
REPORT OF THE ANNUAL
FINANCIAL AFFAIRS
YEAR ENDED MARCH 31, 2012

**KINGSTON GENERAL HOSPITAL
Report of the Annual Financial Affairs
For the year ended March 31, 2012**

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KINGSTON GENERAL HOSPITAL

Management Discussion and Analysis (unaudited) For the year ended March 31, 2012

As management of Kingston General Hospital (KGH), we offer readers of the hospital's financial statements this narrative overview and financial analysis of the hospital operations for the fiscal year ended March 31, 2012 to assist with your review. We encourage readers to consider the information presented here in conjunction with the audited financial statements and the accompanying notes to the statements.

It is the responsibility of management for the existence of appropriate information systems, procedures and controls to ensure that information is complete and reliable. This is done under the oversight of the Board of Directors and the Audit Committee of the hospital.

Overview

March 31, 2012 marked the completion of the Performance Improvement Plan which the Kingston General Hospital (KGH) embarked upon subsequent to the Investigators' Report in June 2008. It also was a year in which several business development opportunities provided new sources of revenue generation which augmented operational efficiency activities. Investment in capital expenditures increased. The overall fiscal health of the organization continued to improve. The hospital maintained its focus on performance management and the delivery of positive measurable results in alignment with its strategic plan. Management, staff, physicians, and volunteers of KGH all contributed to the positive results of fiscal 2012.

KGH began fiscal 2012 with a balanced operating budget and ended the year with a total surplus of revenue over expenses of \$23 million, including the impact of building amortization. This surplus position includes recovery of approximately \$7 million of costs expended in prior fiscal years. Unplanned revenue sources contributed another \$2 million. Lower than budgeted operational costs and early adoption of budget plans for the next fiscal year accounted for approximately \$7 million. At the same time, new volumes funded by PCOP allocations were achieved by the hospital. Lower than planned amortization expense, due to delays in facilitating capital asset expenditures, accounted for the remaining surplus,

The financial achievements of the past three years provide a stronger fiscal foundation from which the hospital can approach the next three years of planned changes in the hospital funding model to be delivered under the Ontario Government's Health System Funding Reform (HSFR).

Financial Analysis of the Hospital

Increases or decreases in the hospital's Net Assets are one indicator of whether its financial health is improving or deteriorating

Kingston General Hospital's total liabilities exceeded its total assets by \$23 million at the close of 2012 fiscal year, a significant improvement from the prior year level of \$45.9 million.

KINGSTON GENERAL HOSPITAL Statement of Change in Net Assets (Deficiency) For the year ended March 31, 2011 (000's)

	Unrestricted	Invested in Capital Assets	2012	2011
Balance, beginning of year	(\$79,622)	\$33,706	(\$45,916)	(\$54,091)
Excess of expenses over revenues	30,824	(7,828)	22,996	8,129
Net change in investment in capital assets	1,281	(1,281)	-	-
Net change in fair value of other investments	(38)	-	(38)	46
Balance, end of year	(47,555)	24,597	(22,958)	(45,916)

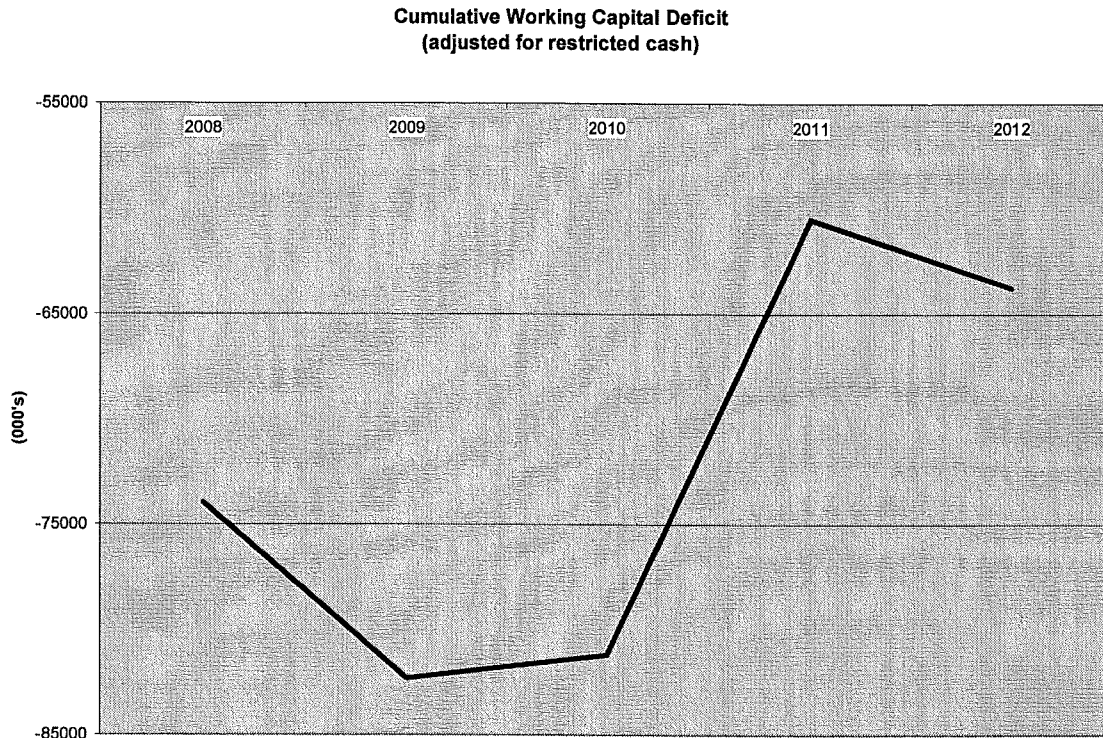
The primary reason for the increase in net assets during the fiscal 2012 year is the hospital achieving a total surplus of \$23 million. The hospital did purchase \$168.5 million of capital assets during fiscal 2012; and the majority of investment was funded through deferred contributions. Refer to note 5 in the accompanying Notes to Financial Statements for the details of the net change in net assets attributable to the investment in capital assets.

Working Capital

Total working capital at March 31, 2012 was \$2.0 million. While the \$31.4 million increase in the hospital's working capital position (defined as an excess of current assets over current liabilities) from the prior year indicates a positive trend, this calculation includes cash of \$65.7 million that cannot be used for operational working capital purposes; as this cash is held for capital expenditure or other restricted purposes.

The audited Statement of Cash Flows reflects the changes in the cash components of working capital. Changes in non-cash working capital items are detailed in note 14 of the accompanying Notes to Financial Statements.

Working capital position adjusted for restricted cash:



2008	(\$73,950K)	2010	(\$81,186K)	2012	(\$63,748K)
2009	(\$82,310K)	2011	(\$60,482K)		

The adjusted working capital deficit for fiscal 2012 increased \$3.3 million from 2011. At March 31st the hospital had increased liabilities for funds held on behalf of others, holdbacks on the major redevelopment project, and an increase in the current portion of long-term debt related to new financing undertaken in the fiscal year for the energy retrofit project.

The hospital did not draw upon the established operating line of credit during fiscal 2012. The South East Local Health Integration Network (SE-LHIN) continued to support the hospital by re-providing a \$40 million cash advance in April 2011. At the end of the year the cash advance was repaid and an equivalent amount of debt was facilitated to bridge the hospital into the start of the next fiscal year. The hospital was able to leverage the positive operating results from fiscal 2012 and utilize unrestricted cash to reduce the amount of the re-advance provided by the SE-LHIN in April 2012 to \$28 million; paying back the debt utilizing \$12 million of the operating surplus.

