

# DORLAND & DORLAND

*Chartered Accountant*

*J. Clive Dorland, B. Comm. C.A.*

Tel. – 705-272-4311  
Fax – 705-272-4932  
e-mail pdorland@puc.net

P.O. Box 670  
113 B Third Street, West  
COCHRANE, ONTARIO  
P0L 1C0

February 27, 2012

Chair and Members  
MICs Collaboration  
& Planning Board

Dear Ladies and Gentlemen:

The following comments are submitted to assist in your review of the financial position of MICs Group of Health Services partnership at March 31, 2011 and results of its operations for the year then ended.

## **Statement of Revenue and Expense - (Statement "2")**

The surplus for the year (\$3,581) is the net surplus for the Lifeline Program.

The Partnership also provided the following programs with full cost recovery.

Diabetes program	\$ 137,129
Psychogeriatric Nurse	90,370
Long Term Care Physiotherapy	106,630
Under-serviced Area Program	<u>173,763</u>
	\$ <u>507,892</u>

Expenses reflected on the Statement of Revenue and Expense include MICs costs which were shared on the formula basis as determined by the Board, and costs for staff which were MICs employees and charged to the hospitals on a direct charge basis.

The breakdown by hospitals of the total contributions is as follows:

	2011	2010
Anson General Hospital	\$ 9,213,968	9,019,220
Bingham Memorial Hospital	4,588,052	4,735,295
Lady Minto Hospital at Cochrane	<u>9,052,667</u>	<u>8,848,058</u>
	\$ <u>22,854,687</u>	<u>22,602,573</u>

Individual hospital contributions include direct charges for staff referred to above as well as contributions to shared costs.

Individual hospital's contributions to shared costs are determined after deducting amortization of deferred capital contributions, interest income, and management and administration services and other recoveries.

Note that the recoveries are allocated to participating hospitals using the same formula as shared expenses with the exception of amortization of deferred capital contributions which is allocated in the same proportions as the respective hospital's assistance received for the projects is of the total related financial assistance (\$685,212).

### Balance Sheet - (Statement "1")

#### Amounts recoverable from (due to) participating hospitals

Amounts by hospital are provided in Note 3 to the financial statement.

As referred to in the note, amount recoverable represents, for each hospital, the excess of capital expenditures and expenses paid, payable, or accrued by MICs on behalf of that hospital to March 31, 2011, over the amount of cash received from the hospital or on behalf of the hospital (less amounts paid out to the hospital) at March 31, 2011.

Amounts due to a hospital could arise at the end of the year where funds advanced from Ministry of Health, or otherwise deposited in the MICs account on behalf of a particular hospital, exceed that hospital's operating expense (excluding depreciation and employee future benefits) and that hospital's capital expenditures, which have been paid or are payable through the MICs account. Balances are brought forward from year to year.

#### Capital Assets

As referred to in Note 4 to the financial statement, additions to capital assets during the year totalled \$282,277 (2010 - \$279,257).

Costs for acquisition of MICs capital assets are recovered from participating hospitals by the inclusion in shared costs of the related annual depreciation expense, over the time the assets are depreciated, which is generally three years for computers and software.

Where Government or other financial assistance is received towards the cost of capital assets, this is applied to reduce participating hospital's share of costs by netting the amortization of the deferred capital contribution against expenses to be recovered. The amortization is calculated on a straight-line basis over the same period as that used to amortize the acquired capital asset.

../3

Accrued Benefit Liability Recoverable (\$329,600)

This represents the accrued employee future benefit liability for only those MICs employees for whom expenses are recoverable from participating hospitals in the agreed upon cost sharing proportions.

The liabilities related to those MICs employees whose costs are charged directly to participating hospitals are reflected on their respective balance sheets.

Accounts Payable and Accrued Liabilities (\$3,329,423)

This includes amounts for payroll and other costs for participating hospitals which will ultimately be paid through the MICs bank account as well as MICs related accounts payable and accruals.

Deferred contributions (\$79,171)

This includes the accrued FedNor contributions of \$685,212 as referred to above, amortized over the same period as the information system capital costs. Current year amortization related to the FedNor contribution was \$227,714 (2010 - \$206,753).

