



FINANCIAL STATEMENTS

MARCH 31, 2008

Our Vision : Outstanding Care - No Exceptions!
Our Mission : We provide Outstanding Care with Compassion



KPMG LLP
Chartered Accountants
618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8

Telephone (519) 251-3500
Fax (519) 251-3530
(519) 251-3540
Internet www.kpmg.ca

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the statement of financial position of Windsor Regional Hospital as at March 31, 2008 and the statements of changes in net assets, revenue and expense 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 Windsor Regional Hospital as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by subsection 96(2) of the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

May 23, 2008

WINDSOR REGIONAL HOSPITAL

(Incorporated without share capital under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

As at March 31, 2008
(with comparative figures at March 31, 2007)

	2008 \$ (000)	2007 \$ (000)
ASSETS		
Current assets:		
Cash	1,140	3,037
Accounts receivable, net (Note 2)	12,643	8,001
Inventories	2,751	3,359
Prepaid and deferred charges	2,199	1,159
Due from related parties (Note 16)	552	326
	19,285	15,882
Investments held for capital purposes (Note 3)	12,842	11,700
Capital assets: (Note 4)		
Cost	363,311	355,443
Less: Accumulated amortization	139,369	126,920
	223,942	228,523
Total assets	256,069	256,105
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank loans (Note 5)	25,134	25,629
Accounts payable and accrued liabilities (Note 6)	50,026	44,454
Current portion of accrued benefit liabilities (Note 7)	503	413
Current portion of other long term liabilities (Note 8)	626	617
	76,289	71,113
Long term:		
Other obligations (Note 15)	-	1,233
Accrued benefit liabilities (Note 7)	6,398	5,513
Accrued sick leave entitlements	7,129	6,957
Other long term liabilities (Note 8)	1,543	2,092
Deferred capital grants net of amortization (Note 9)	179,831	182,497
	194,901	198,292
Total liabilities	271,190	269,405
Net assets:		
Invested in capital assets (Note 10)	39,136	40,243
Unrestricted	(54,257)	(53,543)
	(15,121)	(13,300)
Commitments and contingencies (Notes 14 and 15)	-	-
	256,069	256,105

See accompanying notes to financial statements

On behalf of the Board:


Brian Chillman
Chairperson

Randy Morris
Treasurer

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2008
 (with comparative figures for the year ended March 31, 2007)

	Invested in Capital Assets \$ (000)	Unrestricted \$ (000)	2008 Total \$ (000)	2007 Total \$ (000)
Balance, beginning of year	40,243	(53,543)	(13,300)	(11,189)
(Deficiency) excess of revenue over expense (Note 10)	(2,957)	1,136	(1,821)	(2,111)
Investment in capital assets (Note 10)	1,850	(1,850)	-	-
Balance, end of year	39,136	(54,257)	(15,121)	(13,300)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF REVENUE AND EXPENSE

For the year ended March 31, 2008
 (with comparative figures for the year ended March 31, 2007)

	2008 \$ (000)	2007 \$ (000)
Revenue:		
Provincial programs	220,967	206,163
Patient services	26,447	25,603
Other fees and revenue	32,358	26,361
	279,772	258,127
Expense:		
Salaries and wages	147,843	140,196
Employee benefits	34,633	30,662
Employee future benefits (Note 7)	1,389	1,702
Medical staff remuneration	20,130	17,717
Medical and surgical supplies	11,138	10,068
Drugs and medicines	19,487	18,596
Other supplies and expense	35,219	34,060
Equipment rental	2,702	2,050
Equipment, software and licenses amortization	6,069	5,502
	278,610	260,553
Excess (deficiency) of revenue over expense before other recoveries (expense) items	1,162	(2,426)
Other recoveries (expense) items (Note 11)	(2,983)	315
Deficiency of revenue over expense for the year	(1,821)	(2,111)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008 \$ (000)	2007 \$ (000)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Deficiency of revenue over expense for the year	(1,821)	(2,111)
Add items not involving cash:		
Amortization of capital assets	12,449	11,930
Deferred grant amortization	(9,492)	(8,695)
	1,136	1,124
Cash flows from changes in operating balances (Note 12)	668	4,199
Cash flows from operating activities	1,804	5,323
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to capital assets	(7,868)	(9,961)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:		
Investments held for capital purposes (Note 3)	(1,142)	593
Bank loans (Note 5)	(495)	(4,742)
Capital grants and donations received (Note 9)	6,826	6,862
Accounts receivable, capital (Note 2)	(1,259)	1,265
Other long term liabilities (Note 8)	(540)	(514)
Accounts payable, capital (Note 6)	777	(2,825)
Cash flows from financing activities	4,167	639
DECREASE IN CASH FOR THE YEAR	(1,897)	(3,999)
CASH, BEGINNING OF YEAR	3,037	7,036
CASH, END OF YEAR	1,140	3,037