The 2010 Ontario Provincial Budget highlighted hospital working capital deficits and the existence of cash advances required by hospitals as an issue to be addressed. The 2011 Ontario Provincial Budget pledged \$600 million to \$800 million in additional cash flow to assist with working capital problems at the most seriously impacted hospitals. KGH did not meet the eligibility criteria for funding consideration in fiscal 2012 as it was still operating under the formal Performance Improvement Plan (PIP). Hospitals in a PIP were excluded from the process.

The Ministry of Health and Long-Term Care (MOHLTC) will be undertaking a data refresh utilizing fiscal 2012 financial information in the upcoming summer to inform working capital deficit funding decisions for fiscal 2013. As KGH has completed the formal PIP and paid down a significant portion of the cash advance, we are hopeful that our hospital will be considered for funding relief.

The hospital has invested \$5.7 million in March of 2012 to fund future long-term debt liabilities due in 2016/2017. This debt relates to infrastructure investments made in 2006/2007 that did not have associated dedicated funding. The Board has proactively approved the allocation of current funds to eliminate this debt rather than waiting to address it in future years when the debt obligation becomes due.

The increase in accounts payable and accrued liabilities on the Statement of Financial Position results primarily from outstanding amounts related to capital asset purchases and reconciled MOHLTC funded program expenditures. The decrease in accrued compensation is due to a difference in timing of the payment date for the last payroll period for the month of March. These are normal fluctuations resulting from planned activities.

Investment in Capital Assets

Kingston General Hospital has a significant backlog in capital investment that resulted from years of financial constraint and operating deficits prior to fiscal 2010. In fiscal 2010 the annual capital budget was limited to the amount of net amortization expense (a non-cash item included in the annual operating budget) less payment requirements of its current long-term debt obligations; \$3 million. In 2011, the KGH Board made a strategic decision to allocate the 2011 base funding increase of \$3.9M to investment in capital expenditures. The hospital was also successful in renegotiating existing long-term debt obligations which, when added to the base funding increase, increased the annual capital budget to \$9 million for 2011. In fiscal 2012 the hospital was able to increase the capacity for capital expenditure investment to \$12.3 million through finding operational efficiencies that permitted moving funding to support capital instead of operating costs. Transitional support from the Ministry of Health and Long-Term Care and the Southeast Local Health Integration Network has also assisted in addressing some of the hospital capital funding needs over the past three years. Our goal is to achieve an annual capital asset investment capacity of \$20 million by fiscal 2015 to provide for timely replacement of our capital base.

Additional funding for capital investment was also received from the Kingston General Hospital Foundation and the Kingston General Hospital Auxiliary (refer to note 15 in the accompanying Notes to Financial Statements).

Construction completed during the year on the major redevelopment Infrastructure Ontario \$196 million project. The majority of the funding required for this project was provided by the MOHLTC with the remainder being raised through the “Together We Can” campaign led by the University Hospitals Kingston Foundation. The project was completed in December 2011, five months ahead of schedule, and on budget.

During the fiscal year, the hospital accounted for the purchase of \$168.5 million of capital assets. Expenditures were split between the following categories:

Clinical and non-clinical equipment	\$ 6.7 million
Building systems and equipment	\$ 10.2 million
Information management systems	\$ 1.1 million
Redevelopment project	\$150.5 million

Long-term Debt

At the end of the year, KGH had \$18.3 million in debt outstanding. The debt balance has increased by \$6.7 million in fiscal 2013. \$7.8 million of new long-term debt was incurred in the year to support an energy retro-fit project. The payments on this debt are supported by a contractual guarantee of reductions in energy costs over the 15 year amortization period of the loan.

Operating Revenues

Kingston General Hospital is funded by the Province of Ontario in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care and the South East Local Health Integration Network.

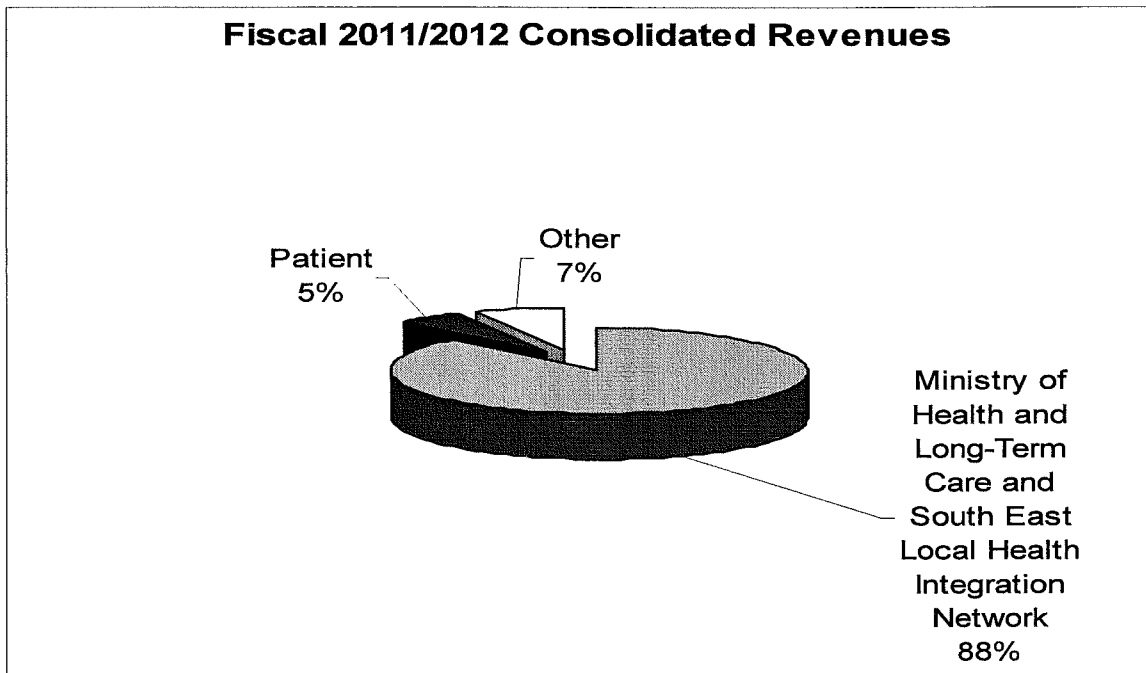
The hospital is required to execute the Hospital Services Accountability Agreement (H-SAA) with the SE-LHIN. This agreement sets out the rights and obligations of the two parties and performance expectations for the funding provided. If the hospital does not meet certain performance standards or obligations, the MOHLTC has the right to adjust some funding streams received by the Hospital. Given that the Ministry is not required to communicate funding adjustments until after the submission of year-end data, the amount of revenue recognized in these financial statements includes management’s best estimates of amounts that may become payable.

During fiscal year 2012 KGH derived 88% of its total operating revenue from the MOHTLC/SE-LHIN. These revenue sources increased 5.5% from the previous year. Inflationary increases to base funding totaled \$4.3 million (1.33%). The hospital directed the majority of this funding to increase the capacity for capital expenditures.

