

# The Ross Memorial Hospital

## Financial Statements

For the year ended March 31, 2010

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**Auditors' Report**

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To the Members of  
The Ross Memorial Hospital

We have audited the balance sheet of The Ross Memorial Hospital as at March 31, 2010 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants  
Lindsay, Ontario

May 21, 2010

**The Ross Memorial Hospital  
Balance Sheet**

March 31

2010

2009

**Assets**

**Current assets**

Accounts receivable (Note 3)	\$ 2,417,111	\$ 1,942,704
Inventories	693,643	674,429
Prepaid expenses	649,460	908,449

<u>3,760,214</u>	3,525,582
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Property, plant and equipment (Note 4)	<u>62,990,859</u>	64,806,880
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<u>\$ 66,751,073</u>	<u>\$ 68,332,462</u>
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**Liabilities, Deferred Contribution and Net Assets**

**Current liabilities**

Bank indebtedness (Note 5)	\$ 1,096,399	\$ 3,323
Accounts payable and accrued liabilities	12,221,766	8,736,840
Current portion of long-term debt (Note 6)	41,793	63,866
Deferred income	69,223	500,065
Deferred grants and donations	298,300	-

<u>13,727,481</u>	9,304,094
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Employee future benefits (Note 7)	2,658,100	2,504,100
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Deferred capital contributions (Note 9)	44,663,849	46,969,640
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Long-term debt (Note 6)	<u>17,077</u>	58,870
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<u>61,066,507</u>	58,836,704
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Contingencies and Commitments (Note 13)

Net assets (Note 10)	<u>5,684,566</u>	9,495,758
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<u>\$ 66,751,073</u>	<u>\$ 68,332,462</u>
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Approved by the Board of Governors

 _____	Chairperson
 _____	Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

## The Ross Memorial Hospital Statement of Operations and Net Assets

For the year ended March 31

2010

2009

### Revenues

Ministry of Health	\$ 63,567,868	\$ 62,097,749
Patient revenues	9,364,339	7,667,697
Differential preferred accommodation	993,066	1,332,758
Chronic care co-payment	457,409	505,653
Other operating revenue	5,974,498	5,016,320
Amortization of deferred contributions related to property, plant and equipment	3,327,484	3,185,209
	<u>83,684,664</u>	<u>79,805,386</u>

### Expenses

Salary, wages and other remuneration	53,066,137	50,556,614
Employee benefits	11,234,738	10,559,850
Employment restructuring	741,900	-
Supplies and other expenses	12,529,763	10,577,102
Medical and surgical supplies	3,077,083	3,538,512
Drugs	2,291,867	1,963,346
Bad debts	269,389	93,412
Equipment amortization	2,668,542	2,488,726
Building amortization	1,616,437	1,610,242
	<u>87,495,856</u>	<u>81,387,804</u>

Net surplus (deficiency)	(3,811,192)	(1,582,418)
Net assets, beginning of year	<u>9,495,758</u>	<u>11,078,176</u>
Net assets, end of year (Note 10)	<u>\$ 5,684,566</u>	<u>\$ 9,495,758</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

## The Ross Memorial Hospital Statement of Cash Flows

For the year ended March 31

2010

2009

**Cash provided by (used in)**

<b>Operating activities</b>		
Net surplus (deficiency)	\$ (3,811,192)	\$ (1,582,418)
Items not involving cash		
Equipment amortization	2,668,542	2,488,726
Building amortization	1,616,437	1,610,242
Amortization of deferred contributions related to property, plant and equipment	(3,327,484)	(3,185,209)
Employee future benefits	154,000	144,000
	(2,699,697)	(524,659)
Changes in non-cash working capital balances		
Accounts receivable	(474,407)	(27,407)
Inventory	(19,214)	17,971
Prepaid expenses	258,989	(111,727)
Accounts payable and accrued liabilities	3,484,709	(261,556)
Deferred income	(430,842)	(93,742)
Deferred grants and donations	298,300	(2,342,900)
	417,838	(3,344,020)
<b>Investing activities</b>		
Net additions to property, plant and equipment	(2,468,959)	(7,144,925)
Net proceeds from grants and donations	1,021,693	3,905,799
	(1,447,266)	(3,239,126)
<b>Financing activities</b>		
Additions to deferred contributions	-	2,342,900
Repayment of long-term debt	(63,648)	(135,400)
	(63,648)	2,207,500
Increase (decrease) in cash	(1,093,076)	(4,375,646)
Cash (bank indebtedness), beginning of year	(3,323)	4,372,323
<b>Bank indebtedness, end of year (Note 5)</b>	<b>\$ (1,096,399)</b>	<b>\$ (3,323)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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## The Ross Memorial Hospital Summary of Significant Accounting Policies

