MUSKOKA ALGONQUIN
HEALTHCARE

Annual General Meeting 2011

Proudly serving our communities through quality healthcare

Mission Statement

Proudly serving our communities
through quality healthcare

Vision Statement

People are the centre of our healthcare network,
participating as informed partners.

Values

We believe in ~

- Embracing best practices to provide quality care.
- Respecting and caring for those we serve and for each other.
- Partnerships that strengthen community capacity.
- Being socially, environmentally and fiscally responsible.
- Celebrating innovation, creativity and lifelong learning.
- Leadership that inspires people to make a difference.
- Communicating openly and effectively.
- Creating opportunities to promote wellness.

AGENDA

Legend: ♦ = information attached to this package

1.	Welcome	Mr. Sven Miglin	
2.	Call to Order	Mr. Sven Miglin	
3.	Approval of the Agenda	Mr. Sven Miglin	
4.	Approval of the Previous Minutes		
	i) Annual General Meeting – June 28, 2010♦	Mr. Sven Miglin	Page 4
5.	Report of the Board Chair♦	Mr. Sven Miglin	Page 7 - 8
6.	Introduction of the MAHC Board of Directors♦	Mr. Sven Miglin	Page 7 - 8
7.	Report of the Chief Executive Officer♦	Mrs. Natalie Bubela	Page 7 - 8
8.	Report of the Chief of Staff♦	Dr. David Mathies	Page 9
9.	Quality & Patient Safety Committee Report♦	Mrs. Gayle Mackay	Page 10
10.	Resources & Accountability Committee Report♦	Mr. Larry Saunders	Page 11
11.	Strategic Planning Committee Report♦	Mr. William Garriock	Page 12
12.	Governance & Community Relations Committee Report♦	Mrs. Evelyn Brown	Page 13
	i) Presentation and Approval of Bylaw Revisions		Appendix A
	ii) Nominations Report		Appendix B
13.	Report of the Audit Committee♦	Mr. John Sinclair	Page 14
	i) Presentation of Audited Financial Statements for 2010-11		Appendix C
	ii) Appointment of Auditors for 2010/11 Fiscal Year		
14.	Affiliated Organization Remarks		
	i) South Muskoka Memorial Hospital Auxiliary	Mrs. Flo Adams	
	ii) Huntsville District Memorial Hospital Auxiliary♦	Mrs. Helen Sparks	Page 15
	iii) Huntsville District Memorial Hospital Foundation♦	Mrs. Debi Davis	Page 17
	iv) South Muskoka Hospital Foundation♦	Mr. Doug Lamb	Page 18
15.	Recognition of Departing Directors	Mr. Sven Miglin	
16.	Board Award of Excellence♦	Mr. Larry Saunders & Mr. Sven Miglin	Page 19
17.	Termination of Meeting	Mr. Sven Miglin	

Save The Date!
MAHC Annual General Meeting 2012
Monday, June 18, 2012
Location to be announced.

PREVIOUS MINUTES – JUNE 28, 2010

MINUTES OF THE ANNUAL GENERAL MEETING
MEMBERS OF THE CORPORATION,
MUSKOKA ALGONQUIN HEALTHCARE
MONDAY, JUNE 28, 2010, 7:00 P.M.
Partner's Hall, Huntsville Ontario

Approval Pending

Mr. Michael Provan, Chair of the Board of Directors called the 5th annual meeting of the Corporation of Muskoka Algonquin Healthcare to order at 7:02 pm and declared the meeting duly constituted with a quorum present for the transaction of business.

> It was moved, seconded and carried **THAT THE AGENDA BE ADOPTED AS CIRCULATED.**

1. Previous Minutes
   The minutes of the previous annual meeting were provided to all in attendance along with the Annual Report. Copies of the Annual Report are available from Administration. There was no business arising from the minutes of the previous annual meeting.

