

Financial Statements of

**RW LARGE  
MEMORIAL HOSPITAL**

Year Ended March 31, 2009

## AUDITORS' REPORT

### TO THE BOARD OF RW LARGE MEMORIAL HOSPITAL

We have audited the statement of financial position of RW Large Memorial Hospital as at March 31, 2009 and the statements of operations, changes in net assets 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 the Hospital as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Society Act* of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Smythe Ratcliffe LLP*

Chartered Accountants

Vancouver, British Columbia  
May 20, 2009

# RW LARGE MEMORIAL HOSPITAL

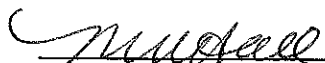
## Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 501,321	\$ 171,466
Short-term investments (note 3)	124,622	135,175
Accounts receivable (note 4)	123,602	59,038
Inventories of materials and supplies (note 5)	296,779	294,421
Prepaid expenses	24,117	34,949
	<u>1,070,441</u>	<u>695,049</u>
Capital assets (note 6)	1,791,426	2,056,339
	<u>\$ 2,861,867</u>	<u>\$ 2,751,388</u>
<b>Liabilities and Net Assets (Deficiency)</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 348,618	\$ 236,867
Deferred operating contributions	14,837	146,883
Due to Vancouver Coastal Health Authority (note 8)	1,464,700	447,757
Current portion of retirement allowance (note 9(a))	5,596	13,250
	<u>1,833,751</u>	<u>844,757</u>
Retirement allowance (note 9(a))	130,294	118,628
Deferred capital contributions (note 10)	1,765,043	2,032,996
	<u>3,729,088</u>	<u>2,996,381</u>
Net assets (deficiency):		
Invested in capital assets (note 11(a))	60,534	57,494
Internally restricted for projects (note 12)	249,511	249,511
Unrestricted	(1,177,266)	(551,998)
	<u>(867,221)</u>	<u>(244,993)</u>
	<u>\$ 2,861,867</u>	<u>\$ 2,751,388</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director  Director

# RW LARGE MEMORIAL HOSPITAL

## Statement of Operations

Year Ended March 31, 2009, with comparative figures for 2008

	2009	2008
		(Note 2)
Revenues:		
Ministry of Health contributions	\$ 2,678,781	\$ 2,453,937
Medical compensation recovery	1,137,802	1,094,077
Pharmacy	706,416	687,239
Amortization of deferred capital contributions (note 10)	359,140	353,795
Patient fees	175,941	164,676
Recoveries and others	32,048	89,860
	<u>5,090,128</u>	<u>4,843,584</u>
Expenses:		
Compensation and benefits	2,190,656	1,725,971
Medical compensation	1,137,802	1,094,077
Drugs	626,063	621,244
Administration and support	468,122	404,656
Purchased services	461,828	507,282
Depreciation of capital assets	363,876	357,271
Facility and equipment costs	214,903	210,460
Medical and diagnostic supplies	159,146	134,188
Patient support	89,960	84,492
	<u>5,712,356</u>	<u>5,139,641</u>
Deficiency of revenues over expenses	\$ (622,228)	\$ (296,057)

See accompanying notes to financial statements.

# RW LARGE MEMORIAL HOSPITAL

## Statement of Changes in Net Assets

Year Ended March 31, 2009, with comparative figures for 2008

	Invested in capital assets (Note 11)	Internally restricted for projects (Note 12)	Unrestricted	2009	2008
Balance, beginning of year	\$ 57,494	\$ 249,511	\$ (551,998)	\$ (244,993)	\$ 51,064
Deficiency of revenues over expenses	(4,736)	-	(617,492)	(622,228)	(296,057)
Transfer to invested in capital assets	7,776	-	(7,776)	-	-
Balance, end of year	\$ 60,534	\$ 249,511	\$ (1,177,266)	\$ (867,221)	\$ (244,993)

See accompanying notes to financial statements.

# RW LARGE MEMORIAL HOSPITAL

## Statement of Cash Flows

Year Ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (622,228)	\$ (296,057)
Items not involving cash:		
Amortization of deferred capital contributions	(359,140)	(353,795)
Depreciation of capital assets	363,876	357,271
	(617,492)	(292,581)
Net change in non-cash operating items:		
Short-term investments	10,553	394,213
Accounts receivable	(64,564)	5,073
Inventories of materials and supplies	(2,358)	24,824
Prepaid expenses	10,832	(31,137)
Accounts payable and accrued liabilities	111,751	(1,617)
Due to Vancouver Coastal Health Authority	1,016,943	(468,350)
Deferred operating contributions	(132,046)	99,683
Retirement allowance	4,012	13,493
	955,124	36,182
	337,631	(256,399)
Cash flows from investing activities:		
Purchase of capital assets	(98,963)	(26,802)
Cash flows from financing activities:		
Capital contributions	91,187	-
Increase (decrease) in cash and cash equivalents	329,855	(283,201)
Cash and cash equivalents, beginning of year	171,466	454,667
Cash and cash equivalents, end of year	\$ 501,321	\$ 171,466

Supplemental Information (note 14)

See accompanying notes to financial statements.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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RW Large Memorial Hospital (the "Hospital") is incorporated under the *Society Act* of British Columbia. The role of the Hospital is to manage the delivery of health care services within the Bella Bella region of the Province of British Columbia.

