BINGHAM MEMORIAL HOSPITAL

FINANCIAL STATEMENT

TO MARCH 31, 2010

DORLAND & DORLAND
CHARTERED ACCOUNTANT

BINGHAM MEMORIAL HOSPITAL

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for the year ended March 31, 2010

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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, 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 Bingham Memorial 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 07, 2010

CHARTERED ACCOUNTANT
Licensed Public Accountant

BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2010

		2010	2009
ASSETS			
Current:			
Cash	$	114,396	308,074
Accounts receivable (note 2)		149,057	157,815
Inventories		140,175	139,170
		403,628	605,059
Non Current:			
Investments (note 3)		422,613	320,456
Capital assets (note 4)		4,382,618	4,530,320
		4,805,231	4,850,776
	$	5,208,859	5,455,835
LIABILITIES and NET ASSETS			
Liabilities			
Current:			
Accounts payable and accrued charges (note 5)	$	347,409	697,305
Deferred contributions - operations		72,121	61,830
		419,530	759,135
Long Term:			
Accrued benefit liability (note 6)		546,060	515,040
Deferred contributions capital assets (note 7)		4,123,135	4,221,946
		4,669,195	4,736,986
Net Assets (Deficit)			
Investment in capital assets (note 8)		580,845	493,127
Unrestricted		(460,711)	(533,413)
		120,134	(40,286)
	$	5,208,859	5,455,835

See accompanying notes to financial statements

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2010

		Budget	2010 Actual	2009 Actual
REVENUES				
Ministry of Health and Long Term Care				
-Base allocation	$	5,490,600	5,490,600	5,353,750
-Hospital on-call coverage		85,000	83,800	84,079
-One-time funding		-	33,333	33,000
Subtotal Ministry of Health Funding		5,575,600	5,607,733	5,470,829
Cancer Care Ontario		4,500	-	5,436
Recoveries & miscellaneous Revenue		66,550	82,414	94,907
Investment income		2,500	6,226	10,670
Amortization of Grants/Donation Equipment		150,000	111,393	137,981
Alternative Funding Arrangement		760,000	744,544	740,658
OHIP Revenue		116,000	87,500	95,841
Other Patient Revenue		477,994	488,514	431,333
		7,153,144	7,128,324	6,987,655
EXPENSES				
Salaries & Wages (Schedule A)		3,409,713	3,428,003	3,457,007
Benefit Contributions		887,311	947,704	887,387
Employee Future Benefit Costs		50,000	22,700	28,732
Medical Staff Remuneration		901,600	922,163	868,742
Supplies & Other Expenses (Schedule A)		1,647,176	1,404,694	1,429,344
Medical/Surgical Supplies		100,000	89,175	96,469
Drugs & Medical Gases		208,000	113,193	186,594
Amortization of equipment		160,000	119,453	153,637
Rental/Lease of Equipment		2,775	3,650	2,627
		7,366,575	7,050,735	7,110,539
SURPLUS(DEFICIT) FROM HOSPITAL OPERATIONS		(213,431)	77,589	(122,884)
Amortization of Deferred Contributions Related to Buildings (note 7)		200,000	213,660	200,785
Amortization of Buildings		(200,000)	(213,242)	(203,771)
SURPLUS (DEFICIT) FROM ITEMS ABOVE		-	418	(2,986)
Other Votes - Revenue		3,000	3,000	3,000
Other Votes - Expenses		(3,000)	(3,000)	(3,000)
SURPLUS (DEFICIT) FROM OTHER VOTES		-	-	-
SURPLUS (DEFICIT) FOR YEAR	$	(213,431)	78,007	(125,870)

See accompanying notes to financial statements

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	$	493,127	(446,703)	(86,710)	(40,286)	188,372
Excess (deficiency) revenues over expenses		(9,470)	87,477	-	78,007	(125,870)
Change in value of investments (note 1)		-	-	82,413	82,413	(102,788)
Investment in capital assets		97,188	(97,188)	-	-	-
Balance, end of year	$	580,845	(456,414)	(4,297)	120,134	(40,286)

Change in value of investments reflects the recognition of unrealized gains arising from an increase in market value of available-for-sale investments.

See accompanying notes to financial statements

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2010

		2010	2009
Cash Provided by (used for):			
Operating Activities:			
Excess(deficiency) of revenues over expenses	$	78,007	(125,870)
Items not involving cash:			
Amortization of capital assets		332,695	357,408
Amortization of deferred contributions related to capital		(325,053)	(338,511)
Loss on disposal of fixed asset		1,830	
Employee future benefit cost (note 6)		31,020	28,732
Change in non-cash operating working capital			
Decrease in accounts receivable		8,756	21,757
Decrease in prepaid expenses		-	23,980
Decrease (increase) in inventories		(1,005)	17,409
Increase(decrease) in accounts payable and accrued charges		(349,896)	239,401
Increase in deferred contributions- operations		10,291	21,372
		(213,355)	245,678
Financing and Investing Activities:			
Deferred contributions - capital received		226,243	276,066
Purchase of fixed assets		(186,822)	(406,661)
Purchase of investments - long term		(19,744)	(41,801)
		19,677	(172,396)
Net increase in cash		(193,678)	73,282
Cash, beginning of year		308,074	234,792
Cash, end of year	$	114,396	308,074

See accompanying notes to financial statements

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, 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 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.