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

1. Nature of business and significant accounting policies:

The Windsor Regional Hospital (Hospital) follows Canadian generally accepted accounting principles. A summary of those policies considered significant is presented below:

a) Operation of the Hospital:

The financial statements include all the operations of Windsor Regional Hospital including the Long Term Care Program, Windsor Regional Cancer Centre and the Regional Children's Centre. The Hospital operates under various regulations of the Ministry of Health and Long Term Care and other regulatory bodies. The Regional Children's Centre operates under the regulations of the Ministry of Children and Youth Services. The Windsor Regional Cancer Centre operates and is funded under the guidelines of Cancer Care Ontario.

Operating grants are received from the above Ministries. In addition, revenue is generated from the provision of various patient services and treatments, as well as from ancillary and investment activities.

The Hospital administers certain funds whose activities are not reflected in the accompanying statements. These include: the Patients' Trust Account and the Windsor Regional Hospital Foundation.

The Hospital is a non-profit organization and, as such, is exempt from income tax.

b) Inventories:

Inventories are valued at the lower of cost and replacement value, with cost being determined substantially on a first-in, first-out basis.

c) Capital grants:

Capital grants received for the purpose of funding acquisitions of depreciable assets are deferred and amortized to income on a straight-line basis over the estimated useful service life of the related asset using the Hospital's amortization rates. Grants received for the purpose of funding land acquisition costs are recorded in equity and not deferred and amortized.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

1. Nature of business and significant accounting policies: (Cont'd)

d) Capital assets:

Capital assets are recorded at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful life of the asset using rates of 2 percent to 5 percent per annum for buildings, 4 percent to 10 percent per annum for land improvements, 20 percent for computer software and licenses and varying rates from 5 percent to 20 percent per annum for equipment commencing in the month of acquisition. Land acquisition costs are not amortized.

Upon sale or retirement, the cost of the capital asset, plus related accumulated amortization and unamortized deferred grants, is removed from the accounts and the gain or loss on disposal is recorded.

e) Impairment of long-lived assets:

Long-lived assets, including land and buildings subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

f) Interest rate swap:

Windsor Regional Hospital entered into an interest rate swap agreement as at January 31, 2006 terminating November 30, 2030, to convert variable interest rates on unsecured banker's acceptance to a fixed rate. The Hospital has assessed its hedging policy and documentation process according to Handbook Section 3855, Financial Instruments – Recognition and Measurement, and determined that it does not meet the standard to apply hedge accounting.

Accordingly, the interest rate swap contract is marked to market with the gain or loss recorded in the statement of revenue and expense as part of other recoveries (expense) items.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

1. Nature of business and significant accounting policies: (Cont'd)

g) Employee future benefits:

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of termination rates, retirement age and expected inflation rate with respect to employee benefit costs. The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service lifetime of the active employees commencing in the year following the actuarial valuation giving rise to the experience gain (loss). The average remaining service period of the active employees is 11 years.

Costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the time of amendment.

h) Vacation pay and sick leave:

The Hospital accrues vacation pay and sick leave entitlements for amounts vested and owing to its employees at the year end. Non-vested sick leave benefits available to its employees under long term disability plans are recorded when paid.

i) Contributed services:

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

j) Fair value of financial assets and financial liabilities:

In 2005, the Canadian Institute of Chartered Accountants released Handbook Section 3855, Financial Instruments – Recognition and Measurement. The standards have changed how certain financial assets and liabilities are accounted for and reported in the financial statements.

The Hospital has adopted the above standards as at April 1, 2007 in accordance with the standard for publicly accountable entities.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

1. Nature of business and significant accounting policies: (Cont'd)

The investments for capital purposes are classified as held for trading in 2007 and are recorded at cost plus accrued interest, which approximates market value.

As a result of adopting this standard, there is no effect on opening net assets at April 1, 2007.

