ANSON GENERAL HOSPITAL

FINANCIAL STATEMENT

TO MARCH 31, 2010

DORLAND & DORLAND
CHARTERED ACCOUNTANT

ANSON GENERAL HOSPITAL

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for the year ended March 31, 2010

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DORLAND & DORLAND
Chartered Accountant

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AUDITOR'S REPORT

TO: The Members
Anson General Hospital
Iroquois Falls, Ontario

I have audited the statement of financial position of Anson General Hospital as at March 31, 2010 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 my 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 Anson General Hospital as at March 31, 2010 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 14, 2010

CHARTERED ACCOUNTANT
Licensed Public Accountant

ANSON GENERAL HOSPITAL
Iroquois Falls, Ontario

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2010

		2010	2009
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$	371,647	660,992
Accounts Receivable and Accrued Capital Contributions (note 2)		1,636,416	1,879,657
Inventories		150,252	94,519
		2,158,315	2,635,168
Non Current Assets:			
Long Term Loan Receivable (note 3a)		68,750	76,000
Investments (note 3b)		1,513,354	1,216,958
Capital assets (note 4)		14,550,090	12,581,483
		16,132,194	13,874,441
	$	18,290,509	16,509,609
LIABILITIES and NET ASSETS			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	$	1,133,554	1,512,576
Long Term Liabilities:			
Contribution-Capital Asset repayable (note 6(a))		300,000	-
Accrued Benefit Liability - Employee Future Benefits (note 5)		1,028,120	954,380
Deferred Contributions - Capital Assets (note 6(b))		10,387,169	9,308,180
		11,715,289	10,262,560
Net Assets			
Investment in Capital Assets (note 7)		4,492,447	3,458,078
Unrestricted		949,219	1,276,395
		5,441,666	4,734,473
	$	18,290,509	16,509,609

See accompanying notes to financial statements

On behalf of the Board:

_____ Director

_____ Director

ANSON GENERAL HOSPITAL
Iroquois Falls, Ontario

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2010

		Budget	2010 Actual	2009 Actual
REVENUES				
Ministry of Health and Long Term Care				
-Base Allocation	$	7,190,368	7,262,157	7,073,552
-Hospital on-call coverage		100,000	97,584	90,276
-One time funding		-	-	63,000
Subtotal Ministry of Health Funding		7,290,368	7,359,741	7,226,828
Cancer Care Ontario		10,000	-	11,070
Recoveries & miscellaneous Revenue		294,100	370,533	339,758
Investment income		30,000	9,434	91,055
Amortization of Grants/Donation Equipment		130,000	133,812	117,311
OHIP Patient Revenue		157,000	164,491	140,950
Other Patient Revenue		220,772	313,352	215,103
		8,132,240	8,351,363	8,142,075
EXPENSES				
Salaries & Wages (Schedule A)		4,088,310	4,111,269	4,200,600
Benefit Contributions		1,180,760	1,061,367	1,052,893
Employee Future Benefit Costs		65,000	73,740	62,034
Medical Staff Remuneration		262,500	313,664	186,647
Supplies & Other Expenses (Schedule A)		1,966,926	1,897,097	1,836,982
Medical/Surgical Supplies		149,475	111,457	143,778
Drugs & Medical Gases		320,925	185,070	298,546
Amortization-equipment		250,550	264,614	210,107
Rental/Lease of Equipment		2,500	7,083	2,758
		8,286,946	8,025,361	7,994,345
SURPLUS (DEFICIT) FROM HOSPITAL OPERATIONS		(154,706)	326,002	147,730
Amortization of Deferred Contributions related to Building - Revenue		-	339,628	287,635
Amortization of Building - Expense		-	364,032	294,030
(DEFICIT) FROM ITEMS ABOVE		-	(24,404)	(6,395)
OTHER VOTES- MUNICIPAL LEVY				
Revenue		-	3,150	3,150
Expense		-	3,150	3,150
SURPLUS FROM OTHER VOTES		-	-	-
OTHER PROGRAMS (note 12)				
Revenue		-	5,183,833	4,607,568
Expenses		-	5,086,648	4,977,838
SURPLUS (DEFICIT) FROM OTHER PROGRAMS		-	97,185	(370,270)
SURPLUS (DEFICIT) FOR YEAR	$	(154,706)	398,783	(228,935)

