

Financial Statements of

# **WRINCH MEMORIAL HOSPITAL**

Year ended March 31, 2012

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of Wrinch Memorial Hospital for the year ended March 31, 2012 have been prepared by management in accordance with Canadian generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the United Church Health Services Society Finance and Audit Committee. The United Church Services Society Finance and audit Committee meets with management and the external auditor at least once a year.

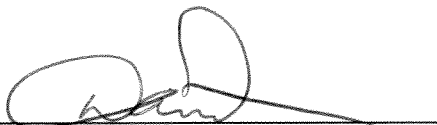
The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Hospital's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the United Church Services Society Finance and Audit Committee and have the option to meet with it on a regular basis.

On behalf of Wrinch Memorial Hospital



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Mary Jean Morrison  
Chief Executive Officer  
United Church Health Services Society  
May 31, 2012



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David Ross  
Manager Business Support, Northwest Health Service Delivery Area  
Northern Health Authority  
May 31, 2012



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**Chartered Accountants**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Wrinch Memorial Hospital and the Minister of Health

We have audited the accompanying financial statements of Wrinch Memorial Hospital (the "Hospital") which comprise the statement of financial position as at March 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 the 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 our 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, we consider 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 Hospital as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Prince George, Canada

June 21, 2012

# WRINCH MEMORIAL HOSPITAL

## Statement of Financial Position

March 31, 2012, with comparative information for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Accounts receivable (note 2)	\$ 93,307	\$ 86,065
Due from Northern Health Authority	37,542	40,472
	130,849	126,537
Capital assets (note 3)	1,826,311	1,923,348
	\$ 1,957,160	\$ 2,049,885

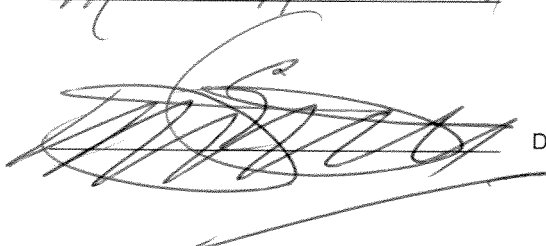
## Liabilities and Net Assets (Deficiency)

Current liabilities:		
Current portion of retirement allowance (note 5)	\$ 41,222	\$ 76,657
Deferred operating contributions (note 4)	-	12,423
	41,222	89,080
Long-term liabilities:		
Deferred capital contributions (note 6)	1,910,496	1,947,216
Retirement allowance (note 5)	351,803	361,368
	2,303,521	2,397,664
Net assets (deficiency):		
Invested in capital assets (note 7)	6,101	6,101
Unrestricted	(352,462)	(353,880)
	(346,361)	(347,779)
	\$ 1,957,160	\$ 2,049,885

See accompanying notes to financial statements.

On behalf of the Board of Directors:

 Director

 Director

# WRINCH MEMORIAL HOSPITAL

## Statement of Operations

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
<b>Revenues:</b>		
Contributions from Northern Health Authority	\$ 4,855,016	\$ 4,712,857
Medical Services Plan	449,907	406,596
Amortization of deferred capital contributions	367,037	347,402
Patients, clients and residents (note 8 (a))	231,678	206,774
Contributions from Federal government	70,634	116,790
Investment income	5,715	4,347
Other (note 8 (b))	232,013	199,724
	<u>6,212,000</u>	<u>5,994,490</u>
<b>Expenses:</b>		
Compensation and benefits	4,550,216	4,344,979
Supplies (note 8 (c))	535,005	558,515
Depreciation of capital assets	367,037	347,402
Distribution to affiliated organization (note 10)	331,180	315,002
Equipment and building services (note 8 (d))	259,793	254,903
Referred-out and contracted services (note 8 (e))	120,497	168,850
Sundry (note 8 (f))	46,854	48,804
	<u>6,210,582</u>	<u>6,038,455</u>
Excess (deficiency) of revenues over expenses	\$ 1,418	\$ (43,965)

See accompanying notes to financial statements.

# WRINCH MEMORIAL HOSPITAL

## Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative information for 2011

	Invested in capital assets	Unrestricted	2012	2011
Balance, beginning of year	\$ 6,101	\$ (353,880)	\$ (347,779)	\$ (303,814)
Excess (deficiency) of revenues over expenses	-	1,418	1,418	(43,965)
Balance, end of year	\$ 6,101	\$ (352,462)	\$ (346,361)	\$ (347,779)

See accompanying notes to financial statements.