All financial assets and liabilities are recorded at amounts which approximate their fair values.

k) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates include the allowance for doubtful accounts receivable, the carrying value of capital assets and related deferred capital grants, the estimated impact of unsettled labour contracts and pay equity agreements, as well as accrued benefit liabilities.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

2. Accounts receivable:

Accounts receivable consist of:

	2008 \$ (000)	2007 \$ (000)
Ministry of Health and Long Term Care - operating	2,196	37
Ministry of Health and Long Term Care - capital	1,300	41
Ministry of Children and Youth Services	35	-
Insurers and patients	5,939	5,630
Other	3,508	2,690
	12,978	8,398
Allowance for doubtful accounts	(335)	(397)
	12,643	8,001

3. Investments held for capital purposes:

The Ministry of Health and Long Term Care advanced during the 2001 fiscal year, a capital grant in the amount of \$28.6 million towards their share of the capital building projects arising from the Health Services Restructuring Commission Directives. Due to the timing of construction, these funds have been reinvested with the bank and another financial institution at an average rate of return of 4.23% (3.5% in 2007) and have a carrying value that approximates market value. The balance remaining as at March 31, 2008 and 2007 is for the Western Campus redevelopment project.

The changes in the investments are summarized below:

	2008 \$ (000)	2007 \$ (000)
Balance at beginning of year	11,700	12,293
Interest earned in the year	497	425
Funds applied against qualifying expenditures	(1,355)	(1,018)
Payment received from Ministry of Health and Long Term Care	2,000	-
	12,842	11,700

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

4. Capital assets:

Capital assets consist of:

	2008 \$ (000)		2007 \$ (000)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	6,473	-	6,473	-
Land improvements	3,078	2,929	3,078	2,850
Buildings	254,182	65,510	246,845	59,208
Equipment	82,721	63,475	75,498	58,033
Computer software and licenses	8,365	7,455	7,185	6,829
Construction in progress	8,492	-	16,364	-
	363,311	139,369	355,443	126,920

The amount of amortization included in the statement of revenue and expense is \$12,449,000 (\$11,930,000 in 2007).

5. Bank loans:

Bank loans consist of:

	2008 \$ (000)	2007 \$ (000)
Demand installment loan #1	14,624	14,527
Demand installment loan #2	-	270
Bridge loan maturing on April 16, 2008 (2007 – April 18)	10,000	10,000
Revolving credit facility	510	832
	25,134	25,629

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

5. **Bank loans:** (Cont'd)

The demand installment loan #1 is funded through unsecured banker's acceptances payable on demand, and subject to an interest rate agreement which has fixed the interest rate at 4.935% until November 30, 2030. The principal outstanding is renewable monthly. The annual scheduled principal payments under this arrangement are as follows:

2009	\$ 348,000
2010	366,000
2011	385,000
2012	369,000
2013	423,000
Thereafter	<u>12,733,000</u>
	<u>\$14,624,000</u>

The fair market value of the swap agreement at March 31, 2008 exceeded its carrying value by \$457,000 (\$ Nil in 2007).

Demand installment loan #2 was repaid in October 2007.

In accordance with the Canadian Institute of Chartered Accountants recommendations contained within EIC 122, "Balance Sheet Classifications of Callable Debt Obligations and Debit Obligations Expected to be Refinanced", the installment loan has been classified as current liabilities due to its demand feature.

The bridge loan can be funded through a demand note bearing interest at prime minus 1.00% or through the use of Bankers Acceptance with a minimum stamping fee of .25%. The bridge loan at March 31, 2008 was funded through a demand loan at an effective interest rate of 4.25%. The loan was not renewed at maturity.

The revolving credit facility can either be funded through a demand note bearing interest at prime minus .60% or through the use of Bankers Acceptance with a minimum stamping fee of .25%. This facility is currently funded through the use of a 30 day Bankers Acceptance at an effective rate of 4.08%.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2008 \$ (000)	2007 \$ (000)
Accounts payable - trade	11,214	11,716
Accounts payable - capital	1,024	247
Vacation pay entitlement	13,864	13,211
Accrued salaries and benefits	11,601	9,506
Payroll withholdings	7,073	4,477
Ministry of Health and Long Term Care	787	924
Deferred revenue – Cancer Care Ontario	2,524	2,755
Other	1,939	1,618
	50,026	44,454

7. Accrued benefit liabilities/obligations:

The Hospital provides certain post employment benefits to qualifying employees. The Hospital has two types of obligations as follows:

- ◆ Unfunded benefit program relating to employees receiving certain benefits from the long-term disability benefit program sponsored by the Hospital.
- ◆ Unfunded post employment life, health and dental benefits offered to qualifying active employees and retirees.