See accompanying notes to financial statements

ANSON GENERAL HOSPITAL
Iroquois Falls, Ontario

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2010

	2010				2009
	Invested in capital assets	Unrestricted		Total	Total
		Realized	Unrealized		
Balance, beginning of year -previously reported	$ 3,458,078	1,598,090	(321,695)	4,734,473	5,440,982
Excess (Deficiency) of Revenues over Expenses	(251,303)	650,086	-	398,783	(228,935)
Change in unrealized net assets (note 8)	-	-	308,410	308,410	(477,574)
Investment in Capital assets	1,285,672	(1,285,672)	-	-	-
Balance, end of year	$ 4,492,447	962,504	(13,285)	5,441,666	4,734,473

See accompanying notes to financial statements

ANSON GENERAL HOSPITAL
Iroquois Falls, Ontario

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2010

		2010	2009
Cash provided by (used for):			
Operating activities:			
Excess(deficiency) of revenues over expenses	$	398,783	(228,935)
Items not involving cash:			
Amortization of capital assets		776,568	592,905
Amortization of deferred contributions related to capital assets		(525,265)	(422,788)
Employee Future Benefit Costs (note 5)		73,740	62,034
Change in non-cash operating working capital		(356,027)	729,869
		367,799	733,085
Financing and investing activities:			
Purchase of capital assets		(2,745,176)	(4,652,575)
Increase/(Decrease) in capital accounts payable		(417,196)	677,241
Deferred contributions capital received		2,185,964	477,919
Increase in Contribution- capital asset repayable		300,000	0
Decrease in long term loan receivable		7,250	13,000
(Increase)/Decrease in investments		12,014	(6,284)
		(657,144)	(3,490,699)
Net (decrease) in cash		(289,345)	(2,757,614)
Cash and cash equivalents, beginning of year		660,992	3,418,606
Cash and cash equivalents, end of year	$	371,647	660,992

Short-term highly liquid investments that are convertible to known amounts of cash and which are subject to an insignificant risk of change in value are included in cash and cash equivalents
Included in Cash and cash equivalents,beginning of year were redeemable Guaranteed investment certificates totalling $358,925.
No cash equivalents at end of year

See accompanying notes to financial statements.

The Anson General Hospital (the "Hospital") was incorporated under the Corporations Act,1953 through Letters of Patent issued on April 20, 1955. The Hospital is principally involved in providing essential quality health services for the citizens of Iroquois Falls and area. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the 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.

The Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health Operating grants and subsidies 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 is related to a future period, it is deferred 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, 2010.

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 a straight line basis, at a rate corresponding with the amortization rate for the related capital asset.

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 in Net Assets.

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

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.

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 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.

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 where fair value can be reasonably determined. 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.

Included in capital assets are land, building and equipment that were acquired on the transfer of South Centennial Manor assets to the Hospital from the Board of Management for Cochrane District Home for the Aged. The assets consist of a 69 bed home for the aged and furnishings in Iroquois Falls, Ontario. The building was constructed in 1967 and renovated in 1985. Because fair value of assets acquired cannot be reasonably determined, they are recorded at the nominal cost of $1. Subsequent additions are recorded at cost.

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.

2. ACCOUNTS RECEIVABLE AND ACCRUED CAPITAL CONTRIBUTIONS

	2010	2009
Ministry of Health (net)	$ 25,046	14,570
Accrued capital assistance	321,133	902,843
Other	234,592	370,764
Due from MICs Partnership (note 17)	1,055,645	591,480
	$ 1,636,416	1,879,657

3 (a). LONG TERM NOTE RECEIVABLE - $68,750 (2009- $76,000)

Under a recruitment incentive agreement the Hospital and the municipality committed to an interest free loan to an individual in the amount of $200,000 in equal share. Subject to conditions specified in the agreement, the loan is repayable in monthly installments of $1,500 commencing May 1, 2007. The loan is secured by a first mortgage on real estate property.

3 (b). INVESTMENTS

	2010 Market	2010 Cost	2009 Market	2009 Cost
Managed and Mutual Funds available-for-sale	$ 1,439,361	1,452,646	1,122,234	1,443,929
Mortgage on real property and chattels	73,993	73,993	94,724	94,724
	$ 1,513,354	1,526,639	1,216,958	1,538,653

The Hospital is exposed to market risk on its publicly traded investments.

