



FINANCIAL STATEMENTS

MARCH 31, 2009

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



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AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the statement of financial position of Windsor Regional Hospital as at March 31, 2009 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, 2009 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.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

May 22, 2009

WINDSOR REGIONAL HOSPITAL

(Incorporated without share capital under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

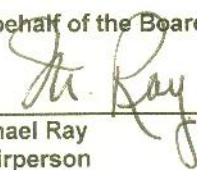
As at March 31, 2009

(with comparative figures at March 31, 2008)


	2009 \$ (000)	2008 \$ (000)
ASSETS		
Current assets:		
Cash	5,881	1,140
Accounts receivable, net (Note 2)	10,292	12,643
Inventories	2,723	2,751
Prepaid and deferred charges	1,835	2,199
Due from related parties (Note 16)	344	552
	21,075	19,285
Investments held for capital purposes (Note 3)	6,554	12,842
Capital assets: (Note 4)		
Cost	378,810	363,311
Less: Accumulated amortization	152,058	139,369
	226,752	223,942
Total assets	254,381	256,069
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank loans (Note 5)	36,091	25,134
Accounts payable and accrued liabilities (Note 6)	49,678	50,026
Current portion of accrued benefit liabilities (Note 7)	552	503
Current portion of other long term liabilities (Note 8)	835	626
	87,156	76,289
Long term:		
Accrued benefit liabilities (Note 7)	7,079	6,398
Accrued sick leave entitlements	7,058	7,129
Other long term liabilities (Note 8)	764	1,543
Deferred capital grants net of amortization (Note 9)	173,975	179,831
	188,876	194,901
Total liabilities	276,032	271,190
Net assets:		
Invested in capital assets (Note 10)	41,131	39,136
Unrestricted	(62,782)	(54,257)
	(21,651)	(15,121)
Commitments and contingencies (Notes 14 and 15)	-	-
	254,381	256,069

See accompanying notes to financial statements

On behalf of the Board:



Michael Ray
Chairperson



Randy Morris
Treasurer

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2009
 (with comparative figures for the year ended March 31, 2008)

	Invested in Capital Assets \$ (000)	Unrestricted \$ (000)	2009 Total \$ (000)	2008 Total \$ (000)
Balance, beginning of year	39,136	(54,257)	(15,121)	(13,300)
Deficiency of revenue over expense (Note 10)	(2,777)	(3,753)	(6,530)	(1,821)
Investment in capital assets (Note 10)	4,772	(4,772)	-	-
Balance, end of year	41,131	(62,782)	(21,651)	(15,121)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF REVENUE AND EXPENSE

For the year ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)

	2009 \$ (000)	2008 \$ (000)
Revenue:		
Provincial programs	234,488	225,567
Patient services	26,823	26,447
Other fees and revenue	28,551	27,758
	<u>289,862</u>	<u>279,772</u>
Expense:		
Salaries and wages	152,322	147,843
Employee benefits	34,396	34,633
Employee future benefits (Note 7)	1,231	1,389
Medical staff remuneration	23,088	20,130
Medical and surgical supplies	11,941	11,138
Drugs and medicines	19,553	19,487
Other supplies and expense	39,856	35,219
Equipment rental	2,872	2,702
Equipment, software and licenses amortization	6,701	6,069
	<u>291,960</u>	<u>278,610</u>
(Deficiency) excess of revenue over expense before other recoveries (expense) items	(2,098)	1,162
Other income (expense) items (Note 11)	(4,432)	(2,983)
Deficiency of revenue over expense for the year	<u>(6,530)</u>	<u>(1,821)</u>

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)

	2009 \$ (000)	2008 \$ (000)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Deficiency of revenue over expense for the year	(6,530)	(1,821)
Add items not involving cash:		
Amortization of capital assets	12,689	12,449
Deferred grant amortization	(9,912)	(9,492)
	(3,753)	1,136
Cash flows from changes in operating balances (Note 12)	2,596	668
Cash flows from operating activities	(1,157)	1,804
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to capital assets	(15,499)	(7,868)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:		
Investments held for capital purposes (Note 3)	6,288	(1,142)
Bank loans (Note 5)	10,957	(495)
Capital grants and donations received (Note 9)	4,056	6,826
Accounts receivable, capital (Note 2)	1,300	(1,259)
Other long term liabilities (Note 8)	(570)	(540)
Accounts payable, capital (Note 6)	(634)	777
Cash flows from financing activities	21,397	4,167
INCREASE (DECREASE) IN CASH FOR THE YEAR	4,741	(1,897)
CASH, BEGINNING OF YEAR	1,140	3,037
CASH, END OF YEAR	5,881	1,140