**Statement of Changes in Net Assets (Deficit) - (Statement "3")**

The accumulated deficit for the partnership at March 31, 2011 was \$24,281 (2010 - \$27,862).

The deficit is allocated by the same formula used to determine each partner's share of expenses in accordance with the partnership agreement.

Respectfully submitted,



JCD\*ppd

J. Clive Dorland C.A.

**THE MICs GROUP OF HEALTH SERVICES**  
**FINANCIAL STATEMENT**  
**TO MARCH 31, 2011**

**DRAFT AS OF 10037 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES.**

**THE MICs GROUP OF HEALTH SERVICES**

**INDEX TO FINANCIAL STATEMENT**

for the year ended March 31, 2011

**STATEMENT**

AUDITOR'S REPORT

BALANCE SHEET

"1"

STATEMENT OF REVENUE AND EXPENSE

"2"

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)

"3"

NOTES TO FINANCIAL STATEMENT

"4"

**DRAFT** AS OF Feb 07 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES.



# DORLAND & DORLAND

*Chartered Accountant*

*J. Clive Dorland, B. Comm. C.A.*

Tel. – 705-272-4311  
Fax – 705-272-4932  
e-mail pdorland@puc.net

P.O. Box 670  
113 B Third Street, West  
COCHRANE, ONTARIO  
P0L 1C0

## INDEPENDENT AUDITOR'S REPORT

TO: The MICs Collaboration & Planning Board,  
The MICs Group of Health Services

I have audited the accompanying financial statements of The MICs Group of Health Services which comprise the statement of financial position as at March 31, 2011 and the statements of operations, and changes in net assets (deficit) 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 the 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.

### *Auditor's Responsibility*

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 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of The MICs Group of Health Services as at March 31, 2011 and the results of its operations and the change in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

DRAFT AS OF FEB 27, 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES

CHARTERED ACCOUNTANT  
Licensed Public Accountant

## THE MICs GROUP OF HEALTH SERVICES

BALANCE SHEET  
as at March 31, 2011

	ASSETS	
	2011	2010
CURRENT		
Cash	\$ 3,294,057	3,257,811
Accounts receivable	65,025	23,197
Amounts recoverable from participating hospitals (current) (Note 3)	446,983	878,830
Prepaid expense	-	34,166
	<u>3,806,065</u>	<u>4,194,004</u>
CAPITAL		
Equipment and information systems (Note 4)	794,336	1,058,905
OTHER		
Accrued benefit liability recoverable (Note 5)	<u>329,600</u>	<u>296,000</u>
	<u>\$ 4,930,001</u>	<u>5,548,909</u>

## LIABILITIES, DEFERRED CONTRIBUTIONS and NET ASSETS (DEFICIT)

## CURRENT LIABILITIES

Accounts payable and accrued liabilities (Note 3)	\$ 3,329,423	3,805,551
Due to participating hospitals (Note 3)	1,063,154	1,067,645
Deferred revenue	<u>52,934</u>	<u>-</u>
	<u>4,445,511</u>	<u>4,873,196</u>
ACCRUED BENEFIT LIABILITY		
Employee future benefits (Note 5)	329,600	296,000
DEFERRED CONTRIBUTIONS (Note 6)	179,171	407,575
NET ASSETS (DEFICIT) – Unrestricted	<u>(24,281)</u>	<u>(27,862)</u>
	<u>\$ 4,930,001</u>	<u>5,548,909</u>

APPROVED ON BEHALF OF THE BOARD:

See accompanying notes.

DRAFT AS OF FEB 27 2012 TO BE  
 USED FOR MANAGEMENT PURPOSES  
 ONLY. ENGAGEMENT IS INCOMPLETE.  
 THIS DRAFT IS SUBJECT TO  
 FINAL REVIEW AND POSSIBLE REVISION  
 NOT TO BE DISTRIBUTED TO  
 THIRD PARTIES