4. CAPITAL ASSETS

	2010			2009
	Cost	Accumulated Amortization	Net	Net
Land	$ 59,593	-	59,593	32,707
Buildings	20,054,429	6,537,965	13,516,464	7,805,393
Construction in Progress-Medical Clinic facility	0	-	0	3,600,916
Software	29,076	29,076	0	4,227
Furnishing and equipment	5,185,351	4,211,318	974,033	1,138,240
Joint Venture - equipment (note 10)	735,579	735,579	-	-
	$ 26,064,028	11,513,938	14,550,090	12,581,483

5. EMPLOYEE FUTURE BENEFITS

The Anson General 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 June, 2010 for the fiscal year ending March 31, 2010. 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.

Experience gains and losses on Accrued Benefit Obligation 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.
Actuarial gain determined in 2010 valuation(including Share of MICs)- $34,019

The Anson General Hospital's accrued benefit liability related to post-retirement benefit plans for its employees and its proportionate share of accrued benefit liability for MICs of the balance sheet at March 31, 2010 is determined as follows:

	Anson General Hospital	Share of MICs	2010 Total	2009 Total
Balance beginning of year	$ 856,700	97,680	954,380	892,346
Additional Benefit Expense	87,300	11,840	99,140	89,834
Contributions by Employer	(25,400)	-	(25,400)	(27,800)
Net Benefit Expense	61,900	11,840	73,740	62,034
Balance of accrued benefit liability at end of year	$ 918,600	109,520	1,028,120	954,380
Additional benefit expense is comprised as follows:				
Cost of benefits	$ 42,100	6,993	49,093	43,142
Interest on Accrued Benefit Obligation	44,300	4,847	49,147	45,792
Amortization of past service costs	900	0	900	900
Amortization of net actuarial gain	0	0	0	
Benefit Expense	$ 87,300	11,840	99,140	89,834

5. EMPLOYEE FUTURE BENEFITS (continued)

The measurement date used to determine the accrued benefit obligation is March 31, 2010.
The accrued benefit liability at March 31, 2010 is reconciled with the Accrued Benefit Obligation at March 31, 2010 as follows:

	Hospital	Share of MICs	2010 Total	2009 Total
Accrued Benefit obligation at March 31, 2010 as determined by actuarial valuation	$ 935,300	99,604	1,034,904	996,083
Unamortized amounts at March 31, 2010				
Actuarial experience gain(loss)	(10,700)	9,916	(784)	(34,803)
Past Service Costs	(6,000)	-	(6,000)	(6,900)
Accrued employee benefit liability at March 31, 2010	$ 918,600	109,520	1,028,120	954,380

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

	2010	2009
Discount Rate	5.5% 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	8.0% decreasing linearly each year to a rate of 4.5% / annum after6 years	8.9% decreasing to 0.55% per annum to reach an ultimate rate of 4.5% per annum

6 a). CONTRIBUTIONS - Capital Assets Repayable $300,000

The Hospital entered into a Capital Grant Agreement with the Ministry of Health and Long-Term Care for a contribution to the capital cost of a Family Health Team facility. The Ministry contribution is in the amount of $2,000,000 with the understanding that $300,000 of that will be recovered by the Ministry at $1,000 per month for 25 years. The recovery will be made through reduction of annual Family Health Team operating funding that would otherwise have been provided, by $12,000 annually.
The $1,700,000 balance of the contribution is included in the Deferred Contributions - Capital Assets.
The agreement requires that the Family Health Team be able to occupy the facility rent - free for a period of 25 years.
The agreement restricts the use of the funding for construction of a facility for a Family Health Team.
The agreement provides for the requirement for repayment of the contribution to the Ministry on a declining balance basis as set out in the agreement, in the event of sale of the building or termination of the agreement by the Hospital unless otherwise agreed to by the Ministry in writing.

