture and equipment</td><td>- 5 to 20 years</td></tr><tr><td>Parking lots</td><td>- 10 years</td></tr></table>	Buildings and building service equipment	- 40 to 50 years	Computer equipment	- 5 years	Furniture and equipment	- 5 to 20 years	Parking lots	- 10 years
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	<p>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.</p>								
Ministry of Health and Long Term Care Programs and Other Programs	<p>The Ministry of Health and Long Term Care and Other Programs follow Canadian generally accepted accounting principles except for the following:</p> <ol style="list-style-type: none">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. <p>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.</p>								

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

**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.

**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 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.

**Recent accounting
pronouncements**

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Hospital expects to adopt Part III of the Handbook as its new financial reporting standards for its 2013 financial statements. The Hospital does not expect the adoption of Part III of the Handbook to have a material impact on its financial statements.

Lake of the Woods District Hospital

Notes to Financial Statements

For the year ended March 31, 2011

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	2011	2010
CIBC 4/5 Plans in Trust	\$ 66,096	\$ 66,096	\$ 32,018
Sunlife GIC – 2.00% matured March 30, 2010	-	-	255,000
Sunlife GIC – 0.70% matured April 25, 2010	-	-	761,500
Copperfin GIC – 2.35% maturing April 18, 2011	765,660	765,660	-
Copperfin GIC – 2.50% maturing April 23, 2011	265,000	265,000	-
	<u>\$ 1,096,756</u>	<u>\$ 1,096,756</u>	<u>\$ 1,048,518</u>

3. Accounts Receivable

	2011	2010
Ministry of Health and Long Term Care	\$ 465,015	\$ 1,250,600
Insurers and patients	634,771	669,545
Other	628,221	730,027
	<u>1,728,007</u>	<u>2,650,172</u>
Allowance for doubtful accounts	<u>(14,201)</u>	<u>(4,380)</u>
	<u>\$ 1,713,806</u>	<u>\$ 2,645,792</u>

Lake of the Woods District Hospital

Notes to Financial Statements

For the year ended March 31, 2011

4. Capital Assets

	Cost	Accumulated Amortization	2011 Net book Value
Land and land improvements	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	28,317,161	11,784,176	16,532,985
Computer equipment	2,807,431	2,072,213	735,217
Furniture and equipment	13,907,207	11,830,521	2,076,686
Parking lots	336,063	283,434	52,629
	<u>\$ 45,580,636</u>	<u>\$ 25,970,345</u>	<u>\$ 19,610,292</u>

	Cost	Accumulated Amortization	2010 Net book Value
Land and land improvements	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	24,971,060	11,021,747	13,949,313
Computer equipment	2,621,056	1,904,344	716,712
Furniture and equipment	13,566,412	11,257,958	2,308,454
Parking lots	336,063	204,490	131,573
	<u>41,707,366</u>	<u>24,388,539</u>	<u>17,318,827</u>
Construction in process	1,495,753	-	1,495,753
	<u>\$ 43,203,119</u>	<u>\$ 24,388,539</u>	<u>\$ 18,814,580</u>

5. Accounts Payable

	2011	2010
Trade accounts payable	\$ 1,130,611	\$ 1,385,380
Due to Ministry of Health and Long Term Care	514,202	1,087,141
Accrued salaries and payroll remittances	1,985,067	1,811,304
Vacation benefits payable	1,830,770	1,831,231
Sick leave benefits payable	17,715	17,606
4/5 plans	67,959	47,042
Other payables and accruals	364,809	288,852
	<u>\$ 5,911,132</u>	<u>\$ 6,468,556</u>

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 2011.

At March 31, 2011, the Hospital's employee future benefits accrued liability and accrued benefit obligation was \$972,000 (2010 - \$923,800). 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 2011)	5.75% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2011)	5.25% per annum
Dental Cost Trend Rates	4.0% per annum
Extended Health Care Trend Rates	7.5% in 2013; 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, 2011

6. Accrued Employee Future Benefit Obligation - Continued

	2011	2010
Retirement and Other Employee Future Benefit Liabilities	Total Employee Future Benefits	Total Employee Future Benefits
Accrued benefit liability at beginning of period	\$ 923,800	\$ 880,100
Expense for the year	106,200	97,700
Funding contributions (total)	(58,000)	(54,000)
	<u>\$ 972,000</u>	<u>\$ 923,800</u>

	2011	2010
Retirement and Other Employee Future Benefit Expenses	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ 39,600	\$ 28,600
Interest on accrued benefit obligation	60,800	63,300
Recognized actuarial gains (losses)	296,500	(166,500)
Recognition of unamortized actuarial losses (gains) on plan amendments	(296,500)	166,500
Recognition of gains on prior service costs	5,800	5,800
	<u>\$ 106,200</u>	<u>\$ 97,700</u>

Included in salaries, wages and employee benefits in the statement of operations is an amount of \$58,000 (2010-
\$54,000) 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.