Post-construction operating funding (PCOP) received this year amount to \$11.4 million and supported new services and costs. The PCOP revenue provided operational and start-up funding for additional intensive care beds, the addition of three direct observation beds in the new acute inpatient mental health service and incremental ambulatory care volume for the Cancer Centre of Southeastern Ontario (approximately 14,000 visits). This funding also supports associated facilities costs for housekeeping, plant maintenance, and utilities.

The hospital also received a funding transfer of \$4.2 million to align with the opening of the new 42 bed inpatient mental health service program previously operated at Hotel Dieu hospital.

Included in other revenues is \$1.1 million of research revenue from the Kingston General Hospital Research Institute which is controlled by Kingston General Hospital. Other revenues includes approximately \$2 million of recovery of amounts expended in previous fiscal years related to the hospital's participation in the Ontario Hospital Association rebate program facilitated review by the Ministry of Revenue.

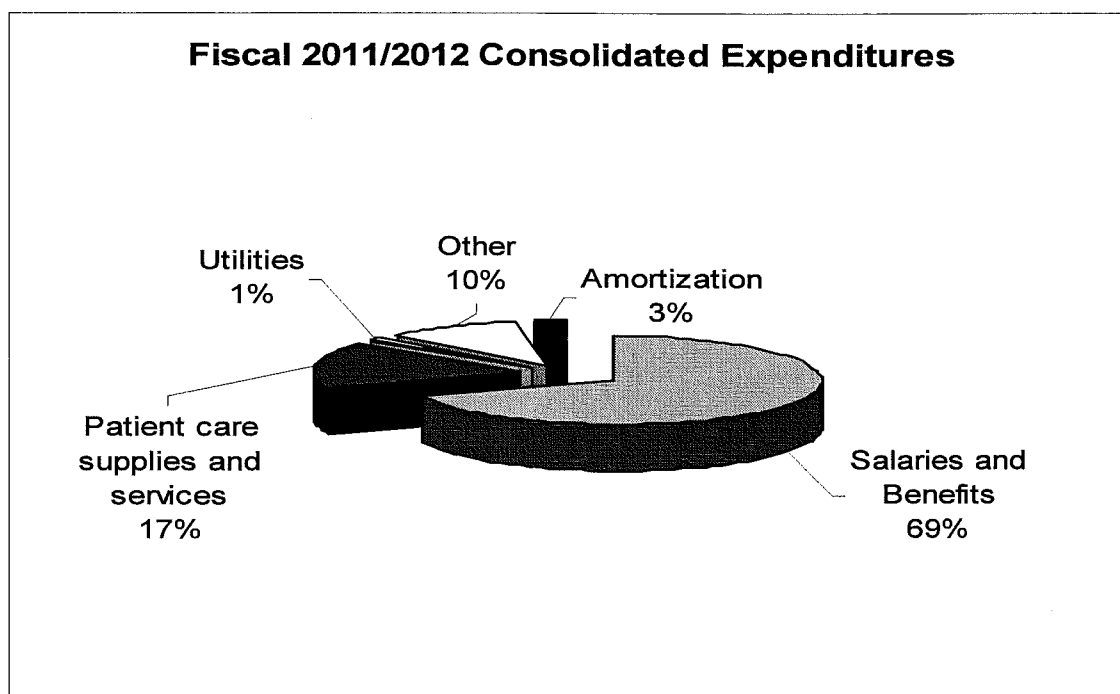


Revenues:	<u>\$000's</u>
Ministry of Health and Long-Term Care and South East Local Health Integration Network	\$376,641
Patient	22,800
Other	<u>30,218</u>
Total	\$429,659

Operating Expenditures

Salaries and benefits represent the most significant operating expense at KGH. These costs accounted for 69% of total operating costs in fiscal 2012. Expenditures in this category increased \$6.9 million or 2.5% over the previous fiscal year including the impact of inflationary increases or lump-sum payments required under negotiated union contracts. 91% of KGH staff are covered under union contracts. In alignment with the Public Sector Compensation Restraint to Protect Public Service Act, 2010, the hospital imposed a wage freeze on the compensation plans of all non-union employees which covered both fiscal 2011 and fiscal 2012.

Patient care supplies and services represent the next largest category of expenditures accounting for 17% of total operating expenditures last year. The increase over the prior year is due primarily to inflationary increases in medical and surgical supplies and drug costs.



Expenditures:	<u>\$000's</u>
Salaries and benefits	\$281,221
Patient care and supplies	67,847
Utilities	5,467
Other	42,929
Amortization	<u>10,610</u>
Total	\$408,074

Other expenditures were \$7.1 million higher in fiscal 2012 than fiscal 2011. Approximately \$3 million of this increase relates to minor equipment purchases associated with the major redevelopment project. Also included in other expenditures is \$1.5 million of expenses of the Kingston General Hospital Research Institute.

Operational Efficiency

There are two financial performance indicators included in the H-SAA. The current ratio is a measure of liquidity and is calculated by dividing current assets by current liabilities. A current ratio less than 1.0:1 could point to the hospital being at risk of not being able to meet its current commitments and having limited opportunity to invest in the future. The working capital surplus as at March 31, 2012 translates into a current ratio of 1.02:1 (if restricted cash is excluded the ratio is 0.46:1). The acceptable Ministry target for the unadjusted ratio is between 0.8:1 and 2.0:1.

The total margin percentage is the second financial performance indicator in the H-SAA. The total margin measures the hospital's ability to live within available resources during a specific operating fiscal year. The total margin percentage is calculated as operating surplus/ (deficit) divided by total operating revenue. The acceptable Ministry target for this indicator is 0% - 3%. KGH's total margin at March 31, 2012 was 6.03%. This positive result reflects both, significant non-recurring revenues received in the year, as well as KGH operating within planned resources

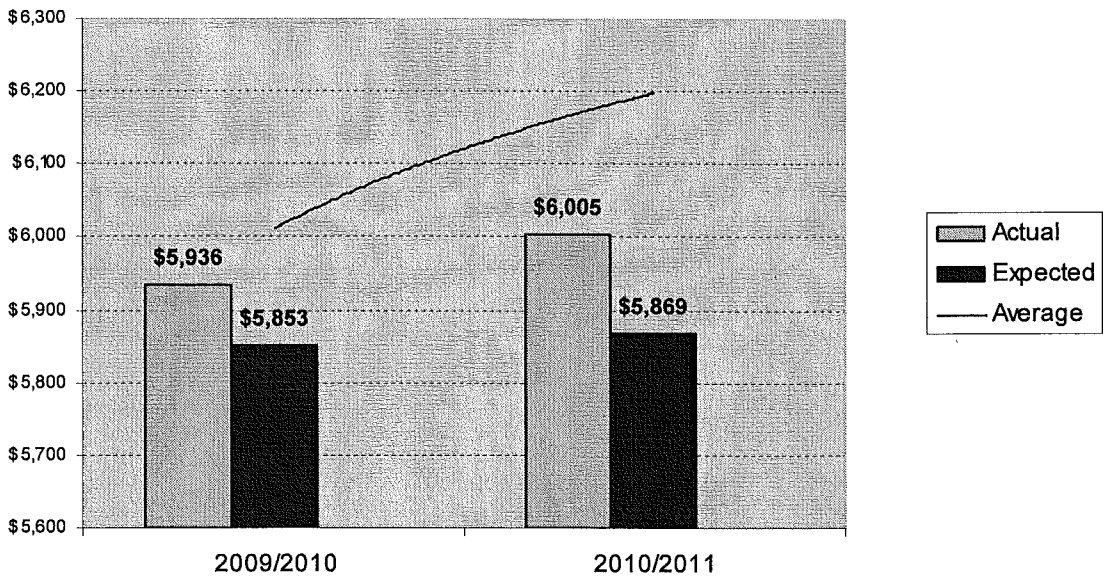
One of the key performance metrics of operational efficiency is the comparison between actual and expected costs. The following charts represent Kingston General Hospital's actual versus expected financial performance for the two categories of patient activity included in the current Health Based Allocation Methodology (HBAM), for the two fiscal years for which complete data is available.

