

The Ross Memorial Hospital

Financial Statements

For the year ended March 31, 2011

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Independent Auditor's Report

To the Members of
The Ross Memorial Hospital

We have audited the accompanying financial statements of The Ross Memorial Hospital, which comprise the balance sheet as at March 31, 2011, the statements of operations and net assets and cash flows for the year then ended, a summary of significant accounting policies, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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

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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Ross Memorial Hospital as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants
Lindsay, Ontario

May 26, 2011

The Ross Memorial Hospital Balance Sheet

March 31 2011 2010

Assets

Current assets

Accounts receivable (Note 2)	\$ 2,689,050	\$ 2,417,111
Inventories	502,751	693,643
Prepaid expenses	707,379	649,460

	3,899,180	3,760,214
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Property, plant and equipment (Note 3)	66,173,151	62,990,859
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	\$ 70,072,331	\$ 66,751,073
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Liabilities, Deferred Contribution and Net Assets

Current liabilities

Bank indebtedness (Note 4)	\$ 3,244,350	\$ 1,096,399
Accounts payable and accrued liabilities	10,448,468	12,221,766
Current portion of long-term debt (Note 5)	917,076	41,793
Deferred income	608,078	69,223
Deferred grants and donations	280,721	298,300

	15,498,693	13,727,481
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Employee future benefits (Note 6)	2,761,300	2,658,100
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Deferred capital contributions (Note 8)	43,043,074	44,663,849
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Long-term debt (Note 5)	3,600,000	17,077
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	64,903,067	61,066,507
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Contingencies and commitments (Note 10)

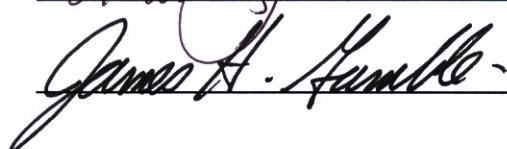
Net assets (Note 11)	5,169,264	5,684,566
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	\$ 70,072,331	\$ 66,751,073
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Approved by the Board of Governors



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

2011

2010

Revenues

Ministry of Health	\$ 64,296,311	\$ 61,475,757
Patient revenues	8,358,311	8,602,724
Differential preferred accommodation	967,154	993,066
Chronic care co-payment	402,135	457,409
Other operating revenue	5,025,395	4,725,518
Restricted program revenue	2,484,395	2,863,608
Amortization of deferred contributions related to property, plant and equipment	<u>3,273,386</u>	<u>3,327,484</u>
	<u>84,807,087</u>	<u>82,445,566</u>

Expenses

Salary, wages and other remuneration	51,802,769	51,207,072
Employee benefits	10,865,167	10,830,118
Employment restructuring	368,551	741,900
Supplies and other expenses	9,940,362	10,663,891
Medical and surgical supplies	3,391,799	3,077,083
Drugs	2,231,747	2,291,867
Bad debts	71,673	269,389
Restricted program expenses	2,493,863	2,890,459
Equipment amortization	2,667,901	2,668,542
Building amortization	<u>1,488,557</u>	<u>1,616,437</u>
	<u>85,322,389</u>	<u>86,256,758</u>

Net surplus (deficiency)	(515,302)	(3,811,192)
Net assets, beginning of year	<u>5,684,566</u>	<u>9,495,758</u>
Net assets, end of year (Note 11)	<u>\$ 5,169,264</u>	<u>\$ 5,684,566</u>

The Ross Memorial Hospital Statement of Cash Flows

For the year ended March 31

2011

2010

Cash provided by (used in)

Operating activities

Net surplus (deficiency)	\$ (515,302)	\$ (3,811,192)
Items not involving cash		
Equipment amortization	2,667,901	2,668,542
Building amortization	1,488,557	1,616,437
Amortization of deferred contributions related to property, plant and equipment	(3,273,386)	(3,327,484)
Employee future benefits	103,200	154,000

	470,970	(2,699,697)
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Changes in non-cash working capital balances

Accounts receivable	(271,939)	(474,407)
Inventory	190,892	(19,214)
Prepaid expenses	(57,919)	258,989
Accounts payable and accrued liabilities	(1,773,299)	3,484,709
Deferred income	538,855	(430,842)
Deferred grants and donations	(17,579)	298,300

	(920,019)	417,838
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Investing activities

Net additions to property, plant and equipment	(7,338,750)	(2,468,959)
Net proceeds from grants and donations	1,652,611	1,021,693

