Financial Statements of

MOUNT ST. MARY HOSPITAL

(Owned and Operated by the Marie Esther Society)

Year Ended March 31, 2013

DICKSON
DUSANJ
& WIRK

CHARTERED
ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: The Members of the Marie Esther Society

Report on Financial Statements

We have audited the statement of financial position of Mount St. Mary Hospital (the "Hospital") as at March 31, 2013 and the statements of operations, changes in net financial debt, remeasurement gains and losses and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines is necessary to enable the preparation of financial statement 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 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 judgement, 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, these financial statements present fairly, in all material respects, the financial position of the Mount St. Mary Hospital as at March 31, 2013 and the results of its operations, changes in net financial debt, remeasurement gains and losses and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Dickson Dusanj & Wirk

Victoria, B.C.
June 27, 2013

Chartered Accountants

MOUNT ST. MARY HOSPITAL

(Owned and Operated by the Marie Esther Society)

Statement of Financial Position
(Amounts expressed in thousands of dollars)

March 31, 2013, with comparative figures for March 31, 2012 and April 1, 2011

	March 31, 2013 $	**March 31, 2012 $**	**April 1, 2011 $**
		(note 2)	(note 2)
Financial assets			
Cash and cash equivalents (note 4)	2,082	2,449	2,761
Portfolio investments (note 5)	986	976	332
Accounts receivable	171	48	114
Loans receivable (note 6)	201	169	174
	3,440	3,642	3,381
Liabilities			
Accounts payable and accrued liabilities	838	1,227	1,046
Vacation	511	483	470
Sick and severence (note 8)	1,209	1,158	1,152
Deferred operating contributions (note 9)	223	268	265
Deferred capital contributions (note 10)	24,661	25,718	26,758
	27,442	28,854	29,691
Net financial debt	(24,002)	(25,212)	(26,310)
Non-financial assets			
Tangible capital assets (note 7)	27,409	28,641	29,828
Inventories held for use	54	55	53
Prepaid expenses	87	94	40
	27,550	28,790	29,921
Accumulated surplus	3,548	3,578	3,611
Accumulated surplus is comprised of:			
Accumulated operating surplus	3,532	3,578	3,611
Accumulated remeasurement gains	16	-	-
	3,548	3,578	3,611

Contingent liabiilty (note 13)

The accompanying notes are an integral part of these financial statements.

MOUNT ST. MARY HOSPITAL

(Owned and Operated by the Marie Esther Society)

Statement of Operations and Accumulated Operating Surplus
(Amounts expressed in thousands of dollars)

Year ended March 31, 2013, with comparative figures for 2012

	Budget	**2013**	**2012**
	$	**$**	**$**
	(note 1(i))		(note 2)
Revenues:			
Ministry of Health contributions	10,703	10,961	10,907
Patients, clients and residents	4,225	3,973	3,908
Amortization of deferred capital contributions (note 10)	1,360	1,359	1,358
Other revenue (note 11)	226	209	212
Other contributions	220	85	87
Investment income	-	29	1
	16,734	16,616	16,473
Expenses:			
Residential care (note 11)	16,734	16,662	16,506
Annual operating deficit	-	(46)	(33)
Accumulated operating surplus at beginning of year	3,519	3,578	3,611
Accumulated operating surplus at end of year	3,519	3,532	3,578

The accompanying notes are an integral part of these financial statements.

MOUNT ST. MARY HOSPITAL
(Owned and Operated by the Marie Esther Society)

Statement of Changes in Net Financial Debt
(Amounts expressed in thousands of dollars)

Year ended March 31, 2013, with comparative figures for 2012

	Budget	**2013**	**2012**
	$	**$**	**$**
	(note 1(i))		
Annual operating deficit	-	(46)	(33)
Acquisition of tangible capital assets	(305)	(128)	(168)
Amortization of tangible capital assets	1,360	1,359	1,356
	1,055	1,231	1,188
Acquisition of inventories held for use	(300)	(281)	(338)
Acquisition of prepaid expenses	(120)	(122)	(113)
Consumption of inventories held for use	300	282	337
Use of prepaid expenses	120	129	58
	-	8	(56)
Effect of measurement gains and losses	-	16	-
Increase in net financial debt	1,055	1,209	1,099
Net financial debt, beginning of year	(25,211)	(25,211)	(26,310)
Net financial debt, end of year	(24,156)	(24,002)	(25,211)

The accompanying notes are an integral part of these financial statements.

MOUNT ST. MARY HOSPITAL

(Owned and Operated by the Marie Esther Society)

Statement of Remeasurement Gains and Losses
(Amounts expressed in thousands of dollars)

Year ended March 31, 2013

	2013
	$
Accumulated remeasurement gains, beginning of year	-
Unrealized gains attributable to:	
Portfolio investments	16
Net remeasurement gains for the year	16
Accumulated remeasurement gains, end of year	16

The accompanying notes are an integral part of these financial statements.

MOUNT ST. MARY HOSPITAL

(Owned and Operated by the Marie Esther Society)

Statement of Cash Flows
(Amounts expressed in thousands of dollars)

Year ended March 31, 2013, with comparative figures for 2012

	2013	**2012**
	$	**$**
		(note 2)
Cash flows from (used in) operating activities:		
Annual operating deficit	(46)	(33)
Items not involving cash:		
Amortization of deferred capital contributions	(1,359)	(1,358)
Amortization of tangible capital assets	1,359	1,356
Retirement allowance expense	147	143
	101	108
Net change in non-cash operating items	(474)	204
Net change in cash from operating activities	(373)	312
Capital activities:		
Acquisition of tangible capital assets	(128)	(168)
Net change in cash from capital activities	(128)	(168)
Investing activities:		
Proceeds from disposals and redemptions of investments	6	(644)
Proceeds from loans and advances	-	5
Repayment of loans and advances	(32)	-
Net change in cash from investing activities	(26)	(639)
Financing activities:		
Retirement allowance benefits paid	(97)	(137)
Capital contributions	257	320
Net change in cash from financing activities	160	183
Decrease in cash and cash equivalents	(367)	(312)
Cash and cash equivalents, beginning of year	2,449	2,761
Cash and cash equivalents, end of year	2,082	2,449

The accompanying notes are an integral part of these financial statements.

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1. Purpose

Mount St. Mary Hospital (the "Hospital") is a residential care facility providing complex care. Founded by the Sisters of St. Ann, the Hospital is owned and operated by the Marie Esther Society, and is directed by a Board of Directors appointed by the Marie Esther Society. The Hospital was incorporated under the Society Act of British Columbia October 19, 1990 as a not-for-profit organization and is a registered charity exempt from tax under the Income Tax Act.

2. Significant accounting policies

(a) Basis of accounting:

The financial statements are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB") as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, except in regard to the accounting for restricted contributions which is based on the Restricted Contributions Regulation 198/2011 and as advised by the Office of the Comptroller General of British Columbia ("OCG").

Further direction has been provided by the Province of British Columbia Treasury Board ("Treasury Board") through Government Organization Accounting Standards Regulation 257/2010, requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt PSAS without any PS 4200 elections from their first fiscal year commencing after January 1, 2012.

In November 2011, Treasury Board through Restricted Contributions Regulation 198/2011 provided direction for the reporting of restricted contributions whether they are received or receivable by the Hospital before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in note 2(f). The impact of accounting for restricted contributions in accordance with Restricted Contributions Regulation 198/2011 is disclosed in note 15.

Further, the OCG provided direction in memorandum ref 250955 on the treatment of financial instruments, pension plans and employee future benefits. The OCG direction requires the Hospital:

(i) to implement PS 3450, *Financial Instruments* as at April 1, 2012;
(ii) to apply the discount rate for pensions plans and/or employee future benefits at the next valuation date or within three years of transition to PSAS, whichever is sooner according to PS 2125, *First-time Adoption by Government Organizations*.

These financial statements have been prepared in accordance with the financial reporting framework ("the framework") described above.

2. Significant accounting policies (continued)

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(c) Portfolio investments:

Portfolio investments include banker's acceptances, treasury bills, equities and bonds and are recorded at cost adjusted for any write-downs. Transaction costs are recorded using the effective interest rate method.

Write-downs of investments are recognized when the loss in value is determined to be other-than-temporary. Write-downs are not reversed in the future if circumstances change.

(d) Employee benefits:

(i) Defined benefit obligations, including multiple employer benefit plans:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple employer defined long-term disability benefits plans 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). Plan assets are measured at fair value.

The discount rate used to measure obligation is based on the cost of borrowing. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan change is implemented.

(ii) Defined contribution plans and multi-employer benefit plans:

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

(iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees, which do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

2. Significant accounting policies (continued)

(iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Hospital to pay benefits occurs.

(e) Non-financial assets:

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Costs include overhead directly attributable to construction and development.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	20 - 35 years
Furniture and equipment	5 – 10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Hospital's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of tangible capital assets are recorded in the statement of operations. Write downs are not subsequently reversed.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value

(f) Revenue recognition:

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

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

Under the framework described in note 1(a), externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

2. Significant accounting policies (continued)

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services, are considered to be deferred capital contributions and are amortized to revenue at the same rate as the amortization of the associated tangible capital asset. The amortization of the deferred capital contributions is recognized over the period in which the tangible capital asset is providing services. If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

(ii) Contributions externally restricted for specific purposes other than for the acquisition or development of a depreciable tangible capital asset are recorded as deferred operating contributions, or deferred research and designated contributions, and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met by the Hospital.

Volunteers contribute a significant amount of their time each year to assist the Hospital in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed 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.

Contributions for the acquisition of land, or the contribution of land, are recorded as revenue in the period of acquisition or transfer of title.

(g) 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 revenue and expenses during the reporting period.

Significant areas requiring the use of estimates include the estimated useful lives of tangible capital assets, contingent liabilities, fair value of designated financial instruments, and the future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

2. Significant accounting policies (continued)

(h) Financial instruments:

Upon inception and subsequent to initial recognition, derivatives, equity instruments quoted in an active market and any designated financial instruments are measured at fair value. Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.
All other financial assets and financial liabilities are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at amortized cost less any amount for valuation allowance. Portfolio investments, other than equity investments quoted in an active market, are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. All debt and other financial liabilities are recorded using cost or amortized cost.

Financial instruments measured at fair value are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3	Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of re-measurement gains and losses and recognized in the statement of operations.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs for financial instruments measured at fair value are expensed. A financial liability or its part is derecognized when it is extinguished.

2. Significant accounting policies (continued)

The Hospital applied requirements of PS 3450, *Financial Instruments* effective April 1, 2012, in the same period as it adopted Public Sector Accounting Standards for the first time. Accordingly, PS 3450 was not applied retroactively. Comparative amounts for financial instruments are presented in accordance with the accounting policies applied by the Hospital immediately preceding its adoption of Public Sector Accounting Standards.

(i) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Hospital's Fiscal 2012/2013 Budget approved by the Board of Directors on October 25, 2012 and published in the Hospital's Service Plan. The budget is reflected in the statement of operations and accumulated operating surplus and the statement of changes in net financial assets (net debt).

Budget figures have not been audited, and are presented only for information purposes.

3. Adoption of new accounting framework

Effective April 1, 2012, the Hospital has adopted the framework described in note 2. These financial statements are the first financial statements for which the Hospital has applied the framework. Previously, the Hospital's financial statements were prepared in accordance with Part V of Canadian generally accepted accounting principles ("Part V Canadian GAAP").

Subject to certain transitional elections disclosed below and the adoption of PS 3450, *Financial Instruments*, the Hospital has consistently applied the same accounting policies in its statement of financial position as at April 1, 2011, the date of transition to the framework, and throughout as if these policies had always been in effect.

The impact of the conversion to the framework on the accumulated operating surplus (deficit) at the date on transition and the comparative balances is presented below. These accounting changes have been applied retroactively with restatement of prior periods, except for the exemptions from retroactive application described below.

(a) The Hospital has elected to use the following exemptions allowed upon first-time adoption:

(i) Retirement and post-employment benefits – cumulative unamortized gains and losses on transition:

The Hospital has elected to recognize all cumulative actuarial gains and losses from inception to the date of transition directly to accumulated operating surplus (deficit). This election has been applied to all plans.

(Tabular amounts are expressed in thousands of dollars)

3. Adoption of new accounting framework (continued)

The impact of the conversion to the framework is presented below.

Statements of financial position:

	March 31, 2012			
	Part V Canadian GAAP $	Prior year adjustments $	Current year adjustments $	New accounting framework $
Financial Liabilities				
Sick and severance	1,157	(56)	58	1,159

	April 1, 2012		
	Part V Canadian GAAP $	Adjustments $	New accounting framework $
Financial Liabilities			
Sick and severance	1,208	(56)	1,152

Statement of operations:

	March 31, 2012		
	Part V Canadian GAAP $	Adjustments $	New accounting framework $
Expenses			
Residential care	16,448	58	16,506

Statement of cash flow:

The adoption of new financial reporting framework has had no impact on the net cash flows of the Hospital. Interest income and interest expense are now separately presented as part of cash flows from operations. The framework requires separate presentation of cash flows from tangible capital assets, which were previously presented as part of investing activities.

(Tabular amounts are expressed in thousands of dollars)

3. Adoption of new accounting framework (continued)

Accumulated operating surplus (deficit):

	March 31, 2012 **$**	**April 1, 2011** **$**
Accumulated operating surplus, as previously reported	3,580	3,555
New accounting framework adjustments:		
Retirement and post-employment benefits – change in discount rate applied	(378)	(320)
Retirement and post-employment benefits - cumulative unamortized gains and losses on transition	376	376
Accumulated operating surplus, as restated	3,578	3,611

4. Cash and short-term investments

Cash and short-term investments is comprised of the following:

	March 31, 2013 **$**	**March 31, 2012** **$**
Cash	1,556	1,969
Short-term investments	526	480
	2,082	2,449

5. Investments

Investments are comprised of the following:

	March 31, 2013 **$**	**March 31, 2012** **$**
Bonds	101	552
Equities	885	424
	986	976

(Tabular amounts are expressed in thousands of dollars)

6. Due from Mount. St. Mary Foundation

In 2005, the Hospital Board of Directors approved a loan of up to $200,000, to the Mount St. Mary Foundation. The loan is non-interest bearing and without specific repayment terms.

7. Tangible capital assets

Cost

	March 31, 2011 $	Additions $	March 31, 2012 $	Additions $	March 31, 2013 $
Land	3,740	-	3,740	-	3,740
Building	32,598	-	32,598	-	32,598
Equipment	4,384	168	4,552	128	4,680
	40,722	168	40,890	128	41,018

Accumulated Amortization

	March 31, 2011 $	Amortization $	March 31, 2012 $	Amortization $	March 31, 2013 $
Building	7,538	947	8,485	946	9,431
Equipment	3,356	409	3,764	413	4,178
	10,894	1,356	12,249	1,359	13,609

Net Book Value

	March 31, 2011 $	March 31, 2012 $	March 31, 2013 $
Land	3,740	3,740	3,740
Building	25,060	24,113	23,167
Equipment	1,028	788	502
	29,828	28,641	27,409

(Tabular amounts are expressed in thousands of dollars)

8. Employee future benefits

(a) Accrued Sick and Severance Pay

Under the terms of the employer's union contracts, employees with ten years of service and having reached a certain age are entitled to receive special payments upon retirement (or other circumstances specified in the collective agreement). These payments are based upon accumulated sick leave credits and entitlements for each year of service. The liability for amounts which may become payable to retiring employees has been estimated by independent actuarial valuation as at March 31, 2013, using an early measurement date of December 31, 2012.

The accumulated benefit obligation for sick leave and severance benefits as at March 31, 2013 are as follows:

	2013 **$**	**2012** **$**	**2011** **$**
		(Restated – Note 2)	(Restated – Note 2)
Accrued benefit obligation:			
Sick leave benefits	517	523	515
Severance benefits	619	636	637
Total unfunded obligation	1,136	1,159	1,152

The accrued benefit obligation for the retirement allowance reported on the statement of financial position is as follows:

	2013 **$**	**2012** **$**
		(Restated – Note 2)
Balance, beginning of year	1,159	1,152
Current service cost	91	85
Change to benefits plan	4	
Interest expense	52	58
Net benefit expense	147	143
Benefits paid	(97)	(136)
Balance, end of year	1,209	1,159

(Tabular amounts are expressed in thousands of dollars)

8. Employee future benefits (continued)

The significant actuarial assumptions adopted in measuring the Hospital's accrued sick and severance liabilities are as follows:

	2013	**2012**
Accrued benefit obligation as at March 31:		
Discount rate	4.41%	4.44%
Rate of compensation increase	2.50%	2.50%
Benefit costs for the years ended March 31		
Discount rate	4.41%	4.44%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increase	2.00%	2.00%

(b) 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 $698,014 (2012 - $731,842) were expensed during the year.

(c) Employee Healthcare Benefits

The Hospital contributes to the Healthcare Benefit Trust and BC Health Services multi-employer plans for group life insurance, accidental death and dismemberment, extended health and dental, and long-term disability benefits for employees. Employer contributions to the Healthcare Benefit Trust of $1,051,608 (2012 - $1,036,294) and to BC Health Services of $64,567 (2012 - $61,062) were expensed during the year.

9. Deferred contributions

Deferred contributions represent unspent resources externally restricted for special programs. These programs include implementation of the resident assessment instrument, InterRAI MDS v2.0, additional staff training to enhance resident care, music therapy, pet therapy, gardens, pastoral care and resident activities. Changes in deferred contributions balance are as follows:

	2013 **$**	**2012** **$**
Balance, beginning of year	268	265
Donations received	40	90
Amounts recognized as revenue in the year	(85)	(87)
Balance, end of year	223	268

(Tabular amounts are expressed in thousands of dollars)

10. Deferred capital contributions

Deferred capital contributions related to property and equipment represent the unamortized amount and unspent amount of grants and donations received for the purchase of property and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2013 $	2012 $
Balance, beginning of year	25,718	26,759
Capital funding	302	317
Amounts recognized as revenue in the year	(1,359)	(1,358)
Balance, end of year	24,661	25,718

The balance of unamortized capital contributions related to property and equipment consists of the following:

	2013 $	2012 $
Unamortized capital contribution used to purchase property and equipment	23,670	24,907
Unspent contributions	991	811
Balance, end of year	24,661	25,718

11. Statement of operations

Other revenue is comprised of the following:

	2013 $	2012 $
Cafeteria	62	67
Resident services	59	51
Parking fees	54	52
Community bathing	4	4
Other	30	38
	209	212

(Tabular amounts are expressed in thousands of dollars)

11. Statement of operations (continued)

Residential care is comprised of the following:

	2013 $	2012 $
Salaries, wages and benefits	12,954	12,751
Amortization of property and equipment	1,359	1,356
Supplies	1,014	932
Laundry and other purchased services	524	610
Pharmacy costs	371	388
Utilities	254	273
Special programs	89	87
Premises	55	49
Sundry	42	60
	16,662	16,506

12. Risk management

At March 31, 2013, the estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximated their respective carrying values due to their short-term nature.

Short-term investments are recorded at market value based on quoted market prices at the statement of financial position date. Any unrealized gains and losses arising from the adjustment to market value are recognized in the statement of operations for the current period.

The estimated fair market value of accrued vacation pay approximates its carrying value.

The estimated fair value of accrued sick and severance pay approximates its carrying value as determined by actuarial valuation.

Unless otherwise noted, it is management's opinion that the Hospital is not exposed to significant interest, currency or credit risks arising from the financial instruments.

13. Contingent liability

The nature of the Hospital's activities is such that there may be litigation pending or in progress at any time. Any outstanding claims at March 31, 2013 are not expected to have a material effect on the Hospital's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for in the financial statements based on management's best estimate of the ultimate settlement. No contingencies have been recorded in the year (2012: $0).

(Tabular amounts are expressed in thousands of dollars)

14. Residents' Trust Funds

	2013 **$**	**2012** **$**
Residents' funds held in trust	38,495	30,407

The residents' funds held in trust are not included in the accompanying financial statements.

15. Impact of accounting for restricted contributions in accordance with Section 23.1 of the Budget Transparency and Accountability Act:

As disclosed in the significant accounting policies note 2, Restricted Contributions Regulation 198/2011 requires the Hospital to recognize revenue from restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset on the same basis as the related amortization expense of the tangible capital asset. As these transfers do not contain stipulations or restrictions creating a liability over the term of the expected useful life of a related capital tangible assets, PSAS would require these contributions to be recognized in revenue as a tangible capital asset is acquired or development and construction of a tangible capital asset is complete.

The impact of the departure from PSAS on the financial statements of the Hospital is as follows:

As at April 1, 2011	
Increase in accumulated operating surplus	$26,758
Decrease in deferred capital contribution	$26,758
For the year ended March 31, 2012	
Decrease in operating surplus	$1,040
As at March 31, 2012	
Increase in accumulated operating surplus	$25,718
Decrease in deferred capital contribution	$25,718
For the year ended March 31, 2013	
Decrease in operating surplus	$1,057
As at March 31, 2012	
Increase in accumulated operating surplus	$24,661
Decrease in deferred capital contribution	$24,661