# WRINCH MEMORIAL HOSPITAL

## Statement of Cash Flows

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 1,418	\$ (43,965)
Items not involving cash:		
Depreciation of capital assets	367,037	347,402
Amortization of deferred capital contributions	(367,037)	(347,402)
Net change in non-cash operating items (note 9)	(61,735)	126,629
	(60,317)	82,664
Cash flows from investing activities:		
Purchase of capital assets (note 7)	(270,000)	(82,664)
Cash flows from financing activities:		
Capital contributions (note 6)	330,317	-
Increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

Supplemental information (note 9)

See accompanying notes to financial statements.

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2012, with comparative information for 2011

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Wrinch Memorial Hospital (the "Hospital") was established under the *Hospital Act* to manage the delivery of health care services within the Hazelton region of the Province of British Columbia.

With approval from the Ministry of Health and the Northern Health Authority, the Hospital operates under the Constitution and Bylaws of the United Church Health Services Society (the "UCHSS"), a non-profit society wholly owned by the United Church of Canada.

## 1. Significant accounting policies:

### (a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations ("NPO").

These financial statements do not include the assets, liabilities and results of operations of foundations and auxiliaries that support the activities of the Hospital and other organizations that provide services under contracts with the Hospital.

### (b) Revenue recognition:

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

Under the *Health Insurance Act and Regulations* thereto, the Hospital is funded primarily by the Province of British Columbia, through the Northern Health Authority, in accordance with budget management plans and performance agreements established and approved by the Ministry of Health.

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 incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenues on the same basis as the related capital assets are depreciated. Contributions restricted for the purchase of non-depreciable capital assets are recognized as a direct increase in net assets.



# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

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## 1. Significant accounting policies (continued):

### (c) Asset and service contributions:

Volunteers contribute their time each year to assist the Hospital in carrying out its service delivery activities. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

### (d) Cash and cash equivalents:

All short-term investments, with a term to maturity of three months or less at the date of purchase, are treated as cash and cash equivalents.

### (e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. The Hospital records depreciation on its assets on a straight-line basis over the useful life of the assets as follows.

Asset	Rate
Buildings	10 – 50 years
Building service equipment	5 – 25 years
Equipment	3 – 20 years
Land improvements	5 – 25 years

### (f) Employee future benefits:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple-employer defined long-term disability benefits as employees render services to earn the benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses that exceed 10% of the benefit obligation are amortized over the average remaining service period of active covered employees. The average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2011 – 10 years). The average remaining service period of the active employees covered by the multiple employer defined benefit plan is 10 years (2011 – 10 years). Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed.

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

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## 1. Significant accounting policies (continued):

### (g) Asset retirement obligations:

The Hospital recognizes an asset retirement obligation in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset including leased premises resulting from the acquisition, construction, development, and/or normal use of the asset. The fair value of the asset retirement cost is capitalized as part of the carrying value of the related long-lived asset and is depreciated over the life of the asset. The liability may be changed to reflect the passage of time and change in the fair value assessment of the retirement obligation.

### (h) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management reviews all significant estimates affecting its financial statements on a recurring basis and records the effect of any necessary adjustments. Significant areas requiring the use of estimates include determination of rates of depreciation of capital assets, recognition of asset retirement obligations, contingencies and, in particular, assumptions with respect to accrued employee benefits. Actual results could differ from these estimates.

### (i) Financial instruments:

The Hospital has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and loans and receivables and certain investments which are designated as held to maturity.

- The Hospital initially records all non-derivative financial assets and liabilities at fair value.
- Assets and liabilities classified as held for trading are measured at fair value and changes in fair value are recognized in the statement of operations.
- Held to maturity investments and loans and receivables are measured at amortized cost using the effective interest rate method.
- Other liabilities which include the Hospital's long-term disability liabilities and assets and accrued retirement allowance liabilities are recorded at amortized cost.
- All transaction costs incurred on held to maturity investments, loans, receivables, and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method.

Derivative instruments to be recorded as either assets or liabilities are measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of transactions that received hedge accounting. The Hospital has no derivative investments at year end.

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

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## 1. Significant accounting policies (continued):

### (i) Financial instruments (continued):

The Hospital's financial instruments include accounts receivable and due from Northern Health Authority. The carrying value of accounts receivable and due from Northern Health Authority approximate their fair values due to the short-term nature of these financial assets.

It is management's opinion that the Hospital is not exposed to significant interest or currency risk arising from these financial instruments.

The Hospital faces credit risk with respect to the collection of its accounts receivable. There is a concentration of credit risk from the collection of receivables from the Northern Health Authority. Management does not perceive this concentration of credit risk to be significant based on the nature of the debtor and historical collection experience.

The Hospital has elected to defer applying Sections 3862, *Financial Instruments – Disclosure* and 3863, *Financial Instruments – Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Hospital has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with section 3861.

