

**TIMMINS AND DISTRICT HOSPITAL
L'HÔPITAL DE TIMMINS ET DU DISTRICT
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2006 & 2005**

TIMMINS AND DISTRICT HOSPITAL

L'HÔPITAL DE TIMMINS ET DU DISTRICT

(incorporated under the laws of the Province of Ontario as a corporation without Share Capital)

BOARD OF DIRECTORS

Mr. D. Wyatt, Chairman
Mr. F. Salvador, Vice-Chairman
Mrs. M. Lawrence, Vice-Chairman
Mr. A. Kean, Treasurer
Dr. C. Clark
Mrs. G. Helin
Dr. D. Hook
Mrs. S. Lamontagne

Mr. L. Maisonneuve
Mrs. M. Murphy
Mr. R. Perrault
Mr. P. Rokeby
Mr. G. Scripnick
Dr. H. Voogjarv
Mr. W. Wiwchar

AUDITORS

Ross, Pope & Company, Chartered Accountants
Timmins, Ontario

TIMMINS AND DISTRICT HOSPITAL

L'HÔPITAL DE TIMMINS ET DU DISTRICT

INDEX TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2006 & 2005

AUDITORS' REPORT

STATEMENTS

- 1 Statement of Financial Position
- 2 Statement of Operations
- 3 Statement of Changes in Net Assets
- 4 Statement of Cash Flows

NOTES TO FINANCIAL STATEMENTS

SCHEDULES

- A Schedule of Other Revenue
- B Schedule of Other Ministry of Health Programs
- C Schedule of Employee Benefits Expenses
- D Schedule of Administration Expenses



Ross, Pope & Company

Chartered Accountants

101 Cedar Street South
Timmins, Ontario
P4N 2G7

Telephone: (705) 264-9484
Fax: (705) 264-0788
E-Mail: inform@rosspope.com
Website: www.rosspope.com

AUDITORS' REPORT

To the Board of Directors and Members of the
Timmins and District Hospital/l'Hôpital de Timmins et du district

We have audited the statement of financial position of the Timmins and District Hospital/l'Hôpital de Timmins et du district as at March 31, 2006 and the statements of operations, changes in 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ross, Pope & Company

Timmins, Ontario
May 16, 2006

**ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS**

TIMMINS AND DISTRICT HOSPITAL
L'HÔPITAL DE TIMMINS ET DU DISTRICT
STATEMENT OF FINANCIAL POSITION

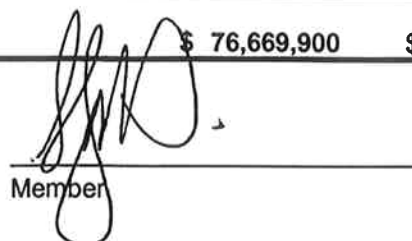
AS AT MARCH 31

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,698,935	\$ 6,344,653
Restricted cash (Note 2)	456,791	431,014
Accounts receivable (Note 3)	6,184,294	4,208,762
Inventories (Note 2)	725,737	707,343
Prepaid expenses	384,423	327,333
	11,450,180	12,019,105
LONG-TERM ACCOUNTS RECEIVABLE	289,212	233,010
CAPITAL ASSETS (Notes 2 & 4)	64,930,508	66,049,313
	\$ 76,669,900	\$ 78,301,428
LIABILITIES		
CURRENT LIABILITIES		
Short-term loan	\$ -	\$ 760,875
Accounts payable and accrued charges	11,193,575	10,566,497
Deferred revenue (Note 2)	1,149,606	1,679,024
Current portion of long-term debt (Note 6)	739,533	233,814
Current portion of obligation under capital lease (Note 7)	402,698	-
Current portion of accrued benefit liability (Note 8)	130,300	125,200
	13,615,712	13,365,410
LONG-TERM DEBT (Note 6)	700,540	1,440,066
OBLIGATION UNDER CAPITAL LEASE (Note 7)	1,208,093	-
ACCRUED BENEFIT LIABILITY (Notes 2 & 8)	1,706,200	1,556,000
DEFERRED CONTRIBUTIONS (Note 9)	57,827,433	60,615,569
	75,057,978	76,977,045
Contingencies (Note 15)		
NET ASSETS		
INVESTED IN CAPITAL ASSETS (Note 10)	3,699,572	2,523,455
RESTRICTED FOR PACS (Note 10)	82,639	205,534
UNRESTRICTED	(2,170,289)	(1,404,606)
	1,611,922	1,324,383
	\$ 76,669,900	\$ 78,301,428

Approved on Behalf of the Board of Directors:



Member



Member

See accompanying notes.

TIMMINS AND DISTRICT HOSPITAL

L'HÔPITAL DE TIMMINS ET DU DISTRICT

STATEMENT OF OPERATIONS

YEARS ENDED MARCH 31

	2006	2005
REVENUES		
Ministry of Health - Hospital Funding	\$ 52,584,304	\$ 49,193,590
Ministry of Health - Other Programs (Schedule B)	2,344,162	2,065,267
Ministry of Health - Emergency Physician Funding	1,876,572	1,772,760
Ministry of Health - One Time Hospital Funding	2,120,508	2,777,033
Preferred accommodation	937,420	966,679
Investment income	146,524	30,946
Amortization of deferred contributions (Note 9)	4,113,544	4,193,860
Other Revenue (Schedule A)	12,885,139	11,587,122
	77,008,173	72,587,257
EXPENSES		
Salaries, wages and fees	41,964,314	40,749,570
Medical staff honouraria	450,844	464,571
Employee benefits (Schedule C)	9,504,082	8,742,079
Medical and surgical supplies	3,105,902	2,849,775
Drugs	2,807,266	2,451,147
Food and dietary supplies	601,696	621,088
Other supplies and expenses	5,847,627	5,488,878
Plant maintenance and operations	2,768,126	2,685,668
Administration (Schedule D)	1,750,924	1,711,364
Amortization of capital assets	5,750,685	6,077,205
Ministry of Health - Other Programs (Schedule B)	2,344,162	2,065,267
	76,895,628	73,906,612
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	112,545	(1,319,355)
GRANTS FORGIVEN BY THE MINISTRY OF HEALTH	174,994	305,256
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 287,539	\$ (1,014,099)

TIMMINS AND DISTRICT HOSPITAL

L'HÔPITAL DE TIMMINS ET DU DISTRICT

STATEMENT OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31

	INVESTED CAPITAL ASSETS	RESTRICTED FOR PACS	UNRESTRICTED	2006	2005
Balance, beginning of year	\$ 2,523,455	\$ 205,534	\$ (1,404,606)	\$ 1,324,383	\$ 2,338,482
Excess (deficiency) of revenues over expenses (Note 10)	(1,641,827)	-	1,929,366	287,539	(1,014,099)
Purchase (disposal) of capital assets	4,752,004	(115,439)	(4,636,565)	-	-
Amounts funded by financing arrangements	(616,109)	-	616,109	-	-
Amounts funded by deferred contributions	(1,317,951)	(7,456)	1,325,407	-	-
Balance, end of year	\$ 3,699,572	\$ 82,639	\$ (2,170,289)	\$ 1,611,922	\$ 1,324,383

See accompanying notes.

TIMMINS AND DISTRICT HOSPITAL

L'HÔPITAL DE TIMMINS ET DU DISTRICT

STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31

	2006	2005
OPERATING ACTIVITIES		
Revenue received from Ministry of Health	\$ 58,706,480	\$ 56,507,868
Revenue received from other sources	12,232,224	13,321,916
Expenses paid for operations	(70,792,738)	(65,929,122)
Interest paid	(70,858)	(46,581)
CASH PROVIDED BY OPERATING ACTIVITIES	75,108	3,854,081
FINANCING AND INVESTING ACTIVITIES		
Increase in deferred contributions	1,325,407	3,114,734
Purchase of capital assets	(4,636,565)	(4,368,000)
Net increase (decrease) in short-term debt	(760,875)	760,875
Net increase (decrease) in long-term debt	(233,807)	1,673,880
Net increase in obligation under capital lease	1,610,791	-
CASH PROVIDED BY (USED IN) FINANCING AND INVESTING ACTIVITIES	(2,695,049)	1,181,489
CHANGE IN CASH	(2,619,941)	5,035,570
CASH, beginning of year	6,775,667	1,740,097
CASH, end of year	\$ 4,155,726	\$ 6,775,667
CASH CONSISTS OF:		
Cash	\$ 3,698,935	\$ 6,344,653
Restricted cash	456,791	431,014
	\$ 4,155,726	\$ 6,775,667

See accompanying notes.

TIMMINS AND DISTRICT HOSPITAL

L'HÔPITAL DE TIMMINS ET DU DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2006 & 2005

1. HOSPITAL ORGANIZATION

The Timmins and District Hospital/l'Hôpital de Timmins et du district is incorporated without share capital by Letters Patent issued by the Province of Ontario. The hospital is regulated by the Public Hospitals Act and accordingly, the accounting for the operations of the hospital are based on reporting procedures approved by the Ministry of Health.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 and Long-Term Care. 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, 2006.

Unrestricted contributions are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

The financial statements do not include the assets, liabilities and activities of any organizations such as the Ladies Auxiliary or the Foundation which, although related to the hospital, are not operated by it.

(b) INVENTORIES

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

(c) PLEDGES

The amount of any pledges to donate funds to the hospital are not included in revenues until such time as funds are received.

(d) RESTRICTED CASH

Restricted cash represents funds received to offset specific obligations.

(e) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on a straight-line basis using the following rates:

Land improvements	5 years
Building	40 years
Medical office complexes	25 years
Equipment	3-20 years