The Hospital is dependent upon the Ministry of Health Services (the "Ministry") and the Vancouver Coastal Health Authority (the "VCHA") to provide sufficient funding to continue operations, to replace equipment, and to complete other capital projects.

### 1. Significant accounting policies:

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### (a) Affiliated organization:

The Hospital is affiliated with the VCHA. The formal relationship is delineated within an affiliation agreement dated August 16, 2002 signed by the respective parties. The affiliation agreement establishes accountabilities, funding guidelines, operating and other principles between the parties.

#### (b) Basis of presentation:

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

#### (c) Cash and cash equivalents:

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

#### (d) Investments:

The Hospital classifies its investments as held-for-trading which are, therefore, measured at fair value.

#### (e) Inventories of materials and supplies:

Inventories of materials and supplies are recorded at the lower of average cost and replacement cost. Pharmacy inventories are for resale are recorded at the lower of average cost and replacement cost.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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### 1. Significant accounting policies (continued):

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair 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:

Buildings	20 years
Equipment	5-20 years

(g) Asset retirement obligations:

The Hospital recognizes asset retirement obligations 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 changes in the fair value assessment of the retirement obligation.

(h) Internally restricted net assets:

The Hospital has internally restricted certain funds for a variety of uses. These uses include repairs and maintenance, capital asset acquisitions, staff training and other sundry uses. Use of these funds is limited to the related terms of reference as approved by the Board.

(i) 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 Ministry through the VCHA in accordance with budget arrangements established and approved by the VCHA. Approved operating contributions are provided to the Hospital by the VCHA and are recognized as revenue in the period to which they relate and the related expenses are incurred. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

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



# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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### 1. Significant accounting policies (continued):

#### (i) Revenue recognition (continued):

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on the same basis as the related capital assets are depreciated.

Pharmacy revenue is recognized when sales are made.

#### (j) Employee benefits:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits, as employees render services to earn 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 (2008 - 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 multiple-employer defined benefit plans and, accordingly, contributions are expensed.

#### (k) Income taxes:

The Hospital is exempt from federal and provincial income and capital taxes.

#### (l) Asset and service contributions:

Volunteers contribute a significant amount of time each year to assist the Hospital in carrying out its programs and services. Because of the difficulty in determining their fair value, contributed services are not recognized in the 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.

The Hospital operates on land owned by the United Church of Canada. There is no rental agreement between the Hospital and the United Church of Canada, and as a result the use of the land is rent-free to the Hospital.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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### 1. Significant accounting policies (continued):

#### (m) Measurement uncertainty:

The preparation of these 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 revenue 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: valuation of accounts receivable and inventory; the determination of obsolescence and useful lives for depreciation of capital assets and amortization of deferred capital contributions; accrued liabilities; long-term disability benefits and retirement allowance. Actual results could differ from the estimates.

#### (n) 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 receivables.

- 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.
- Other liabilities which include the Hospital's accrued retirement allowance liabilities and obligations under capital leases are recorded at amortized cost.
- All transaction costs incurred on receivables and other liabilities are incorporated in the fair value of the instrument and are amortized to operations using the effective interest rate method.

Assets and liabilities classified as available for sale are measured at fair value and changes in fair value are recorded in the statement of changes in net assets until the financial instruments are re-recognized or other than temporarily impaired at which time the amounts are recorded in the statement of operations. The Hospital has not classified any assets or liabilities as available-for-sale.

The standards require derivative instruments to be recorded as either assets or liabilities 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.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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### 1. Significant accounting policies (continued):

#### (n) Financial instruments (continued):

The Hospital's financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, due to Vancouver Coastal Health Authority, and retirement allowance. It is management's opinion that the Hospital is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, except for the fair value of accrued retirement allowance liability which is disclosed in Note 9.

#### (o) New accounting pronouncements:

##### i. Inventories:

Effective April 1, 2008, the Hospital adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031, Inventories. Under this new standard, inventories are required to be measured at the lower of cost and current replacement cost. The standard also provides more extensive guidance on the measurement and disclosure requirements for inventories; significantly, the new standard allows the reversals of previous write downs to the net realizable value when there is a subsequent increase in the value of inventories.

The adoption of this new standard resulted in no impact to opening balances at April 1, 2008.

##### ii. Assessing going concern:

Effective April 1, 2008, the Hospital implemented Handbook Section 1400, General Standards of Financial Statement Presentation, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the Hospital's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received.

##### iii. Capital disclosures:

Effective April 1, 2008, the Hospital adopted Handbook Section 1535, Capital Disclosures. Under this new standard, the Hospital is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the Hospital's objectives, policies and processes for managing capital. It also includes disclosure regarding what the Hospital regards as capital, whether the Hospital has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements (Note 13).

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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### 1. Significant accounting policies (continued):

(p) Future accounting pronouncements:

i. Financial instruments

During the Hospital's 2009 fiscal year, the CICA announced that not-for-profit organizations could elect to continue to apply Handbook Section 3861, Financial Instruments – Disclosure and Presentation in place of Handbook 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.

ii. Revisions to Not-For-Profit accounting standards:

In September 2008, the CICA issued amendments to Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The amendments are effective for the Hospital's fiscal year commencing April 1, 2009 and remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to not-for-profit organizations that prepare interim financial statements, require disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, Cash Flow Statements. The Hospital does not believe adoption of the revised standards will have a material impact on its financial statements.

iii. Changes in accounting framework:

The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Hospital is currently classified as a not-for-profit organization. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by not-for-profit organizations. In addition, PSAB has issued an Invitation to Comment on the future financial reporting of government organizations. The Hospital is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

### 1. Significant accounting policies (continued):

(p) Future accounting pronouncements (continued):

iv. Goodwill and intangible assets:

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which replaced existing Handbook Section 3062, Goodwill and Other Intangible Assets, and Handbook Section 3450, Research and Development. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The standard is effective for the Hospital's fiscal year commencing April 1, 2009. The Hospital does not believe adoption of this standard will have a material impact on its financial statements.

### 2. Comparative figures:

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

### 3. Short-term investments:

Short-term investments consists of term deposits with interest rates ranging from 2.50% to 3.75%. Investments are recorded at cost plus accrued interest. Fair values of these investments do not differ materially from recorded values.

### 4. Accounts receivable:

	2009	2008
Patients, agencies and others	\$ 76,095	\$ 46,503
GST rebates	48,991	28,343
Medical Services Plan	31,639	17,100
Other	-	215
	156,725	92,161
Less: provision for doubtful accounts	33,123	33,123
	\$ 123,602	\$ 59,038

### 5. Inventories of materials and supplies:

Inventories of materials and supplies are comprised of:

	2009	2008
Medical supplies	\$ 166,748	\$ 159,013
Pharmaceuticals	130,031	135,408
	\$ 296,779	\$ 294,421

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

### 6. Capital assets:

	Cost	Accumulated Depreciation	2009 Net book value	2008 Net book value
Buildings	\$ 6,531,147	\$ 5,014,964	\$ 1,516,183	\$ 1,844,718
Equipment	2,208,372	1,933,129	275,243	211,621
	\$ 8,739,519	\$ 6,948,093	\$ 1,791,426	\$ 2,056,339

### 7. Accounts payable and accrued liabilities:

	2009	2008
Salaries and benefits payable	\$ 152,286	\$ 55,001
Trade accounts payable and accrued liabilities	140,680	138,702
Accrued vacation payable	55,652	43,164
	\$ 348,618	\$ 236,867

### 8. Related party transactions:

The amount due to the VCHA of \$1,464,700 (2008 - \$447,757) is unsecured, non-interest bearing, and due on demand. The amount arises from payments made by the VCHA on behalf of the Hospital.

Included in administration and support expense is \$50,000 (2008 - \$50,000) paid to VCHA for financial support services. This transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 9. Employee 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 by 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 actuarial valuation as at December 31, 2006. The next required valuation will be as of December 31, 2009.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

### 9. Employee benefits (continued):

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

Information about employee retirement allowance benefits is as follows:

	2009	2008
Accrued benefit obligation	\$ 135,890	\$ 131,878
Unamortized amounts	-	-
Retirement allowance liabilities	135,890	131,878
Less: current portion of retirement allowance	5,596	13,250
Long-term portion of retirement allowance	\$ 130,294	\$ 118,628
Retirement allowance benefits paid	\$ -	\$ 21,584
Retirement allowance expense	\$ 17,262	\$ 20,715

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

	2009	2008
Accrued benefit obligation as at March 31:		
Discount rate	7.25%	5.50%
Rate of compensation increase	2.50%	3.25%
Benefit costs for years ended March 31:		
Discount rate	5.50%	5.50%
Rate of compensation increase	2.50%	3.25%

#### (b) Long-term disability:

The Hospital belongs to the Health Employers' Association of B.C. Healthcare Benefit Trust (the "Trust"), under a multi-employer defined benefit plan that covers group long-term disability, life, accidental death and dismemberment, extended health and dental claims for employees belonging to the Hospital Employees' Union, the British Columbia Nurses' Union, the International Union of Operating Engineers, the British Columbia Government and Service Employees' Union, the Canadian Union of Public Employees, the Health Sciences Association, the Professional Association of Residents and Interns, and certain non-unionized employees. The Trust is subject to actuarial valuation every year. At December 31, 2008, the Trust disclosed a \$260 million (December 31, 2007 - \$119 million) unfunded actuarial liability, relating to the entire Trust.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

### 9. Employee benefits (continued):

#### (b) Long-term disability (continued):

The Trust has implemented a Deficit Reduction Plan with the objective of returning the Trust to a 95% funded position by September 2012.

As a multi-employer plan, the actuary does not attribute the unfunded liability to individual employers. Consequently, the Hospital's share of this unfunded liability cannot be determined. Contributions to the Trust of approximately \$35,726 (2008 - \$37,703) were expensed during the year.

#### (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 *B.C. Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$152,346 (2008 - \$154,152) 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 at December 31, 2006 indicated a surplus of \$438 million. The actuary does not attribute portions of the surplus to individual employers. The Plan covers approximately 205,000 active employees, of which 28 are employees of the Hospital. The next expected valuation will be as of December 31, 2009.

### 10. 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.

	2009	2008
Deferred capital contributions, beginning of year	\$ 2,032,996	\$ 2,386,791
Capital contributions received or receivable	91,187	-
	2,124,183	2,386,791
Less: amortization for the year	359,140	353,795
Deferred capital contributions, end of year	\$ 1,765,043	\$ 2,032,996

Deferred capital contributions are comprised of the following:

	2009	2008
Contributions used to purchase capital assets	\$ 1,730,892	\$ 1,998,845
Unspent contributions	34,151	34,151
	\$ 1,765,043	\$ 2,032,996



# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

### 11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2009	2008
Capital assets	\$ 1,791,426	\$ 2,056,339
Amount financed by deferred capital contributions	(1,730,892)	(1,998,845)
	\$ 60,534	\$ 57,494

(b) Deficiency of revenue over expenses:

	2009	2008
Amortization of deferred capital contributions	\$ 359,140	\$ 353,795
Depreciation of capital assets	(363,876)	(357,271)
	\$ (4,736)	\$ (3,476)

(c) Transfer to invested in capital assets:

	2009	2008
Acquisition of capital assets	\$ 98,963	\$ 26,802
Amounts funded by deferred capital contribution	(91,187)	-
	\$ 7,776	\$ 26,802

### 12. Internally restricted for projects:

Prior to amalgamation with the Hospital during the year ended March 31, 2004, the RW Large Memorial Hospital Foundation (the "Foundation") provided funding to various user groups within the Foundation's catchment area. Funds were made available out of the Foundation's unrestricted net assets. Communities qualified for funding upon successful application to the Foundation's Board of Directors. The Foundation also provided funding to the Hospital for the purpose of purchasing capital equipment.

The balance of these funds at the time of amalgamation and as of March 31, 2009 was \$249,511 (2008 - \$249,511). Communities may qualify for funding upon successful application to the Hospital's Board of Directors.

# RW LARGE MEMORIAL HOSPITAL

## Notes to Financial Statements

Year Ended March 31, 2009, with comparative figures for 2008

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### 13. Capital management:

The Hospital receives its principal source of capital through funding received from the Ministry of Health via the VCHA. The Hospital defines capital to be net assets and deferred capital contributions. The Hospital's objectives when managing financial assets are to ensure sufficient resources are available to service its patients and community.

The Hospital plans to achieve these objectives by focusing on cost control, investing excess funds, adjusting the asset mix of investments as necessary and by relying on contributions to fund operations.

Except for contributions restricted for the purchase of capital assets, there are no external restrictions on capital. Internal restrictions have been imposed as described in note 12.

### 14. Statement of cash flows:

During the year, the Hospital earned interest of \$18,655 (2008 - \$18,647).

### 15. Commitment:

Equipment lease

The Hospital is committed to minimum payments for equipment aggregating approximately \$12,568 over the term of a lease expiring in 2012. Commitments in each of the next three years are approximately as follows:

2010	\$5,356
2011	\$5,356
2012	\$1,856