	2011	2010
	<u>\$ 448,160</u>	<u>\$ 453,934</u>

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.

	2011	2010
Balance, beginning of year	\$ 11,886,951	\$ 10,016,098
Additional contributions received	1,422,885	3,287,769
Less: amounts amortized to revenue	(1,217,401)	(1,416,916)
	<u>\$ 12,092,435</u>	<u>\$ 11,886,951</u>

Lake of the Woods District Hospital

Notes to Financial Statements

For the year ended March 31, 2011

8. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2011	2010
Capital assets	\$ 19,610,292	\$ 18,814,580
Amounts financed by:		
Deferred contributions	(12,092,435)	(11,886,951)
	<u>\$ 7,517,857</u>	<u>\$ 6,927,628</u>

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

	2011	2010
Excess of expense over revenue:		
Amortization of buildings	\$ (762,794)	\$ (747,020)
Amortization of deferred contributions related to buildings	601,206	705,805
Amortization of equipment	(930,156)	(978,947)
Amortization of deferred contributions related to equipment	616,195	707,217
	<u>\$ (475,549)</u>	<u>\$ (312,944)</u>
Net change in investment in capital assets:		
Purchase of capital assets net of disposals	\$ 2,494,877	\$ 2,832,652
Loss on disposal of capital assets	(6,214)	-
Amounts funded by deferred contributions	(1,422,885)	(3,287,769)
	<u>\$ 1,065,778</u>	<u>\$ (455,117)</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, 2011.

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 \$1,997,412 (2010 - \$1,949,066) 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.

Variances 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, 2010 indicates the plan is fully funded.

11. Financial Instruments

The carrying value of short-term investments, accounts 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 \$531,570 (2010 - \$615,979) and \$103,384 (2010 - \$123,696) respectively to the Hospital for capital asset purchases.

13. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation

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, 2011

	Budget 2010/11	2011	2010
Ministry of Health and Long Term Care			
Base funding	\$ 26,301,200	\$ 26,301,200	\$ 25,913,600
One time funding	4,548,666	4,894,114	4,650,093
Cancer Care Ontario	429,200	592,092	422,083
	<u>31,279,066</u>	<u>31,787,406</u>	<u>30,985,776</u>
Patient Revenue from Other Payers			
Workplace Safety and Insurance Board			
-Inpatient	10,000	2,613	8,350
-Outpatient	46,500	30,289	45,527
Non-residents of the province			
-Inpatient	400,000	486,325	413,696
-Outpatient	593,500	580,525	475,318
Non-residents of Canada and uninsured residents			
-Inpatient	25,000	26,500	22,000
-Outpatient	76,000	73,665	59,965
OHIP	1,612,000	1,539,939	1,603,005
Ambulance services	70,000	71,395	68,650
Other Provincial Ministries	-	-	-
	<u>2,833,000</u>	<u>2,811,251</u>	<u>2,696,511</u>
Differential charges for preferred accommodation	380,000	271,655	371,706
Chronic care co-payments	185,000	199,157	184,831
	<u>565,000</u>	<u>470,812</u>	<u>556,537</u>
Other Revenue			
Investment income	15,000	41,430	15,394
Food services	235,000	200,319	214,207
Ancillary operations	416,111	417,205	418,604
Parking	285,000	264,702	280,752
Laboratory services	686,000	713,302	632,631
Other revenue and recoveries	1,261,336	1,356,969	1,337,248
Donations	-	4,144	14,128
	<u>2,898,447</u>	<u>2,998,071</u>	<u>2,912,964</u>
Amortization of grants/donations of equipment	<u>815,000</u>	<u>616,195</u>	<u>707,217</u>
Total Hospital Operating Revenue	<u>38,390,513</u>	<u>38,683,736</u>	<u>37,859,005</u>
Revenue from other programs, net of amounts repayable to funding agencies (Schedules 3, 4, and 5)	<u>6,132,000</u>	<u>6,222,818</u>	<u>6,132,025</u>
Total Revenue	<u>\$ 44,522,513</u>	<u>\$ 44,906,554</u>	<u>\$ 43,991,030</u>