The most recent actuarial valuation was as of March 31, 2006 and the next required valuation will be as of March 31, 2009. The measurement date of the accrued benefit obligation as at March 31, 2008 coincides with the Hospital's fiscal year and represents a roll forward of the March 31, 2006 valuation results.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligations are as follows:

	Employees on Long Term Disability	Post Employment
◆ Medical trend rate - Initial	8.13%	10.00%
- Ultimate	8.13%	5.00%
- Year of Ultimate level	2012	2012
◆ Dental care cost trend rate	4.00%	4.00%
◆ Discount rate – beginning of year	5.30%	5.25%
◆ Discount rate – end of year	5.75%	5.75%

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

7. Accrued benefit liabilities/obligations: (Cont'd)

Sensitivity Analysis - Assumed healthcare cost trend rates have a significant effect on amounts reported for healthcare plans. A one percentage point change in assumed healthcare cost trend rates would have the following effect for 2008-2009:

	<u>Increase (000's)</u>	<u>Decrease (000's)</u>
Total service and interest costs	95	(81)
Benefit obligation at March 31, 2008	738	(458)

Information about the Hospital's obligations and plan assets is as follows:

	2008 \$ (000)			2007 \$ (000)		
	Employees on Long Term Disability	Post Employment	Total	Employees on Long Term Disability	Post Employment	Total
Accrued benefit obligations:						
Balance at beginning of year	1,062	9,238	10,300	740	8,505	9,245
Current service cost	-	330	330	-	354	354
Interest costs	53	494	547	37	458	495
Expected terminations from long term disability payments	(159)	-	(159)	(44)	-	(44)
Actuarial loss (gain)	(114)	(390)	(504)	124	(1,797)	(1,673)
Benefits paid	(104)	(309)	(413)	(70)	(281)	(351)
Plan amendments	-	283	283	-	1,999	1,999
Expected reserves for new claims	275	-	275	275	-	275
Balance at end of year	1,013	9,646	10,659	1,062	9,238	10,300
Plan assets:						
Balance at beginning of year	-	-	-	-	-	-
Employer contributions	104	309	413	70	281	351
Return on plan assets	-	-	-	-	-	-
Benefits paid	(104)	(309)	(413)	(70)	(281)	(351)
Balance at end of year	-	-	-	-	-	-
Funded status – (deficit)	(1,013)	(9,646)	(10,659)	(1,062)	(9,238)	(10,300)
Unamortized past service cost	-	5,350	5,350	-	5,621	5,621
Unamortized net actuarial loss (gain)	-	(1,592)	(1,592)	-	(1,247)	(1,247)
	(1,013)	(5,888)	(6,901)	(1,062)	(4,864)	(5,926)
Current portion	(100)	(403)	(503)	(104)	(309)	(413)

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

7. Accrued benefit liabilities/obligations: (Cont'd)

The Hospital's net employee future benefit expense (recovery) is as follows:

	2008 \$ (000)			2007 \$ (000)		
	Employees on Long Term Disability	Post Employment	Total	Employees on Long Term Disability	Post Employment	Total
Current service cost	-	330	330	-	354	354
Interest cost	53	494	547	37	458	495
Expected terminations from long term disability benefits	(159)	-	(159)	(44)	-	(44)
Amortization of net actuarial (gains) losses	(114)	(44)	(158)	124	64	188
Amortization of plan amendments	-	554	554	-	434	434
Expected reserve for new claims	275	-	275	275	-	275
Total expense (recovery)	55	1,334	1,389	392	1,310	1,702

8. Other long term liabilities:

The Hospital has two equipment loans. The first loan with a balance of \$743,000 (\$992,000 in 2007) bears interest at a floating rate of 3.64% (3.79% - 2007) based on 30 day Bankers Acceptance rate plus 125 basis points. The loan is repayable through blended quarterly principal and interest payments of \$70,000 until April 2009 with a final balloon payment of \$410,000 on July 11, 2009. This loan is secured by a collateral charge against certain pieces of equipment.

