



FINANCIAL STATEMENTS

MARCH 31, 2010

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, 2010 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, 2010 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 18, 2010

WINDSOR REGIONAL HOSPITAL

(Incorporated without share capital under the laws of Ontario)

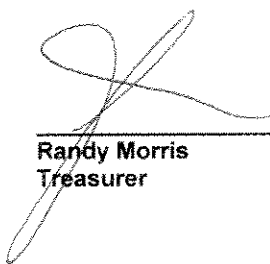
STATEMENT OF FINANCIAL POSITIONAs at March 31, 2010
(with comparative figures at March 31, 2009)

	2010 \$ (000)	2009 \$ (000)
ASSETS		
Current assets:		
Cash	27,630	5,881
Accounts receivable, net (Note 2)	8,864	10,292
Inventories	3,138	2,723
Prepaid and deferred charges	1,839	1,835
Due from related parties (Note 14)	589	344
	42,060	21,075
Investments held for capital purposes (Note 3)	3,133	6,554
Capital assets: (Note 4)		
Cost	388,117	378,810
Less: Accumulated amortization	165,886	152,058
	222,231	226,752
Total assets	267,424	254,381
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank loans (Note 5)	18,116	36,091
Accounts payable and accrued liabilities (Note 6)	49,511	49,678
Current portion of accrued benefit liabilities (Note 7)	538	552
Current portion of other long term liabilities (Note 8)	1,202	835
	69,367	87,156
Long term:		
Accrued benefit liabilities (Note 7)	7,903	7,079
Accrued sick leave entitlements	7,093	7,058
Other long term liabilities (Note 8)	36,519	764
Deferred capital grants net of amortization (Note 9)	167,552	173,975
	219,067	188,876
Total liabilities	288,434	276,032
Net assets	(21,010)	(21,651)
Commitments and contingencies (Notes 12 and 13)	-	-
	267,424	254,381

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, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 Total \$ (000)	2009 Total \$ (000)
Balance, beginning of year	(21,651)	(15,121)
Excess (deficiency) of revenue over expense	641	(6,530)
Balance, end of year	(21,010)	(21,651)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF REVENUE AND EXPENSE

For the year ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 \$ (000)	2009 \$ (000)
Revenue:		
Provincial programs	244,453	234,488
Patient services	26,665	26,823
Other fees and revenue	34,082	33,053
	305,200	294,364
Expense:		
Salaries and wages	157,960	152,811
Employee benefits	34,434	34,396
Employee future benefits (Note 7)	1,422	1,231
Medical staff remuneration	24,482	23,088
Medical and surgical supplies	11,914	11,941
Drugs and medicines	20,100	19,553
Other supplies and expense	37,621	41,786
Equipment rental	2,798	2,872
Amortization of capital assets	13,828	13,216
	304,559	300,894
Excess (deficiency) of revenue over expense for the year	641	(6,530)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 \$ (000)	2009 \$ (000)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expense for the year	641	(6,530)
Add items not involving cash:		
Amortization of capital assets	13,828	12,689
Deferred grant amortization	(10,073)	(9,912)
(Gain) loss on swap contract marked to market	(1,440)	1,930
	2,956	(1,823)
Cash flows from changes in operating balances (Note 10)	1,659	2,596
Cash flows from operating activities	4,615	773
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to capital assets	(9,307)	(15,499)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:		
Investments held for capital purposes (Note 3)	3,421	6,288
Bank loans (Note 5)	(16,535)	9,027
Capital grants and donations received (Note 9)	3,650	4,056
Accounts receivable, capital (Note 2)	-	1,300
Other long term liabilities (Note 8)	36,122	(570)
Accounts payable, capital (Note 6)	(217)	(634)
Cash flows from financing activities	26,441	19,467
INCREASE IN CASH FOR THE YEAR	21,749	4,741
CASH, BEGINNING OF YEAR	5,881	1,140
CASH, END OF YEAR	27,630	5,881

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

1. Nature of business and significant accounting policies:

Windsor Regional Hospital (Hospital) follows Canadian generally accepted accounting principles. A summary of these 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, 2010

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 supplies and expense.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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 13.25 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.

Curtailment gains or losses are immediately recognized as either a reduction or an increase to employee future benefits expense.

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.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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

j) Financial instruments:

The Hospital accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded through the statement of changes in net assets until the investment is derecognized or impaired, at which time the amounts would be recorded in net earnings.