March 31, 2010

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<b>Nature of Business</b>	The Hospital is engaged in the provision of various health care services in the City of Kawartha Lakes, Brock Township and parts of Haliburton County. 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.
<b>Cash and Short-term Deposits</b>	Cash and short-term deposits consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.
<b>Presentation</b>	The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.
<b>Revenue Recognition</b>	<p>The Hospital follows the deferral method of accounting for contributions which include donations and government grants.</p> <p>Under the Health Insurance Act and Regulations thereto, the Facility is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and the Local Health Integration Network(LHIN). 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. Where grant revenues are subject to subsequent adjustment or reconciliation, such adjustments are estimated and recorded as due to/from the Ministry of Health or Local Health Integration Network at the end of the fiscal year. These financial statements reflect agreed arrangements approved by the Ministry and LHIN with respect to the year ended March 31, 2010.</p> <p>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.</p> <p>Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of property, plant and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property, plant and equipment.</p> <p>Endowment contributions are recognized as direct increases in endowment net assets as detailed in the Notes to these statements.</p> <p>Restricted investment income is recognized as revenue in the year in which the related expenditures are recognized. Unrestricted investment income is recognized as revenue when earned.</p> <p>Revenue from the Provincial Insurance Plan, preferred accommodation, and marketed services is recognized when the goods are sold or the service is provided.</p>
<b>Contributed Services</b>	A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

# The Ross Memorial Hospital

## Summary of Significant Accounting Policies

March 31, 2010

<b>Investments</b>	Investments are recorded at cost. Should the market value of investments become lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.												
<b>Inventories</b>	Inventories are valued at the lower of average cost and replacement value.												
<b>Property, Plant and Equipment</b>	<p>Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Facility's ability to provide services, its carrying amount is written down to its residual value. Any gains or losses on disposal are charged to amortization expense.</p> <p>Property, plant and equipment are amortized on a straight-line basis using the following annual rates:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Buildings</td> <td style="text-align: right;">2% - 6.67%</td> </tr> <tr> <td>Building service equipment</td> <td style="text-align: right;">5% - 10%</td> </tr> <tr> <td>Major equipment</td> <td style="text-align: right;">5% - 20%</td> </tr> <tr> <td>Computers</td> <td style="text-align: right;">20% - 33%</td> </tr> <tr> <td>Parking lot</td> <td style="text-align: right;">5%</td> </tr> <tr> <td>Parking lot equipment</td> <td style="text-align: right;">33%</td> </tr> </table>	Buildings	2% - 6.67%	Building service equipment	5% - 10%	Major equipment	5% - 20%	Computers	20% - 33%	Parking lot	5%	Parking lot equipment	33%
Buildings	2% - 6.67%												
Building service equipment	5% - 10%												
Major equipment	5% - 20%												
Computers	20% - 33%												
Parking lot	5%												
Parking lot equipment	33%												
<b>Compensated Absences</b>	Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's benefit plans for vacation, sick leave and retirement allowances.												
<b>Financial Instruments</b>	<p>The hospital utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the hospital is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.</p> <p>All transaction costs related to financial instruments are recorded on a trade date basis.</p> <p>The hospital classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The hospital's accounting policy for each category is as follows:</p> <p><b>Held-for-trading:</b> This category is comprised of bank accounts net of short-term operating loans. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.</p> <p><b>Loans and receivables:</b> These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or on demand. They arise principally through receivables from patient services and outstanding Ministry funding. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.</p>												

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# The Ross Memorial Hospital

## Summary of Significant Accounting Policies

March 31, 2010

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### Financial Instruments Continued

**Available-for-sale:** Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprises short-term investments. When they have a quoted market price in an active market, they are carried at fair value with changes in fair value recognized in income. When they do not have a quoted market price in an active market, they are carried at cost. Transaction costs related to available-for-sale investments are expensed as incurred.

**Other financial liabilities:** This includes all financial liabilities other than those classified as held-for-trading and comprises trade payables and accrued liabilities and long term debt. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

### Employee Benefit Plans

The Hospital accrues its obligations under employee benefit plans and the related costs, net of plan assets (Note 7). The costs of pensions and other future benefits have been actuarially determined and accrued over the periods in which employees earn the benefits. The plan provides life insurance and extended health and dental to employees.

The Hospital is also an employer member of the Hospitals of Ontario Pension Plan (the "plan"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Hospital has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service (Note 8).

### Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of the liability for post-retirement benefits, estimated useful life of capital assets, amortization of defined capital contributions, and fair value disclosure. Actual results could differ from management's best estimates, as additional information becomes available in the future.



# The Ross Memorial Hospital Notes to Financial Statements

March 31, 2010

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## 1. Economic Dependence

The Hospital's primary source funding comes from the Ministry of Health and the Local Health Integration Network. The Hospital is economically dependent on these agencies as it receives 76% (2009- 78%) of its revenue from them.

The Hospital has a working capital deficit of \$10 million at March 31, 2010. The accompanying financial statements have been prepared on the basis that the Hospital will continue to offer its services as a going concern.

The Hospital's ability to continue providing services is dependent on improving cash flow by achieving cost savings and efficiencies. Management has developed a recovery plan to achieve savings through staff restructuring, obtaining operational efficiencies and general cost reductions. The Hospital continues to perform detailed financial analysis in order to minimize such deficits and continue to deliver services at the required level. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Hospital be unable to continue as a going concern.

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## 2. Change in Accounting Policy

On April 1, 2009 the Hospital retrospectively adopted with restatement of prior periods the presentation of net assets under CICA Handbook Section 4400, "Financial Statement Presentation by Not-for-profit Organizations". Under this revised standard the Hospital has the option to no longer treat net assets invested in property, plant and equipment as a separate component of net assets.

The effect of adopting this new standard on the 2009 comparative amounts is presented below:

Decrease in investment in property, plant and equipment	\$ (17,837,240)
Increase in net assets	\$ 17,837,240

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## 3. Accounts Receivable

	2010	2009
Ministry of Health and Local Health Integration Network	\$ 18,642	\$ 60,148
Self-pay and other agencies	2,638,019	1,918,559
Less: Allowance for doubtful accounts	239,550	36,003
	<u>\$ 2,417,111</u>	<u>\$ 1,942,704</u>

# The Ross Memorial Hospital Notes to Financial Statements

March 31, 2010

## 4. Property, Plant and Equipment

	2010		2009	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Land	\$ 3,490,296	\$ -	\$ 3,490,296	\$ 3,490,296
Buildings	68,534,739	16,967,519	51,567,220	52,907,730
Equipment	33,241,638	26,560,116	6,681,522	6,840,465
Parking Lot	1,250,502	606,589	643,913	715,587
	106,517,175	44,134,224	62,382,951	63,954,078
Projects under construction	607,908	-	607,908	852,802
	<b>\$ 107,125,083</b>	<b>\$ 44,134,224</b>	<b>\$ 62,990,859</b>	<b>\$ 64,806,880</b>

## 5. Bank

The hospital is subject to a \$5,000,000 overdraft limit. Interest is charged monthly at a rate of prime. Amounts in excess of this agreed upon limit are subject to interest at 21% per annum. The line of credit is secured by a general security agreement. Subsequent to year end the overdraft limit was increased to \$7,000,000.

## 6. Long-term Debt

	2010		2009	
Obligation payable to City of Kawartha Lakes, due March 2012	\$ 58,870	\$ 122,736		
Less current portion	41,793	63,866		
	<b>\$ 17,077</b>	<b>\$ 58,870</b>		

The long-term debt has the following principal repayments:

2011	\$ 41,793
2012	17,077
	<b>\$ 58,870</b>

# The Ross Memorial Hospital Notes to Financial Statements

March 31, 2010

## 7. Employee Future Benefits

The Hospital sponsors both defined benefit and defined contribution employee future benefit plans covering substantially all employees. The costs of employee future benefits are accrued over the periods in which employees earn the benefits. The plan provides extended health and dental as well as life insurance to employees.

