

ALEXANDRA MARINE & GENERAL HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2013

VODDEN, BENDER & SEEBACH LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Governors and Members of The Alexandra Marine and General Hospital of Goderich

We have audited the accompanying financial statements of The Alexandra Marine and General Hospital, which comprise the balance sheet as at March 31, 2013, and the operating fund statement of revenue and expenses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

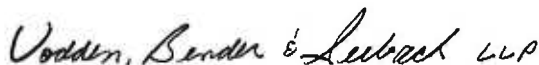
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Alexandra Marine and General Hospital as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Clinton, Ontario
May 6, 2013

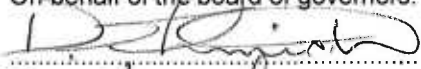
THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH


BALANCE SHEET

See Accompanying Notes to Financial Statements

| As at | March 31 2013 | March 31 2012 | April 1 2011 |
|---|----------------------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 396,197 | 359,793 | 343,916 |
| Short term investments | 1,133,201 | 1,144,394 | 1,118,655 |
| Accounts receivable | 658,812 | 777,836 | 1,007,930 |
| Inventories | 272,424 | 256,939 | 222,771 |
| Prepaid expenses | 114,613 | 62,918 | 60,636 |
| | <u>2,575,247</u> | <u>2,601,880</u> | <u>2,753,908</u> |
| Capital assets, net book value (note 3) | 17,877,231 | 19,081,298 | 19,157,723 |
| Endowment and trust fund | 103,329 | 100,511 | 98,819 |
| Other assets | 15,000 | 30,000 | 30,000 |
| | <u>\$ 20,570,807</u> | <u>\$ 21,813,689</u> | <u>\$ 22,040,450</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities (note 4) | 2,987,853 | 3,539,978 | 3,017,379 |
| Employee future benefits (note 7) | 150,500 | 223,700 | 173,200 |
| Deferred revenue | 37,401 | 73,305 | 189,989 |
| Deferred capital contributions (note 6) | 637,735 | 637,735 | 637,735 |
| Current portion of long-term debt | 188,091 | 550,000 | 500,000 |
| | <u>4,001,580</u> | <u>5,024,718</u> | <u>4,518,303</u> |
| Long term liabilities | | | |
| Long-term debt (note 5) | 1,655,012 | 1,556,335 | 1,471,488 |
| Deferred capital contributions (note 6) | 4,951,316 | 5,170,177 | 5,562,455 |
| Employee future benefits (note 7) | 1,291,600 | 1,169,500 | 1,093,300 |
| | <u>7,897,928</u> | <u>7,896,012</u> | <u>8,127,243</u> |
| Net assets | | | |
| Invested in capital assets | 10,320,528 | 11,305,734 | 10,986,045 |
| Restricted endowment and trust fund | 103,329 | 100,511 | 98,819 |
| Unrestricted | (1,752,558) | (2,513,286) | (1,689,960) |
| | <u>8,671,299</u> | <u>8,892,959</u> | <u>9,394,904</u> |
| | <u>\$ 20,570,807</u> | <u>\$ 21,813,689</u> | <u>\$ 22,040,450</u> |

On behalf of the board of governors:

 Member

 Member

**THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
OPERATING FUND STATEMENT OF REVENUE AND EXPENSES**

See Accompanying Notes to Financial Statements

| For the Year Ended March 31 | 2013 | 2012 |
|---|---------------------|---------------------|
| Revenue | | |
| LHIN Base funding | 15,966,300 | 15,965,600 |
| One time funding | 130,380 | 335,910 |
| Other MOHLTC funding | 2,732,782 | 2,616,670 |
| Paymaster funding | 416,974 | 353,548 |
| Other votes funding | 1,763,933 | 1,887,069 |
| Cancer Care Ontario | 27,679 | 86,683 |
| Recoveries and miscellaneous | 775,356 | 827,367 |
| Patient revenues and OHIP | 1,316,058 | 1,231,781 |
| Differential and copayment | 178,983 | 281,896 |
| Amortization of deferred capital contributions - equipment | 823,825 | 796,864 |
| | <u>24,132,270</u> | <u>24,383,388</u> |
| Expenses | | |
| Salaries and benefits | 14,161,578 | 14,423,266 |
| Medical staff remuneration | 3,594,146 | 3,400,451 |
| Supplies and other expenses | 2,602,576 | 2,660,124 |
| Medical and surgical supplies | 527,751 | 612,025 |
| Drugs and medical gases | 218,219 | 267,502 |
| Rental and lease expenses | 40,930 | 42,458 |
| Bad debts | 9,645 | 11,259 |
| Other votes expenses | 1,763,933 | 1,887,069 |
| Amortization - equipment | 1,213,650 | 1,122,017 |
| | <u>24,132,428</u> | <u>24,426,171</u> |
| Excess (deficiency) of revenue over expenses from Hospital operations | <u>(158)</u> | <u>(42,783)</u> |
| Other items affecting operations | | |
| Amortization of deferred capital contributions - building and building service equipment | 417,154 | 147,830 |
| Amortization - building and building service equipment | (638,656) | (606,992) |
| | <u>(221,502)</u> | <u>(459,162)</u> |
| Excess (deficiency) of revenue over expenses for the year | <u>(\$ 221,660)</u> | <u>(\$ 501,945)</u> |

THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
OPERATING FUND STATEMENT OF CASH FLOWS

See Accompanying Notes to Financial Statements

| For the Year Ended March 31 | 2013 | 2012 |
|---|----------------------------|----------------------------|
| Operating activities | | |
| Excess of revenue over expenses for the year | (221,660) | (501,945) |
| Items not requiring (not providing) cash | | |
| Amortization expense | 1,897,795 | 1,946,759 |
| Amortization of deferred capital grants and donations | (1,240,978) | (1,129,462) |
| Working capital provided from operations | 435,157 | 315,352 |
| Cash provided from (used for) changes in operational balances | | |
| Accounts receivable | 119,024 | 230,094 |
| Inventory | (15,485) | (34,168) |
| Prepaid expenses | (51,695) | (2,282) |
| Other assets | 15,000 | - |
| Accounts payable and accrued liabilities | (552,125) | 522,599 |
| Employee future benefits - current | (73,200) | 50,500 |
| Deferred revenue | (35,904) | (116,684) |
| Cash provided from (used for) operating activities | <u>(159,228)</u> | <u>965,411</u> |
| Investing activities | | |
| Net disposals (purchases) of capital assets | <u>(693,727)</u> | <u>(1,870,334)</u> |
| | <u>(693,727)</u> | <u>(1,870,334)</u> |
| Financing activities | | |
| Net proceeds (repayments) from long-term debt | (263,232) | 134,847 |
| Deferred building and equipment grants and donations | 1,022,116 | 737,184 |
| Employee future benefits - long-term | 122,100 | 76,200 |
| | <u>880,984</u> | <u>948,231</u> |
| Increase (decrease) in cash | 28,029 | 43,308 |
| Cash, beginning of year | <u>1,604,698</u> | <u>1,561,390</u> |
| Cash, end of year | <u>\$ 1,632,727</u> | <u>\$ 1,604,698</u> |
| Cash consists of: | | |
| Cash | 396,197 | 359,793 |
| Short-term investments | 1,133,201 | 1,144,394 |
| Endowment cash and short-term investments | 103,329 | 100,511 |
| | <u>\$ 1,632,727</u> | <u>\$ 1,604,698</u> |

THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH

STATEMENT OF CHANGES IN NET ASSETS

See Accompanying Notes to Financial Statements

| For the Year Ended March 31 | | | | 2013 | 2012 |
|---|-------------------------------|-------------------|--------------------|----------------------------|---------------------|
| | Invested in Capital Assets | Endowment Fund | Unrestricted | Total | Total |
| Balance, beginning of year | 11,305,734 | 100,511 | (2,513,286) | 8,892,959 | 9,394,904 |
| Excess (deficiency) of revenues over expenses | (657,000) | 2,818 | 432,522 | (221,660) | (501,945) |
| Net change in investment in capital assets | (328,206) | | 328,206 | - | - |
| Balance, end of year | <u>10,320,528</u> | <u>103,329</u> | <u>(1,752,558)</u> | <u>\$ 8,671,299</u> | <u>\$ 8,892,959</u> |

THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

Alexandra Marine and General Hospital of Goderich was incorporated by letters patent under the Ontario Business Corporations Act on June 3, 1901.

The Hospital is principally involved in providing health care services to the residents of the Town of Goderich and surrounding municipalities of Huron County. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada).

1. Significant accounting policies

a) Revenue recognition

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

The Hospital is primarily funded by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC).

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect arrangements with the Ministry of Health and Long-Term Care with respect to the year ended March 31, 2013.

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

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

Revenue from the insurance plans, preferred accommodations, and marketed services is recognized when the goods are sold or the service is provided, the amounts can be reasonably estimated and collection is reasonably assured.

b) Inventories

Inventories are recorded at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs incurred in bringing the inventories to their present location and condition.

c) Capital assets

Capital assets are recorded at cost. Assets are amortized over their estimated useful lives using the following rates on a straight-line basis:

| | |
|----------------------------|---------------|
| Land improvements | 10 - 20 years |
| Buildings | 50 years |
| Building service equipment | 20 - 25 years |
| Equipment | 5 - 10 years |
| Computer equipment | 5 years |

Construction in progress is not amortized until construction is complete and the facilities are placed into use.

THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2013

1. Significant accounting policies (continued)

d) Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

e) Employee future benefits

The benefit obligation is amortized over the average remaining service period of the active employees. The cost of retirement benefits earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of retirement ages of employees and expected health and dental care costs.

At March 31, 2013, the Hospital's accrued benefit obligation relating to post-retirement benefit plans is \$1,442,100 (2012: \$1,393,200).

f) 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 reporting 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 period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation of receivables, inventories; and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year in which they are known.

g) 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 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 unrealized changes in fair value recorded in the statement of changes in net assets until the investment is derecognized or impaired at which time the amounts would be recorded in the statement of operations.

In accordance with the Canadian generally accepted accounting principles the Hospital has undertaken the following:

- (i) Designated cash and short-term investments as held-for-trading, being measured at fair value.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Marketable securities are designated as available-for-sale, which are recorded at fair value.
- (iv) Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

**THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
NOTES TO FINANCIAL STATEMENTS (continued)**

For the Year Ended March 31, 2013

1. Significant accounting policies (continued)

g) Financial instruments (continued)

No financial statement recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

The Hospital also complies with PS 3450, "Financial Instruments", for the presentation and disclosure of financial instruments and non-financial derivatives.

The Hospital has elected to account for transactions as at the trade date.

h) Funding adjustments

The Hospital receives grants from the MOHLTC and the South West Local Health Integration Network (SWLHIN) for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the MOHLTC or SWLHIN is entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon in the period in which collection is received.

2. Restricted investments

Restricted investments reflect the investment of unused donations received from donors, restricted for future Hospital expenditures, and interest earned on those contributions.

The Hospital has invested the funds into Guaranteed Interest Certificates.

3. Capital assets

| | Cost | Accumulated Amortization | Net Book Value 2013 | Net Book Value 2012 |
|----------------------------|-----------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Land | 153,868 | - | 153,868 | 153,868 |
| Land improvements | 138,353 | 73,039 | 65,314 | 70,945 |
| Buildings | 15,979,133 | 4,393,780 | 11,585,353 | 11,977,153 |
| Building service equipment | 4,763,570 | 2,647,039 | 2,116,531 | 2,299,302 |
| Equipment | 12,484,240 | 9,161,549 | 3,322,691 | 3,952,342 |
| Computer hardware/software | <u>2,276,726</u> | <u>1,643,252</u> | <u>633,474</u> | <u>627,688</u> |
| | <u>\$ 35,795,890</u> | <u>\$ 17,918,659</u> | <u>\$ 17,877,231</u> | <u>\$ 19,081,298</u> |

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

| | 2013 | 2012 |
|--|----------------------------|----------------------------|
| Trade payables | 1,405,167 | 2,309,265 |
| Salaries and deductions payable | 891,680 | 498,272 |
| Accrued vacation and statutory holiday payable | 601,354 | 554,288 |
| Other liabilities | <u>89,653</u> | <u>178,153</u> |
| | <u>\$ 2,987,854</u> | <u>\$ 3,539,978</u> |

**THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
NOTES TO FINANCIAL STATEMENTS (continued)**

For the Year Ended March 31, 2013

5. Long-term obligations

| | 2013 | 2012 |
|---|----------------------------|----------------------------|
| Long-term credit facility | 1,843,103 | 2,106,335 |
| Current portion of long-term obligation | <u>188,091</u> | <u>550,000</u> |
| | <u>\$ 1,655,012</u> | <u>\$ 1,556,335</u> |

a) Computed Tomography (CT) loan

The CT loan has been restructured to reflect one loan with guarantee and the balance without a guarantee. Both have been secured in a long term credit facility, due in 2023.

CT1 Loan: amount \$1,147,070; interest calculated at 1.69% per annum for a Rate Term expiring January 31, 2014; interest paid monthly; semi-annual principle payments of \$64,042; secured by guarantee from Alexandra Marine and General Hospital Foundation.

The Foundation has guaranteed funding to the maximum of \$1,280,440 for the CT1 loan. Donations are received regularly during the year with payments issued to the Hospital in January and July each year.

CT2 Loan: amount \$376,180; interest calculated at 1.69% per annum for a rate term expiring February 28, 2014; blended payments of principal and interest of \$3,434 are paid monthly.

b) HVAC loan

Loan amount \$329,766; interest calculated at 1.69% per annum for a rate term expiring February 28, 2014; blended payments of principal and interest of \$2,521 are paid monthly.

Principal due within each of the next five years on the long-term debt is as follows:

| | CT1 loan | CT2 loan | HVAC loan |
|------|--------------------------|--------------------------|--------------------------|
| 2014 | 128,044 | 35,158 | 24,889 |
| 2015 | 128,044 | 35,158 | 24,889 |
| 2016 | 128,044 | 35,158 | 24,889 |
| 2017 | 128,044 | 35,158 | 24,889 |
| 2018 | <u>128,044</u> | <u>35,158</u> | <u>24,889</u> |
| | <u>\$ 640,220</u> | <u>\$ 175,790</u> | <u>\$ 124,445</u> |

6. Deferred capital contributions related to capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount received for the purchase of capital assets and consists of the following:

| | 2013 | 2012 |
|------------------------------------|----------------------------|----------------------------|
| Balance, beginning of year | 5,807,912 | 6,200,190 |
| Additional contributions | 1,022,117 | 737,184 |
| Less: Amounts amortized to revenue | <u>(1,240,978)</u> | <u>(1,129,462)</u> |
| Balance, end of year | <u>\$ 5,589,051</u> | <u>\$ 5,807,912</u> |

7. Employee future benefits

The Alexandra Marine and General Hospital provides extended health care, dental and semi-private benefits to all eligible full time and retired employees.

At March 31, 2013 the Hospital's accrued benefit obligation related to post-retirement benefit plans was \$1,442,100 (2012: \$1,393,200).

**THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
NOTES TO FINANCIAL STATEMENTS (continued)**

For the Year Ended March 31, 2013

7. Employee future benefits (continued)

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

| Discount rate | 2013 | 2012 |
|-------------------|------------------|-------|
| Beginning of year | 4.69% | 5.63% |
| End of year | 3.94% | 4.69% |
| General inflation | CPI rate is used | |

Included in compensation and benefits on the statement of operations is an amount of \$150,500; (2012: \$223,700) regarding employee future benefits and is comprised of:

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Current service cost | 65,600 | 57,000 |
| Interest cost | 71,100 | 76,800 |
| Amortization of actuarial experience gain | 13,800 | - |
| Amortization of past service cost | - | 89,900 |
| Balance, end of year | <u>\$ 150,500</u> | <u>\$ 223,700</u> |

8. Invested in capital assets

a) Net assets invested in capital assets are calculated as follows:

| | 2013 | 2012 |
|--|----------------------|----------------------|
| Capital assets, net book value | 17,877,230 | 19,081,297 |
| Amounts financed by: | | |
| Accounts payable | (124,548) | 138,683 |
| Deferred capital contributions | (5,589,051) | (5,807,911) |
| Obligations under long-term debt and other items | (1,843,103) | (2,106,335) |
| | <u>\$ 10,320,528</u> | <u>\$ 11,305,734</u> |

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

| | 2013 | 2012 |
|--|---------------------|---------------------|
| Excess of expenses over revenues: | | |
| Amortization of deferred capital contributions related to capital assets | 1,240,978 | 1,129,462 |
| Amortization of capital assets | (1,897,978) | (1,946,759) |
| | <u>\$ (657,000)</u> | <u>\$ (817,297)</u> |
| Net change in investments in capital assets: | | |
| Purchase of capital assets | 693,910 | 1,870,334 |
| Capital assets funded by deferred capital contributions | (1,022,116) | (737,184) |
| | <u>\$ (328,206)</u> | <u>\$ 1,133,150</u> |

9. Pension plan

Employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan (HOOPP) which is a multi-employer final average pay contributory pension plan. Contributions made to the Plan during the year by the Hospital amounted to \$936,106 (2012: \$948,299) and are included in the statement of operations.

THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2013

10. Economic interest

The Hospital has an economic interest in the Alexandra Marine and General Hospital Foundation. The Foundation was established to solicit funds on behalf of the Hospital. The Foundation has net assets totalling \$1,554,060 (2012: \$1,611,397) for the benefit of the Hospital.

11. First time adoption of Public Sector Accounting standards

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

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

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

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

The Hospital issued financial statements for the year ended March 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of PSAB for Government NPOs resulted in adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenses and cash flows for the Hospital.

**THE ALEXANDRA MARINE AND GENERAL HOSPITAL OF GODERICH
NOTES TO FINANCIAL STATEMENTS (continued)**

For the Year Ended March 31, 2013

11. First time adoption of Public Sector Accounting standards (continued)

Reconciliation of net assets and excess revenue over expenses

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

Balance Sheet as at April 1, 2011 - Transition Date

| | Pre- changeover Canadian GAAP | Transitional Adjustments | PSAB for Government NPOs |
|--------------------------------------|--|-------------------------------------|---|
| Liabilities | | | |
| Employee future benefits - current | 85,812 | 87,388 | 173,200 |
| Employee future benefits - long-term | <u>1,423,295</u> | <u>(329,995)</u> | <u>1,093,300</u> |
| | <u>\$ 1,509,107</u> | <u>(\$ 242,607)</u> | <u>\$ 1,266,500</u> |
| Net Assets | | | |
| Unrestricted | <u>(\$ 1,932,567)</u> | <u>\$ 242,607</u> | <u>(\$ 1,689,960)</u> |

Balance Sheet for the year ended March 31, 2012

| | Pre- changeover Canadian GAAP | Transitional Adjustments | PSAB for Government NPOs |
|--------------------------------------|--|-------------------------------------|---|
| Liabilities | | | |
| Employee future benefits - current | 130,100 | 93,600 | 223,700 |
| Employee future benefits - long-term | <u>1,466,800</u> | <u>(297,300)</u> | <u>1,169,500</u> |
| | <u>\$ 1,596,900</u> | <u>(\$ 203,700)</u> | <u>\$ 1,393,200</u> |
| Net Assets | | | |
| Unrestricted | <u>(\$ 2,716,986)</u> | <u>\$ 203,700</u> | <u>(\$ 2,513,286)</u> |