The second loan with a balance of \$1,426,000 (\$1,717,000 in 2007) bears interest at the fixed rate of 5.87% and is repayable in blended quarterly principal and interest payments of \$94,000 until April 11, 2012. This loan is secured by a collateral charge against certain pieces of equipment.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

8. Other long term liabilities: (Cont'd)

The annual scheduled principal payments for these two loans are as follows:

2009	\$ 626,000
2010	753,000
2011	338,000
2012	359,000
2013	93,000
Thereafter	-
	\$2,169,000

9. Deferred capital grants:

Deferred capital grants consist of:

	2008 \$ (000)			2007 \$ (000)		
	Grant	Accumulated Amortization	Net	Grant	Accumulated Amortization	Net
Land improvements	328	328	-	328	328	-
Buildings	170,911	24,880	146,031	166,988	20,632	146,356
Equipment	49,506	32,911	16,595	42,906	27,667	15,239
Construction in progress	17,205	-	17,205	20,902	-	20,902
	237,950	58,119	179,831	231,124	48,627	182,497

The amount of amortization included in the statement of revenue and expense is \$9,492,000 (\$8,695,000 in 2007).

During the year, deferred capital grants and donations were recorded from:

	2008 \$ (000)	2007 \$ (000)
Windsor Essex County Cancer Centre Foundation	60	2,923
Windsor Regional Hospital Foundation	1,967	2,338
Ministry of Health and Long Term Care	3,851	311
Windsor/Essex County Hospitals Foundation	(198)	237
Cancer Care Ontario	800	206
Other	346	847
	6,826	6,862

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

10. Investment in capital assets:

a) Investment in capital assets is calculated as follows:

	2008 \$ (000)	2007 \$ (000)
Capital assets, net of accumulated amortization	223,942	228,523
Amounts financed by:		
Deferred capital grants, net of accumulated amortization and investments held for capital purposes	(166,989)	(170,797)
Other long term liabilities	(2,169)	(2,709)
Accounts payable - capital	(1,024)	(247)
Demand installment loan #1	(14,624)	(14,527)
	39,136	40,243

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

	2008 \$ (000)	2007 \$ (000)
Excess of expense over revenue:		
Amortization of deferred capital grants	9,492	8,695
Amortization of capital assets	(12,449)	(11,930)
	(2,957)	(3,235)
Other changes:		
Purchase of capital assets	7,868	9,961
Amounts funded by:		
Deferred capital grants	(6,826)	(6,862)
Repayment of other long term liabilities	540	514
(Increase) decrease of accounts payable – capital	(777)	2,825
Increase in (use of) investments held for capital purposes	1,142	(593)
Repayment (increase) demand installment loan #1	(97)	288
	1,850	6,133
Net change in investment in capital assets	(1,107)	2,898

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

11. Other recoveries (expense) items:

Other recoveries (expense) items include special charges and provisions not ordinarily associated with ongoing operations of the Hospital. Included in this expense category are the following incurred and accrued expenditures.

	2008 \$ (000)	2007 \$ (000)
Write-off of Tamiflu drug inventory	(393)	-
Net building and land improvements amortization	(2,133)	(2,185)
Changes in estimates for settlements and other provisions	-	2,500
Loss on swap contract marked to market	(457)	-
	(2,983)	315

12. Cash flow information:

Cash flows from (used in) changes in the following operating balances are as follows:

	2008 \$ (000)	2007 \$ (000)
Accounts receivable, non capital	(3,383)	4,377
Inventories	608	(403)
Prepaid and deferred charges	(1,040)	(45)
Due from related parties	(226)	106
Accounts payable and accrued liabilities, non capital	4,795	(1,536)
Accrued sick leave entitlements	172	258
Accrued benefit liabilities, net of funded amounts	975	1,352
Other obligations	(1,233)	90
	668	4,199

Interest paid during the year amounted to \$1,602,000 (\$1,068,000 in 2007).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

13. Pension expense:

Substantially, all of the employees of the Hospital are eligible to be members of the Hospital of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Hospital amounted to \$10,851,000 (\$9,891,000 in 2007). These amounts are included in employee benefits expense in the statement of revenue and expense. The most recent actuarial valuation of the plan as at December 31, 2007 indicates that the plan is not fully funded (2006 – not fully funded).

14. Operating leases:

Under the terms of various non-capital equipment leases expiring through 2013, the Hospital is committed to lease payments aggregating approximately as follows:

▪ 2009	\$2,858,000
▪ 2010	\$2,391,000
▪ 2011	\$1,685,000
▪ 2012	\$ 656,000
▪ 2013	\$ 290,000

15. Contingent liabilities:

The Hospital is subject to various lawsuits, disputes, labour grievances and other items for which the Hospital may be liable. In the opinion of management, the ultimate resolution of any current lawsuits, disputes, and/or grievances which are not covered by insurance, would not have a material effect on the financial position or results of operations. Any difference between the provision recorded in the Hospital's accounts, if any, and the actual settlement would be recognized in the financial statements in the year of settlement as an Other Expense Item.