### (j) Future accounting framework:

Effective April 1, 2012 the Hospital will transition to a new accounting framework which will include Public Sector Accounting Standards supplemented by directives from the Government of British Columbia's Treasury. The transition to the new accounting framework will be applied on a retrospective basis. The Hospital is reviewing the impact of this change on the financial statements.

## 2. Accounts receivable:

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	2012	2011
Patients, clients, residents and agencies	\$ 81,820	\$ 73,647
Foundations, auxiliaries and regional hospital districts	10,000	10,000
Other	1,487	2,418
	\$ 93,307	\$ 86,065

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# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

### 3. Capital assets:

2012	Cost	Accumulated amortization	Net book value
Land and improvements	\$ 16,139	\$ 10,038	\$ 6,101
Buildings	5,598,641	4,994,309	604,332
Building service equipment	435,430	236,400	199,030
Equipment	2,984,178	2,239,784	744,394
Projects in progress	272,454		272,454
	\$ 9,306,842	\$ 7,480,531	\$ 1,826,311

2011	Cost	Accumulated amortization	Net book value
Land and improvements	\$ 16,139	\$ 10,038	\$ 6,101
Buildings	5,604,650	4,854,472	750,178
Building service equipment	431,875	192,857	239,018
Equipment	2,983,549	2,055,498	928,051
	\$ 9,036,213	\$ 7,112,865	\$ 1,923,348

### 4. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for specific purposes.

	2012	2011
Deferred operating contributions, beginning of the year	\$ 12,423	\$ -
Add amounts received for specific purposes	-	129,213
Less amounts recognized as revenue in the year	(12,423)	(116,790)
	\$ -	\$ 12,423

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

## 5. Employee future benefits:

### (a) Retirement allowance:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified in the collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Hospital's liabilities are based on an independent actuarial valuation performed as at the early measurement date December 31, 2009 and extrapolated to December 31, 2010 from which the service and interest cost components of expense for next fiscal year ended March 31, 2012 are derived; and an extrapolation of the valuation performed as at March 31, 2009 and extrapolated to December 31, 2011, from which March 31, 2012 accrued benefit obligations are derived. The next valuation will be as of December 31, 2012.

Information about employee retirement allowance benefits is as follows:

	2012	2011
Accrued benefit obligation:		
Sick leave benefits	\$ 123,906	\$ 137,839
Severance benefits	185,918	198,916
Total unfunded retirement allowance obligation	309,824	336,755
Balance of unamortized amounts	83,201	101,270
Accrued retirement allowance benefits	\$ 393,025	\$ 438,025

The amounts recorded in the financial statements are as follows:

	2012	2011
Accrued retirement allowance benefits:		
Current portion	\$ 41,222	\$ 76,657
Long-term portion	351,803	361,368
	\$ 393,025	\$ 438,025
Retirement allowance expense	\$ 32,000	\$ 32,000
Benefits paid	\$ (77,000)	\$ (57,386)

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

## 5. Employee future benefits (continued):

### (a) Retirement allowance (continued):

The significant actuarial assumptions adopted in measuring the Hospital's accrued retirement allowance are as follows:

	2012	2011
Accrued benefit obligation as at March 31:		
Discount rate	4.30%	5.25%
Rate of compensation increase	2.50%	2.50%
Benefit costs of years ended March 31:		
Discount rate	5.25%	6.25%
Rate of compensation increase	2.50%	2.50%

### (b) Healthcare benefit trust benefits:

The Healthcare Benefit Trust ("the Trust") administers long-term disability, group life insurance, accidental death and dismemberment and extended health and dental claims for certain employee groups of the Hospital and other provincially funded organizations.

The Hospital and all other participating employers are responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the trust.

The Trust is a multiple-employer plan with respect to long-term disability benefits initiated after September 30, 1997 and for extended health and dental benefits initiated after March 31, 2004. The actuary does not attribute any unfunded liability to the Hospital. Consequently, the Hospital's share of any unfunded liability cannot be determined. Each employer expenses contributions to the Trust in the year in which payments are made.

The most recent actuarial valuation at December 31, 2011 indicated a surplus of \$30.8 million. The plan covers approximately 86,000 active employees of which approximately 55 are employees of the Hospital. The next required valuation will be as of December 31, 2012.

### (c) Employee pension benefits:

The Hospital and its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*. Employer contributions to the Municipal Pension Plan of \$197,776 (2011 - \$189,302) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan as at December 31, 2009 indicated an unfunded liability of \$1,024 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 173,000 active employees of which approximately 89 are employees of the Hospital. The next required valuation will be as of December 31, 2012 with results available in 2013.

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

## 6. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2012	2011
Deferred capital contributions, beginning of year	\$ 1,947,216	\$ 2,294,618
Ministry of Health	241,727	-
Regional hospital districts	80,321	-
Other	8,269	-
	330,317	-
Amortization for the year	(367,037)	(347,402)
Deferred capital contributions, end of year	\$ 1,910,496	\$ 1,947,216

Deferred capital contributions are comprised of the following:

	2012	2011
Contributions used to purchase capital assets	\$ 1,820,210	\$ 1,917,247
Unspent contributions	90,286	29,969
	\$ 1,910,496	\$ 1,947,216

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

## 7. Invested in capital assets:

(a) Net assets invested in capital assets is calculated as follows:

	2012		2011	
Capital assets	\$	1,826,311	\$	1,923,348
Amounts financed by:				
Deferred capital contributions (note 6)		(1,820,210)		(1,917,247)
	\$	6,101	\$	6,101

(b) Excess (deficiency) of revenue over expenses:

	2012		2011	
Amortization of deferred capital contributions	\$	367,037	\$	347,402
Depreciation of capital assets		(367,037)		(347,402)
	\$	-	\$	-

(c) Transfer to invested in capital assets:

	2012		2011	
Purchase of capital assets, net	\$	270,000	\$	82,664
Amounts funded by deferred capital contributions, net		(270,000)		(82,664)
	\$	-	\$	-



# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

## 8. Statement of operations:

### (a) Patients, clients and residents:

		2012		2011
Residents of BC-self pay	\$	167,912	\$	148,554
Non-residents of BC		22,370		24,057
WorkSafe BC		14,597		21,814
Federal government		13,011		3,329
Non-residents of Canada		8,250		6,520
Uninsured residents		5,538		2,500
	\$	231,678	\$	206,774

### (b) Other revenue:

		2012		2011
Sales to non-related entities	\$	213,648	\$	198,530
Donations		16,250		-
Other		2,115		1,194
	\$	232,013	\$	199,724

### (c) Supplies:

		2012		2011
Drugs and medical gases	\$	131,771	\$	109,602
Medical and surgical		115,930		162,526
Diagnostic		128,274		122,844
Food and dietary		69,385		73,539
Laundry and linen		25,627		30,083
Housekeeping		13,568		8,056
Printing, stationery and office		10,407		10,962
Other		40,043		40,903
	\$	535,005	\$	558,515

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

## 8. Statement of operations (continued):

### (d) Equipment and building services:

	2012		2011	
Equipment	\$	111,091	\$	153,883
Plant operation utilities		99,628		78,862
Service contracts		18,278		22,158
Other		30,796		-
	\$	259,793	\$	254,903

### (e) Referred-out and contracted services:

	2012		2011	
Community care	\$	32,266	\$	32,444
Acute care		18,012		18,867
Other		70,219		117,539
	\$	120,497	\$	168,850

### (f) Sundry:

	2012		2011	
Travel	\$	24,846	\$	22,530
Other		22,008		26,267
	\$	46,854	\$	48,797

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

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## 9. Statement of cash flows:

Net change in non-cash operating items:

	<b>2012</b>	<b>2011</b>
Accounts receivable and due from Northern Health Authority	\$ (4,312)	\$ 139,592
Deferred operating contributions	(12,423)	12,423
Retirement allowance	(45,000)	(25,386)
	<b>\$ (61,735)</b>	<b>\$ 126,629</b>

## 10. Economic dependence:

A substantial portion of the Hospital's revenue is received from the Ministry of Health via the Northern Health Authority. Accordingly, any disruption in that funding could have a significant effect upon operations of the Hospital. The Northern Health Authority also provided the Hospital with administrative support during the year for a charge of \$331,180 (2011 - \$315,002).

## 11. Related party transactions:

During the year the Hospital received an amount of \$74,892 (2011 - \$73,632) in rental income and \$35,435 (2011 - \$2,854) of recoveries from United Church Health Services, the parent organization.

## 12. Risk management:

Risk management and insurance services for all health authorities and their affiliates in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

# WRINCH MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2012, with comparative information for 2011

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## **13. Capital management:**

The Hospital receives its principal source of capital through funding from the Ministry of Health. The Hospital defines capital to be net assets and deferred capital contributions.

The Hospital's objective when managing capital is to fund operations and capital asset investments. The Hospital manages its capital structure in conjunction with the Ministry of Health and makes adjustments based on available government funding and economic conditions. Currently, the Hospital's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by the Ministry of Health.

The Hospital is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The Hospital has complied with the external restrictions on the funding provided.

## **14. Comparative figures:**

Certain of the comparative figures have been reclassified to conform with the current year's financial statement presentation.