In accordance with the generally accepted accounting principles, the Hospital has classified its financial instruments as follows:

- cash is designated as held-for-trading, being measured at fair value
- short-term and restricted investments are classified as available-for-sale financial assets with changes in fair value recognized in the statement of changes in net assets.

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, 2010

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

l) Change in accounting policy:

Effective April 1, 2009, the Hospital adopted one of the amendments to Section 4400 of the Canadian Institute of Chartered Accountants Handbook (CICA Handbook) which permitted the removal of the requirement to show net assets invested in capital assets as a separate component on net assets.

Also effective April 1, 2009, the Hospital adopted the Canadian Institute of Chartered Accountants amendments to Section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching revenue and expense items. Adoption of these recommendations had no significant effect on the financial statements for the year.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

2. Accounts receivable:

Accounts receivable consist of:

	2010 \$ (000)	2009 \$ (000)
Ministry of Health and Long Term Care - operating	1,351	722
Ministry of Children and Youth Services	-	10
Insurers and patients	5,530	6,093
Other	2,299	3,790
	9,180	10,615
Allowance for doubtful accounts	(316)	(323)
	8,864	10,292

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:

	2010 \$ (000)	2009 \$ (000)
Balance at beginning of year	6,554	12,842
Interest earned in the year	63	289
Funds applied against qualifying expenditures	(4,050)	(9,334)
Payment received from Ministry of Health and Long Term Care	-	2,500
Preferred accommodation capital charge	566	257
	3,133	6,554

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

4. Capital assets:

Capital assets consist of:

	2010 \$ (000)		2009 \$ (000)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	6,473	-	6,473	-
Land improvements	3,183	3,060	3,078	3,009
Buildings	255,033	78,079	254,309	71,746
Equipment	90,707	76,461	88,123	69,664
Computer software and licenses	9,547	8,286	8,568	7,639
Construction in progress	23,174	-	18,259	-
	388,117	165,886	378,810	152,058

The amount of amortization included in the statement of revenue and expense is \$13,828,000 (\$12,689,000 in 2009).

5. Bank loans:

Bank loans consist of:

	2010 \$ (000)	2009 \$ (000)
Demand installment loan: Principal	13,454	13,824
Fair value of Swap	947	2,387
	14,401	16,211
Bridge loan	-	15,000
Revolving credit facility	3,715	4,880
	18,116	36,091

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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 swap 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:

2011	\$ 384,000
2012	369,000
2013	422,000
2014	482,000
2015	468,000
Thereafter	<u>11,329,000</u>
	<u>\$13,454,000</u>

The fair market value of the swap agreement at March 31, 2010 exceeded its carrying value by \$947,000 (\$2,387,000 in 2009).

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 revolving credit facility can either be funded through a demand note bearing interest at prime minus .25% or through the use of Bankers Acceptance with a minimum stamping fee of .90%. This facility is currently funded through the use of a 30 day Bankers Acceptance at an effective rate of 1.31%.

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2010 \$ (000)	2009 \$ (000)
Accounts payable - trade	8,007	14,895
Accounts payable - capital	173	390
Vacation pay entitlement	14,918	14,819
Accrued salaries and benefits	11,305	7,704
Payroll withholdings	7,469	5,394
Ministry of Health and Long Term Care	726	516
Deferred revenue – Cancer Care Ontario	2,789	3,196
Deferred revenue – Ministry of Health and Long Term Care	2,282	1,158
Deferred revenue – Ministry of Children's and Youth Services	10	10
Deferred revenue – Other	908	949
Other	924	647
	<u>49,511</u>	<u>49,678</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

6. Accounts payable and accrued liabilities:

In June 2009, the Hospital announced its decision to transition its 145 long term bed program to the community. The building where these beds currently reside will be the future home of the Complex Continuing Care Program that will be expanded from its current 142 bed capacity to 195 beds as part of the Western Campus Redevelopment Project. Associated with this program closure, a provision for the anticipated severance costs in the amount of \$3.2 million has been included as part of accrued salaries and benefits noted above.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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 is as of March 31, 2010 and the next required valuation will be as of March 31, 2013.