For both years represented the hospital incurred actual costs for total in-patient and day surgery cases in excess of expected costs but below the cost of the Ontario teaching hospital average.

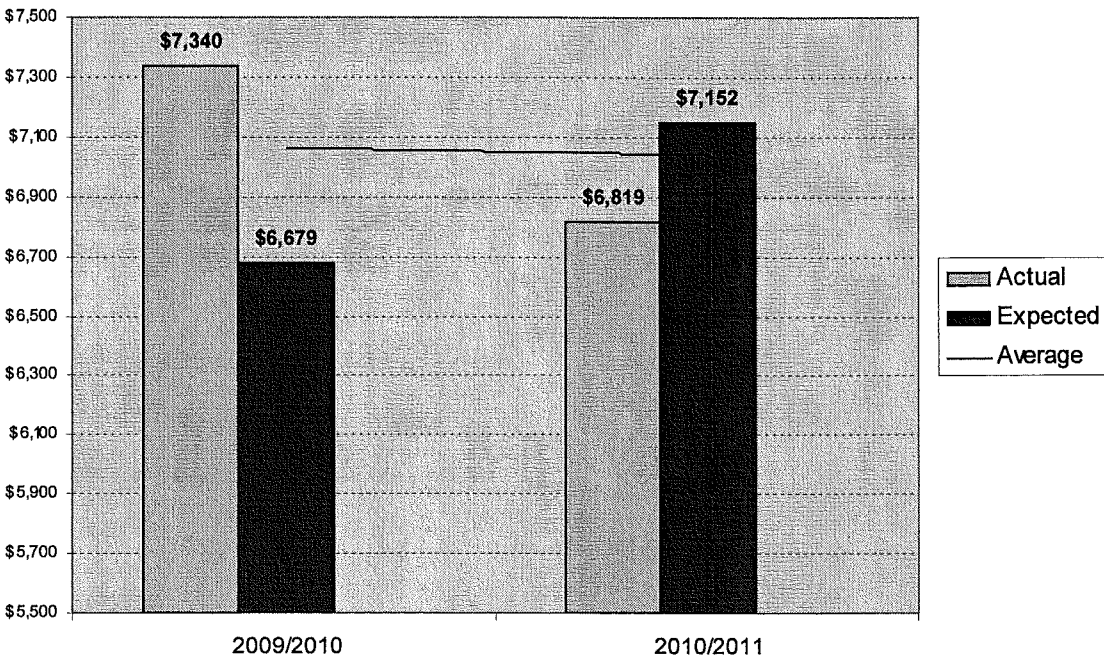
Utilizing the resources provided by the MOHLTC Pay-for-results program, the hospital was successful in decreasing the costs for an emergency department visit in 2011 to approximately 5% below the expected cost from the previous year position of approximately 10% in excess of the expected cost.

KGH is awaiting the release of the HBAM data for fiscal 2012 to engage in a detailed analysis to identify actions required to bring actual costs in alignment with expected costs, and to assess the impact to KGH relative to the new HSFR funding model.

Acute In-Patient & Day Surgery Actual Versus Expected Cost



Emergency Department Visits Actual Versus Expected Cost



Healthcare is a people business; KGH relies on many team members for the delivery of outstanding care to our patients. Turning our hospital into a positive, dynamic, healthy workforce is a top priority

KGH employed a total of 3,520 individuals as at March 31, 2012. This represents a 5% increase over the previous year. The percentage of staff employed fulltime was 69%. The workforce total increases to 3,931 when including medical residents.

Increases in patient activity volume related mainly to the transfer of the acute inpatient mental health service from Hotel Dieu allowed the organization to increase its staff complement during the year by 51 full-time equivalents (FTE's); (2012 - 2,648 FTE's, 2011 - 2,597 FTE's).

Outcomes

Patient activity volumes are a key cost driver in the organization. The following highlights changes in key statistical levels over the prior year.

	2012	2011
Admissions	20,927	19,484
Ambulatory Visits	152,920	153,839
Cancer Centre Visits*	73,505	70,286
Emergency Department Visits	51,922	49,329
Births	2,027	2,040
Operative Cases	9,116	8,765
Average Length of Stay*	6.82	7.34

* Estimated values

As it relates to the activity trends above the following are of note:

Admissions: Admissions have been steadily rising over the last fiscal years. This is in part due to the transfer of inpatient mental health form the Hotel Dieu Hospital (HDH) to KGH. With the PCOP funding there has also been an increase on admissions which is an intended consequence of that investment.

Ambulatory Visits: Ambulatory visits are down slightly from last year but remain relatively stable over the last three years. It is of note that roughly 45,000 ambulatory visits are slated to transfer to the HDH in the fall of 2012. Adjustments to this number are ongoing as plans are finalized.

Cancer Care Center Visits: Cancer Care Center Visits have notably increased from last year. This is mainly due to PCOP funding which is an intended consequence of that investment.

Emergency Department Visits: Emergency department (ED) visits have been steadily increasing over the last 3 years. The transfer of the inpatient mental health has certainly contributed to this increase, however, there has also been an overall increase in ED activity that was witnessed prior to the transfer. Variability in specialist coverage in regional ED's has contributed to this increase at KGH as well as greater demand from our local population. Tremendous improvements in ED patient flow are ongoing and have contributed to the KGH ED being able to increase throughput.

Births: Births remain stable over the three year period.

Operative Cases: There has been a notable increase in operative cases over the last fiscal year. This is primarily due to PCOP funding and which is an intended consequence of that investment.

Average Length of Stay: Average length of stay continues to steadily decrease. It is of note that as of Q3 fiscal 2012, KGH is 0.5 of a day below its expected length of stay. There has been a corporate wide focus on patient flow initiatives throughout the organization over the last couple of years. The use of LEAN principles in a continuous improvement environment has been instrumental in examining all dimensions of patient flow from admission to discharge and all activities in between. Decreased length of stay with increasing admissions is a clear indication of how effective these initiatives have been.

2012/13

Kingston General Hospital management support the Ministry of Health and Long-Term Care's move to patient based funding and the underlying principles of the Health System Funding Reform. The hospital has demonstrated its commitment to accountability and fiscal responsibility over the past several years since embarking upon the formal Performance Improvement Plan.

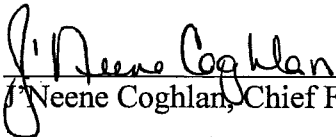
Sustaining the accomplishments achieved during this three-year period, KGH begins the fiscal 2013 year with a balanced operating budget. Inflationary cost pressures in compensation and operating costs and a reduction of .6% (\$1.8 million) to base funding due to the introduction of the new HSFR model have been offset with increased operational efficiency measures. This introduction of the new funding model will require the hospital to devote resources to perform detailed costing activities to assess gaps between actual operating costs by service activity and expected costs. The hospital will continue to pursue the strategies developed to address the working capital position of the organization and identify new sources of funding to support the ongoing requirements for the replacement of equipment, infrastructure, and information systems.

Summary

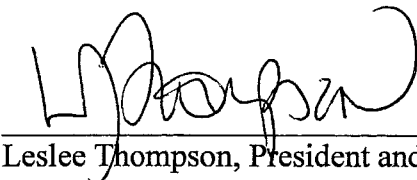
Fiscal 2012 marked the first time in sixteen years that Kingston General Hospital ended the year with a total working capital surplus and positive operating position. Continued emphasis on accountability and appropriate allocation of the fiscal resources entrusted to our management will allow the organization to deliver leading edge patient-centred care in a rapidly shifting health care landscape.

Financial Summary

\$ millions	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Operating Results					
Revenue	429.7	406.9	391.6	365.1	353.0
Expense	<u>(404.4)</u>	<u>(395.5)</u>	<u>(388.5)</u>	<u>(380.4)</u>	<u>(366.1)</u>
Excess/(Deficiency) of revenue over expenses - operations	25.3	11.4	3.1	(15.3)	(13.1)
Building Amortization					
Revenue	7.4	3.7	3.8	3.0	3.6
Expense	<u>(9.7)</u>	<u>(7.0)</u>	<u>(6.2)</u>	<u>(5.6)</u>	<u>(5.9)</u>
Deficiency of revenue over expenses - building amortization	<u>(2.3)</u>	<u>(3.3)</u>	<u>(2.4)</u>	<u>(2.6)</u>	<u>(2.3)</u>
Total surplus (deficit) position	<u>23.0</u>	<u>8.1</u>	<u>.7</u>	<u>(17.9)</u>	<u>(15.4)</u>


 Jim Neene Coghlan, Chief Financial Officer


 Jim Flett, Chief Operating Officer


 Leslee Thompson, President and Chief Executive Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Kingston General Hospital

We have audited the accompanying consolidated financial statements of Kingston General Hospital, which comprise the statement of financial position as at March 31, 2012, the consolidated statements of revenues and expenses, 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 Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kingston General Hospital as at March 31, 2012, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 29, 2012

Kingston, Canada

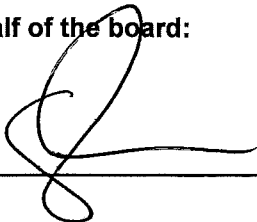
KINGSTON GENERAL HOSPITAL
Consolidated Statement of Financial Position

as at March 31, 2012
(000's)

	2012	2011
Assets		
Current assets		
Cash	\$ 23,277	\$ 17,170
Restricted cash	65,740	31,117
Accounts receivable	15,108	14,983
Due from Ministry of Health and Long-Term Care and South East Local Health Integration Network	6,776	8,781
Inventories	6,017	5,895
Other current assets	2,647	2,293
	119,565	80,239
Other investments (note 3)		
Restricted capital	-	64,081
Other	6,368	728
Investments in joint ventures (note 4)	9,501	9,344
Capital assets, net (note 5)	307,587	159,429
	\$ 443,021	\$ 313,821
Liabilities and Net Assets (Deficiency)		
Current liabilities		
Short term borrowings (note 8)	\$ 40,000	\$ 40,000
Accounts payable and accrued liabilities	52,042	39,579
Accrued compensation	19,609	25,559
Note payable - KGH Auxiliary (note 15)	500	700
Gift annuities (note 6)	110	110
Agency obligations (note 7)	3,777	2,619
Current portion of long-term debt (note 8)	1,535	1,037
	117,573	109,604
Long-term debt (note 8)	16,725	10,497
Employee future benefits (note 9)	19,063	17,621
Interest rate swaps (note 8)	733	(136)
Deferred contributions (note 10, 11 and 12)	311,885	222,151
Net assets (deficiency)		
Invested in capital assets (note 5)	24,597	33,706
Unrestricted	(47,555)	(79,622)
	(22,958)	(45,916)
Commitments (note 13)		
Contingencies (notes 16, 17 and 18)		
	\$ 443,021	\$ 313,821

See accompanying notes.

On behalf of the board:



Member



Member

KINGSTON GENERAL HOSPITAL
Consolidated Statement of Revenues and Expenses

for the year ended March 31, 2012
(000's)

	2012	2011
Revenues		
Inpatients		
Ministry of Health and Long-Term Care and South East Local Health Integration Network	\$ 338,584	\$ 322,801
Other	9,484	7,784
Outpatients	13,306	12,422
Clinical education and other programs	38,057	34,176
Marketed services	4,416	5,661
Recoveries and other revenue	18,942	18,194
Investment income	662	215
Research	1,128	-
Amortization of deferred capital contributions-major equipment	5,080	5,484
Total revenues	429,659	406,737
Expenses		
Salaries and benefits	281,221	274,290
Patient care supplies and services	67,847	67,601
Utilities	5,467	4,789
Interest	827	1,081
General	40,527	35,829
Research	1,575	-
Amortization of major equipment	10,610	11,563
Total expenses	408,074	395,153
Surplus of revenue over expenses before the undernoted item	21,585	11,584
Unrealized gain (loss) on interest rate swaps	(869)	136
Bad debts recovery (expense)	4,578	(325)
Surplus of revenues over expenses before building amortization	25,294	11,395
Amortization of deferred capital contributions-building and land improvements	7,424	3,708
Amortization of building and land improvements	(9,722)	(6,974)
Surplus of revenues over expenses	\$ 22,996	\$ 8,129

See accompanying notes.

KINGSTON GENERAL HOSPITAL
Consolidated Statement of Changes in Net Assets (Deficiency)

for the year ended March 31, 2012
(000's)

	Unrestricted	Invested in Capital Assets	Total	
			2012	2011
Balance, beginning of year	\$ (79,622)	\$ 33,706	\$ (45,916)	\$ (54,091)
Surplus (deficiency) of expenses over revenues (note 5)	30,824	(7,828)	22,996	8,129
Net change in investment in capital assets (note 5)	1,281	(1,281)	-	-
Net change in fair value of other investments	(38)		(38)	46
Balance, end of year	\$ (47,555)	\$ 24,597	\$ (22,958)	\$ (45,916)

See accompanying notes.

KINGSTON GENERAL HOSPITAL
Consolidated Statement of Cash Flows

for the year ended March 31, 2012
(000's)

	Total	
	2012	2011
Operating activities		
Surplus of revenues over expenses	\$ 22,996	\$ 8,129
Add (deduct) non-cash items		
Amortization of capital assets	20,332	18,537
Amortization of deferred capital contributions	(12,504)	(9,192)
Change in fair value of other investments	(38)	46
Unrealized loss/(gain) on interest rate swaps	869	(136)
Loss on disposition of capital assets	-	14
Change in non-cash working capital balances (note 14)	9,075	(5,204)
Increase in employee future benefits	1,442	1,594
Increase (decrease) in deferred contributions	2,378	1,429
	44,550	15,217
Financing activities		
Increase in deferred capital contributions	99,860	32,724
Issuance of long-term debt	7,800	3,351
Repayment of long-term debt	(1,074)	(4,325)
Note payable - KGH Auxiliary	(200)	150
	106,386	31,900
Investing activities		
Purchase of capital assets	(168,490)	(19,399)
Redemption (purchase) of investments	58,441	(11,080)
Decrease in investments in joint ventures	(157)	150
	(110,206)	(30,329)
Increase in cash during the year	40,730	16,788
Cash, beginning of year	8,287	(8,501)
Cash, end of year	\$ 49,017	\$ 8,287

Cash, end of year is represented by:

Cash	\$ 23,277	\$ 17,170
Restricted cash	65,740	31,117
Short term borrowings	(40,000)	(40,000)
	\$ 49,017	\$ 8,287

See accompanying notes.

KINGSTON GENERAL HOSPITAL
Notes to Consolidated Financial Statements

For the year ended March 31, 2012
(\$000's)

1. Nature of Operations

Kingston General Hospital (the "Hospital") provides a range of patient-centered programs and select specialty and complex acute care services primarily to the people of Southeastern Ontario. The Hospital also provides primary and secondary care to the population of the Kingston area and serves as a provincial resource in specific programs. The hospital supports the education and development of health care providers and advances health care services through related research activities.

Kingston General Hospital was incorporated under statutes of Province of Canada, Chapter 103, 1849. Kingston General Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Kingston General Hospital Research Institute was incorporated without share capital under the laws of the Province of Ontario in November 2010. The Kingston General Hospital Research Institute carries on or promotes medical scientific research and experimental development in conjunction with Kingston General Hospital.

2. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The more significant accounting policies are summarized as follows:

Ministry of Health and Long-Term Care and South East Local Health Integration Network Funding

Kingston General Hospital is funded primarily by the Province of Ontario. These financial statements reflect agreed funding arrangements approved by the Ministry of Health and Long-Term Care and the South East Local Health Integration Network with respect to the year ended March 31, 2012.

Principles of Consolidation

The consolidated financial statements of Kingston General Hospital include the accounts of the Kingston General Hospital and the Kingston General Hospital Research Institute which is controlled by Kingston General Hospital. All intercompany accounts and transactions are eliminated in consolidation.

Revenue Recognition

Kingston General Hospital follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions received for capital assets are deferred and amortized into revenue over the same term and on the same basis as the related capital assets.

Realized investment income is recorded in deferred contributions to the extent there are external restrictions on the related investments. Unrestricted investment income is recognized as revenue when earned on the statement of revenues and expenses.

Revenue from the Ontario Hospital Insurance Plan, inpatient services, outpatient services, preferred accommodation, Clinical Education and other programs, marketed services and recoveries and other revenue is recognized when the goods are sold or the service is provided.

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Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. Operating Grants are recorded as revenue in the period to which they relate.

Investments

Investments are designated as available-for-sale and are recorded at fair value. Unrealized gains and losses from the change in fair value are recorded in deferred contributions to the extent there are external restrictions on the related investments or in the statement of changes in net assets where they are unrestricted. Transaction costs related to the acquisition of investments are recorded against investment income. Sales and purchases of investments are recorded on the settlement date.

Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions at a specific point in time and may not be reflective of future fair value.

Capital Assets

Purchased capital assets are recorded at original cost. The original cost does not reflect replacement cost or market value upon liquidation. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are expensed. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the hospital's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	4% - 10%
Buildings and building service equipment	2% - 10%
Major equipment	5% - 33%

Costs of work in progress are capitalized. Amortization is not recognized until project completion.

Contributed Services

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

Inventories

Inventories are valued at the lower of average cost and net realizable value.

Interest Rate Swaps

The Hospital is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. Interest rate swaps are derivative financial instruments and are recorded on the Statement of Financial Position as assets or liabilities and are measured at fair value. Changes in the fair value of interest rate swap agreements are recorded in the Statement of Revenues and Expenses.

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Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Investments in Joint Ventures

The Hospital accounts for its investments in joint ventures using the equity method of accounting whereby the investments are carried at cost and adjusted for any contributions or withdrawals. Its share of the net earnings or losses of the joint ventures are reported in the Hospital's Statement of Revenues and Expenses.

Financial Instruments

(a) Fair Value

The carrying values of cash, restricted cash, accounts receivable, due from Ministry of Health and Long-Term Care and South East Local Health Integration Network, short-term borrowings, accounts payable and accrued liabilities, accrued compensation and agency obligations approximate their fair values due to the relatively short periods to maturity of the instruments. The fair value of the note payable – KGH Auxiliary approximates its carrying value as the terms and conditions of the borrowing arrangement is comparable to current market terms and conditions for similar items. The fair value of the long-term debt is \$18,479.

(b) Interest Rate Risk

The Hospital has interest bearing bank loans on which general interest rate fluctuations apply. Assuming the bank loans on hand at March 31, 2012, were to remain on hand until maturity or settlement without any action by the Hospital to alter the interest rate risk exposure, a 1% change in market interest rates across all maturities would affect the Statement of Revenues and Expenses in the following year by approximately \$400.

Employee Benefit Plans

(a) Multi-Employer Pension Plan

Kingston General Hospital participates in a defined benefit multi-employer pension plan. The plan is accounted for on a defined contribution plan basis. Contributions to the multi-employer defined benefit plan are expensed when due. The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2010 disclosed actuarial assets of \$35,073 million with accrued pension liabilities of \$34,897 million, resulting in a surplus of \$176 million. This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2010 based on the assumptions and methods adopted for the valuation.

(b) Accrued Post-Employment Benefits

Kingston General Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the

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projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the accrued benefit obligation is amortized over the average remaining service period of active employees.

The average remaining service period of the active employees covered by the employee benefit plan is 15 years (2011 – 15 years). The average remaining service period for employees of other benefit plans is 9 years (2011 – 15 years).

3. Other Investments

	2012	2011
Historical cost	6,279	64,493
Fair value	6,368	64,809

Included in fair value are investments held for certain obligations classified as long-term debt liabilities \$5,692 (2011: \$0).

The fair value of investments include \$0 (2011: \$44,428) from the Ministry of Health and Long-Term Care restricted to specific capital use for the redevelopment project.

The Hospital was required to fund a portion of the cost of the Kingston General Hospital redevelopment project. An agreement was entered into with Bank of Montreal (BMO)Trust Company ("Trust Company") whereby the Trust Company had been nominated as the trustee of the sinking fund into which the Hospital's share of the project costs were deposited and from which disbursements were made. Included in fair value of other investments are investments in the amount of \$0 (2011: \$19,652) restricted to specific capital use from the Sinking Fund Trust for redevelopment.

4. Investments in Joint Ventures

(a) Investment in Parking Commission

Kingston General Hospital has entered into a long-term agreement, as equal partner with Queen's University at Kingston, for the operations of the Parking Commission. The principal business activities include the operation of an underground parking garage. The underground garage is currently undergoing renovations for which the capital investment required is being repaid over a twenty year period from the results of operations. Kingston General Hospital's share of the Parking Commissions' excess of revenue over expense for 2012 amounts to \$400 (2011: \$541) and has been included in the Statement of Revenues and Expenses.

(b) Investment in Cogeneration Facility

Kingston General Hospital participates in a joint venture with Queen's University at Kingston for the operation of a cogeneration facility governed by a Management Board consisting of representatives of Queen's University at Kingston and the Hospital. The purpose of the facility is to produce electricity and steam. The Hospital's capital investment in the joint venture is \$9,501 (2011: \$9,344). Kingston General Hospital's proportionate share of the joint venture is 40% and Queen's University at Kingston's proportionate share is 60%. Kingston General Hospital's share of the facility's excess of revenue over expense is \$157 (2011: (\$150)) and has been included in the Statement of Revenues and Expenses.

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5. Capital Assets

Capital assets consist of the following:

	2012	2011
Land & land improvements	1,519	1,519
Buildings & building service equipment	375,100	193,774
Major equipment	173,728	167,776
Work in process	10,843	32,015
	561,190	395,084
Less accumulated amortization		
Land & land improvements	867	867
Buildings & building service equipment	111,014	101,293
Major equipment	141,722	133,495
	253,603	235,655
Net capital assets	307,587	159,429

Net assets invested in capital assets are calculated as follows:

	2012	2011
Balance, end of the year	307,587	159,429
Amounts financed by:		
Deferred contributions	(264,730)	(114,189)
Long-term debt	(18,260)	(11,534)
	24,597	33,706

The change in net assets invested in capital assets is as follows:

	2012	2011
Excess of expenses over revenues		
Amortization of deferred contributions related to capital assets	12,504	9,192
Amortization of capital assets	(20,332)	(18,537)
	(7,828)	(9,345)

	2012	2011
Purchase of capital assets	168,490	19,399
Amounts funded by:		
Deferred contributions	(163,045)	(15,174)
Long-term debt	(7,800)	(3,351)
Repayment of long-term debt	1,074	4,325
	(1,281)	5,199

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6. Gift Annuities

Prior to fiscal 1996, Kingston General Hospital had accepted irrevocable gifts, which were subject to the payment of a life annuity to the donor. These are recorded as a liability until the conditions of the annuity have been met, and the donation will be recorded. Government bonds have been purchased to earn income, approximately equal to the annuity obligations and have been included in other investments on the Statement of Financial Position.

7. Agency Obligations

Kingston General Hospital acts as an agent, which holds resources and makes disbursements on behalf of the Kingston General Hospital Research Institute and various unrelated individuals or groups. Kingston General Hospital has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities not revenue and subsequent distributions are reported as decreases to this liability.

8. Long-Term Debt

	2012	2011
Bank term loan with interest at 4.85%, payable in monthly installments of \$8 on account of principal and interest, due January 2017	767	822
Bank term loan with interest at 5.65%, payable in monthly installments of \$39 on account of principal and interest, due June 2017	3,637	3,891
Bank term loan with interest at 4.71%, payable in monthly installments of \$4 on account of principal and interest, due April 2013	47	89
Bank term loan with interest at 4.33%, payable in monthly installments of \$54 on account of principal and interest, due February 2017	2,868	3,381
Bank term loan with floating interest, payable in monthly installments of \$24 on account of principal and interest, due March 2016 (a)	3,178	3,351
Bank term loan with floating interest, payable in monthly installments of \$64 on account of principal and interest, due February 2022 (b)	7,763	0
	18,260	11,534
Less current portion of long term debt	(1,535)	(1,037)
	16,725	10,497

The Hospital has also entered into a \$40,000 (2011 - \$40,000) short term bridge loan facility at a rate of prime plus 0.75 bps. This facility is used to repay temporary operating advances made to the hospital by the Ministry of Health and Long Term Care through the South East Local Health Integration Network.

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- (a) The outstanding loan amount is subject to an interest rate swap agreement on an original notional principal of \$3,351 with the banker whereby the Hospital receives a floating interest rate while paying a fixed rate of 3.50%.
- (b) The outstanding loan amount is subject to an interest rate swap agreement on an original notional principal of \$7,800 with the banker whereby the Hospital receives a floating interest rate while paying a fixed rate of 4.14%.
- (c) The Hospital has in place two interest rate swap agreements. The first agreement is for 5 years and expires in 2016, while the second agreement is for 10 years and expires in 2022. Under the terms of the first agreement, the Hospital agrees to receive a floating interest rate on the loan (note 8(a)) for a fixed rate of 3.50%. Under the terms of the second agreement, the Hospital agrees to receive a floating interest rate on the loan (note 8(b)) while paying a rate of 4.14%. The use of the agreement effectively enables the Hospital to convert the floating rate interest obligations of the loans into fixed rate obligations and thus manage its exposure to interest rate risk. The fair value of the interest rate swaps will vary based on prevailing market interest rates and the remaining term to maturity. The change in fair value of the interest rate swaps was \$(733) (2011 - \$136).
- (d) The principal repayments due of long term debt for each of the five years subsequent to March 31, 2012 are as follows: 2013 - \$1,534; 2014 - \$1,562; 2015 - \$1,629; 2016 - \$1,703; and 2017 - \$1,726
- (e) Interest on long-term debt in the amount of \$559 (2011 - \$596) is included in interest expense in the Consolidated Statement of Revenue and Expenses.

9. Post-Employment Benefits

Pension Plan

Substantially all of the employees of Kingston General Hospital are members of the Healthcare of Ontario Pension Plan. Contributions to the plan made during the year by Kingston General Hospital on behalf of its employees amounted to \$15,759 (2011: \$15,343) and is included in salaries and benefits on the Statement of Revenues and Expenses.

Non-Pension Plans

Kingston General Hospital's post-employment benefit plans are comprised of medical, dental and life insurance coverage. The measurement date used to determine the accrued benefit obligation is March 31, 2012. The most recent actuarial valuation of the non-pension post-employment benefits plan for funding purposes was as of April 1, 2011.

Information about the non-pension post-employment benefit plans is as follows:

	2012	2011
Accrued benefit obligation	29,121	28,296
Unamortized actuarial losses	(9,099)	(11,660)
Unamortized past service costs	(118)	2,154
Accrued compensation	(841)	(1,169)
Employee future benefits	19,063	17,621

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The expense for the year related to these plans is \$2,327 (2011: \$2,718) and employer contributions for these plans is \$950 (2011: \$810).

The significant actuarial assumptions adopted in measuring the accrued benefit obligations and expense for the post-employment benefit plans are as follows:

- Discount rate for calculation of net benefit costs of 5.00% (2011 – 5.50%).
- Discount rate to determine accrued benefit obligation for disclosure at end of period 4.00% (2011 – 5.00%).
- Dental and extended health costs in 2012 are based on actual rates. Dental cost increases are assumed to be 4.00% per annum thereafter. Extended health care costs are assumed to be 7.50% in 2012 decreasing by 0.50% per annum to an ultimate rate of 5.00% per annum.

10. Deferred Contributions Related to Operations

Deferred contributions related to operations represent grants provided for specific operating purposes that have not yet been actualized. These grants have not been taken into revenue.

	2012	2011
Balance, beginning of year	8,287	7,013
Less amount recognized as revenue in the year	(2,217)	(2,333)
Add amount received related to future periods	6,247	3,607
	12,317	8,287

11. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets.

Externally restricted contributions and investment income related to special capital funding are included in deferred contributions related to capital assets.

	2012	2011
Balance beginning of year	211,479	187,947
Additional contributions received	99,293	31,855
Additional revenue on unspent contributions	575	704
Unrealized gain on other investments	(8)	179
Less amounts related to disposal of capital assets	-	(14)
Less amounts amortized to revenue	(12,504)	(9,192)
	298,835	211,479

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The balance of unamortized capital contributions related to capital assets consists of the following:

	2012	2011
Unamortized capital contributions used to purchase assets	264,730	114,189
Unspent contributions	34,105	97,290
	298,835	211,479

Included in unspent contributions is \$12,082 (2011: \$72,691) in special capital funding in support of redevelopment.

12. Deferred Contributions Related to Externally Restricted Funds

Deferred contributions related to externally restricted funds represent grants, donations and other revenue provided for specific restricted purposes that have not yet been actualized. These grants, donations and other revenues have not been taken into revenue.

	2012	2011
Balance, beginning of year	2,385	2,230
Less amount recognized as revenue in the year	(1,678)	(521)
Unrealized loss on other investments	(1)	(1)
Add amount received related to future periods	27	677
	733	2,385

13. Commitments

Cost to complete construction in progress and major equipment purchase

The estimated commitment to complete work in progress and major equipment purchases at March 31, 2012 is approximately \$13,680 (2011: \$168,637).

Lease commitments

Kingston General Hospital is committed under certain operating lease agreements to minimum lease payments as follows:

	2012
Year ending March 31,	
2013	1,053
2014	785
2015	428
2016	148
2017	-
Total minimum lease payments	2,414

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14. Net Change in Non-Cash Working Capital Balances Related to Operations

Net change in non-cash working capital balances related to operations consists of the following:

	2012	2011
Accounts receivable	(125)	(1,604)
Due from Ministry of Health and Long-Term Care and South East Local Health Integration Network	2,005	(5,516)
Inventories	(122)	(4)
Other current assets	(354)	(72)
Accounts payable and accrued liabilities	12,463	5,498
Accrued compensation	(5,950)	(3,487)
Agency obligations	1,158	(19)
Net increase (decrease)	9,075	(5,204)

15. Related Entities

This section addresses disclosure requirements regarding the hospital's relationships with related entities. The relationship can be one of economic interest, significant influence, joint control or control.

(a) Kingston General Hospital Foundation/ University Hospitals Kingston Foundation

Kingston General Hospital has an economic interest in the Kingston General Hospital Foundation. The Foundation receives substantially all of its revenue from the University Hospital Kingston Foundation and receives, accumulates and distributes funds and/or the income therefrom for the benefit of Kingston General Hospital. Kingston General Hospital Foundation is a separate corporation without share capital and with its own Board of Directors. During the year, Kingston General Hospital received \$3,967 (2011: \$5,215) to fund capital redevelopment, equipment purchases and special program costs.

Kingston General Hospital has an economic interest in University Hospitals Kingston Foundation (formally Kingston Hospitals Joint Advancement Foundation). The Foundation was established to raise funds for Kingston General Hospital, Providence Care Centre operating as Providence Care and the Hotel Dieu Hospital.

(b) Kingston General Hospital Auxiliary

Kingston General Hospital has an economic interest in Kingston General Hospital Auxiliary. Kingston General Hospital Auxiliary promotes and extends the interests of Kingston General Hospital throughout the city and surrounding counties. It provides volunteer auxiliary services as requested by Kingston General Hospital administration through liaison with the Director of Volunteers and the President of the organization. Kingston General Hospital Auxiliary also raises funds for Kingston General Hospital to be allocated to special gifts in a manner satisfactory to the administration of Kingston General Hospital and in harmony with the planning of the community. During the year, Kingston General Hospital Auxiliary granted \$813 (2011: \$578) to Kingston General Hospital to fund equipment purchases and special program costs. Kingston General Hospital holds a note payable to Kingston General Hospital Auxiliary for \$500 (2011: \$700) which is payable on demand.

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(c) Kingston Regional Hospital Laundry Incorporated

Kingston General Hospital has significant influence in Kingston Regional Hospital Laundry Incorporated. Kingston Regional Hospital Laundry Incorporated, a Corporation incorporated under the laws of the Province of Ontario, provides laundry services, linen replacement, uniforms, dry cleaning and other related laundry services to the five hospitals in the Kingston region. Kingston Regional Hospital Laundry Incorporated is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Kingston Regional Hospital Laundry Incorporated provides laundry services to Kingston General Hospital based on rates reflecting the costs, expenses and disbursements incurred by them in the normal course of business relating to the provision of laundry services. Kingston General Hospital is under contract with the Kingston Regional Hospital Laundry Incorporated to provide management services. Kingston General Hospital could be required to contribute towards approved capital improvement and replacement costs incurred by Kingston Regional Hospital Laundry Incorporated. During the year, Kingston General Hospital paid \$2,141 (2011: \$2,088) to Kingston Regional Hospital Laundry Incorporated for laundry services. These costs are included in general expenses on the Statement of Revenues and Expenses.

(d) Shared Support Services South Eastern Ontario

The Hospital is a member of a group of seven hospitals within the South East Local Health Integration Network which have voluntarily agreed to enter into a joint project for the purposes of planning, development, implementation and operation of a shared regional supply chain project, consisting of procurement, warehousing, logistics and contract management activities. Shared Support Services South Eastern Ontario ("3SO"), a non-profit corporation, has been created to manage the services and provide procurement oversight on the part of the member hospitals. The project received start-up funding from the Ministry of Finance. The project implementation period commenced with the signing of a transfer payment agreement in March of 2008 and all hospitals were on-boarded by the end of January, 2012.

Each of the participating hospitals is a voting member of 3SO. Therefore, the Hospital has an economic interest, but not control, over 3SO. The assets, liabilities, net assets and results of operation of the 3SO are not included in the financial statements. During the year, Kingston General Hospital paid \$2,636 (2011: \$1,838) to 3SO for governance/operating costs. These costs are included in general expenses on the Statement of Revenues and Expenses.

Kingston General Hospital has signed a ten year commitment to the project and has provided a limited guarantee to a maximum of \$2,474 of a \$5,000 line of credit secured by 3SO, representing the Hospital's proportionate share of 49.5%. As at March 31, 2012, 3SO has drawn \$3,506 (2011: \$3,810) on this line of credit, of which \$1,735 (2011: \$1,886) is guaranteed by the Hospital.

16. Liability Insurance

On July 1, 1987, a group of health care organizations formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. Subscribers pay annual premiums that are actuarially determined. Subscribers are subject to assessment for losses, if any, experienced by the pool for the years in which they were a subscriber. No assessments have been made to March 31, 2012.

Since its inception in 1987 HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivable from HIROC as of March 31, 2012.

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17. Letters of Credit

Kingston General Hospital has outstanding letters of credit of \$657 for capital construction.

18. Contingencies

Kingston General Hospital's activities are such that there are usually claims pending or in progress at any time. With respect to claims at March 31, 2012, management believes that reasonable provisions have been made in the accounts.

19. Clinical Education Program

During the year, the Hospital's Clinical Education Program incurred expenses of \$28,993 (2011: \$27,079) and received \$29,070 (2011: \$27,415) in funding from the Ministry of Health and Long-Term Care. Under the terms of the arrangement, the excess of this funding of \$77 (2011: \$336) must be returned to the Ministry of Health and Long-Term Care, and, as such, a payable of \$77 (2011: \$336) has been recorded as at March 31, 2012 and is included in accounts payable and accrued liabilities.

20. Comparative Figures

Certain comparative figures have been restated to conform to financial statement presentation adopted in 2012.