

BINGHAM MEMORIAL HOSPITAL
FINANCIAL STATEMENT
TO MARCH 31, 2009

BINGHAM MEMORIAL HOSPITAL
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for the year ended March 31, 2009

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J. Clive Dorland, B.Comm. CA

AUDITOR'S REPORT

TO: The Members
Bingham Memorial Hospital
Matheson, Ontario

I have audited the statement of financial position of Bingham Memorial Hospital as at March 31, 2009 and the statements of operations, changes in net assets, and cash flow, for the year then ended. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Bingham Memorial Hospital as at March 31, 2009 and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

I have not audited budget figures.



Cochrane, Ontario
June 08, 2009

CHARTERED ACCOUNTANT
Licensed Public Accountant

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2009

	2009	2008
ASSETS		
Current:		
Cash	\$ 308,074	234,792
Accounts receivable (note 2)	157,815	179,572
Prepaid expenses	-	23,980
Inventories	139,170	156,579
Other - joint venture (note 10)	-	10,875
	<u>605,059</u>	<u>605,798</u>
Non Current:		
Investments (note 3)	320,456	381,443
Capital assets (note 4)	4,530,320	4,481,068
	<u>4,850,776</u>	<u>4,862,511</u>
	<u>\$ 5,455,835</u>	<u>5,468,309</u>
LIABILITIES and NET ASSETS		
Liabilities		
Current:		
Accounts payable and accrued charges (note 5)	\$ 697,305	457,904
Deferred contributions - operations	61,830	40,458
Other - joint venture (note 10)	-	10,875
	<u>759,135</u>	<u>509,237</u>
Long Term:		
Accrued benefit liability (note 6)	515,040	486,308
Deferred contributions capital assets (note 7)	4,221,946	4,284,392
	<u>4,736,986</u>	<u>4,770,700</u>
Net Assets (Deficit)		
Investment in capital assets (note 8)	493,127	450,094
Unrestricted	(533,413)	(261,722)
	<u>(40,286)</u>	<u>188,372</u>
	<u>\$ 5,455,835</u>	<u>5,468,309</u>

See accompanying notes to financial statements

On behalf of the Board:

_____ Director

_____ Director

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

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STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2009

	Budget	2009 Actual	2008 Actual
REVENUES			
Ministry of Health and Long Term Care			
-Base allocation	\$ 5,353,700	5,353,750	5,206,250
-Hospital on-call coverage	83,796	84,079	83,800
-One-time funding	-	33,000	10,210
Subtotal Ministry of Health Funding	<u>5,437,496</u>	<u>5,470,829</u>	<u>5,300,260</u>
Cancer Care Ontario	-	5,436	3,113
Recoveries & miscellaneous Revenue	86,200	94,907	87,789
Investment income	20,000	10,670	36,155
Amortization of Grants/Donation Equipment	180,000	137,981	233,778
Alternative Funding Arrangement	740,658	740,658	723,587
OHIP Revenue	185,842	95,841	107,186
Other Patient Revenue	397,000	431,333	416,619
	<u>7,047,196</u>	<u>6,987,655</u>	<u>6,908,487</u>
EXPENSES			
Salaries & Wages (Schedule A)	3,258,923	3,457,007	3,373,905
Benefit Contributions	847,320	887,367	824,293
Employee Future Benefit Costs	50,000	28,732	31,586
Medical Staff Remuneration	942,844	868,742	868,331
Supplies & Other Expenses (Schedule A)	1,436,736	1,429,344	1,310,050
Medical/Surgical Supplies	110,000	96,469	111,207
Drugs & Medical Gases	205,000	186,594	200,710
Amortization of equipment	250,000	153,637	255,142
Rental/Lease of Equipment	-	2,627	2,436
	<u>7,100,823</u>	<u>7,110,539</u>	<u>6,977,660</u>
(DEFICIT) FROM HOSPITAL OPERATIONS	<u>(53,627)</u>	<u>(122,884)</u>	<u>(69,173)</u>
Amortization of Deferred Contributions Related to Buildings (note 7)	165,000	200,785	164,244
Amortization of Buildings	(200,000)	(203,771)	(200,344)
(DEFICIT) FROM ITEMS ABOVE	<u>(35,000)</u>	<u>(2,986)</u>	<u>(36,100)</u>
Other Votes - Revenue	3,000	3,000	3,000
Other Votes - Expenses	(3,000)	(3,000)	(3,000)
SURPLUS (DEFICIT) FROM OTHER VOTES	<u>-</u>	<u>-</u>	<u>-</u>
(DEFICIT) FOR YEAR	<u>\$ (88,627)</u>	<u>(125,870)</u>	<u>(105,273)</u>