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared at May 1, 2010. The accrued benefit obligation of \$3,216,800 shown for 2010 is based on an extrapolation of that May 1, 2010 valuation.

	2010	2009
<b>Accrued Benefit Obligation</b>		
Balance, beginning of year	\$ 2,323,300	\$ 2,594,200
Actuarial adjustment	762,900	(391,100)
Current service expense	111,500	130,800
Interest cost	176,700	136,700
Benefits paid during year	(157,600)	(162,600)
	<b>\$ 3,216,800</b>	<b>\$ 2,323,300</b>
<b>Post-employment Benefit Liability</b>		
	2010	2009
Accrued benefit obligation	\$ 3,216,800	\$ 2,323,300
Unamortized past service cost	(31,600)	(55,300)
Actuarial gain (loss)	(527,100)	236,100
	<b>\$ 2,658,100</b>	<b>\$ 2,504,100</b>

The unamortized past service cost of \$31,600 is to be amortized on a straight-line basis over the average remaining period to the full eligibility date (10.0 years). Additional past service costs of \$94,000 have been recognized for benefit improvements and the addition of OPSEU employees. The amortization commenced April 2002.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the hospital's best estimates. The discount rate used to determine the accrued benefit obligation is 7.50%, the dental cost increase is 4.0%, and Extended Health Care increase is 6.0%. The % rate for Extended Health Care is decreasing by 0.5% increments per annum to an ultimate rate of 4%.

Substantially all of the employees of the Hospital are members of the Hospitals of Ontario Pension Plan and the costs of this pension is actuarially determined. (Note 8)

The post-employment benefit expense is reported as a component of current expenditures on the statement of financial activities. Composition of the amount is as follows:

	2010	2009
Current service costs	\$ 111,500	\$ 130,800
Interest on post-employment benefit liability	176,700	136,700
Amortization of past service costs	23,700	23,800
Net actuarial (gain) loss amortized in the year	(300)	8,400
	<b>\$ 311,600</b>	<b>\$ 299,700</b>

**March 31, 2010**

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**8. Pension Plan**

All full time and certain part-time employees of the hospital are members of the Hospitals of Ontario Pension Plan which is a multi-employer defined benefits pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on the securities are managed by the Hospitals of Ontario Pension Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain at a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. Each year an independent actuary determines the funding status of the Plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan as at December 31, 2009 indicates the Plan is 102% funded. The results of this valuation disclosed total actuarial liabilities of \$32.02 billion in respect of benefits accrued for service with actuarial assets at that date of \$32.56 billion indicating an actuarial surplus of \$536 million. Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospital Association members and their employees. As a result, the Hospital does not recognize any share of the Plan surplus or deficit.

Employer contributions to the Plan during the year by the hospital amounted to \$ 3,316,603 (2009-\$3,160,696).

# The Ross Memorial Hospital Notes to Financial Statements

March 31, 2010

## 9. Deferred Capital Contributions

Deferred capital contributions related to property, plant and equipment represent the unamortized amount of donations and grants received for the purchase of property, plant and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2010	2009
Balance, beginning of year	\$ 46,969,640	\$ 43,906,150
Additional internal transfer from restricted assets	-	2,342,900
Additional funding received	1,021,693	3,905,799
Less: Amounts amortized to revenue	(3,327,484)	(3,185,209)
	\$ 44,663,849	\$ 46,969,640

## 10. Net Asset Investment in Property, Plant and Equipment

The hospitals net assets of \$5,684,566 consists of \$18,327,010 invested in property, plant and equipment and a \$12,642,444 deficiency in remaining net assets. The investment in property, plant and equipment is calculated as follows:

	2010	2009
Property, plant and equipment	\$ 62,990,859	\$ 64,806,880
Amounts financed by - deferred contributions	(44,663,849)	(46,969,640)
	\$ 18,327,010	\$ 17,837,240

## 11. Endowments

The hospital has received various endowments for which the use of the funds are restricted. These endowment funds are not included in the financial statements of the hospital. Details are as follows:

	2010	2009
Balance, March 31, 2009	\$ 62,835	\$ 61,856
Investment income earned in the year	231	979
Balance, March 31, 2010	\$ 63,066	\$ 62,835

**March 31, 2010**

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**12. Related Party Transactions**

The Ross Memorial Hospital is related to the Central Ontario Healthcare Procurement Alliance (COHPA), the Ross Memorial Hospital Foundation and the Ross Memorial Hospital Auxiliary.