6 b). CONTRIBUTIONS - Capital Assets Deferred

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

	2010	2009
Balance, beginning of year	$ 9,308,180	8,350,206
Contributions during the year	1,604,254	1,380,762
Less amounts amortized to revenue	(525,265)	(422,788)
Balance, end of year	$ 10,387,169	9,308,180

7. INVESTMENT IN CAPITAL ASSETS

		2010	2009
Capital assets		$ 14,550,090	12,581,483
Less amounts financed by:			
Deferred contributions balance end of year	$ (10,387,169)		
Less unexpended funding	329,526	(10,057,643)	(9,123,405)
		$ 4,492,447	3,458,078

8. CHANGE IN UNREALIZED NET ASSETS

		2010	2009
Comprised as follows:			
Reduction of amount of unrealized gains\recognition of losses on investments arising from (increase)/decrease in market value of available-for-sale investments	$	(308,410)	477,574
	$	(308,410)	477,574

9. PENSION PLAN

Substantially all of the employees of the Hospital are eligible to be members of the Hospital 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 $503,917 (2009 - $482,148). These amounts are included in expenses in the operating fund Statement of Operations.

10. 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/l'Hôpital de Timmins et du District was given the responsibility to administer the funds on behalf of this group.

During th 2008\09 fiscal year the remainig 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 7.13% share of the cost and accumulated amortization of Capital Assets at March31,2010 are included in the Statement of Financial Position.

There were no revenues or expenses during the 2009/10 fiscal year (2009 limited to $12,637 Hospital share of interest income, with no expenses)

11. SOUTH CENTENNIAL MANOR

Anson General Hospital operates the long term care facility, South Centennial Manor, under agreement with the Ministry of Health. Services are to be provided in accordance with the applicable provincial legislation.

Revenues are as follows:

		2010	2009
Provincial Subsidies	$	2,819,789	2,631,105
Charges to residents		1,174,984	1,116,640
Other		62,240	27,585
	$	4,057,013	3,775,330

12. OTHER PROGRAMS

2010	Revenue	Expense	Surplus/ (Deficit)
South Centennial Manor	$ 4,057,013	4,059,445	(2,432)
Cochrane Regional Lab Program	306,050	306,050	0
Family Health Team	820,770	721,153	99,617
	$ 5,183,833	5,086,648	97,185

2009	Revenue	Expense	Surplus/ (Deficit)
South Centennial Manor	$ 3,775,330	4,124,427	(349,097)
Cochrane Regional Lab Program	306,050	306,050	0
Family Health Team	526,188	547,361	(21,173)
	$ 4,607,568	4,977,838	(370,270)

13. BUDGET FIGURES

Budgets for South Centennial Manor are prepared on a calendar year basis consequently budget figures are not presented for Other Funding Sources

14. FINANCIAL INSTRUMENTS

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

Credit Risk - Credit risk arises from the potential that debtors will fail to honour their obligations. Included in Accounts Receivable and Accrued Capital Contributions is an amount receivable from the MICs Partnership of $1,055,645 (2009-$591,480). Management considers there is no significant credit risk associated with this receivable. The Hospital does not have significant exposure to credit risk arising from accounts receivable from any other party. A significant portion of the hospital's Accounts Receivable and Accrued Capital Assistance is from Provincial or Federal governments.

15. CONTINGENT LIABILITY

The MICs Group of Health Services is part of a collective group of employers participating in the process of formulating a central pay equity plan for a particular employee group. The possible ultimate liability arising to Anson General Hospital on completion of the plan is not determinable.

16. RELATED PARTY TRANSACTIONS

The Hospital exercises significant influence over the The MICs Group of Health Services (MICs) 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 $8,957,049 (2009 - $8,904,274) paid (or payable) to the partnership for the Hospital's share of costs functions, primarily general administration, paramedical 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 from the Hospital to MICs over amounts paid or to be paid by MICs on behalf of the Hospital at March 31, 2010 ($1,055,645) is included in Accounts Receivable and Accrued Capital Contributions(2009- $591,480). Amounts due to\form 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 approximately $1,210,000. Government assistance to the participating MICs hospitals in total towards the cost was 685,212,leaving the balance to be borne by the hospitals. The capital cost of the system to March 31, 2010 ($1,210,243) 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 ultimate cost to be borne by Anson General Hospital after applying government assistance is approximately $203,000.

SCHEDULE A

ANSON GENERAL HOSPITAL
IROQUOIS FALLS, ONTARIO

SCHEDULE OF OTHER REVENUE
YEAR ENDED MARCH 31, 2010

	2010	2009
RECOVERIES AND MISCELLANEOUS REVENUE		
Recoveries	$ 311,336	$ 214,341
Investment Income	9,434	91,055
Marketed Services	59,197	125,417
	$ 379,967	$ 430,813