## THE MICs GROUP OF HEALTH SERVICES

## STATEMENT OF REVENUE AND EXPENSE

for the year ended March 31, 2011

	2011	2010
<b>REVENUE</b>		
Contributions to shared costs and recoveries of direct charges from participating hospitals (Note 3)	\$ 22,854,687	22,602,573
Other		
Amortization of Deferred Capital Contributions	227,714	206,753
Interest	21,089	6,957
Diabetes program	137,129	144,666
Management and administration services - participating hospitals	100,420	95,002
Other recoveries	7,403	10,941
Psychogeriatric nurse program	90,370	49,616
Lifeline program (net)	3,581	3,234
Long Term Care Physiotherapy Program	106,630	118,477
Under serviced Area Program – clinics	173,763	125,303
	<u>23,722,786</u>	<u>23,363,522</u>
<b>EXPENSE</b>		
Salaries and benefits		
Management, and financial administration	1,396,451	1,153,306
Education	64,533	98,884
Human resources and health	356,954	311,591
Support services	3,542,524	3,543,495
Clinical Nutrition	31,699	56,634
Nursing services	8,142,294	8,298,322
Paramedical	2,423,990	2,509,803
Physiotherapy services	304,266	377,699
Physician Clinics	108,575	117,461
Nursing Homes	5,063,788	4,599,628
Unallocated employee future benefits	200,724	193,580
Unallocated benefit adjustments	-	94,607
	<u>21,635,798</u>	<u>21,355,010</u>
Supplies, services and other		
Office recruiting, sundry	119,176	91,729
Information technology	418,292	545,014
Telephone and data communication	5,430	38,161
Travel	186,358	139,153
Professional and other fees	248,501	178,581
Education	54,749	57,241
Depreciation	543,009	517,337
Diabetes program salaries, benefits, services	137,129	144,666
Psychogeriatric Nurse	90,370	49,666
Long Term Care Physiotherapy Program	106,630	118,477
Under-serviced Area Program – clinics	173,763	125,303
	<u>23,719,205</u>	<u>23,360,338</u>
<b>DRAFT AS OF FEB 07 2012 TO BE USED FOR MANAGEMENT PURPOSES ONLY. ENGAGEMENT IS INCOMPLETE:</b>	\$ <u>3,581</u>	<u>3,184</u>

THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES



## THE MICs GROUP OF HEALTH SERVICES

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)  
for the year ended March 31, 2011

	<u>-----2011-----</u>				
	<u>Bingham Memorial Hospital</u>	<u>Anson General Hospital</u>	<u>Lady Minto Hospital</u>	<u>Total</u>	<u>2010 Total</u>
Balance beginning of year	\$ (7,244)	(10,309)	(10,309)	(27,862)	(31,046)
Surplus for year	<u>931</u>	<u>1,325</u>	<u>1,325</u>	<u>3,581</u>	<u>3,184</u>
Balance end of year	\$ <u>(6,313)</u>	<u>(8,984)</u>	<u>(8,984)</u>	<u>(24,281)</u>	<u>(27,862)</u>

DRAFT AS OF FEB 07 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE.  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES.

See accompanying notes.

**THE MICs GROUP OF HEALTH SERVICES**

**NOTES TO FINANCIAL STATEMENT**

for the year ended March 31, 2011

**1. MICs PARTNERSHIP**

The MICs Group of Health Services partnership was established to increase opportunities for collaboration between its member hospitals in the sharing of costs and provision of health services. The present participating hospitals are Bingham Memorial Hospital, Anson General Hospital, and The Lady Minto Hospital at Cochrane. Other than direct charges for specified salaries and benefits at actual cost, share of costs to participating hospitals is determined by a formula agreed to by the Board on a cost – recovery basis. MICs is a non-profit organization not subject to income tax.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

Contributions from participating hospitals are recognized as revenue as related expenses are incurred.

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. In the year of acquisition, amortization expense is calculated proportionate to the period of time during the year that the asset was held and in use.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchases 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.

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

**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, disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the reporting period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

**DRAFT AS OF FEB 17 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES.**

## THE MICs GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENT

for the year ended March 31, 2011

**3. AMOUNTS RECOVERABLE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (CURRENT)**

In addition to sharing of particular costs through the partnership, accounts payable and payroll for the participating hospitals are processed through the MICs bank account. Accounts payable and accrued liabilities reflected on the MICs Balance Sheet \$3,329,423 (2010 - \$3,805,551) include amounts to be paid by MICs on behalf of the hospitals. Considering the number of transactions involved, it is not considered practical to identify the amounts by hospital.