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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 net realizable 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, 2009

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 income (expense) items.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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) for the Post Employment Plan. Any actuarial gains (losses) in the Employees on Long Term Disability Plan are recognized as income (expense) immediately. The average remaining service period of the active employees is 12.5 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:

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

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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

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, 2009

2. Accounts receivable:

Accounts receivable consist of:

	2009 \$ (000)	2008 \$ (000)
Ministry of Health and Long Term Care - operating	722	2,196
Ministry of Health and Long Term Care - capital	-	1,300
Ministry of Children and Youth Services	10	35
Insurers and patients	6,093	5,939
Other	3,790	3,508
	10,615	12,978
Allowance for doubtful accounts	(323)	(335)
	10,292	12,643

3. Investments held for capital purposes:

The Hospital is holding funds for capital purposes and is currently earmarked for its share of the upcoming Western Campus Redevelopment Project. These funds have a carrying value that approximate market value.

The changes in the investments are summarized below:

	2009 \$ (000)	2008 \$ (000)
Balance at beginning of year	12,842	11,700
Interest earned in the year	289	497
Funds applied against qualifying expenditures	(9,334)	(1,355)
Payment received from Ministry of Health and Long Term Care	2,500	2,000
Preferred accommodation capital charge	257	-
	6,554	12,842

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

4. Capital assets:

Capital assets consist of:

	2009 \$ (000)		2008 \$ (000)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	6,473	-	6,473	-
Land improvements	3,078	3,009	3,078	2,929
Buildings	254,309	71,746	254,182	65,510
Equipment	88,123	69,664	82,721	63,475
Computer software and licenses	8,568	7,639	8,365	7,455
Construction in progress	18,259	-	8,492	-
	378,810	152,058	363,311	139,369

The amount of amortization included in the statement of revenue and expense is \$12,689,000 (\$12,449,000 in 2008).

5. Bank loans:

Bank loans consist of:

	2009 \$ (000)	2008 \$ (000)
Demand installment loan: Principal	13,824	14,167
Fair value of Swap	2,387	457
	16,211	14,624
Bridge loan maturing on April 16, 2009 (2008 – April 16)	15,000	10,000
Revolving credit facility	4,880	510
	36,091	25,134

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

5. Bank loans: (Cont'd)

The demand installment loan 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:

2010	\$ 366,000
2011	384,000
2012	369,000
2013	422,000
2014	482,000
Thereafter	<u>11,801,000</u>
	<u>\$13,824,000</u>

The fair market value of the swap agreement at March 31, 2009 exceeded its carrying value by \$2,387,000 (\$457,000 in 2008).

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 or through the use of Bankers Acceptance with a minimum stamping fee of .75%. The bridge loan at March 31, 2009 was funded through a demand loan at an effective interest rate of 2.5%. 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 1.22%.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2009 \$ (000)	2008 \$ (000)
Accounts payable - trade	14,895	11,214
Accounts payable - capital	390	1,024
Vacation pay entitlement	14,819	13,864
Accrued salaries and benefits	7,704	11,601
Payroll withholdings	5,394	7,073
Ministry of Health and Long Term Care	516	132
Deferred revenue – Cancer Care Ontario	3,196	2,524
Deferred revenue – Ministry of Health and Long Term Care	1,158	655
Deferred revenue – Ministry of Children's and Youth Services	10	-
Other	1,596	1,939
	49,678	50,026

7. Accrued benefit liabilities/obligations:

The Hospital provides certain post employment benefits to qualifying employees. The Hospital's obligation is currently unfunded and requires contributions from both the Hospital and its former employees depending on the nature of the benefits. 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, 2010. The measurement date of the accrued benefit obligation as at March 31, 2009 coincides with the Hospital's fiscal year and represents a roll forward of the March 31, 2006 valuation results.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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

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%	8.00%
- 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	5.75%	5.75%
◆ Discount rate – end of year	8.25%	8.25%

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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 2009-2010:

	<u>Increase (000's)</u>	<u>Decrease (000's)</u>
Total service and interest costs	91	(79)
Benefit obligation at March 31, 2009	680	(596)