In conjunction with five other hospitals, the Ross Memorial Hospital is a member of Central Ontario Healthcare Procurement Alliance (COHPA). COHPA is a non-profit corporation administered by a nine member board including one voting member from each of the six member hospitals. COHPA provides purchasing, contract management and logistics services for the hospital. During the year Ross Memorial Hospital paid membership fees to COHPA in the amount of \$219,821. Ross Memorial Hospital has provided proportionate guarantees of \$380,000 on COHPA's \$6,000,000 credit facility. As at March 31, 2010 the outstanding balances on the credit facility was \$3,000,000.

The Hospital has the ability to appoint three members of the Ross Memorial Hospital Foundation (the "Foundation") Board of Directors. The Foundation was established to raise and manage funds for the benefit of the Hospital. The Foundation is incorporated as a public foundation under the Canada Corporations Act and is a registered charity under the Income Tax Act. Net resources of the Foundation amount to approximately \$4,199,000, of which \$707,000 represents contributions externally restricted, with the balance being available to the hospital for uses consistent with the intent of the donors and the objects of the foundation at the discretion of the Foundation's Board of Directors.

The net assets and results from operations of the Foundation are not included in the statements of the Hospital. Separate financial statements of the Foundation are available upon request.

The Ross Memorial Hospital Auxiliary (the "Auxiliary") provides periodic capital funding to the Hospital through the Hospital Foundation. The Hospital uses these contributions as designated by the Auxiliary.

All transactions with related parties are recorded at the exchange amount.

Related party transactions during the year not separately disclosed in the financial statements include the following:

- a. an amount of \$1,103,918 (2009 - \$1,905,270) has been received from the Foundation and recorded as deferred contributions related to property, plant and equipment.
- b. an amount of \$17,407 (2009 - \$3,612) has been received from the Foundation and netted against the related expenditure for which the money was provided.
- c. an amount of \$4,000 (2009 - \$4,000) representing rental charges has been received from the Foundation and recorded with marketed services.

# The Ross Memorial Hospital Notes to Financial Statements

March 31, 2010

## 13. Contingencies and Commitments

### Picture Archiving Communications System (PACS) Project

The hospital has previously entered into a contract to purchase a PACS system; future payments related to the capital cost of the system total \$996,976. This will be paid out over the next six years as follows:

2011	\$ 80,592
2012	80,863
2013	197,115
2014	204,323
2015	212,681
2016	221,402
	<u>\$ 996,976</u>

### CT/MR System

The hospital has entered into an agreement to purchase and install a CT and MR system for a purchase price of \$3,150,000 payable upon the completion of specified milestones. The hospital has also entered into a contract to renovate the hospital for these additions in the amount of \$98,740.

### Endoscopy Contract

As at March 31, 2010, the Hospital has entered into an agreement for endoscopy equipment. Future payments related to the service agreement total \$703,571. This will be paid out over the next five years as follows:

2011	\$ 132,523
2012	136,489
2013	140,607
2014	144,802
2015	149,150
	<u>\$ 703,571</u>

### Litigation

The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2010 management believes the hospital has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

**March 31, 2010**

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**14 Capital Disclosure**

The hospital considers its capital to be the balance retained in net assets, which is generally the difference between its assets and its liabilities, including externally restricted balances, as reported on its statement of financial position. The hospital receives externally restricted funding from the provincial government for the delivery of public health care services. These funds are maintained and disbursed under the terms of the relevant funding agreements and management is responsible for adhering to the provisions of these agreements.

The hospital's objectives when managing capital are to safeguard the hospital's ability to continue as a going concern so that it can continue to provide delivery of its mandatory services to the public.

Management maintains its capital by ensuring that annual operating and capital budgets are developed and approved by Board of Directors based on known or estimated sources of funding available each year. These budgets are shared with all management of the hospital to ensure that the capital of the hospital is maintained.