See accompanying notes to financial statements

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2009

	2009				2008
	Invested in capital assets	Unrestricted		Total	Total
		Realized	Unrealized		
Balance beginning of year	\$ 450,094	(277,800)	16,078	188,372	342,933
Excess (deficiency) revenues over expenses	(18,642)	(107,228)	-	(125,870)	(105,273)
Change in value of investments (note 1)	-	-	(102,788)	(102,788)	(49,288)
Investment in capital assets	61,675	(61,675)	-	-	-
Balance, end of year	\$ 493,127	(446,703)	(86,710)	(40,286)	188,372

Change in value of investments reflects the recognition of unrealized losses arising from decrease in market value of available-for-sale investments

See accompanying notes to financial statements

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2009

	2009	2008
Cash Provided by (used for):		
Operating Activities:		
Deficiency of revenues over expenses	\$ (125,870)	(105,273)
Items not involving cash:		
Amortization of capital assets	357,408	455,486
Amortization of deferred contributions related to capital	(338,511)	(398,022)
Employee future benefit cost (note 6)	28,732	31,586
Change in non-cash operating working capital		
Decrease(Increase) in accounts receivable	21,757	(11,458)
Decrease(Increase) in prepaid expenses	23,980	(1,874)
Decrease in inventories	17,409	19,899
Increase in accounts payable and accrued charges	239,401	60,674
Increase in deferred contributions- operations	21,372	11,264
	<u>245,678</u>	<u>62,282</u>
Financing and Investing Activities:		
Deferred contributions - capital received	276,066	219,536
Purchase of fixed assets	(406,661)	(187,132)
(Increase) in investments - long term	<u>(41,801)</u>	<u>(58,740)</u>
	<u>(172,396)</u>	<u>(26,336)</u>
Net increase in cash	73,282	35,946
Cash, beginning of year	<u>234,792</u>	<u>198,846</u>
Cash, end of year	<u>\$ 308,074</u>	<u>234,792</u>

The above statement does not reflect cash activities within the Joint Venture (note 10) nor capital acquisitions within the Joint Venture.

See accompanying notes to financial statements

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

Bingham Memorial Hospital (the "Hospital") is a corporation without share capital incorporated under the Law of Ontario. The facility provides health care services to Matheson and surrounding area. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, providing certain requirements of that Income Tax Act are met.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions which include donations and government grants.

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. 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. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2009.

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 recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized.

Unrestricted investment income is recognized as revenue when earned. Gains/losses on investments held available-for-sale are recognized as income when actually realized on disposition of the investment. Unrealized gains/losses on fair value of investments available-for-sale are reflected directly on the Statement of Changes in Net Assets.

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

Investments

Investments classified as "available-for-sale" are recorded at fair market value. The excess (deficiency) of fair market value over cost of investments held is reflected in the Statement of Changes in Net Assets as "Unrealized" net assets. Investments are classified as current non/current in accordance with their intended holding period.

Inventory

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

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance are charged to expense. Betterments which extend the estimated life of an asset are capitalized. 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.

Capital assets are amortized on a straight line basis using the following annual rates:

Buildings and Residential Properties	2.5% - 5%
Major Equipment	5% - 20%

Compensated absences

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

Contributed Services

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

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

	2009	2008
Ministry of Health	\$ 10,718	53,042
Other	147,097	126,530
	<u>\$ 157,815</u>	<u>179,572</u>

3. INVESTMENTS

	2009		2008	
	Market	Cost	Market	Cost
Long Term Investment:				
Mutual Funds -available-for-sale	\$ 320,456	407,166	\$ 381,443	365,365

Amount of investments restricted for use for physician recruitment and retention (at market) \$47,369 (2008-\$30,425)
The Hospital is exposed to market risk on its Mutual Funds investments

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009 Net</u>	<u>2008 Net</u>
Land	\$ 159,212	-	159,212	139,212
Land Improvements	33,616	25,789	7,827	9,206
Buildings & Service Equipment	6,997,581	3,257,061	3,740,520	3,720,046
Equipment	2,087,048	1,464,287	622,761	612,603
Computer Software	58,835	58,835	-	-
Joint Venture - Equipment (note 10)	646,856	646,856	-	-
	<u>\$ 9,983,148</u>	<u>5,452,828</u>	<u>4,530,320</u>	<u>4,481,068</u>

5. RELATED PARTY TRANSACTIONS

The Hospital exercises significant influence over the MICs Group of Health Services by virtue of its being a member of the Partnership and its ability to appoint some of the Board of Directors. The Partnership was established to increase opportunities for collaboration between its member hospitals in the sharing of costs and provision of health services. It is a non-profit organization.