	(5,686,139)	(1,447,266)
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Financing activities

Long-term financing	4,500,000	-
Repayment of long-term debt	(41,793)	(63,648)

	4,458,207	(63,648)
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Increase (decrease) in cash	(2,147,951)	(1,093,076)
Bank indebtedness, beginning of year	(1,096,399)	(3,323)

Bank indebtedness, end of year (Note 4)	\$ (3,244,350)	\$ (1,096,399)
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The Ross Memorial Hospital Summary of Significant Accounting Policies

March 31, 2011

Nature of Business	<p>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.</p>
Cash and Short-term Deposits	<p>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.</p>
Presentation	<p>The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.</p>
Revenue Recognition	<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, 2011.</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>
Contributed Services	<p>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.</p>

The Ross Memorial Hospital Summary of Significant Accounting Policies

March 31, 2011

Investments 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.

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

Property, Plant and Equipment 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.

Property, plant and equipment are amortized on a straight-line basis using the following annual rates:

Buildings	2% - 6.67%
Building service equipment	5% - 10%
Major equipment	5% - 20%
Computers	20% - 33%
Parking lot	5%
Parking lot equipment	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 for vacation, sick leave and retirement allowances.

Financial Instruments 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.

All transaction costs related to financial instruments are recorded on a trade date basis.

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:

Held-for-trading: 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.

Loans and receivables: 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.

The Ross Memorial Hospital

Summary of Significant Accounting Policies

March 31, 2011

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 6). 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, extended health and dental insurance to employees.

The Hospital is also an employer member of the Healthcare 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 7).

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, 2011

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% (2010 - 75%) of its revenue from them.

The Hospital has a working capital deficit of \$11.6 million at March 31, 2011. 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 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.

2. Accounts Receivable

	2011	2010
Ministry of Health and Local Health Integration Network	\$ 382,103	\$ 18,642
Self-pay and other agencies	2,584,877	2,638,019
Less: Allowance for doubtful accounts	277,930	239,550
	\$ 2,689,050	\$ 2,417,111

3. Property, Plant and Equipment

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,490,296	\$ -	\$ 3,490,296	\$ 3,490,296
Buildings	71,817,278	18,397,082	53,420,196	51,567,220
Equipment	32,709,896	24,077,295	8,632,601	6,681,522
Parking Lot	1,250,502	665,583	584,919	643,913
	109,267,972	43,139,960	66,128,012	62,382,951
Projects under construction	45,139	-	45,139	607,908
	\$ 109,313,111	\$ 43,139,960	\$ 66,173,151	\$ 62,990,859

The Ross Memorial Hospital Notes to Financial Statements

March 31, 2011

4. Bank

The Hospital is subject to a \$8,500,000 overdraft limit, which will be reduced to \$6,500,000 effective April 1, 2012. 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.

5. Long-term Debt

	2011	2010
Obligation payable to City of Kawartha Lakes, due March 2012	\$ 17,076	\$ 58,870
Public Sector Fixed Rate Term Loan payable to Bank of Montreal, due March 2015	4,500,000	-
	4,517,076	58,870
Less current portion	917,076	41,793
	\$ 3,600,000	\$ 17,077

The Hospital entered into promissory notes during the year amounting to \$4,500,000 to assist with the replacement of the CT Scan and purchase of a MRI unit.

The interest rates on the promissory notes range from 2.4% to 2.6% and mature on a yearly basis.

At maturity, the interest rates will be renegotiated or the outstanding balance payable will be converted to a demand note subject to interest at prime plus 0%.

During the year, the Hospital paid \$55,720 in interest payments on the above long term debt.

The long-term debt has the following principal repayments:

2012	\$ 917,076
2013	1,200,000
2014	1,200,000
2015	1,200,000
	\$ 4,517,076

The Ross Memorial Hospital Notes to Financial Statements

March 31, 2011

6. 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, dental and 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 as at March 31, 2010. The accrued benefit obligation of \$3,447,300 shown for 2011 is based on an extrapolation of that March 31, 2010 valuation.

	2011	2010
Accrued Benefit Obligation		
Balance, beginning of year	\$ 3,216,800	\$ 2,323,300
Actuarial adjustment	153,500	762,900
Current service expense	130,600	111,500
Interest cost	177,700	176,700
Benefits paid during year	<u>(231,300)</u>	<u>(157,600)</u>
Balance, end of year	<u>\$ 3,447,300</u>	<u>\$ 3,216,800</u>
Post-employment Benefit Liability		
	2011	2010
Accrued benefit obligation	\$ 3,447,300	\$ 3,216,800
Unamortized past service cost	(21,200)	(31,600)
Actuarial gain (loss)	<u>(664,800)</u>	<u>(527,100)</u>
	<u>\$ 2,761,300</u>	<u>\$ 2,658,100</u>

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, employee turnover, and mortality. The assumptions used reflect the Hospital's best estimates. The discount rate used to determine the accrued benefit obligation is 5.00%, the dental cost increase is 4.0%, and Extended Health Care increase is 5.5%. The rate for Extended Health Care is decreasing by 0.5% increments per annum to an ultimate rate of 4%.

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:

	2011	2010
Current service costs	\$ 130,600	\$ 111,500
Interest on post-employment benefit liability	177,700	176,700
Amortization of past service costs	10,400	23,700
Net actuarial (gain) loss amortized in the year	<u>15,800</u>	<u>(300)</u>
Total expense related to post-employment benefits	<u>\$ 334,500</u>	<u>\$ 311,600</u>

The Ross Memorial Hospital Notes to Financial Statements

March 31, 2011

7. Pension Plan

All full time and certain part-time employees of the Hospital are members of the Healthcare 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, Ontario Nurses' Association, the Canadian Union of Public Employees, the Ontario Public Service Employees Union, and the Service Employees International Union. 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 Healthcare 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, 2010 indicates the Plan is 101% funded. The results of this valuation disclosed total actuarial liabilities of \$34.90 billion in respect of benefits accrued for service with actuarial assets at that date of \$35.08 billion indicating an actuarial surplus of \$176 million. Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospital Association and other Union 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 \$3,403,984 (2010 - \$3,316,603).

8. 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.

	2011	2010
Balance, beginning of year	\$ 44,663,849	\$ 46,969,640
Additional funding received	1,652,611	1,021,693
Less: Amounts amortized to revenue	(3,273,386)	(3,327,484)
	\$ 43,043,074	\$ 44,663,849

The Ross Memorial Hospital Notes to Financial Statements

March 31, 2011

9. 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 \$316,211 (2010 - \$219,821). Ross Memorial Hospital has provided proportionate guarantees of \$380,000 on COHPA's \$6,000,000 credit facility. As at March 31, 2011 the outstanding balances on the credit facility was 2,944,333 (2010 - \$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. According to the most recent available data, net resources of the Foundation amount to approximately \$5,500,000 as at March 31, 2011 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 \$1,227,147 (2010 - \$1,103,918) has been received from the Foundation and recorded as deferred contributions related to property, plant and equipment.
- b. an amount of \$17,297 (2010 - \$17,407) has been received from the Foundation and netted against the related expenditure for which the money was provided.
- c. an amount of \$4,000 (2010 - \$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, 2011

10. 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 \$949,200. This will be paid out over the next four years as follows:

2012	\$ 237,300
2013	237,300
2014	237,300
2015	237,300
	<hr/>
	\$ 949,200

Endoscope Contract

The Hospital had previously entered into an agreement for endoscope equipment. Future payments related to the service agreement total \$614,557. This will be paid out over the next four years as follows:

2012	\$ 146,888
2013	151,321
2014	155,835
2015	160,513
	<hr/>
	\$ 614,557

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, 2011 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.

Subsequent to Year End - Energy Retrofit Project

Effective April 25, 2011, the Hospital has entered into a comprehensive services agreement to improve the overall energy use efficiency of the facility. Future payments related to the service agreement total \$1,107,020. This will be paid out in fiscal year ending March 31, 2012.

The Ross Memorial Hospital Notes to Financial Statements

March 31, 2011

11. Net Asset Investment in Property, Plant and Equipment

The Hospital's net assets of \$5,169,264 consists of \$19,530,077 invested in property, plant and equipment and a \$14,360,813 deficiency in remaining net assets. The investment in property, plant and equipment is calculated as follows:

	2011	2010
Property, plant and equipment	\$ 66,173,151	\$ 62,990,859
Amounts financed by deferred contributions	(43,043,074)	(44,663,849)
Amounts financed by long term debt	(3,600,000)	-
	\$ 19,530,077	\$ 18,327,010

12. 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:

	2011	2010
Balance, March 31, 2010	\$ 63,066	\$ 62,835
Investment income earned in the year	227	231
Balance, March 31, 2011	\$ 63,293	\$ 63,066

13 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.

14. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.