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% - 33%

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

		2010	2009
Ministry of Health	$	11,171	10,718
Other		137,886	147,097
	$	149,057	157,815

3. INVESTMENTS

		2010			2009	
		Market	Cost		Market	Cost
Long Term Investment:						
Mutual Funds -available-for-sale	$	422,613	426,910	$	320,456	407,166

Amount of investments restricted for use for physician recruitment and retention (at market) $54,752 (2009-$47,369)
The Hospital is exposed to market risk on its Mutual Funds investments

4. CAPITAL ASSETS

		Cost	Accumulated Amortization	2010 Net	2009 Net
Land	$	159,212	-	159,212	159,212
Land Improvements		33,616	27,169	6,447	7,827
Buildings & Service Equipment		7,127,821	3,468,924	3,658,897	3,740,520
Equipment		2,006,382	1,448,320	558,062	622,761
Computer Software		68,947	68,947	-	-
Joint Venture - Equipment (note 10)		646,856	646,856	-	-
	$	10,042,834	5,660,216	4,382,618	4,530,320

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 $4,704,717 (2009 - $4,430,190) 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, 2010 ($263,565) is included in accounts payable and accrued liabilities (2009 - $629,525). 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 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 Bingham Memorial Hospital after applying government assistance is approximately $82,000.

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 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.

6. EMPLOYEE FUTURE BENEFITS (continued)

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)- $231,762

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, 2010 is determined as follows:

		Hospital	Share of MICs	2010 Total	2009 Total
Balance beginning of year	$	446,400	68,640	515,040	486,308
Additional benefit expense (see below)		53,500	8,320	61,820	58,032
Contributions by employer		(30,800)	-	(30,800)	(29,300)
Net benefit expense		22,700	8,320	31,020	28,732
Balance of accrued benefit liability at end of year	$	469,100	76,960	546,060	515,040

Additional benefit expense is comprised as follows:

Cost of benefits	$	21,200	4,914	26,114	22,916
Interest on Accrued Benefit Obligation		26,900	3,406	30,306	29,116
Amortization of past service costs		400	-	400	400
Amortization of net actuarial loss		5,000	-	5,000	6,400
Benefit Expense	$	53,500	8,320	61,820	58,832

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	$	929,800	69,992	999,792	627,934
Unamortized amounts at March 31, 2010					
Actuarial experience gain(loss)		(457,100)	6,968	(450,132)	(111,000)
Past Service Costs		(3,600)	-	(3,600)	(1,894)
Accrued employee benefit liability at March 31, 2010	$	469,100	76,960	546,060	515,040

6. EMPLOYEE FUTURE BENEFITS (continued)

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 after 6 years	8.95% 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.

	2010	2009
Balance, beginning of year	$ 4,221,946	4,284,392
Less amounts amortized to revenue	(325,054)	(338,511)
Add additions to deferred contributions	226,243	276,065
Balance, end of year	$ 4,123,135	4,221,946

8. INVESTMENT IN CAPITAL ASSETS

		2010		2009
Capital assets		$ 4,382,618		4,530,320
Less amounts financed by:				
Deferred contributions- balance end of year	$ (4,123,135)		(4,221,946)	
- less unexpended funding	321,362	(3,801,773)	184,753	(4,037,193)
Joint venture		-		-
		$ 580,845		493,127

9. PENSION PLAN

Substantially all of the employees of the Hospital are elibigle 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 $259,847 (2009 - $256,167). These amounts are included in employee benefits expense 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 the 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 6.27% 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 $5,193 Hospital share of interest income, with no expenses)

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. 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 Bingham Memorial Hospital on completion of the plan is not determinable.

BINGHAM MEMORIAL HOSPITAL
MATHESON, ONTARIO

SCHEDULE OF SALARIES & WAGES AND SUPPLIES & OTHER EXPENSES

YEAR ENDED MARCH 31, 2010

Department	Salaries and Wages	Supplies and Other	TOTAL 2010	TOTAL 2009
Nursing Services	$ 1,991,151	15,257	2,006,408	2,053,347
Diagnostic and Therapeutic	552,650	406,309	958,959	984,881
Education	20,342	52,720	73,063	45,898
Administration and Other	863,859	930,407	1,794,266	1,802,225
	$ 3,428,003	1,404,694	4,832,697	4,886,351