> It was moved, seconded and carried **THAT THE MINUTES OF THE JUNE 22, 2009 ANNUAL GENERAL MEETING OF THE CORPORATION OF MUSKOKA ALGONQUIN HEALTHCARE BE ADOPTED AS CIRCULATED.**

2. Report of the Board Chair and Chief Executive Officer
   The Chair introduced the Annual Report and highlighted portions of the written report of the Board Chair and Chief Executive Officer. The changes to the healthcare environment were noted and the Chair thanked the wonderful, talented staff at Muskoka Algonquin Healthcare for continuing to provide the excellent service in the changing times.

   B. Monaghan

Administration and the Board will continue to work with the North Simcoe Muskoka Local Health Integration Network among others to ensure that the highest quality of healthcare continues to be available for the communities that Muskoka Algonquin Healthcare serves.

Thanked Dr. David Mathies. Unable to attend. Report in the meeting package

3. Board Committee Reports
   Brief reports were provided by the Chairs of the Strategic Planning & Quality Assurance, Governance and Community Relations, Resources and Accountability and Audit Committee. The reports were included in the Annual Report.

It was moved seconded and carried **THAT THE FOLLOWING REPORTS BE RECEIVED:**

Report of the Board Chair
Report of the President and CEO
Report of the Chief of Staff
Report of the Strategic Planning and Quality Assurance Committee
Report of the Resources and Accountability Committee

4. Governance and Nominations Report

Mr. Larry Saunders presented the report as outlined in the Annual Report noting the loss of Mr. Harry Braun, Mr. Dee Allott and Mrs. Shelly van den Heuvel. These individuals were thanked for their significant contributions to the Board of Directors during their terms.

It was moved seconded and carried **THAT THE MEMBERS OF THE CORPORATION APPROVE THE FOLLOWING SLATE OF DIRECTORS, WITH LENGTHS OF TERMS AS NOTED:**

Sven Miglin for a 2nd three year term ending 2013
Larry Saunders for a 2nd three year term ending 2013
Leigh Fettes for a three year term ending 2013
Lyndsay Jeanes for a three year term ending 2013;
Evelyn Brown for a two year term ending 2012;
William (Bill) Garriock for a two year term ending 2012;
Charlie Forret for a one year term ending 2011.

5. Affiliated Organization Remarks

The Chair welcomed the representatives from the MAHC Foundations and Auxiliaries and extended appreciation for their continued hard work and support of Muskoka Algonquin Healthcare. Mrs. Debi Davis and Mrs. Sharon Pattison both spoke to their respective organization reports as provided in the Annual Report.

6. Auditor's Report

Mr. Dan Vigna presented the Auditor's Report on behalf of KPMG for the fiscal year ending March 31, 2010. Mr. Vigna outlined the audit process, audit findings and noted satisfaction in terms of the results of the testing conducted. No difficulties were encountered during the execution phase of the process and no significant weaknesses were discovered. Mr. Chris Everingham, Chair of the Audit Committee commented on the smooth transition that took place over the past year with the new corporate auditors and thanked both staff and KPMG for this. From the perspective of the Audit Committee the year was a great success in terms of the audit process.

It was moved seconded and carried **THAT THE MEMBERS OF THE CORPORATION RECEIVE THE REPORT OF THE AUDITOR AND THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING MARCH 31, 2010.**

7. Appointment of the Corporate Auditor for the Fiscal Year 2008/09

   It was moved seconded and carried **THAT THE MEMBERS OF THE CORPORATION APPOINT KPMG AS THE CORPORATE AUDITORS FOR THE FISCAL YEAR 2010 – 2011.**

8. Board Award of Excellence

   Mr. Mike Provan and Mrs. Gayle Mackay presented the 2008 Board Award of Excellence to the following individuals:

   Susan Hughes, RPN
   Judy McRae, Respiratory Therapist
   Sara Tumber, RN-Emergency Department
   Dr. David Mathies, Chief of Staff

   All nominees were thanked and noted for their terrific contribution and support to the organization:

   Colleen White, Ward Clerk
   Maurice Leblond, Charge Technologist
   Angela Riness-Hunter, RN
   Robert Hughes, Acting Chief Human Resources Officer
   Susan Hughes, RPN
   Dr. Nancy Bozek, Physician
   Dr. David Johnstone, Physician
   Rick Bremner, Lead Hand-Maintenance
   Sara Tumber, RN - Emergency
   Debbie Albert, Nurse Practitioner
   Judy McRae, RT
   Dr. David Mathies, Chief of Staff
   Dr. Sanjay Jindal, Physician

9. Adjournment

   The Annual General Meeting of the Corporation of Muskoka Algonquin Healthcare meeting was concluded at 8:29 pm.

REPORT OF THE BOARD CHAIR AND CEO

We are pleased to present Muskoka Algonquin Healthcare's (MAHC) Annual Report for the fiscal year ending March 31, 2011 that clearly demonstrates that our commitment to providing safe and high-quality healthcare remains firmly in place.

Change is constant in any healthcare environment, and at MAHC we have undergone a tremendous amount of change – exciting change. We received $4.5 million in base operating funds for 2010/11 and optimistically await the additional $1.5 million in base operating funds to balance our budget in 2011/12.

We have also been active on other fronts. All of which embrace continued efficiencies and improved quality and safety of care.

Quality is a clear cut priority. We have implemented a quality improvement plan including PIP (MAHC's Process Improvement Plan). PIP has supported improvements in the emergency department, including reduced wait times. In fact, you may have read in our community papers that MAHC's latest ratings exceed provincial targets. We are in fact number one versus 71 other pay-for -results hospitals in Ontario when it comes to wait times for an initial physician assessment. No one likes to wait over two hours in the emergency department to see a doctor. At MAHC we have improved our internal processes to help prevent this from happening.

Our focus on staff and patient safety is unrelenting. Dedication and adherence to infection prevention and control at both hospital sites has led us to a notable milestone. MAHC has been outbreak free for an entire year. This is a tremendous accomplishment. In Canada alone, healthcare associated infections affect more than 220,000 people every year killing between 8,000 and 12,000 of those affected. We have also been fortunate to secure funding from the District of Muskoka to further decrease environmental exposures through the establishment of a more cleanable environment. What does that mean? It means we can now invest in additional hand washing sinks, new microfiber systems to improve the quality of cleaning we do; additional commode chairs to improve the likelihood of having a chair dedicated to each patient; and macerators to enable disposable stool management, all of which will help us maintain our outbreak free record.

Clearly, we have been working hard to improve every aspect of the healthcare services we deliver and it's working. According to our latest patient satisfaction results (see article on cover page) MAHC has beaten the Ontario Community Hospital average on all dimensions of care for Emergency Care. Our "Overall Satisfaction" score was 94 per cent − something for all of us to be proud of.

It is gratifying to look back on the past year with a sense of accomplishment on the part of the dedicated people who make MAHC such a valuable resource in our community. Healthcare is a complex balance of medical training and critical support skills, new technology, bricks and mortar, creative administrative management and effective communication – all focused on benefiting the people we serve.

We are honoured to be a part of this organization and the incredibly talented team behind it. The staff, physicians and volunteers are a truly dedicated and committed group of professionals and we thank each and every one of them for their contribution to our successes.

Among them, the MAHC Board of Directors - this is a group of twelve devoted volunteers who bring to their governance role a wide variety of skills and life experiences. They have worked tirelessly over the past year being the voice of our community providing guidance, stewardship, strategic direction and oversight. MAHC truly benefits from the commitment and diligence of these volunteers and for this, we thank them.

Our Foundations and Auxiliaries continue to be great supporters of MAHC and we are so appreciative of all of your efforts that enable us to ensure we can continue to provide the best patient care possible with much needed equipment and technologies.

We thank the North Simcoe Muskoka LHIN for its support and cooperative working relationship it has established with our organization.

And finally, the continued generous support of our communities helps ensure we can provide the best programs and services at the highest level of patient care.