Amounts recoverable from participating hospitals (current) represent the corresponding amounts to be recovered from the participating hospitals, including those amounts for respective share of MICs costs.

Amounts due to participating hospitals represents the excess of amounts advanced to MICs by or on behalf of the hospitals, over the hospitals' share of MICs costs and amounts paid or to be paid by MICs on behalf of the hospital.

	2011	2010
Amounts recoverable from participating hospitals (current)		
Bingham Memorial Hospital	\$ 123,039	263,565
Lady Minto Hospital at Cochrane	<u>323,944</u>	<u>615,265</u>
	\$ <u>446,983</u>	<u>878,830</u>
Amounts due to participating hospitals (current)		
Anson General Hospital	\$ <u>1,063,154</u>	<u>1,067,645</u>

Balances due to/from participating hospitals bear no interest.

Contributions and recovery of direct charges to participating hospitals are as follows:

	2011	2010
Anson General Hospital	\$ 9,213,968	9,019,220
Bingham Memorial Hospital	4,588,052	4,735,295
Lady Minto Hospital at Cochrane	<u>9,052,667</u>	<u>8,848,058</u>
	\$ <u>22,854,687</u>	<u>22,602,573</u>

DRAFT AS OF FEB 27 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES



## THE MICs GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENT

for the year ended March 31, 2011

## 4. CAPITAL ASSETS

	-----2011-----		2010	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Telephone system	\$ 552,679	487,764	64,915	74,798
Information systems network hardware, software, office and sundry equipment	<u>2,340,381</u>	<u>1,610,960</u>	<u>729,421</u>	<u>984,107</u>
	\$ <u>2,893,060</u>	<u>2,098,724</u>	<u>794,336</u>	<u>1,058,905</u>

Information systems network hardware and software is generally considered to have an estimated useful life of three years. Telephone system and other equipment is considered to have an estimated useful life of five years.

During the year ended March 31, 2011, the partnership acquired capital assets costing \$282,277(2010 - \$279,257). This was financed through advances from participating hospitals, or included in Accounts Payable and Accrued Liabilities.

In 2007/08 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 capital cost of the software licences, contribution to hardware and implementation to March 31, 2011 was \$1,327,078. 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 and the related accrued Government assistance are reflected on the financial statement of the partnership. The respective hospital's share of cost after applying government assistance is recognized as the capital cost of the system and the related government assistance are amortized.

DRAFT AS OF FEB 27, 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE.  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES.



**THE MICs GROUP OF HEALTH SERVICES**

## NOTES TO FINANCIAL STATEMENT

for the year ended March 31, 2011

## 5. EMPLOYEE FUTURE BENEFITS

The MICs Group of Health Services and participating hospitals, 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. Expenses are allocated to respective facilities according to where services are provided by the respective employee.

The latest actuarial valuation was dated June 10, 2010 for the fiscal year ending March 31, 2010. Current year amounts are determined by extrapolating figures from the last valuation along with particular estimates.

The “Accrued Benefit Liability” and corresponding “Accrued Benefit Liability Recoverable” reflected on the MICs Balance Sheet relates only to those MICs employees whose costs are shared according to the predetermined cost sharing formula. The liabilities related to those MICs employees whose costs are charged directly to participating facilities are reflected on the balance sheets of the respective hospitals.

The amounts of those liabilities are as follows:

	2011	2010
Anson General Hospital	\$ 969,512	918,600
Bingham Memorial Hospital	485,766	469,100
Lady Minto Hospital at Cochrane	<u>1,130,221</u>	<u>1,064,200</u>
	\$ <u>2,585,499</u>	<u>2,451,900</u>

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 liability is amortized over the remaining estimated service period of active employees (11 years). Actuarial gain determined in 2010 valuation for employees whose costs are shared on the pre-determined formula was \$18,700.