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%	7.00%
- Ultimate	8.13%	3.00%
- Year of Ultimate level	2012	2030
◆ Dental care cost trend rate – first 10 years	4.00%	4.00%
◆ Dental care cost trend rate – next 10 years	3.50%	3.50%
◆ Discount rate – beginning of year	8.25%	8.25%
◆ Discount rate – end of year	5.75%	5.75%

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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	121	(93)
Benefit obligation at March 31, 2010	1,247	(1,006)

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

	2010 \$ (000)			2009 \$ (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	716	8,356	9,072	1,013	9,646	10,659
Current service cost	-	292	292	-	332	332
Interest costs	55	639	694	55	562	617
Expected terminations from long term disability payments	(185)	-	(185)	(155)	-	(155)
Actuarial gain	(105)	(185)	(290)	(397)	(1,781)	(2,178)
Benefits paid	(88)	(464)	(552)	(100)	(403)	(503)
Curtailment gain	-	(145)	(145)	-	-	-
Expected reserves for new claims	300	-	300	300	-	300
Balance at end of year	693	8,493	9,186	716	8,356	9,072
Plan assets:						
Balance at beginning of year	-	-	-	-	-	-
Employer contributions	88	464	552	100	403	503
Return on plan assets	-	-	-	-	-	-
Benefits paid	(88)	(464)	(552)	(100)	(403)	(503)
Balance at end of year	-	-	-	-	-	-
Funded status – (deficit)	(693)	(8,493)	(9,186)	(716)	(8,356)	(9,072)
Unamortized past service cost	-	4,141	4,141	-	4,774	4,774
Unamortized net actuarial gains	-	(3,396)	(3,396)	-	(3,333)	(3,333)
	(693)	(7,748)	(8,441)	(716)	(6,915)	(7,631)
Current portion	-	(538)	(538)	(88)	(464)	(552)

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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

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

	2010 \$ (000)			2009 \$ (000)		
	Employees on Long Term Disability	Post Employment	Total	Employees on Long Term Disability	Post Employment	Total
Current service cost	-	292	292	-	333	333
Interest cost	55	639	694	55	562	617
Expected terminations from long term disability benefits	(185)	-	(185)	(155)	-	(155)
Amortization of net actuarial gains	(105)	(121)	(226)	(397)	(43)	(440)
Amortization of plan amendments	-	547	547	-	576	576
Amortization of curtailment gain	-	(59)	(59)	-	-	-
Expected reserve for new claims	300	-	300	300	-	300
Total expense (recovery)	65	1,298	1,363	(197)	1,428	1,231

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

8. Other long term liabilities:

The Hospital has the following other long term liabilities as at March 31:

	2010 \$ (000's)	2009 \$ (000's)
5.87% interest rate loan due April 2012, repayable in blended quarterly payments of principal and interest of \$94,000. The loan is secured by a collateral charge against certain pieces of equipment.	\$ 800	\$1,122
1.91% interest rate loan repayable in blended quarterly payments of principal and interest of \$70,000 until April 2009 with a balloon payment of \$410,000 in July 2009. The loan was secured by a collateral charge against certain pieces of equipment.	-	477
Bank loan due February 2030, comprised of four tranches with each tranche bearing its own interest rate. The loan is secured and is being amortized over a 25 year period. The fixed rate terms are as follows:		
1.67% interest rate renewable on February 12, 2011 with blended monthly payments of principal and interest of \$20,396.	4,986	-
3.80% interest rate renewable on February 15, 2015 with blended monthly payments of principal and interest of \$46,505.	8,980	-
5.00% interest rate renewable on February 15, 2020 with blended monthly payments of principal and interest of \$58,440.	9,980	-
5.60% interest rate maturing on February 15, 2030 with blended monthly payments of principal and interest of \$80,580.	<u>12,975</u>	<u>-</u>
	<u>36,921</u>	<u>-</u>
Total other long term liabilities	37,721	1,599
Less: current portion	<u>1,202</u>	<u>835</u>
	<u>\$36,519</u>	<u>\$ 764</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

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

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

2011	\$ 1,202,000
2012	1,245,000
2013	1,005,000
2014	951,000
2015	992,000
Thereafter	<u>32,326,000</u>
	<u>\$37,721,000</u>

9. Deferred capital grants:

Deferred capital grants consist of:

	2010 \$ (000)			2009 \$ (000)		
	Grant	Accumulated Amortization	Net	Grant	Accumulated Amortization	Net
Land improvements	434	338	96	328	328	-
Buildings	172,083	33,457	138,626	171,415	29,142	142,273
Equipment	53,255	44,309	8,946	51,862	38,561	13,301
Construction in progress	19,884	-	19,884	18,401	-	18,401
	<u>245,656</u>	<u>78,104</u>	<u>167,552</u>	<u>242,006</u>	<u>68,031</u>	<u>173,975</u>

The amount of amortization included in the statement of revenue and expense is \$10,073,000 (\$9,912,000 in 2009).