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

	2009 \$ (000)			2008 \$ (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	1,013	9,646	10,659	1,062	9,238	10,300
Current service cost	-	332	332	-	330	330
Interest costs	55	562	617	53	494	547
Expected terminations from long term disability payments	(155)	-	(155)	(159)	-	(159)
Actuarial loss (gain)	(397)	(1,781)	(2,178)	(114)	(390)	(504)
Benefits paid	(100)	(403)	(503)	(104)	(309)	(413)
Plan amendments	-	-	-	-	283	283
Expected reserves for new claims	300	-	300	275	-	275
Balance at end of year	716	8,356	9,072	1,013	9,646	10,659
Plan assets:						
Balance at beginning of year	-	-	-	-	-	-
Employer contributions	100	403	503	104	309	413
Return on plan assets	-	-	-	-	-	-
Benefits paid	(100)	(403)	(503)	(104)	(309)	(413)
Balance at end of year	-	-	-	-	-	-
Funded status – (deficit)	(716)	(8,356)	(9,072)	(1,013)	(9,646)	(10,659)
Unamortized past service cost	-	4,774	4,774	-	5,350	5,350
Unamortized net actuarial	-	(3,333)	(3,333)	-	(1,592)	(1,592)
	(716)	(6,915)	(7,631)	(1,013)	(5,888)	(6,901)
Current portion	(88)	(464)	(552)	(100)	(403)	(503)

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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

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

	2009 \$ (000)			2008 \$ (000)		
	Employees on Long Term Disability	Post Employment	Total	Employees on Long Term Disability	Post Employment	Total
Current service cost	-	333	333	-	330	330
Interest cost	55	562	617	53	494	547
Expected terminations from long term disability benefits	(155)	-	(155)	(159)	-	(159)
Amortization of net actuarial (gains) losses	(397)	(43)	(440)	(114)	(44)	(158)
Amortization of plan amendments	-	576	576	-	554	554
Expected reserve for new claims	300	-	300	275	-	275
Total expense (recovery)	(197)	1,428	1,231	55	1,334	1,389

8. Other long term liabilities:

The Hospital has two equipment loans. The first loan with a balance of \$477,000 (\$743,000 in 2008) bears interest at a floating rate of 1.91% (3.64% - 2008) 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 \$1,122,000 (\$1,426,000 in 2008) 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, 2009

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

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

2010	\$ 835,000
2011	313,000
2012	358,000
2013	93,000
Thereafter	_____
	<u>\$1,599,000</u>

9. Deferred capital grants:

Deferred capital grants consist of:

	2009 \$ (000)			2008 \$ (000)		
	Grant	Accumulated Amortization	Net	Grant	Accumulated Amortization	Net
Land improvements	328	328	-	328	328	-
Buildings	171,415	29,142	142,273	170,911	24,880	146,031
Equipment	51,862	38,561	13,301	49,506	32,911	16,595
Construction in progress	18,401	-	18,401	17,205	-	17,205
	<u>242,006</u>	<u>68,031</u>	<u>173,975</u>	<u>237,950</u>	<u>58,119</u>	<u>179,831</u>

The amount of amortization included in the statement of revenue and expense is \$9,912,000 (\$9,492,000 in 2008).

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

	2009 \$ (000)	2008 \$ (000)
Windsor Essex County Cancer Centre Foundation	349	60
Windsor Regional Hospital Foundation	1,684	1,967
Ministry of Health and Long Term Care	1,925	3,851
Windsor/Essex County Hospitals Foundation	-	(198)
Cancer Care Ontario	64	800
Other	34	346
	<u>4,056</u>	<u>6,826</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

10. Investment in capital assets:

a) Investment in capital assets is calculated as follows:

	2009 \$ (000)	2008 \$ (000)
Capital assets, net of accumulated amortization	226,752	223,942
Amounts financed by:		
Deferred capital grants, net of accumulated amortization and investments held for capital purposes	(167,421)	(166,989)
Other long term liabilities	(1,599)	(2,169)
Accounts payable - capital	(390)	(1,024)
Demand installment loan	(16,211)	(14,624)
	41,131	39,136