Included in the Hospital expenses for the year is \$4,430,190 (2008 - \$4,333,686) paid (or payable) to the partnership for the Hospital's share of various cost functions, primarily general administration and support services. Share of costs to participating hospitals are set by a methodology agreed to by the Board on a cost recovery basis.

The excess of amounts paid by MICs over amounts paid or to be paid by MICs on behalf of the Hospital at March 31, 2009 (\$629,525) is included in accounts payable and accrued liabilities (2008 - \$284,616). Amounts due to/from MICs bear no interest.

In 2007/2008 the Partnership began a major Information System implementation to allow participation in the regional NEON information systems network on behalf of the three MICs partners. The total capital cost of the software licences, contribution to hardware and implementation is projected to be approximately \$1,300,000. Government assistance to the participating MICs hospitals in total amount of \$685,000 towards the cost is anticipated, leaving the balance to be borne by the hospitals. The capital cost of the system to March 31, 2009 (\$1,167,291) and the related accrued Government assistance will be reflected on the financial statement of the partnership. The respective hospitals' share of costs after applying government assistance will be recognized in the future years as the capital cost of the system and the related government assistance are amortized. The anticipated ultimate cost to be borne by Bingham Memorial Hospital after applying government assistance is approximately \$205,000.

6. EMPLOYEE FUTURE BENEFITS

The Bingham Memorial Hospital and the MICs Group of Health Services provide extended health care, dental and life insurance benefits to substantially all employees.

The accrued benefit obligation and accrued benefit liability related to employees of MICs and participating hospitals is determined by actuarial calculations in aggregate for all employees. The latest actuarial valuation was dated May 24, 2007 for the fiscal year ending March 31, 2007. Current and prior year amounts are determined by extrapolating figures from the last valuation along with particular estimates. Expenses are allocated to respective facilities according to where services are provided by the respective employee.

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

6. EMPLOYEE FUTURE BENEFITS (continued)

Experience gains and losses are amortized as follows:

Net gains or losses are combined with the unamortized balance of previous gains or losses, and the portion of the total that exceeds 10% of the accrued benefit obligation is amortized over the remaining service period of active employees.

The Bingham Memorial Hospital's accrued benefit liability related to post-retirement benefit plans for its employees and its proportionate share of accrued benefit liability for MICs on the balance sheet at March 31, 2009 is determined as follows:

	<u>Hospital</u>	<u>Share of MICs</u>	<u>2009 Total</u>	<u>2008 Total</u>
Balance beginning of year	\$ 425,000	61,308	486,308	454,722
Additional benefit expense (see below)	50,700	7,332	58,032	56,686
Contributions by employer	(29,300)	-	(29,300)	(25,100)
Net benefit expense	<u>21,400</u>	<u>7,332</u>	<u>28,732</u>	<u>31,586</u>
Balance of accrued benefit liability at end of year	\$ <u>446,400</u>	<u>68,640</u>	<u>515,040</u>	<u>486,308</u>

Additional benefit expense is comprised as follows:

Cost of benefits	\$ 18,600	4,316	22,916	21,908
Interest on Accrued Benefit Obligation	26,100	3,016	29,116	27,978
Amortization of past service costs	400	-	400	400
Amortization of net actuarial gain	<u>5,600</u>	<u>-</u>	<u>6,400</u>	<u>6,400</u>
Benefit Expense	\$ <u>50,700</u>	<u>7,332</u>	<u>58,832</u>	<u>56,686</u>

The measurement date used to determine the accrued benefit obligation is March 31, 2009.

