

Lake of the Woods District Hospital
Financial Statements
March 31, 2012

	Page
Management's Responsibility Report	
Independent 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.....	16
Schedule 2 - Hospital Expenses	17
Schedule 3 - Ministry of Health and Long Term Care Community Mental Health and Addictions Programs	18
Schedule 4 - Ministry of Health and Long Term Care Emergency Health Services Programs	19

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.

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 1, 2012


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, 2012, 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, 2012 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 1-4 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.

MNP LLP


Kenora, Ontario
June 1, 2012

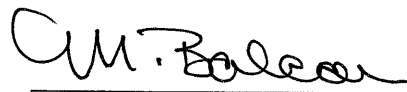
Chartered Accountants
Licensed Public Accountants

Lake of the Woods District Hospital
Statement of Financial Position
As at March 31, 2012

	2012	2011
Current assets		
Cash	\$ 6,147,021	\$ 4,378,670
Short-term investments (Note 2)	1,159,516	1,096,756
Accounts receivable (Note 3)	1,492,927	1,713,806
Inventory	525,418	500,487
Prepaid expenses	423,142	356,084
	<u>9,748,024</u>	<u>8,045,803</u>
Capital assets (Note 4)	<u>18,579,152</u>	<u>19,610,292</u>
	<u>\$ 28,327,176</u>	<u>\$ 27,656,095</u>
Current liabilities		
Accounts payable (Note 5)	\$ 6,209,466	\$ 5,911,132
Deferred contributions – donations and grants (Note 7)	515,123	448,160
	<u>6,724,589</u>	<u>6,359,292</u>
Accrued employee future benefit obligation (Note 6)	<u>1,060,300</u>	<u>972,000</u>
	7,784,889	7,331,292
Deferred contributions		
Unamortized capital contributions (Note 7)	12,229,196	12,092,435
	<u>20,014,085</u>	<u>19,423,727</u>
Net assets		
Invested in capital assets (Note 8)	6,349,956	7,517,857
Internally restricted for capital	250,000	250,000
Unrestricted net assets	1,713,315	464,511
	<u>8,313,091</u>	<u>8,232,368</u>
	<u>\$ 28,327,176</u>	<u>\$ 27,656,095</u>

Approved on behalf of the Board

 Director

 Director

Lake of the Woods District Hospital

Statement of Operations

For the year ended March 31, 2012

	Budget 2011/12	2012	2011
Revenue (Schedule 1)			
Ministry of Health and Long Term Care/LHIN	\$ 32,248,410	\$ 32,700,947	\$ 31,798,506
Patient revenue from other payers	2,712,500	2,841,983	2,811,251
Differential and co-payment revenue	51,000	442,915	470,812
Other revenue and recoveries	3,085,335	3,293,523	3,198,533
Amortization of grants/donations equipment	741,443	587,507	616,195
Total Hospital Operating Revenue	39,297,688	39,866,875	38,895,297
Other programs, net of amounts repayable to funding agencies (Schedules 3 and 4)	5,952,000	6,017,237	6,011,257
	45,249,688	45,884,112	44,906,554
Expenses			
Salaries, wages and employee benefits (Schedule 2)	25,114,454	25,372,197	25,265,782
Medical staff remuneration	5,365,049	5,543,885	5,171,934
Supplies and other expenses (Schedule 2)	5,325,568	5,354,408	5,083,015
Medical and surgical supplies (Schedule 2)	1,262,589	1,157,104	1,072,658
Drugs	1,229,370	1,357,241	1,122,381
Amortization of equipment	925,568	828,739	930,156
Bad Debts	26,250	23,197	16,054
Total Hospital Operating Expenses	39,248,848	39,636,770	38,661,980
Other programs (Schedules 3 and 4)	5,952,000	6,017,237	6,011,257
	45,200,848	45,654,007	44,673,237
Surplus before amortization related to buildings	48,840	230,106	233,317
Amortization of buildings	(856,700)	(952,328)	(762,794)
Amortization of deferred contributions related to buildings	807,860	802,945	601,206
	(48,840)	(149,383)	(161,588)
Surplus for the year	\$ -	\$ 80,723	\$ 71,729

Lake of the Woods District Hospital
Statement of Changes in Net Assets
For the year ended March 31, 2012

				2012	2011
	Invested in Capital Assets	Internally Restricted For Capital	Unrestricted	Total	Total
Balance, beginning of year	\$ 7,517,857	\$ 250,000	\$ 464,511	\$ 8,232,368	\$ 8,160,639
Surplus for the year	-	-	80,723	80,723	71,729
Amortization of capital assets/deferred contributions related to capital assets <i>(Note 8)</i>	(390,614)	-	390,614	-	-
Net changes in investment in Capital assets <i>(Note 8)</i>	(777,287)	-	777,287	-	-
Balance, end of year	\$ 6,349,956	\$ 250,000	\$ 1,713,135	\$ 8,313,091	\$ 8,232,368

Lake of the Woods District Hospital**Statement of Cash Flows***For the year ended March 31, 2012*

	2012	2011
Cash flows from operations		
Surplus for the year	\$ 80,723	\$ 71,729
Adjustments for:		
Amortization of capital assets	1,781,066	1,692,950
Amortization of deferred contributions related to capital assets	(1,390,452)	(1,217,401)
	<u>471,337</u>	<u>547,278</u>
Change in non-cash operating working capital balances	<u>427,224</u>	<u>273,400</u>
	<u>898,561</u>	<u>820,678</u>
Cash flows from financing and investing activities		
Increase in deferred contributions related to capital assets	1,537,952	1,422,885
Increase (decrease) in other deferred contributions	66,963	(5,774)
Increase in long term liability related to employee future benefits	88,300	48,200
Purchase of capital assets	(760,665)	(2,494,876)
Proceeds from disposal of capital assets	-	6,214
	<u>923,550</u>	<u>(1,023,351)</u>
Net increase (decrease) in cash and equivalents	<u>1,831,111</u>	<u>(202,986)</u>
Cash and equivalents, beginning of year	<u>5,475,426</u>	<u>5,678,412</u>
Cash and equivalents, end of year	<u>\$ 7,306,537</u>	<u>\$ 5,475,426</u>
Cash and equivalents are comprised of:		
Cash	\$ 6,147,021	\$ 4,378,670
Short-term investments	<u>1,159,516</u>	<u>1,096,756</u>
	<u>\$ 7,306,537</u>	<u>\$ 5,475,426</u>

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2012

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

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, 2012

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 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.

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, 2012

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 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, 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.

Lake of the Woods District Hospital
Summary of Significant Accounting Policies
For the year ended March 31, 2012

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 and deferred capital contributions are 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 and accrued employee future benefit obligations 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 the Financial Statements
For the year ended March 31, 2012

1. Cash

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

2. Short-term Investments

	<u>Market Value</u>	<u>2012</u>	<u>2011</u>
CIBC 4/5 Plans in Trust	\$ 104,328	\$ 104,328	\$ 66,096
Copperfin GIC – 2.35% maturing April 12, 2012	783,563	783,563	765,660
Copperfin GIC – 2.50% maturing April 23, 2012	271,625	271,625	265,000
	<u>\$ 1,159,516</u>	<u>\$ 1,159,516</u>	<u>\$ 1,096,756</u>

3. Accounts Receivable

	<u>2012</u>	<u>2011</u>
Ministry of Health and Long Term Care	\$ 290,077	\$ 465,015
Insurers and patients	573,410	634,771
Other	647,132	628,221
	<u>1,510,619</u>	<u>1,728,007</u>
Allowance for doubtful accounts	<u>(17,692)</u>	<u>(14,201)</u>
	<u>\$ 1,492,927</u>	<u>\$ 1,713,806</u>

Lake of the Woods District Hospital

Notes to the Financial Statements

For the year ended March 31, 2012

4. Capital Assets

2012

	Cost	Accumulated Amortization	Net book Value
Land and land improvements	\$ 212,775	\$ -	\$ 212,775
Buildings and building service equipment	28,317,161	12,736,503	15,580,657
Computer equipment	2,878,294	2,228,527	649,767
Furniture and equipment	14,215,516	12,361,860	1,853,657
Parking lot equipment	336,063	336,063	-
	45,959,809	27,662,954	18,296,855
Construction in process	282,297	-	282,297
	46,242,106	27,662,954	18,579,152

2011

	Cost	Accumulated Amortization	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	2,072,214	735,217
Furniture and equipment	13,907,207	11,830,521	2,076,686
Parking lot equipment	336,063	283,434	52,629
	\$ 45,580,636	\$ 25,970,345	\$ 19,610,292

5. Accounts Payable

2012

2011

Trade accounts payable	\$ 889,076	\$ 1,130,611
Due to Ministry of Health and Long Term Care	606,411	514,202
Accrued salaries and payroll remittances	2,272,732	1,985,066
Vacation benefits payable	1,891,445	1,830,770
Sick leave benefits payable	17,756	17,715
4/5 plans	105,213	67,959
Other payables and accruals	426,833	364,809
	\$ 6,209,466	\$ 5,911,132

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, 2012, the Hospital's employee future benefits accrued liability and accrued benefit obligation was \$1,060,300 (2011 - \$972,000). 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 2012)	5.25% per annum
Discount Rate to determine Accrued Benefit Obligation for disclosure (at end of Fiscal 2012)	4.0% 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 the Financial Statements
For the year ended March 31, 2012

6. Accrued Employee Future Benefit Obligation - Continued

Retirement and Other Employee Future Benefit Liabilities	2012 Total Employee Future Benefits	2011 Total Employee Future Benefits
Accrued benefit liability at beginning of period	\$ 972,000	\$ 923,800
Expense for the year	169,400	106,200
Funding contributions (total)	(81,100)	(58,000)
	<u>\$ 1,060,300</u>	<u>\$ 972,000</u>

Retirement and Other Employee Future Benefit Expenses	2012 Total Employee Future Benefits	2011 Total Employee Future Benefits
Current year benefit cost	\$ 51,800	\$ 39,600
Interest on accrued benefit obligation	79,000	60,800
Recognized actuarial gains (losses)	223,900	296,500
ONA/OPSEU Award at April 1, 2011	108,400	-
Recognition of unamortized actuarial losses (gains) on plan amendments	(201,900)	(296,500)
Recognition of gains (losses) on prior service costs	(91,800)	5,800
	<u>\$ 169,400</u>	<u>\$ 106,200</u>

Included in salaries, wages and employee benefits in the statement of operations is an amount of \$88,300 (2011-\$48,200) 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.

2012	2011
<u>\$ 515,123</u>	<u>\$ 448,160</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.

	2012	2011
Balance, beginning of year	\$ 12,092,435	\$ 11,886,951
Additional contributions received	1,537,952	1,422,885
Less: amounts amortized to revenue	(1,390,452)	(1,217,401)
Less: amounts amortized to CMH&A other revenue	(10,739)	-
	<u>\$ 12,229,196</u>	<u>\$ 12,092,435</u>

MNP

8. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2012	2011
Capital assets	\$ 18,579,152	\$ 19,610,292
Amounts financed by:		
Deferred contributions	(12,229,196)	(12,092,435)
	<u>\$ 6,349,956</u>	<u>\$ 7,517,857</u>

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

	2012	2011
Excess of expense over revenue:		
Amortization of buildings	\$ (952,328)	\$ (762,794)
Amortization of deferred contributions related to buildings	802,945	601,206
Amortization of equipment	(828,739)	(930,156)
Amortization of deferred contributions related to equipment	587,507	616,195
	<u>\$ (390,614)</u>	<u>\$ (475,549)</u>
Net change in investment in capital assets:		
Purchase of capital assets net of disposals	\$ 760,665	\$ 2,494,876
Loss on disposal of capital assets	-	(6,214)
Amounts funded by deferred contributions	(1,537,952)	(1,422,885)
	<u>\$ (777,287)</u>	<u>\$ 1,065,777</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, 2012.

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 \$2,037,269 (2011 – \$1,997,412) 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 \$436,804 (2011 - \$531,570) and \$94,914 (2011 - \$103,384) 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, 2012

	Budget 2011/12	2012	2011
Ministry of Health and Long Term Care			
Base funding	\$ 26,779,271	\$ 26,779,271	\$ 26,301,200
One time funding	4,950,609	5,220,948	4,905,214
Cancer Care Ontario	518,530	700,728	592,092
	32,248,410	32,700,947	31,798,506
Patient Revenue from Other Payers			
Workplace Safety and Insurance Board			
-Inpatient	5,000	9,768	2,613
-Outpatient	32,500	47,997	30,289
Non-residents of the province			
-Inpatient	400,000	331,244	486,325
-Outpatient	572,000	566,304	580,525
Non-residents of Canada and uninsured residents			
-Inpatient	25,000	4,000	26,500
-Outpatient	76,000	54,513	73,665
OHIP	1,527,000	1,754,336	1,539,939
Ambulance services	75,000	72,965	71,395
Other Provincial Ministries	-	856	-
	2,712,500	2,841,983	2,811,251
Differential charges for preferred accommodation	350,000	369,252	271,655
Chronic care co-payments	160,000	73,663	199,157
	510,000	442,915	470,812
Other Revenue			
Investment income	45,000	54,298	41,430
Food services	220,000	200,924	200,319
Ancillary operations	425,052	424,946	417,205
Parking	285,000	295,362	264,702
Laboratory services	663,000	715,814	713,303
Other revenue and recoveries	1,447,283	1,596,161	1,557,430
Donations	-	6,017	4,144
	3,085,335	3,293,522	3,198,533
Amortization of grants/donations of equipment	741,443	587,507	616,195
Total Hospital Operating Revenue	39,297,688	39,866,875	38,895,297
Revenue from other programs, net of amounts repayable to funding agencies (Schedules 3, and 4)	5,952,000	6,017,237	6,011,257
Total Revenue	\$ 45,249,688	\$ 45,884,112	\$ 44,906,554

Lake of the Woods District Hospital

Schedule 2 – Hospital Expenses

For the year ended March 31, 2012

	Budget 2011/12	2012	2011
Salaries, Wages and Employee Benefits			
Administrative and Support Services	\$ 6,300,195	\$ 6,244,697	\$ 6,354,152
Nursing Inpatient Services	9,617,365	10,026,575	9,903,040
Ambulatory Care Services	3,761,582	3,552,711	3,598,661
Diagnostic and Therapeutic Services	4,706,781	4,772,763	4,643,027
Regional Stroke Community Program	84,459	85,891	84,022
Education	84,225	90,156	96,019
Marketed Services	445,247	465,546	528,287
WSIB NEER Assessment	45,000	45,558	10,374
Future Employee Benefits	69,600	88,300	48,200
	<u>\$ 25,114,454</u>	<u>\$ 25,372,197</u>	<u>\$ 25,265,782</u>
Supplies and Other Expenses			
Administrative and Support Services	\$ 2,656,327	\$ 2,799,279	\$ 2,590,978
Nursing Inpatient Services	369,358	431,271	485,478
Ambulatory Care Services	525,708	531,305	422,943
Regional Stroke Community Program	1,675	979	2,047
Diagnostic and Therapeutic Services	1,411,978	1,240,188	1,188,140
Education	84,275	70,569	52,844
Marketed Services	276,247	280,817	340,583
	<u>\$ 5,325,568</u>	<u>\$ 5,354,408</u>	<u>\$ 5,083,015</u>
Medical and Surgical Supplies			
Administrative and Support Services	\$ 68,983	\$ 76,063	\$ 65,891
Nursing Inpatient Services	674,877	586,696	533,969
Ambulatory Care Services	475,049	453,451	424,618
Diagnostic and Therapeutic Services	43,630	40,731	46,152
Regional Stroke Community Program	-	-	1,553
Education	50	153	454
Marketed Services	-	10	21
	<u>\$ 1,262,589</u>	<u>\$ 1,157,104</u>	<u>\$ 1,072,658</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, 2012

	Problem Gambling	Adult Community Mental Health	Native Healer	Lake of the Woods Addictions	Remedial Measures	CMH&A Admin	2012 Total	2011 Total
Revenue								
Ministry of Health and Long Term Care	\$ 197,133	\$ 1,115,889	\$ 113,185	\$ 1,977,266	\$ -	\$ -	\$ 3,403,473	\$ 3,347,405
Other	3,000	4,261	-	24,089	17,444	497,877	546,671	502,554
	<u>\$ 200,133</u>	<u>\$ 1,120,150</u>	<u>\$ 113,185</u>	<u>\$ 2,001,355</u>	<u>\$ 17,444</u>	<u>\$ 497,877</u>	<u>\$ 3,950,144</u>	<u>\$ 3,849,959</u>
Expenses								
Salaries and employee benefits	\$ 138,226	\$ 752,351	\$ 73,336	\$ 1,398,734	\$ 16,414	\$ 272,886	\$ 2,651,947	\$ 2,790,329
Supplies and other expenses	44,702	315,679	39,849	523,363	1,030	224,991	1,149,615	1,038,756
	<u>\$ 182,928</u>	<u>\$ 1,068,030</u>	<u>\$ 113,185</u>	<u>\$ 1,922,097</u>	<u>\$ 17,444</u>	<u>\$ 497,877</u>	<u>\$ 3,801,562</u>	<u>\$ 3,829,085</u>
Surplus before amounts repayable	\$ 17,205	\$ 52,121	\$ -	\$ 79,258	\$ -	\$ -	\$ 148,584	\$ 20,875
Amounts repayable	(17,205)	(52,121)	-	79,258	-	-	(148,584)	(20,875)
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, 2012

	Central Ambulance Communication Centre	Kenora Ambulance Regional Training	Thunder Bay Ambulance Regional Training	2012 Total	2011 Total
Revenue					
Ministry of Health and Long Term Care	\$ 1,824,934	\$ 269,388	\$ 172,999	\$ 2,267,321	\$ 2,216,925
Other	49,614	394	1,125	51,133	44,458
	\$ 1,874,548	\$ 269,782	\$ 174,124	\$ 2,318,454	\$ 2,261,383
Expenses					
Salaries and employee benefits	\$ 1,685,731	\$ 122,820	\$ 86,901	\$ 1,895,452	\$ 1,830,970
Supplies and other expenses	134,312	146,639	39,274	320,225	351,202
	\$ 1,820,043	\$ 269,459	\$ 126,175	\$ 2,215,677	\$ 2,182,172
Surplus before amounts repayable	\$ 54,505	\$ 323	\$ 47,949	\$ 102,777	\$ 79,211
Amounts repayable/deferred	(54,505)	(323)	(47,949)	(102,777)	(79,211)
Surplus (deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -