

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**  
**Financial Statements**  
**Year Ended March 31, 2013**

## **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)

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#### **BOARD OF DIRECTORS - 2012/2013**

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Mr. Léon Laforest, Chair	Ms. Sue Perras, NEOMA Appointment
Mr. Robert Perrault, Vice Chair	Mr. Pat Bamford, City Appointment
Mr. David Thomas, Vice Chair	Ms. Nancy Pandolfi, Auxiliary President, Honorary Position
Mr. Martin Rody, Treasurer	Ms. Joan Ludwig, Chief Nursing Officer
Mr. Allan Kean, Past Chair	Mr. Steve Adams
Dr. Harry Voogjarv, Chief of Staff	Ms. Marjorie Boyd
Dr. Larry Malo, President of Medical Staff	Ms. Maggie Matear
Dr. Andrew Touw, Vice President of Medical Staff	Ms. Sylvie Petroski
Mr. Roger Walker, Secretary, President and CEO	Ms. Marilyn Wood
Mr. Luc Brousseau, Foundation Appointment	Ms. Pauline Bélanger, Executive Assistant

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#### **AUDITORS**

Ross, Pope & Company LLP, Chartered Accountants  
Timmins, Ontario

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**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

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**Year Ended March 31, 2013**

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# Ross, Pope & Company LLP

**Chartered Accountants**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Timmins and District Hospital/L'Hôpital de Timmins et du district

We have audited the accompanying financial statements of Timmins and District Hospital/L'Hôpital de Timmins et du district, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, changes in net assets and cash flows 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 fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, 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 Timmins and District Hospital/L'Hôpital de Timmins et du district as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

### Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Timmins and District Hospital/L'Hôpital de Timmins et du district adopted Canadian public sector accounting standards for government not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Ross, Pope & Company LLP*

Timmins, Ontario  
June 4, 2013

Ross, Pope & Company LLP  
Chartered Accountants  
Licensed Public Accountants

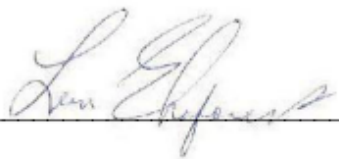
# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Statement of Financial Position

As at March 31, 2013

	March 31 2013	March 31 2012 <i>Restated - Note 3</i>	April 1 2011 <i>Restated - Note 3</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 1,687	\$ 3,294	\$ 1,010
Accounts receivable	2,631,928	3,106,386	2,547,099
Due from government	632,967	389,510	810,609
Inventories	663,856	712,294	723,055
Prepaid expenses	639,473	798,387	688,123
	<b>4,569,911</b>	<b>5,009,871</b>	<b>4,769,896</b>
LONG TERM RECEIVABLES	754,763	784,975	433,855
CAPITAL ASSETS (Note 5)	60,311,603	64,606,375	64,697,794
	<b>\$ 65,636,277</b>	<b>\$ 70,401,221</b>	<b>\$ 69,901,545</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT</b>			
Line of credit (Note 6)	\$ 2,580,000	\$ 4,575,000	\$ 1,800,000
Accounts payable and accrued liabilities	6,086,714	6,592,035	6,419,825
Due to government	2,334,143	2,262,315	1,963,117
Deferred revenue	606,991	868,507	1,516,486
Vacation pay	3,651,087	3,705,569	3,612,657
Current portion of long term debt (Note 7)	491,663	469,585	451,829
	<b>15,750,598</b>	<b>18,473,011</b>	<b>15,763,914</b>
LONG TERM DEBT (Note 7)	4,558,820	5,034,427	5,501,901
POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (Note 8)	3,560,907	3,032,973	1,739,997
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	52,545,983	55,979,262	55,794,009
	<b>76,416,308</b>	<b>82,519,673</b>	<b>78,799,821</b>
<b>NET ASSETS</b>			
Unrestricted (deficiency)			
Operating	(6,283,174)	(8,503,015)	(6,495,681)
Post-employment benefit and compensated absences	(3,560,907)	(3,032,973)	(1,739,997)
Vacation pay	(3,651,087)	(3,705,569)	(3,612,657)
	<b>(13,495,168)</b>	<b>(15,241,557)</b>	<b>(11,848,335)</b>
Invested in capital assets (Note 10)	2,715,137	3,123,105	2,950,059
	<b>(10,780,031)</b>	<b>(12,118,452)</b>	<b>(8,898,276)</b>
	<b>\$ 65,636,277</b>	<b>\$ 70,401,221</b>	<b>\$ 69,901,545</b>

Approved on behalf of the Board



Director



Director

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Statement of Operations**

**Year Ended March 31, 2013**

	2013	2012
<b>REVENUE</b>		
Ministry of Health - Hospital Funding	\$ 69,519,982	\$ 69,034,853
Ministry of Health - Paymaster / Flow Through	(236,397)	(139,370)
Cancer Care Ontario	1,893,167	1,504,198
Amortization of deferred contributions - equipment <i>(Note 9)</i>	1,375,595	1,276,853
Schedule of Other Revenue <i>(Schedule 1)</i>	23,484,815	22,544,603
	<b>96,037,162</b>	<b>94,221,137</b>
<b>EXPENSES</b>		
Salaries and wages	44,377,139	45,556,451
Employee benefits	13,636,746	14,755,624
Medical staff fees and honouraria	12,936,425	12,727,286
Supplies and other expenses	12,818,853	13,207,285
Medical and surgical supplies	4,132,491	4,253,864
Drugs	3,062,699	3,114,664
Amortization of equipment and other	2,344,144	2,408,934
Interest on long term debt	269,108	253,623
	<b>93,577,605</b>	<b>96,277,731</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>2,459,557</b>	<b>(2,056,594)</b>
<b>AMORTIZATION OF DEFERRED CONTRIBUTIONS AND BUILDINGS</b>		
Amortization of deferred contributions - buildings <i>(Note 9)</i>	2,292,419	2,084,100
Amortization of buildings	(2,715,632)	(2,568,274)
	<b>(423,213)</b>	<b>(484,174)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER FUNDS</b>	<b>2,036,344</b>	<b>(2,540,768)</b>
<b>OTHER FUNDS <i>(Schedule 2)</i></b>		
Other fund revenues	4,219,893	3,877,538
Other fund expenses	(4,917,816)	(4,556,946)
	<b>(697,923)</b>	<b>(679,408)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 1,338,421</b>	<b>\$ (3,220,176)</b>

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2013**

	Unrestricted (deficiency)	Invested in Capital assets	2013	2012
<b>NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR</b>	\$ (15,241,557)	\$ 3,123,105	\$ (12,118,452)	\$ (8,898,276)
Excess (deficiency) of revenue over expenses	2,737,079	(1,398,658)	<b>1,338,421</b>	(3,220,176)
Net change in investment in capital assets <i>(Note 10)</i>	(990,690)	990,690	-	-
<b>NET ASSETS (DEFICIENCY) - END OF YEAR</b>	\$ (13,495,168)	\$ 2,715,137	\$ (10,780,031)	\$ (12,118,452)

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Statement of Cash Flows**

**Year Ended March 31, 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 1,338,421	\$ (3,220,176)
Items not affecting cash:		
Amortization of equipment	2,351,040	2,415,828
Amortization of buildings	2,715,632	2,568,274
Amortization of deferred contributions - equipment	(1,375,595)	(1,276,853)
Amortization of deferred contributions - buildings	(2,292,419)	(2,084,100)
	<b>2,737,079</b>	<b>(1,597,027)</b>
Changes in non-cash working capital:		
Accounts receivable	474,458	(559,287)
Due from government	(243,457)	421,099
Inventories	48,438	10,761
Prepaid expenses	158,914	(110,264)
Accounts payable and accrued liabilities	(505,324)	172,210
Deferred revenue	(261,516)	(647,979)
Accrual for post employment benefits and compensated absences	527,934	1,292,976
Due to government	71,828	299,198
Accrual for vacation pay	(54,482)	92,912
	<b>216,793</b>	<b>971,626</b>
Cash flow from (used by) operating activities	<b>2,953,872</b>	<b>(625,401)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(453,528)	(449,718)
Deferred contributions received (Note 9)	234,735	3,546,207
Cash flow from (used by) financing activities	<b>(218,793)</b>	<b>3,096,489</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(771,898)	(4,892,684)
<b>INVESTING ACTIVITIES</b>		
Decease (increase) in long-term receivables	30,212	(351,120)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>1,993,393</b>	<b>(2,772,716)</b>
Cash deficiency - beginning of year	<b>(4,571,706)</b>	<b>(1,798,990)</b>
<b>CASH DEFICIENCY - END OF YEAR</b>	<b>\$ (2,578,313)</b>	<b>\$ (4,571,706)</b>
<b>CASH (DEFICIENCY) CONSISTS OF:</b>		
Cash	\$ 1,687	\$ 3,294
Line of credit	(2,580,000)	(4,575,000)
	<b>\$ (2,578,313)</b>	<b>\$ (4,571,706)</b>



# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

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### 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 and is regulated by the Public Hospitals Act. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under section 149.1 of the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PRESENTATION

The financial statements of the Hospital have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs"). Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

#### (a) REVENUE RECOGNITION

The Hospital follows the deferral method of accounting for contributions which include donations and government transfers or grants.

The Hospital funding is based on the Hospital Service Accountability Agreement (H-SAA) between the Hospital and the North East Local Health Integration Network (NELHIN) which is an agency of the Ministry of Health and Long-Term Care. Operating transfers or grants are recorded as revenue in the period to which they relate. Transfers or grants approved but not received at the end of an accounting period are accrued. Where a portion of a transfer or 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, 2013.

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.

Revenue for medical services are recognized when the services are provided.

#### (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.

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# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (d) CAPITAL ASSETS

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets 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 capital assets no longer contribute to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which have been estimated as follows:

Land improvements	10 - 20 years
Buildings	10 - 40 years
Equipment	3 - 20 years
Building service equipment	5 - 20 years

The Hospital regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### (e) VACATION PAY

The Hospital recognizes vacation pay as an expense on the accrual basis.

#### (f) RETIREMENT AND POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

The Hospital provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health and dental. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.
- (ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period
- (iii) The discount used in the determination of the above-mentioned liabilities is the Province of Ontario's cost of borrowing rate.

#### (g) DONATED SERVICES

The work of the Hospital Board is dependent on the voluntary service of members of the Board and others. Since these services are not normally purchased by the Hospital and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

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# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (h) FINANCIAL INSTRUMENTS

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

##### Fair value

This category includes derivatives and equity instruments quoted in an active market.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses (Note 13) until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

##### Amortized cost

This category include accounts receivable, due from government, long-term receivables, accounts payable and accrued liabilities, due to government, line of credit and long term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

#### (i) MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Such estimates include providing for amortization of capital assets, the allowance for doubtful accounts and actuarial estimation of post-employment benefits and compensated absences liabilities.

# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

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### 3. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS

The Public Sector Accounting Board (PSAB) issued new standards for government (public sector) not-for-profit organizations. For years beginning on or after January 1, 2012, government NPOs have a choice of:

- a. Public sector accounting standards including PS 4200 - 4270 for government not-for-profit organizations; or
- b. Public sector accounting standards

The Hospital has chosen to follow Public Sector Accounting standards including PS 4200 - 4270 for government not for profit organizations.

Effective April 1, 2012, the Hospital adopted the requirements of the new accounting framework, Canadian Public Sector Accounting Standards for Not-for-Profit Organizations (PSAB for Government NPOs). These are the Hospital's first financial statements prepared in accordance with this framework and the transitional provision of Section 2125, First-time Adoption by Government Organizations have been applied. Section 2125 requires retroactive application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in the Summary of Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening PSAB for Government NPOs statement of financial position at the date of transition of April 1, 2011.

The Hospital issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of PSAB for Government NPOs resulted in adjustments to the previously reported assets, liabilities, net assets, excess (deficiency) of revenue over expenses and cash flows of the Hospital. An explanation of how the transition from pre-changeover Canadian GAAP to PSAB for Government NPOs has affected the Hospital's financial position, operations, changes in net assets and cash flows is set out in the following notes and tables.

The following exemptions and exceptions were used at the date of transition to Canadian accounting standards for not-for-profit organizations:

#### Optional exemptions

##### *Actuarial Gains and Losses*

Pre-changeover GAAP allowed the Hospital to only recognize actuarial gains and losses that exceeded certain prescribed amounts ("the corridor approach"). PSAB for Government NPOs requires the amortization of actuarial gains and losses on post-employment benefit obligations and compensated absences to be amortized over the estimated average remaining service life of employees. Retroactive application of this approach would require the Hospital to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to PSAB for Government NPOs into a recognized portion and an unrecognized portion. The Hospital has elected to recognize all cumulative actuarial gains and losses as the date of transition to PSAB for Government NPOs directly in net assets. Actuarial gains and losses subsequent to the date of transition to PSAB for Government NPOs are accounted for in accordance with PS 3250 - Retirement Benefits.

(continues)

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

3. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS *(continued)*

Mandatory exceptions

*Estimates*

The estimates previously made by the Hospital under pre-changeover Canadian GAAP were not revised for the application of PSAB for Government NPOs except where necessary to reflect any differences in the accounting policy or where there was objective evidence that those estimates were in error. As a result the Hospital has not used hindsight to revise estimates.

Reconciliation of net assets and excess (deficiency) of revenue over expenses

In preparing these financial statements, management has amended certain accounting policies previously applied in the pre-changeover Canadian GAAP financial statements to comply with PSAB for Government NPOs. The comparative figures for March 31, 2012 were restated to reflect these adjustments. The following reconciliations and explanatory notes provide a description of the effect of the transition from pre-changeover Canadian GAAP to PSAB for Government NPOs on net assets and excess (deficiency) of revenue over expenses:

Statement of Financial Position as at April 1, 2011 - Transition Date

	Pre- changeover Canadian GAAP	Transitional Adjustments		PSAB for Government NPOs
		Adj. (i)	Adj. (ii)	
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 11,995,598	\$ (3,612,657)	\$ -	\$ 8,382,941
Vacation pay	-	3,612,657	-	3,612,657
Post-employment benefits and compensated absences				
Retirement benefits	2,625,200	-	(885,203)	1,739,997
	<b>\$ 14,620,798</b>	<b>\$ -</b>	<b>\$ (885,203)</b>	<b>\$ 13,735,595</b>
<b>Net Assets</b>				
Operating	\$(12,733,538)	\$ 6,237,857	\$ -	\$ (6,495,681)
Post-employment benefits and compensated absence	-	(2,625,200)	885,203	(1,739,997)
Vacation pay	-	(3,612,657)	-	(3,612,657)
<b>Total Unrestricted Net Assets (deficiency)</b>	<b>\$(12,733,538)</b>	<b>\$ -</b>	<b>\$ 885,203</b>	<b>\$(11,848,335)</b>

*(continues)*

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

3. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS *(continued)*

Statement of Financial Position for the year-ended March 31, 2012

	Pre- changeover Canadian GAAP	Transitional Adjustments		PSAB for Government NPOs
		Adj. (i)	Adj. (ii)	
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 12,559,917	\$ (3,705,569)	\$ -	\$ 8,854,348
Vacation pay	-	3,705,569	-	3,705,569
Post-employment benefits and compensated absences				
Retirement benefits	2,995,007	-	37,966	3,032,973
	\$ 15,554,924	\$ -	\$ 37,966	\$ 15,592,890
<b>Net Assets</b>				
Operating	\$(15,203,591)	\$ 6,700,576	\$ -	\$ (8,503,015)
Post-employment benefits and compensated absences	-	(2,995,007)	(37,966)	(3,032,973)
Vacation pay	-	(3,705,569)	-	(3,705,569)
<b>Total Unrestricted Net Assets (deficiency)</b>	<b>\$(15,203,591)</b>	<b>\$ -</b>	<b>\$ (37,966)</b>	<b>\$(15,241,557)</b>

Statement of Operations for the year-ended March 31, 2012

	Sub-note	Pre- changeover Canadian GAAP	Transitional Adjustments	PSAB for Government NPOs
<b>Expenses</b>				
Employee benefits	(ii)	\$ 13,832,455	\$ 923,169	\$ 14,755,624
<b>Excess (deficiency) of revenue over expenses</b>	<b>(ii)</b>	<b>\$ (2,297,007)</b>	<b>\$ (923,169)</b>	<b>\$ (3,220,176)</b>

Statement of Cash Flows for the year-ended March 31, 2012

The transition to PSAB for Government NPOs had no impact on total operating or financing activities on the statement of cash flows. The change in excess (deficiency) of revenue over expenses for the year ended March 31, 2012 has been offset by adjustments to operating activities. The transition to PSAB for Government NPOs resulted in the reclassification of cash receipts and outflows relating to the acquisition of tangible capital assets from investing activities to capital activities. The capital section of the statement of cash flows did not exist prior to the transition to PSAB for Government NPOs.

*(continues)*

# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

### 3. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS *(continued)*

#### Explanations for Adjustments to PSAB for Government NPOs

##### (i) Presentation

Vacation pay has been reclassified from accounts payable and accrued liabilities to conform to the presentation and disclosure adopted under PSAB for Government NPOs.

Net assets (deficiency) have been reclassified from operating to vacation pay and post-employment benefits and compensated absences to conform to the presentation and disclosure adopted under PSAB for Government NPOs.

##### (ii) Discount Rate Used to Calculate Post-Employment Benefits and Compensated Absences Liabilities and Amortization of Actuarial Gains/Losses

Pre-changeover GAAP required the discount rate to be equal to the yield on high quality corporate bonds. The Hospital has chosen to discount these liabilities using the Province of Ontario's cost of borrowing rate.

As discussed in Note 3 above under optional exceptions, the Hospital has elected to recognize actuarial gains and losses at the date of transition to PSAB for Government NPOs directly in net assets.

The net changes related to the above resulted in a change to the related liabilities and charges to net assets as described in the tables above.

### 4. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides amortized cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2013		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,687	\$ -	\$ 1,687
Accounts receivable	-	2,631,928	2,631,928
Due from government	-	632,967	632,967
Long term receivables	-	754,763	754,763
Line of credit	-	2,580,000	2,580,000
Accounts payable and accrued liabilities	-	6,086,714	6,086,714
Due to government	-	2,334,143	2,334,143
Long term debt	-	5,050,483	5,050,483

Cash is the only financial instrument that is measured subsequent to initial recognition at fair value.

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

5. CAPITAL ASSETS

	Cost	Accumulated amortization	Net 2013	Net 2012
Land	\$ 490,002	\$ -	\$ 490,002	\$ 490,002
Land improvements	363,047	144,949	218,098	242,669
Buildings	86,005,926	37,095,207	48,910,719	51,091,331
Equipment	43,673,835	38,496,912	5,176,923	6,876,384
Building service equipment	8,178,602	2,662,741	5,515,861	5,905,989
	<b>\$138,711,412</b>	<b>\$ 78,399,809</b>	<b>\$ 60,311,603</b>	<b>\$ 64,606,375</b>

Amortization expense for the year is \$5,066,672 (\$4,984,102 - 2012).

6. LINE OF CREDIT

The Hospital has an \$8,000,000 (\$8,000,000 - 2012) credit facility to be used for general operating purposes. The credit facility bears interest at a rate equal to the lender's prime rate less 0.65% and is secured by a general security agreement. The balance used as at March 31, 2013 was \$2,580,000 (\$4,575,000 - 2012).

7. LONG TERM DEBT

	2013	2012
Bank loan bearing interest at 4.16% per annum, repayable in monthly blended payments of \$42,619 and maturing in April 2015.	\$ 4,851,409	\$ 5,154,054
Bank loan bearing interest at 3.4% per annum, repayable in monthly blended payments of \$14,518 and maturing in April 2014.	199,074	349,958
	<b>5,050,483</b>	5,504,012
Amounts payable within one year	(491,663)	(469,585)
	<b>\$ 4,558,820</b>	\$ 5,034,427

Principal repayment terms are approximately:

2014	\$ 491,663
2015	355,668
2016	4,203,152
	<b>\$ 5,050,483</b>



**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Notes to Financial Statements**

**Year Ended March 31, 2013**

**8. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY**

The following tables outline the components of the Hospital's post-employment benefits and compensated absences liabilities and the related expenses:

	2013		
	Post-employment Benefits	Other	Total liability
Accrued employee future benefits obligations	\$ 3,326,997	\$ 300,000	\$ 3,626,997
Value of plan assets	-	-	-
Unamortized actuarial losses	(66,090)	-	(66,090)
<b>Total liability</b>	<b>\$ 3,260,907</b>	<b>\$ 300,000</b>	<b>\$ 3,560,907</b>

	2012		
	Post-employment Benefits	Other	Total liability
Accrued employee future benefits obligations	\$ 3,034,903	\$ -	\$ 3,034,903
Value of plan assets	-	-	-
Unamortized actuarial losses	(1,930)	-	(1,930)
<b>Total liability</b>	<b>\$ 3,032,973</b>	<b>\$ -</b>	<b>\$ 3,032,973</b>