The accrued benefit liability at March 31, 2009 is reconciled with the Accrued Benefit Obligation at March 31, 2009 as follows:

	<u>Hospital</u>	<u>Share of MICs</u>	<u>2009 Total</u>	<u>2008 Total</u>
Accrued benefit obligation at March 31, 2009 as determined by actuarial valuation	\$ 561,400	66,534	627,934	605,204
Unamortized amounts at March 31, 2009				
Actuarial experience (loss)	(111,000)	-	(111,000)	(114,496)
Past Service Costs	<u>(4,000)</u>	<u>2,106</u>	<u>(1,894)</u>	<u>(4,400)</u>
Accrued employee benefit liability at March 31, 2009	\$ <u>446,400</u>	<u>68,640</u>	<u>515,040</u>	<u>486,308</u>

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

6. EMPLOYEE FUTURE BENEFITS (continued)

The significant actuarial assumptions adopted in estimating the accrued benefit obligation are as follows:

	2009	2008
Inflation Rate	3.0% per annum	3.0% per annum
Discount Rate	4.75% per annum	4.75% per annum
Dental benefits cost escalation	4.0% per annum	4.0% per annum
Medical benefits cost escalation - extended health care	8.90% decreasing 0.55%/annum to a rate of 4.5% / annum	9.45% decreasing 0.55%/annum to a rate of 4.5% / annum

7. DEFERRED CONTRIBUTIONS - CAPITAL

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.

	2009	2008
Balance, beginning of year	\$ 4,284,392	4,455,828
Less amounts amortized to revenue	(338,511)	(398,022)
Add additions to deferred contributions - joint venture - other	- 276,065	7,050 219,536
Balance, end of year	<u>\$ 4,221,946</u>	<u>4,284,392</u>

8. INVESTMENT IN CAPITAL ASSETS

	2009	2008
Capital assets	\$ 4,530,320	4,481,068
Less amounts financed by:		
Deferred contributions- balance end of year	\$ (4,221,946)	(4,284,392)
- less unexpended funding	<u>184,753</u>	<u>253,418</u>
Joint venture	<u>-</u>	<u>-</u>
	<u>\$ 493,127</u>	<u>450,094</u>

9. PENSION PLAN

Substantially all of the employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan during the year by the Hospital amounted to \$256,167 (2008 - \$252,706). These amounts are included in employee benefits expense in the operating fund Statement of Operations.

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009**

10. INVESTMENT IN JOINT VENTURE

In 2001, the North Eastern Health Services Alliance, which is a group of 8 hospitals in Northeastern Ontario, agreed to jointly participate in the installation of a Picture Archiving Communication System (PACS). This system provides digital diagnostic imaging communication capability amongst all hospitals in the group. Timmins and District Hospital/Hôpital de Timmins et du District was given the responsibility to administer the funds on behalf of this group.

During the 2008\09 fiscal year the remaining net liquid assets were distributed back to the original partners. The capital assets of the joint venture were fully amortized as of March 31, 2008 as were the related deferred donations and grants.

The Hospital's 6.27% share of the assets, liabilities, revenue and expenses of the joint venture for the year ended March 31, 2009 are summarized as follows:

STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash	\$ -	10,875
Accounts Receivable	-	-
	<u>-</u>	<u>10,875</u>
CAPITAL ASSETS	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>10,875</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ -	-
Deferred Interest Earned	-	10,875
	<u>-</u>	<u>10,875</u>
DEFERRED CAPITAL ASSISTANCE	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>10,875</u>

The Hospital's proportion of current assets and current liabilities is reflected on the balance sheet in their respective sections as other-joint venture.

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
REVENUE		
Interest	\$ 5,193	7,409
Amortization of deferred grants and donations, interest	-	97,440
	<u>5,193</u>	<u>104,849</u>
EXPENSES		
Allocation to partners	5,193	-
Amortization of equipment	-	104,849
	<u>5,193</u>	<u>104,849</u>
NET INCOME	<u>\$ -</u>	<u>-</u>

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO**

**NOTES TO FINANCIAL STATEMENT
YEAR ENDED MARCH 31, 2009**

11. FINANCIAL INSTRUMENTS

Fair value- Unless otherwise noted, the carrying values of financial instruments approximate their fair value.

Credit Risk - The Hospital does not have significant exposure to credit risk arising from accounts receivable from any individual or party. A significant portion of the Hospital's accounts receivable are from Provincial or Federal governments

12. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current presentation format.

**BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO****SCHEDULE OF SALARIES & WAGES AND SUPPLIES & OTHER EXPENSES
YEAR ENDED MARCH 31, 2009**

Department	Salaries and Wages	Supplies and Other	TOTAL 2009	TOTAL 2008
Nursing Services	\$ 2,010,256	43,091	2,053,347	2,003,355
Diagnostic and Therapeutic	557,042	427,839	984,881	1,033,080
Education	19,123	26,775	45,898	50,152
Administration and Other	870,586	931,639	1,802,225	1,597,368
	\$ 3,457,007	1,429,344	4,886,351	4,683,955