The MICs accrued benefit liability related to post-retirement benefit plans for the above-referenced employees and its proportionate share of accrued benefit liability on the balance sheet at March 31, 2011 is determined as follows:

	2011	2010
Balance at beginning of year	\$ 296,000	264,000
Additional benefit expense	<u>33,600</u>	<u>32,000</u>
Balance of accrued benefit liability at end of year	<u>\$ 329,600</u>	<u>296,000</u>

**DRAFT** as of year 2017 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO

DORLAND & DORLAND  
Chartered Accountant

## THE MICs GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENT

for the year ended March 31, 2011

## 5. EMPLOYEE FUTURE BENEFITS (continued)

The measurement date used to determine the accrued benefit obligation is March 31, 2010.

The accrued benefit liability is reconciled with the accrued benefit obligation is as follows:

	2011	2010
Accrued benefit obligation at end of year as determined by actuarial valuation	\$ 302,800	269,200
Add: Unamortized amounts at end of year Actuarial experience gain	<u>26,800</u>	<u>26,800</u>
Accrued employee benefit liability at end of year	\$ <u>329,600</u>	<u>296,000</u>

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

	2011	2010
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 % in first year, graded down to 4.5% per annum after 5 years	8.0% decreasing linearly each year to rate of 4.5% per annum after 6 years

Amounts of accrued benefit liability recoverable from the participating Hospitals in the cost-sharing proportions as agreed to by the participating Hospitals are as follows:

	%	2011	2010
Anson General Hospital	37	\$ 121,952	109,520
Bingham Memorial Hospital	26	85,696	76,960
Lady Minto Hospital at Cochrane	<u>37</u>	<u>121,952</u>	<u>109,520</u>
	100	\$ <u>329,600</u>	<u>296,000</u>

The total amount recoverable is reflected on the balance sheet under "Other Assets"

DRAFT AS OF FEB 27 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES

## THE MICs GROUP OF HEALTH SERVICES

## NOTES TO FINANCIAL STATEMENT

for the year ended March 31, 2011

## 6. DEFERRED CONTRIBUTIONS

CAPITAL - \$179,171

Deferred capital contributions related to capital assets represent the unamortized amounts of contributions receivable or received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2011	2010
FedNor IT System	\$ 685,212	685,212
Northern Ontario Heritage Fund	200,000	200,000
Less amounts amortized to revenue	<u>(706,041)</u>	<u>(477,637)</u>
Balance, end of year	\$ <u>179,171</u>	<u>407,575</u>

## 7. DIABETES PROGRAM

The Partnership operates the diabetes program under agreement with the Northern Diabetes Health Network Corporation. Funding is limited to a budgeted ceiling amount.

## 8. PENSION PLAN

Substantially all of the employees of the Partnership are eligible to be members of the Hospitals of Ontario Pension, which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan during the year by the Partnership amounted to \$1,307,863 (2010 - \$1,473,281). These amounts are included in employee benefits expense.

## 9. FINANCIAL INSTRUMENTS

Unless otherwise indicated, the carrying value of financial instruments approximates their fair value due to the generally short-term maturities of these instruments.

## 10. CONTINGENT LIABILITY

The MIC's 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 MICs on completion of the plan is not determinable.

DRAFT AS OF Feb 27 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE:  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES



**THE MICs GROUP OF HEALTH SERVICES**

**NOTES TO FINANCIAL STATEMENT**  
for the year ended March 31, 2011

**11. CASH FLOW STATEMENT**

A cash flow statement has not been prepared as the required information is readily apparent from the other financial statements or adequately disclosed in the notes to the financial statements.

**12. INFORMATION SYSTEM SUPPORT SERVICES**

As participants in the regional NEON information systems network (Note 4) the MICs Group of Health Services is required to pay monthly fees for on-going systems support on behalf of the MICs partners. During the 2010/11 year, the Group paid \$226,092 in total for such fees (2009/10 - \$226,092). Fees are determined on a cost-recovery basis and are subject to annual review and possible adjustment to reflect inflationary and other operational increases or decreases. Fee rates are also subject to negotiated changes which may arise to reflect changes to the shared information system.

DRAFT AS OF Feb 27 2012 TO BE  
USED FOR MANAGEMENT PURPOSES  
ONLY. ENGAGEMENT IS INCOMPLETE;  
THIS DRAFT IS SUBJECT TO  
FINAL REVIEW AND POSSIBLE REVISION  
NOT TO BE DISTRIBUTED TO  
THIRD PARTIES.

DORLAND & DORLAND  
Chartered Accountant