Lake of the Woods District Hospital

Schedule 2 – Hospital Expenses

For the year ended March 31, 2011

	Budget 2010/11	2011	2010
Salaries, Wages and Employee Benefits			
Administrative and Support Services	\$ 6,246,657	\$ 6,354,152	\$ 6,172,133
Nursing Inpatient Services	9,479,337	9,903,040	9,514,212
Ambulatory Care Services	3,551,531	3,598,661	3,360,057
Diagnostic and Therapeutic Services	4,611,998	4,643,027	4,579,953
Regional Stroke Community Program	84,732	84,022	75,398
Education	93,039	96,019	91,151
Marketed Services	306,402	331,014	325,000
WSIB NEER Assessment	45,000	10,374	104,036
Future Employee Benefits	48,000	48,200	43,700
	<u>\$ 24,466,696</u>	<u>\$ 25,068,509</u>	<u>\$ 24,265,639</u>
Supplies and Other Expenses			
Administrative and Support Services	\$ 2,665,241	\$ 2,579,878	\$ 2,567,411
Nursing Inpatient Services	478,490	485,478	452,867
Ambulatory Care Services	544,273	422,943	444,931
Regional Stroke Community Program	1,675	2,047	2,024
Diagnostic and Therapeutic Services	1,387,214	1,188,140	1,242,451
Education	39,754	52,844	79,970
Marketed Services	280,300	337,395	327,741
	<u>\$ 5,396,947</u>	<u>\$ 5,068,726</u>	<u>\$ 5,117,394</u>
Medical and Surgical Supplies			
Administrative and Support Services	\$ 65,420	\$ 65,891	\$ 73,493
Nursing Inpatient Services	531,999	533,969	496,740
Ambulatory Care Services	475,049	424,618	451,729
Diagnostic and Therapeutic Services	43,630	46,152	47,031
Regional Stroke Community Program	-	1,553	-
Education	50	454	776
Marketed Services	-	21	31
	<u>\$ 1,116,148</u>	<u>\$ 1,072,658</u>	<u>\$ 1,069,801</u>

Lake of the Woods District Hospital
Schedule 3 – Ministry of Health and Long Term Care
Community Mental Health and Addictions Programs
For The Year Ended March 31, 2011

	Problem Gambling	Adult Community Mental Health	Native Healer	Lake of the Woods Addictions	Remedial Measures	CMH&A Admin	2011 Total	2010 Total
Revenue								
Ministry of Health and Long Term Care	\$ 213,924	\$ 1,077,028	\$ 111,281	\$ 1,945,172	\$ -	\$ -	\$ 3,347,405	\$ 3,249,400
Other	3,000	2,953	-	11,454	13,485	471,663	502,554	564,333
	\$ 216,924	\$ 1,079,981	\$ 111,281	\$ 1,956,626	\$ 13,485	\$ 471,663	\$ 3,849,960	\$ 3,813,733
Expenses								
Salaries and employee benefits	\$ 172,128	\$ 818,565	\$ 73,572	\$ 1,467,269	\$ 12,300	\$ 246,495	\$ 2,790,329	\$ 2,727,764
Supplies and other expenses	44,796	243,295	34,954	489,357	1,185	225,169	1,038,756	1,052,736
	\$ 216,924	\$ 1,061,861	\$ 108,526	\$ 1,956,626	\$ 13,485	\$ 471,663	\$ 3,829,084	\$ 3,780,500
Surplus before amounts repayable	\$ -	\$ 18,120	\$ 2,755	\$ -	\$ -	\$ -	\$ 20,875	\$ 33,233
Amounts repayable	-	(18,120)	(2,755)	-	-	-	(20,875)	(33,233)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Lake of the Woods District Hospital
Schedule 4 – Ministry of Health and Long Term Care
Emergency Health Services Programs
For the year ended March 31, 2011

	Central Ambulance Communication Centre	Kenora Ambulance Regional Training	Thunder Bay Ambulance Regional Training	2011 Total	2010 Total
Revenue					
Ministry of Health and Long Term Care	\$ 1,765,047	\$ 269,388	\$ 182,490	\$ 2,216,925	\$ 2,083,630
Other	40,520	3,918	21	44,458	59,963
	\$ 1,805,567	\$ 273,306	\$ 182,511	\$ 2,261,383	\$ 2,143,593
Expenses					
Salaries and employee benefits	\$ 1,627,255	\$ 120,393	\$ 83,322	\$ 1,830,970	\$ 1,784,570
Supplies and other expenses	145,161	136,139	69,902	351,202	337,605
	\$ 1,772,416	\$ 256,532	\$ 153,224	\$ 2,182,172	\$ 2,122,175
Surplus before amounts repayable	\$ 33,151	\$ 16,773	\$ 29,286	\$ 79,211	\$ 21,417
Amounts repayable/deferred	(33,151)	(16,773)	(29,286)	(79,211)	(21,417)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -

Lake of the Woods District Hospital
Schedule 5 – Other Programs
For the year ended March 31, 2011

	Municipal Taxes	Diabetes Education Program	2011 Total	2010 Total
Revenue				
Ministry of Health and Long Term Care	\$ 11,100	\$ -	\$ 11,100	\$ 11,100
Northern Diabetes Network	-	200,461	200,461	218,250
	\$ 11,100	\$ 200,461	\$ 211,561	\$ 229,350
Expenses				
Salaries and employee benefits	\$ -	\$ 197,273	\$ 197,273	\$ 204,682
Supplies and other expenses	11,100	3,188	14,288	24,668
	\$ 11,100	\$ 200,461	\$ 211,561	\$ 229,350
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -