

**Lake of the Woods District Hospital**  
**Financial Statements**  
*March 31, 2013*

Management's Responsibility Report

Independent Auditors' Report

Financial Statements

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## Management's Responsibility

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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 public sector accounting standards. 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.

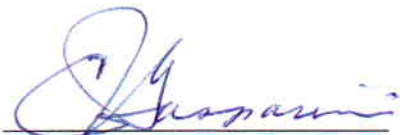
The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual 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.

MNP 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 6, 2013



President and Chief Executive Officer



Vice President Corporate Services  
and Chief Finance Officer

## **Independent Auditors' Report**

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To the Members and 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, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 public sector accounting standards, 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

### *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 1-4 is presented for the purpose of additional analysis and is 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.

Kenora, Ontario  
June 6, 2013

*MNP* LLP  
Chartered Accountants  
Licensed Public Accountants

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**MNP**

# Lake of the Woods District Hospital

## Statement of Financial Position

As at March 31, 2013

	2013	2012 (Restated)	Apr 1, 2011 (Restated)
<b>Current assets</b>			
Cash	\$ 5,002,395	\$ 6,147,020	\$ 4,378,670
Short-term investments (Note 3)	2,695,422	1,159,516	1,096,756
Accounts receivable (Note 4)	2,009,356	1,492,927	1,713,806
Inventory	512,628	525,420	500,487
Prepaid expenses	426,542	423,141	356,084
	<u>10,646,343</u>	<u>9,748,024</u>	<u>8,045,803</u>
<b>Capital assets (Note 5)</b>	<u>18,385,245</u>	<u>18,579,152</u>	<u>19,610,292</u>
	<u>\$ 29,031,588</u>	<u>\$ 28,327,176</u>	<u>\$ 27,656,095</u>
<b>Current liabilities</b>			
Accounts payable (Note 6)	\$ 6,669,900	\$ 6,209,466	\$ 5,911,132
Deferred contributions – donations and grants (Note 8)	605,388	515,123	448,160
	<u>7,275,288</u>	<u>6,724,589</u>	<u>6,359,292</u>
<b>Accrued employee future benefit obligation (Note 7)</b>	<u>1,373,700</u>	<u>1,320,400</u>	<u>1,184,000</u>
	<u>8,648,988</u>	<u>8,044,989</u>	<u>7,543,292</u>
<b>Deferred contributions</b>			
Unamortized capital contributions (Note 8)	12,465,338	12,229,196	12,092,435
	<u>21,114,326</u>	<u>20,274,185</u>	<u>19,635,727</u>
<b>Commitments and Contingencies (Note 10)</b>			
<b>Net assets</b>			
Invested in capital assets (Note 9)	5,919,907	6,349,956	7,517,857
Internally restricted for capital	250,000	250,000	250,000
Unrestricted net assets	1,747,355	1,453,035	252,511
	<u>7,917,262</u>	<u>8,052,991</u>	<u>8,020,368</u>
	<u>\$ 29,031,588</u>	<u>\$ 28,327,176</u>	<u>\$ 27,656,095</u>

Approved on behalf of the Board

 Director

 Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

# Lake of the Woods District Hospital

## Statement of Operations

For the year ended March 31, 2013

	Budget 2012/13	2013	2012 (Restated)
<b>Revenue (Schedule 1)</b>			
Ministry of Health and Long Term Care/LHIN	\$ 32,671,079	\$ 32,706,260	\$ 32,700,947
Patient revenue from other payers	2,842,000	2,767,747	2,841,983
Differential and co-payment revenue	445,000	293,086	442,915
Other revenue and recoveries	3,000,503	3,341,651	3,293,523
Amortization of grants/donations equipment	609,553	651,403	587,507
Total Hospital Operating Revenue	39,568,135	39,760,148	39,866,875
Other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	5,952,000	6,089,715	6,017,237
	45,520,135	45,849,863	45,884,112
<b>Expenses</b>			
Salaries, wages and employee benefits (Schedule 2)	25,687,084	25,766,706	25,420,297
Medical staff remuneration	5,410,582	5,392,631	5,543,885
Supplies and other expenses (Schedule 2)	5,499,800	5,365,201	5,354,408
Medical and surgical supplies (Schedule 2)	1,207,354	1,071,697	1,157,104
Drugs	1,351,120	1,225,581	1,357,241
Amortization of equipment	875,706	825,682	828,739
Bad Debts	26,250	23,250	23,197
Total Hospital Operating Expenses	40,057,896	39,670,748	39,684,871
Other programs (Schedules 3 and 4)	5,952,000	6,089,715	6,017,237
	46,009,896	45,760,463	45,702,108
<b>Surplus before amortization related to buildings</b>	(489,761)	89,400	182,004
Amortization of buildings	(856,700)	(976,917)	(952,328)
Amortization of deferred contributions related to buildings	807,860	751,788	802,945
	(48,840)	(225,129)	(149,383)
<b>Surplus (deficit) for the year</b>	\$ (538,601)	\$ (135,729)	\$ 32,621

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

# Lake of the Woods District Hospital

## Statement of Changes in Net Assets

For the year ended March 31, 2013

	2013			2012	
	Invested in Capital Assets	Internally Restricted For Capital	Unrestricted	Total	Total (Restated)
Balance, beginning of year as originally reported	\$ 6,349,956	\$ 250,000	\$ 1,453,035	\$ 8,052,991	\$ 8,232,370
Restatement for change in accounting standards (Note 1)	-	-	-	-	(212,000)
<b>Balance, beginning of year as restated</b>	<b>\$ 6,349,956</b>	<b>\$ 250,000</b>	<b>\$ 1,453,035</b>	<b>\$ 8,052,991</b>	<b>\$ 8,020,370</b>
Surplus (deficit) for the year	-	-	(135,729)	(135,729)	32,621
Amortization of capital assets/deferred contributions related to capital assets (Note 9)	(399,408)	-	399,408	-	-
Net changes in investment in Capital assets (Note 9)	(30,641)	-	30,641	-	-
<b>Balance, end of year</b>	<b>\$ 5,919,907</b>	<b>\$ 250,000</b>	<b>\$ 1,747,355</b>	<b>\$ 7,917,262</b>	<b>\$ 8,052,991</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

# Lake of the Woods District Hospital

## Statement of Cash Flows

For the year ended March 31, 2013

	2013	2012 (Restated)
<b>Cash flows from operations</b>		
Surplus for the year	\$ (135,729)	\$ 32,623
Adjustments for:		
Amortization of capital assets	1,802,599	1,781,066
Amortization of deferred contributions related to capital assets	(1,403,191)	(1,390,452)
Increase in long term liability related to employee future benefits	53,300	136,400
	<u>316,979</u>	<u>559,637</u>
Change in non-cash operating working capital balances	(46,605)	427,224
	<u>270,374</u>	<u>986,861</u>
<b>Cash flows from financing activities</b>		
Increase in deferred contributions related to capital assets	1,650,364	1,537,952
Increase (decrease) in other deferred contributions	90,265	66,963
Purchase of capital assets	(1,619,723)	(760,665)
	<u>120,906</u>	<u>344,250</u>
<b>Cash flows from investing activities</b>		
Increase in short term investments	(796,097)	-
<b>Net increase (decrease) in cash and equivalents</b>	<u>(404,817)</u>	<u>1,831,111</u>
<b>Cash and equivalents, beginning of year</b>	<u>7,306,537</u>	<u>5,475,426</u>
<b>Cash and equivalents, end of year</b>	<u>\$ 6,901,720</u>	<u>\$ 7,306,537</u>
<b>Cash and equivalents are comprised of:</b>		
Cash	\$ 5,002,395	\$ 6,147,021
Short-term investments	<u>1,899,325</u>	<u>1,159,516</u>
	<u>\$ 6,901,720</u>	<u>\$ 7,306,537</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements



# Lake of the Woods District Hospital Summary of Significant Accounting Policies

*For the year ended March 31, 2013*

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## 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 public sector accounting standards.

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 Directors.

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

The operating results of these programs are recorded in Schedules 3 and 4 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, 2013*

### **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.

### **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments with maturities of three months or less.

### **Investments**

Investments 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, 2013

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### 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 stated at cost, which comprises all direct and indirect costs of construction. 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 lot equipment	- 3 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.

### 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, included in the cost of the plan for the year.

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.

# Lake of the Woods District Hospital

## Summary of Significant Accounting Policies

*For the year ended March 31, 2013*

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### **Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards which 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 and deferred capital contributions are based on the estimated useful lives of capital assets.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year end.

### **Financial Instruments**

The Hospital recognizes its financial instruments when the Hospital becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Hospital may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital has not made such an election during the year.

The Hospital subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Hospital's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the surplus/deficit for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

**1. Impact of adopting Canadian public sector accounting standards**

These are the Hospital's first financial statements prepared in accordance with Canadian public sector accounting standards (PSAS). The accounting policies in the Summary of Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012, and the opening PSAS balance sheet as at April 1, 2011 (the Hospital's date of transition to public sector accounting standards).

In preparing these financial statements, the Hospital has elected to apply the following transitional provision permitted by PS 2125 First-time Adoption by Government Organizations at the date of transition to Canadian public sector accounting standards (PSAS):

***Retirement and post-employment benefits***

***Cumulative actuarial gains and losses***

All cumulative actuarial gains and losses as at the date of transition to PSAS have been recognized directly in opening net assets.

Reconciliations and explanatory notes on how the transition to public sector accounting standards has affected the statement of financial position previously reported under Canadian generally accepted accounting principles (GAAP) are provided below.

***Explanation of charges to net assets at April 1, 2011***

	<i>Adjustments to opening net assets</i>
Increase in accrued future benefit obligations	212,000
	<u>212,000</u>

***Reconciliation of Handbook section Part V of revenue over expenses to PSAS of revenue over expenses for the year ended March 31, 2012***

	<i>Notes</i>	<i>Canadian GAAP</i>	<i>Adjustments</i>	<i>Public sector accounting standards</i>
Revenue		45,884,112	-	45,884,112
Expense	(1)	(45,803,389)	(48,100)	(45,851,489)
<b>Deficiency of revenue over expenses</b>		<u>(80,723)</u>	<u>(48,100)</u>	<u>(32,623)</u>

(1) Increase in expense for post-retirement benefits

**Lake of the Woods District Hospital**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2013*

**2. Cash**

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

**3. Short-term Investments**

	Market Value	2013	2012
CIBC 4/5 Plans in Trust	\$ 115,214	\$ 115,214	\$ 104,328
Copperfin GIC – 2.00% maturing January 7, 2014	796,097	796,097	783,563
Copperfin GIC – 2.00% maturing April 23, 2013	279,796	279,796	271,625
Copperfin GIC – 1.30% maturing April 15, 2013	504,315	504,315	-
Copperfin GIC – 2.00% maturing April 20, 2013	1,000,000	1,000,000	-
	<u>\$ 2,695,422</u>	<u>\$ 2,695,422</u>	<u>\$ 1,159,516</u>

**4. Accounts Receivable**

	2013	2012
Ministry of Health and Long Term Care	\$ 819,983	\$ 290,077
Insurers and patients	430,734	573,410
Other	774,834	647,132
	<u>2,025,551</u>	<u>1,510,619</u>
Allowance for doubtful accounts	<u>(16,195)</u>	<u>(17,692)</u>
	<u>\$ 2,009,356</u>	<u>\$ 1,492,927</u>



# Lake of the Woods District Hospital

## Notes to the Financial Statements

For the year ended March 31, 2013

### 5. Capital Assets

	Cost	Accumulated Amortization	Net book Value
Land and land improvements	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	28,604,431	13,713,421	14,891,010
Computer equipment	3,171,490	2,448,244	723,246
Furniture and equipment	14,830,286	12,583,763	2,246,523
Parking lot equipment	336,063	336,063	-
	<b>47,155,045</b>	<b>29,081,491</b>	<b>18,073,554</b>
Construction in process	311,691	-	311,691
	<b>\$47,466,736</b>	<b>\$ 29,081,491</b>	<b>\$18,385,245</b>

	Cost	Accumulated Amortization	2012 Net book Value
Land and land improvements	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	28,317,161	12,736,503	15,580,658
Computer equipment	2,878,294	2,228,527	649,767
Furniture and equipment	14,215,516	12,361,861	1,853,655
Parking lot equipment	336,063	336,063	-
	<b>45,959,809</b>	<b>27,662,954</b>	<b>18,296,855</b>
Construction in process	282,297	-	282,297
	<b>\$46,242,106</b>	<b>\$ 27,662,954</b>	<b>\$18,579,152</b>

### 6. Accounts Payable

	2013	2012
Trade accounts payable	\$ 1,008,137	\$ 889,076
Due to Ministry of Health and Long Term Care	872,114	606,411
Accrued salaries and payroll remittances	2,243,776	2,272,732
Vacation benefits payable	1,939,753	1,891,445
Sick leave benefits payable	14,243	17,756
4/5 plans	115,980	105,213
Other payables and accruals	475,896	426,833
	<b>\$ 6,669,899</b>	<b>\$ 6,209,466</b>

## 7. 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, 2013, the Hospital's employee future benefits accrued liability and accrued benefit obligation was \$1,373,700 (2012 - \$1,320,400). 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 2013)	4.69% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2013)	3.94% 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%

	2013	2012
Retirement and Other Employee Future Benefit Liabilities	Total Employee Future Benefits	Total Employee Future Benefits (Restated)
Accrued benefit liability at beginning of period	\$ 1,320,400	\$ 1,184,000
Expense for the year	142,100	217,500
Funding contributions (total)	(88,800)	(81,100)
	<b>\$ 1,373,700</b>	<b>\$ 1,320,400</b>



# Lake of the Woods District Hospital

## Notes to the Financial Statements

For the year ended March 31, 2013

Retirement and Other Employee Future Benefit Expenses	2013 Total Employee Future Benefits	2012 Total Employee Future Benefits
Current year benefit cost	\$ 64,900	\$ 51,800
Interest on accrued benefit obligation	67,800	79,000
Recognized actuarial gains (losses)	223,900	223,900
ONA/OPSEU Award at April 1, 2011	-	108,400
Recognition of unamortized actuarial losses (gains) on plan amendments	(201,900)	(201,900)
Recognition of gains (losses) on prior service costs	(91,800)	(91,800)
	<u>\$ 62,900</u>	<u>\$ 169,400</u>

Included in salaries, wages and employee benefits in the statement of operations is an amount of \$53,300 (2012 - \$136,400) regarding employee future benefits.

### 8. Deferred Contributions

#### a) Deferred Contributions – Donations and Grants

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

	2013	2012
	<u>\$ 605,388</u>	<u>\$ 515,123</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.

	2013	2012
Balance, beginning of year	\$ 12,229,196	\$ 12,092,435
Additional contributions received	1,650,364	1,537,952
Less: amounts amortized to revenue	(1,403,191)	(1,390,452)
Less: amounts amortized to CMH&A other revenue	(10,739)	(10,739)
Less: amounts amortized to RTC Kenora other revenue	(292)	-
	<u>\$ 12,465,338</u>	<u>\$ 12,229,196</u>

**Lake of the Woods District Hospital**  
**Notes to the Financial Statements**  
For the year ended March 31, 2013

**9. Net Assets Invested in Capital Assets**

a) Investment in capital assets is calculated as follows:

	2013	2012
Capital assets	\$ 18,385,245	\$ 18,579,152
Amounts financed by:		
Deferred contributions	(12,465,338)	(12,229,196)
	<u>\$ 5,919,907</u>	<u>\$ 6,349,956</u>

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

	2013	2012
Excess of expense over revenue:		
Amortization of buildings	\$ (976,917)	\$ (952,328)
Amortization of deferred contributions related to buildings	751,788	802,945
Amortization of equipment	(825,682)	(828,739)
Amortization of deferred contributions related to equipment	651,403	587,507
	<u>\$ (399,408)</u>	<u>\$ (390,614)</u>
Net change in investment in capital assets:		
Purchase of capital assets net of disposals	\$ 1,619,723	\$ 760,665
Amounts funded by deferred contributions	(1,650,364)	(1,537,952)
	<u>\$ (30,641)</u>	<u>\$ (777,287)</u>

**10. 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, 2013.

**11. 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 \$2,040,322 (2012 – \$2,037,269) 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 April 1, 2013 indicates the plan is fully funded.

**12. Financial Instruments**

The Hospital, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**13. 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"), which the Organization does not control or have significant influence over. Both of these organizations raise funds for the Hospital for the purchase of capital assets.

During the year, the Foundation and the Auxiliary transferred \$739,554 (2012 - \$436,804) and \$77,570 (2012 - \$94,914) respectively to the Hospital for capital asset purchases.

**14. Comparative Figures**

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

**15. Budget Amounts**

Budget amounts are unaudited.

**16. Economic Dependence**

The Lake of the Woods District Hospital receives the majority of its funding (71%) from the Ministry of Health and Long Term Care.

# Lake of the Woods District Hospital

## Schedule 1 - Revenue

For the year ended March 31, 2013

	Budget 2012/13	2013	2012
<b>Ministry of Health and Long Term Care</b>			
Base funding	\$ 26,788,277	\$ 26,739,577	\$ 26,779,271
One time funding	5,300,322	5,403,749	5,220,948
Cancer Care Ontario	582,480	562,934	700,728
	<u>32,671,079</u>	<u>32,706,260</u>	<u>32,700,947</u>
<b>Patient Revenue from Other Payers</b>			
Workplace Safety and Insurance Board			
-Inpatient	10,000	3,944	9,768
-Outpatient	53,000	47,293	47,997
Non-residents of the province			
-Inpatient	370,000	414,117	331,244
-Outpatient	567,000	596,825	566,304
Non-residents of Canada and uninsured residents			
-Inpatient	10,000	5,000	4,000
-Outpatient	83,000	59,579	54,513
OHIP	1,676,000	1,568,977	1,754,336
Ambulance services	73,000	70,750	72,965
Other Provincial Ministries	-	1,262	856
	<u>2,842,000</u>	<u>2,767,747</u>	<u>2,841,983</u>
Differential charges for preferred accommodation	370,000	234,621	369,252
Chronic care co-payments	75,000	58,465	73,663
	<u>445,000</u>	<u>293,086</u>	<u>442,915</u>
<b>Other Revenue</b>			
Investment income	50,000	65,582	54,299
Food services	215,000	209,200	200,924
Ancillary operations	300,165	294,828	424,946
Parking	290,000	278,075	295,362
Laboratory services	700,000	631,722	715,814
Other revenue and recoveries	1,435,338	1,832,855	1,596,161
Donations	10,000	29,389	6,017
	<u>3,000,503</u>	<u>3,341,651</u>	<u>3,293,523</u>
<b>Amortization of grants/donations of equipment</b>	<u>609,553</u>	<u>651,403</u>	<u>587,507</u>
<b>Total Hospital Operating Revenue</b>	<u>39,568,135</u>	<u>39,760,148</u>	<u>39,866,875</u>
Revenue from other programs, net of amounts repayable to funding agencies (Schedules 3, and 4)	5,952,000	6,089,715	6,017,237
<b>Total Revenue</b>	<u>\$ 45,520,135</u>	<u>\$ 45,849,863</u>	<u>\$ 45,884,112</u>

# Lake of the Woods District Hospital

## Schedule 2 – Hospital Expenses

For the year ended March 31, 2013

	Budget 2012/13	2013	2012
<b>Salaries, Wages and Employee Benefits</b>			
Administrative and Support Services	\$ 6,497,125	\$ 6,478,991	\$ 6,244,697
Nursing Inpatient Services	9,808,205	10,434,604	10,026,575
Ambulatory Care Services	3,811,396	3,459,257	3,552,711
Diagnostic and Therapeutic Services	4,794,206	4,750,735	4,772,763
Regional Stroke Community Program	114,298	123,074	85,891
Education	114,512	91,536	90,156
Marketed Services	448,342	439,513	465,546
WSIB NEER Assessment	45,000	(64,304)	45,558
Future Employee Benefits	54,000	53,300	136,400
	<u>\$ 25,687,084</u>	<u>\$ 25,766,706</u>	<u>\$ 25,420,297</u>
<b>Supplies and Other Expenses</b>			
Administrative and Support Services	\$ 2,863,944	\$ 2,884,475	\$ 2,799,279
Nursing Inpatient Services	431,854	460,270	431,271
Ambulatory Care Services	557,630	489,554	531,305
Regional Stroke Community Program	1,675	512	979
Diagnostic and Therapeutic Services	1,310,175	1,207,120	1,240,188
Education	84,275	82,458	70,569
Marketed Services	250,247	240,812	280,817
	<u>\$ 5,499,800</u>	<u>\$ 5,365,201</u>	<u>\$ 5,354,408</u>
<b>Medical and Surgical Supplies</b>			
Administrative and Support Services	\$ 72,432	\$ 79,639	\$ 76,063
Nursing Inpatient Services	616,031	522,549	586,696
Ambulatory Care Services	476,123	428,306	453,451
Diagnostic and Therapeutic Services	42,768	41,011	40,731
Regional Stroke Community Program	-	-	-
Education	-	170	153
Marketed Services	-	22	10
	<u>\$ 1,207,354</u>	<u>\$ 1,071,697</u>	<u>\$ 1,157,104</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, 2013*

	Problem Gambling	Adult Community Mental Health	Native Healer	Lake of the Woods Addictions	Remedial Measures	CMH&A Admin	2013 Total	2012 Total
<b>Revenue</b>								
Ministry of Health and Long Term Care	\$ 217,133	\$ 1,105,434	\$ 113,185	\$ 2,046,425	\$ -	\$ -	\$ 3,482,177	\$ 3,403,473
Other	2,353	622	-	12,046	36,843	501,464	553,328	546,671
	<b>\$ 219,486</b>	<b>\$ 1,106,056</b>	<b>\$ 113,185</b>	<b>\$ 2,058,471</b>	<b>\$ 36,843</b>	<b>\$ 501,464</b>	<b>\$ 4,035,505</b>	<b>\$ 3,950,144</b>
<b>Expenses</b>								
Salaries and employee benefits	\$ 176,638	\$ 793,985	\$ 67,396	\$ 1,484,063	\$ 20,634	\$ 290,151	\$ 2,832,867	\$ 2,651,946
Supplies and other expenses	38,463	243,593	39,474	464,428	16,209	211,313	1,013,479	1,149,616
	<b>\$ 215,101</b>	<b>\$ 1,037,578</b>	<b>\$ 106,870</b>	<b>\$ 1,948,491</b>	<b>\$ 36,843</b>	<b>\$ 501,464</b>	<b>\$ 3,846,346</b>	<b>\$ 3,801,562</b>
<b>Surplus before amounts repayable</b>	<b>\$ 4,385</b>	<b>\$ 68,478</b>	<b>\$ 6,315</b>	<b>\$ 109,980</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 189,159</b>	<b>\$ 148,584</b>
Amounts repayable	(4,385)	(68,478)	(6,315)	(109,980)	-	-	(189,159)	(148,584)
<b>Surplus (deficit) for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**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, 2013*

	Central Ambulance Communication Centre	Kenora Ambulance Regional Training	Thunder Bay Ambulance Regional Training	2013 Total	2012 Total
<b>Revenue</b>					
Ministry of Health and Long Term Care	\$ 1,962,358	\$ 288,881	\$ 150,899	\$ 2,402,138	\$ 2,267,321
Other	34,617	292	1,675	36,584	51,133
	\$ 1,996,975	\$ 289,173	\$ 152,574	\$ 2,438,722	\$ 2,318,454
<b>Expenses</b>					
Salaries and employee benefits	\$ 1,701,474	\$ 134,218	\$ 49,340	\$ 1,885,032	\$ 1,895,451
Supplies and other expenses	143,192	149,029	66,116	358,337	320,227
	\$ 1,844,666	\$ 283,247	\$ 115,456	\$ 2,243,369	\$ 2,215,678
<b>Surplus before amounts repayable</b>	\$ 152,309	\$ 5,926	\$ 37,118	\$ 195,353	\$ 102,776
Amounts repayable/deferred	(152,309)	(5,926)	(37,118)	(195,353)	(102,776)
<b>Surplus (deficit) for the year</b>	\$ -	\$ -	\$ -	\$ -	\$ -