	2013		
	Post-employment Benefits	Other	Total expense
Current year benefit cost	\$ 164,599	\$ -	\$ 164,599
Interest on accrued benefit obligation	143,383	-	143,383
Amortized actuarial losses	193	300,000	300,193
<b>Total expense</b>	<b>\$ 308,175</b>	<b>\$ 300,000</b>	<b>\$ 608,175</b>

	2012		
	Post-employment Benefits	Other	Total expense
Current year benefit cost	\$ 152,558	\$ -	\$ 152,558
Interest on accrued benefit obligation	159,407	-	159,407
Amortized actuarial losses	1,049,208	-	1,049,208
<b>Total expense</b>	<b>\$ 1,361,173</b>	<b>\$ -</b>	<b>\$ 1,361,173</b>

Above amounts exclude pension contributions to the Hospitals of Ontario Pension Plan a multi-employer plan, described below.

# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

### 8. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY (cont'd)

The post-employment benefits and compensated absences liability represents the past excess of the plan sponsor's expenses over actual contributions/benefits paid. A reconciliation of the beginning and ending balances is shown below:

	2013	2012
Accrued employee future benefit obligations at beginning of period	\$ 3,032,973	\$ 1,739,997
Expenses for the period	608,175	1,361,173
Contributions/benefits paid during the period	(80,241)	(68,197)
Accrued employee future benefit obligations at end of period	\$ 3,560,907	\$ 3,032,973

#### *Retirement Benefits*

A majority of the Hospital's employees are participants in the defined benefit contributory retirement pension plan of the Hospitals of Ontario. The plan is a multi-employer plan therefore the Hospital contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due. Contributions by the Hospital on account of the current service pension costs amounted to \$3,538,116 (\$3,585,964 - 2012) of which \$3,460,044 (\$3,485,511 - 2012) is included in employee benefits in the Statement of Operations and \$78,071 (\$100,453 - 2012) is included in Other Fund Expenses. Contributions are related to actuarial requirements established by the trustees of the plan.

#### *Post-Employment Benefits*

The Hospital extends post employment life insurance, health and dental to certain employee groups subsequent to their retirement. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related liability was determined by an actuarial valuation study.

The major actuarial assumptions employed for the valuation are as follows:

Discount Rate	3.94% (4.69% -2012)
Extended health care trend rates	8% decreasing by 0.5% to 4.5%
Dental trend rates	4%

Effective April 1, 2011 all Ontario Nurses' Association and Ontario Public Service Employees Union full-time employees who retire early (between the age of 57 and 65 with a pension benefit) will receive a 50% premium subsidy for Post-retirement Extended Health Care, Semi-Private and Dental coverage from the date of retirement to age 65.

As per PS 3250, this new benefit is accounted for as a past service cost and amortized over the expected average remaining service life of 10 years.

#### *Other*

Represents the long term disability benefits payable as per Desjardins Financial Security related to a reduction in long term disability benefits for two employees equal to the amount of benefits received by the Hospitals of Ontario Pension Plan, which was not in accordance with the collective agreements of the employees' bargaining units.

# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

### 9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balances are as follows

	2013	2012
Balance, beginning of year	\$ 55,979,262	\$ 55,794,009
Add amounts received during the year	234,735	3,546,207
Less amounts amortized to revenue	(3,668,014)	(3,360,954)
Balance, end of year	\$ 52,545,983	\$ 55,979,262

### 10. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2013	2012
Capital Assets	\$ 60,311,603	\$ 64,606,376
Amounts financed by:		
Long-term debt (Note 7)	(5,050,483)	(5,504,009)
Deferred capital contributions (Note 9)	(52,545,983)	(55,979,262)
	\$ 2,715,137	\$ 3,123,105

b) Change in net assets invested in capital assets is calculated as follows:

Deficiency of revenue over expenses		
Amortization of deferred contributions related to capital assets	\$ 3,668,014	\$ 3,360,954
Amortization of capital assets	(5,066,672)	(4,984,102)
	\$ (1,398,658)	\$ (1,623,148)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 771,898	\$ 4,892,684
Amount funded by deferred contributions	(234,735)	(3,546,207)
Amount repaid on long term debt	453,527	449,718
	\$ 990,690	\$ 1,796,195

### 11. RELATED ENTITIES

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

The Hospital has an economic interest in the Timmins and District Hospital Foundation, whose mandate is to raise funds for the Hospital. During the year, the Foundation contributed \$234,735 (\$775,587 - 2012) towards the purchase of capital assets.

# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

### 12. HEALTHCARE INSURANCE RECIPROCAL OF CANADA

On July 1, 1987, a group of health care organizations ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2013.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber, who has an excess of premiums plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivable from HIROC as of March 31, 2013 (nil - 2012).

### 13. STATEMENT OF REMEASUREMENT GAINS AND LOSSES

A Statement of remeasurement gains and losses has not been prepared because the Hospital did not have any financial instruments with unrealized gains or losses during the year ended March 31, 2013 (nil - 2012).

### 14. CONTINGENCIES

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

### 15. FINANCIAL INSTRUMENT RISK MANAGEMENT

#### Credit Risk

The Hospital does not have significant exposure to any individual or party. A large portion of the Hospital's receivables are due from other levels of government. The hospital measures its exposure to credit risk based on factors surrounding the risk related to specific accounts, historical trends and other information. An allowance for doubtful accounts is set up based on the Hospital's historical experience regarding collections. The amounts outstanding at year end were as follows:

	Total	Current	Past Due			
			1 - 30 days	31 - 60 days	61 - 90 days	91+ days
Ministry of Health and Long Term Care	\$ 354,578	\$ 354,578	\$ -	\$ -	\$ -	\$ -
Insurer and patients	2,289,119	1,156,212	755,129	180,743	56,939	140,096
Other	676,198	676,198	-	-	-	-
Gross receivables	3,319,895	2,186,988	755,129	180,743	56,939	140,096
Less: Allowance for doubtful accounts	(55,000)	-	-	-	-	-
Net receivables	\$3,264,895	\$2,186,988	\$755,129	\$180,743	\$ 56,939	\$140,096

(continues)

# TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT

## Notes to Financial Statements

Year Ended March 31, 2013

### 15. FINANCIAL INSTRUMENT RISK MANAGEMENT *(continued)*

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to this risk through the line of credit and long term debt.

At March 31, 2013 a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the line of credit and long term debt of \$28,000.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### Liquidity Risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2013		
	Within 6 months	6 months to 1 year	1 - 5 years
Accounts payables and accrued liabilities	\$ 6,086,714	\$ -	\$ -
Due to government	2,334,143	-	-
Line of credit	2,580,000	-	-
Long term debt	220,000	271,663	4,558,820
	\$ 11,220,857	\$ 271,663	\$ 4,558,820

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

### 16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT****Schedule of Other Revenue****(Schedule 1)****Year Ended March 31, 2013**

	<b>2013</b>	<b>2012</b>
Out patients - OHIP	<b>\$ 7,027,413</b>	\$ 7,478,720
Recoveries - all other	<b>3,623,881</b>	2,909,278
Ministry of Health - Emergency Physician Funding	<b>3,262,212</b>	3,179,943
Recoveries - other services	<b>4,009,859</b>	2,971,914
Out patients - other	<b>1,011,296</b>	1,740,317
Preferred accommodation	<b>1,119,558</b>	1,197,319
Cafeteria and coffee shop	<b>1,006,189</b>	1,020,170
Other revenue	<b>965,752</b>	1,085,865
In patient	<b>843,324</b>	535,958
Undistributed income	<b>538,883</b>	332,615
Ambulance	<b>73,773</b>	75,963
Investment income	<b>2,675</b>	16,541
	<b>\$ 23,484,815</b>	\$ 22,544,603

**TIMMINS AND DISTRICT HOSPITAL/L'HÔPITAL DE TIMMINS ET DU DISTRICT**

**Schedule of Other Funds**

*(Schedule 2)*

**Year Ended March 31, 2013**

	2013	2012
<b>Revenue</b>		
Adult Community Mental Health	\$ 1,409,575	\$ 1,422,153
Interim Long-Term Care	826,953	782,933
Mental Health Out-Patient Sessional Fees	195,356	239,669
Municipal Taxation	12,300	12,300
Partnerships and projects	1,775,709	1,420,483
	<b>4,219,893</b>	<b>3,877,538</b>
<b>Expenses</b>		
Adult Community Mental Health	1,409,575	1,422,152
Interim Long-Term Care	1,524,876	1,462,342
Mental Health Out-Patient Sessional Fees	195,356	239,669
Municipal Taxation	12,300	12,300
Partnerships and Projects	1,775,709	1,420,483
	<b>4,917,816</b>	<b>4,556,946</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>\$ (697,923)</b>	<b>\$ (679,408)</b>