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

	2010 \$ (000)	2009 \$ (000)
Windsor Essex County Cancer Centre Foundation	174	349
Windsor Regional Hospital Foundation	1,152	1,684
Ministry of Health and Long Term Care	1,277	1,925
Cancer Care Ontario	1,008	64
Other	39	34
	<u>3,650</u>	<u>4,056</u>

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

10. Cash flow information:

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

	2010 \$ (000)	2009 \$ (000)
Accounts receivable, non capital	1,428	1,051
Inventories	(415)	28
Prepaid and deferred charges	(4)	364
Due from related parties	(245)	208
Accounts payable and accrued liabilities, non capital	50	286
Accrued sick leave entitlements	35	(71)
Accrued benefit liabilities, net of funded amounts	810	730
	1,659	2,596

Interest paid during the year amounted to \$981,000 (\$981,000 in 2009).

11. 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 \$11,470,000 (\$11,314,000 in 2009). 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, 2009 indicates that the plan is fully funded (2008 – not fully funded).

12. Operating leases:

Under the terms of various non-capital equipment leases expiring through 2015, the Hospital is committed to lease payments aggregating approximately as follows:

▪ 2011	\$2,582,000
▪ 2012	\$2,295,000
▪ 2013	\$2,166,000
▪ 2014	\$1,792,000
▪ 2015	\$ 752,000

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

13. Contingent liabilities:

- a) 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.

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.

The Hospital is also in the process of updating its pay equity agreements with one of its unions. 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.

- b) The Hospital is a member of the Healthcare Insurance Reciprocal of Canada (HIROC) which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid after actuarial determination are not sufficient to cover claims, the Hospital will be required to provide additional premium payments on a proportional basis. Similarly, if HIROC has accumulated an unappropriated surplus, which are the total premiums paid by all subscribers plus investment income, less the obligation for claim reserves, expenses and operating expenses, these surpluses may be paid out to the members on a proportional basis. As at March 31, 2010, no assessments or refund of premiums has been made.
- c) The Hospital is participating along with four other hospitals in the Erie-St. Clair LHIN in the formation of a consolidated supply chain initiative called "PROcure". It is the intention that this non-for-profit legal entity will be fully operational by the fall 2010 and will be providing the purchasing and payment responsibilities on behalf of these five hospitals. As part of this start-up, the Hospital has provided a guarantee to PROcure's bank in the amount of \$779,438.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

14. 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, 2010, net resources of the Foundation amounted to \$11,776,000 (\$9,821,000 in 2009) of which \$6,623,000 (\$5,240,000 in 2009) 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, 2010, the Foundation had excess revenue over expenses of \$1,955,000 (\$1,624,000 deficiency of revenue over expenses in 2009).

The Patients' Trust is established to administer funds on behalf of long-term care patients. At March 31, 2010, total funds held amounted to \$77,000 (\$64,000 in 2009).

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

	2010 \$ (000)	2009 \$ (000)
Windsor Regional Hospital Foundation	544	305
Patients' Trust Account	45	39
	589	344

15. Financial results by business unit:

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

	2010 \$ (000)	2009 \$ (000)
Hospital Operations	3,136	(6,893)
Long Term Care Program	(2,940)	(141)
Regional Children's Centre	445	504
	641	(6,530)

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

16. 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 commenced a \$121.2 million capital building project at that campus that is expected to be completed in the summer of 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.

17. 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 approved capital improvements and other costs incurred by CHIS for those projects identified as being solely for its benefit.

During the year, the Hospital paid \$2,577,000 (2009 - \$2,423,000) to CHIS for Information Technology/Information Systems services. The balance payable to CHIS at March 31, 2010 is \$277,000 (\$88,000 in 2009) and has been included in accounts payable.

18. 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	2010 \$ (000)	2009 \$ (000)
Excess (deficit) of revenue over expense for the year	641	(6,530)
Add (deduct): net building amortization	2,034	2,013
interest on long term liabilities	250	-
(gain) loss on swap contract marked to market	(1,440)	1,930
Year end total margin	1,485	(2,587)

The Hospital met this performance indicator in 2010 (2009 – indicator not met).

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2010

19. Comparative amounts:

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