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

	2009 \$ (000)	2008 \$ (000)
Excess of expense over revenue:		
Amortization of deferred capital grants	9,912	9,492
Amortization of capital assets	(12,689)	(12,449)
	(2,777)	(2,957)
Other changes:		
Purchase of capital assets	15,499	7,868
Amounts funded by:		
Deferred capital grants	(4,056)	(6,826)
Repayment of other long term liabilities	570	540
Decrease (increase) of accounts payable – capital	634	(777)
Increase in (use of) investments held for capital purposes	(6,288)	1,142
Increase demand installment loan	(1,587)	(97)
	4,772	1,850
Net change in investment in capital assets	1,995	(1,107)

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

11. Other income (expense) items:

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

	2009 \$ (000)	2008 \$ (000)
Write-off of Tamiflu drug inventory	-	(393)
Net building and land improvements amortization	(2,013)	(2,133)
Changes in estimates for settlements and other provisions	1,204	-
Loss on swap contract marked to market	(1,930)	(457)
Severance costs related to restructuring	(1,693)	-
	(4,432)	(2,983)

12. Cash flow information:

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

	2009 \$ (000)	2008 \$ (000)
Accounts receivable, non capital	1,051	(3,383)
Inventories	28	608
Prepaid and deferred charges	364	(1,040)
Due from related parties	208	(226)
Accounts payable and accrued liabilities, non capital	286	4,795
Accrued sick leave entitlements	(71)	172
Accrued benefit liabilities, net of funded amounts	730	975
Other obligations	-	(1,233)
	2,596	668

Interest paid during the year amounted to \$981,000 (\$1,145,000 in 2008).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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 \$11,314,000 (\$10,851,000 in 2008). 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, 2008 indicates that the plan is not fully funded (2007 – not fully funded).

14. Operating leases:

Under the terms of various non-capital equipment leases expiring through 2014, the Hospital is committed to lease payments aggregating approximately as follows:

▪ 2010	\$2,754,000
▪ 2011	\$2,461,000
▪ 2012	\$2,213,000
▪ 2013	\$2,077,000
▪ 2014	\$1,719,000

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 income (expense) items.

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 income (expense) items.

The Hospital is also in the process of updating its pay equity agreements with two 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, which is 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 income (expense) items.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

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, 2009, net resources of the Foundation amounted to \$9,821,000 (\$11,445,000 in 2008) of which \$5,240,000 (\$5,965,000 in 2008) 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, 2009, the Foundation had a deficiency of revenue over expenses of \$1,624,000 (\$18,000 excess of revenue over expenses in 2008).

The Patients' Trust is established to administer funds on behalf of long-term care patients. At March 31, 2009, total funds held amounted to \$64,000 (\$62,000 in 2008).

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

	2009 \$ (000)	2008 \$ (000)
Windsor Regional Hospital Foundation	305	512
Patients' Trust Account	39	40
	<u>344</u>	<u>552</u>

17. Financial results by business unit:

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

	2009 \$ (000)	2008 \$ (000)
Hospital Operations	(6,893)	(1,672)
Long Term Care Program	(141)	(690)
Regional Children's Centre	504	541
	<u>(6,530)</u>	<u>(1,821)</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

18. Western Campus Redevelopment:

The Hospital has entered into a Project Agreement with the Ministry of Health and Long Term Care and Infrastructure Ontario with respect to the redevelopment of its Western Campus. Related to this, the Hospital has been approved to commence a \$121.2 million capital building project at that campus that is expected to be completed in early 2012. The Ministry's share of this project is \$111.8 million while the Hospital is responsible for the remaining \$9.4 million. Under the terms of this project, no payments are being made to the contractor until substantial completion.

19. Consolidated Health Information Services:

The Hospital, Bluewater Health (BH) 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 the Hospital, BH 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 three 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 \$2,423,000 (2008 - \$2,431,000) to CHIS for Information Technology/Information Systems services. The balance payable to CHIS at March 31, 2009 is \$88,000 (\$ Nil in 2008) and has been included in accounts payable.

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	2009 \$ (000)	2008 \$ (000)
Deficit of revenue over expense for the year	(6,530)	(1,821)
Add back: net building amortization (Note 11)	2,013	2,133
interest on long term liabilities (loss on swap contract marked to market)	1,930	457
Year end total margin	(2,587)	769

The Hospital did not meet this performance indicator in 2009 (2008 – indicator met).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2009

21. Comparative amounts:

Certain comparative figures have been reclassified to conform to this year's financial statement presentation.