In addition, the Hospital has made provisions for the estimated impact of unsettled labour contracts. Any difference in final settlement from that estimated will be recorded in the period in which the settlement becomes known as an Other Expense Item.

The Hospital is also in the process of updating its pay equity agreements with a number of its unions. These discussions are at various stages within this process. Given the nature of the pay equity process, there is measurement uncertainty with respect to this issue. The Hospital has made provision for the estimated impact of settling this liability, part of which is reflected as other obligations with the remainder reflected as part of accounts payable and accrued liabilities on the Statement of Financial Position. Any difference in the final settlement from that estimated will be recorded in the period in which the settlement becomes known as an Other Expense Item.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

16. Related party transactions:

The Hospital administers the receipt and disbursement of funds on behalf of the following related parties:

- Windsor Regional Hospital Foundation (Foundation)
- Patients' Trust Account (Patients' Trust)

The Hospital relies heavily on the Foundation to raise funds for its benefit. The Foundation is a registered charity and is classified as a public foundation under Section 149.1 (1)(g) of the Income Tax Act (Canada) and as such, is exempt from tax. At March 31, 2008, net resources of the Foundation amounted to \$11,445,000 (\$10,544,000 in 2007) of which \$5,965,000 (\$4,401,000 in 2007) is externally restricted for specific purposes. The balance is available, at the discretion of the Foundation's Board of Directors, to the Hospital for other purposes. For the year ended March 31, 2008, the Foundation had an excess of revenue over expenses of \$18,000 (\$402,000 in 2007).

The Patients' Trust is established to administer funds on behalf of long-term care patients. At March 31, 2008, total funds held amounted to \$62,000 (\$78,000 in 2007).

The net balances recorded as due from related parties at the year end consist of:

	2008 \$ (000)	2007 \$ (000)
Windsor Regional Hospital Foundation	512	292
Patients' Trust Account	40	34
	552	326

17. Financial results by business unit:

The (deficiency) surplus of revenue over expense by each business unit operated by the Hospital is:

	2008 \$ (000)	2007 \$ (000)
Hospital Operations	(1,672)	(3,922)
Long Term Care Program	(690)	(710)
Regional Children's Centre	541	2,521
	(1,821)	(2,111)

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2008

18. Western Campus Redevelopment:

The Western Campus Redevelopment is as a result of implementing the Health Services Restructuring Commission Directives issued in February 1998 which are aimed at improving the way health care services are delivered in Windsor and Essex County. This project is scheduled to commence during the 2009 calendar year at a cost to be determined. The Ministry has advanced \$15.0 million as at March 31, 2008 (2007 - \$11.7 million) towards this project.

19. Consolidated Health Information Services:

The Hospital and Chatham-Kent Health Alliance (CKHA) operate a not-for-profit corporation, Consolidated Health Information Services (CHIS), without share capital under the laws of the Province of Ontario. CHIS provides Information Technology/Information Systems services to both the Hospital and CKHA. These services are provided at rates designed to reflect the costs and expenses incurred by CHIS in the normal course of business. Annual operating expenses are allocated between the two organizations based on the provincial government funding provided to each Hospital as of the most recent fiscal year. In addition, the Hospital contributes toward approval capital improvements and other costs incurred by CHIS for those projects identified as being solely for its benefit.

During the year, the Hospital paid \$2,431,000 (2007 - \$1,930,000) to CHIS for Information Technology/Information Systems services. The balance receivable from CHIS at March 31, 2008 is \$ Nil (\$ Nil in 2007) and has been included in accounts receivable.

20. Hospital Accountability Agreement – Year End Total Margin:

Under the terms of the annual Hospital Accountability Agreement between the Hospital and the Ministry of Health and Long Term Care, the Hospital is expected to achieve a year end total margin that must not be less than \$ Nil. Year end total margin is defined as "The amount by which total revenues exceed total expenses, excluding the impact of facility amortization and interest on long term liabilities, in a given year".

Calculation of year end total margin	2008 \$ (000)	2007 \$ (000)
Deficit of revenue over expense for the year	(1,821)	(2,111)
Add back: net building amortization (Note 11)	2,133	2,185
interest on long term liabilities (loss on swap contract marked to market)	457	-
Year end total margin	769	74

The Hospital met this performance indicator in 2008 (2007 – indicator met).