Respectfully submitted,

Sven Miglin, Chair – Board of Directors

Natalie Bubela, Chief Executive Officer

2010/11 BOARD OF DIRECTORS

Executive
Mr. Sven Miglin, Chair
Mr. Larry Saunders, Vice-Chair, Chair – Resources & Accountability
Mr. Charlie Forret, Treasurer

Directors
Mrs. Gayle Mackay, Chair – Quality & Patient Safety
Ms. Evelyn Brown, Chair – Governance & Community Relations
Mr. Rick Durst
Mr. Charles Forret
Mr. William Garriock
Mrs. Catherine King
Mr. Philip Matthews
Mr. Mike Provan, Past-Chair
Mr. John Sinclair
Mr. Wayne Twaits

Ex-Officio
Mrs. Natalie Bubela, Chief Executive Officer
Dr. David Mathies, Chief of Staff
Dr. Chris Harmon, President, Medical Staff
Dr. Nancy Bozek, Vice-President, Medical Staff

REPORT OF THE CHIEF OF STAFF

It is with mixed feelings that I present to you my seventeenth and final report to the Annual General Meeting of the Board of the hospital. After such a lengthy time in the role of Chief of Staff it was difficult to come to the decision to leave my post, but it seems that now is the right time. As you know, the Chief of Staff is responsible to the Board for the quality of care provided by the medical staff, and I am happy to report that the Medical Staff has become deeply engaged in numerous quality initiatives. It would take a good page to list everything that is going on right now so I will just address a few of the highlights.

One of the important areas of improvement that has occurred has taken place in the Emergency Department. This has been a very busy year in innovating change in that area, lead by Dr. Tony Shearing and Dr. Steve Herr. We have participated in a pay for results (P4R) exercise and through this exercise we have achieved remarkable reductions in wait times at the Huntsville site, the best in the Province for all those hospitals that have participated in this. The success of the project at HDMH is now being migrated to the SMMH site and we anticipate success there as well. The ED also instituted a Clinical Decision Unit for short length of stay patients and this has also been a great success.

A number of other committees of the Medical Staff were begun this year in Family Practice, Surgical Services, and Internal Medicine. These are now well underway with their own quality initiatives. We have also begun a Patient Order Set project which will attempt to standardize the way all physicians treat patients in a manner that is based on best evidence and through a sharing of order sets from hundreds of other hospitals. This is being lead by Dr. David Johnstone, and I would like to acknowledge his leadership in this project. Needless to say, the other leadership roles taken on also need to be acknowledged and I would like to point out the contributions of Drs. David Bevan, Antoine Deketele, Melanie Mar, Tony Shearing, Steve Herr, Vicki Dechert, Brian Murat, Tim Lapp and Tina Kappos.

Our participation with the Northern Ontario School of Medicine is beginning to bear fruit as was anticipated when it first begun. We had hoped that training physicians in the North would lead to physicians staying in the North, and, indeed, from the very first class we have two physicians staying in Muskoka, Drs. Kim Forester and Sandi Adamson. We extend a warm welcome to them both.

For the past two years I have had the privilege of participating on the LHIN Leadership Council as the sole practicing physician at that table. This has been an excellent opportunity to broadly represent the community, MAHC and all the physicians of the LHIN in the planning and integrating exercises that the LHIN is responsible for. I have had the opportunity to participate in the strategic planning exercise of the LHIN called Care Connections and now look forward to seeing those plans implemented across the LHIN. The expectation, of course, is that access and quality of care for all patients in all communities will be improved.

Finally I would like to sincerely thank the current and past Boards of MAHC, and before that Algonquin Health Services, for the faith and trust they have placed in me. I have worked continuously with a caring and professional administrative team, whose commitment to our community and its health care never ceases to impress me. It has been a deeply felt honour to have had the privilege to serve my community in my role as Chief of Staff. Although it is definitely the right time to step aside, I will miss the many opportunities I have had to contribute to the organization.

Thank you again.

Dr. David J. Mathies, MD, CCFP, FCFP
Chief of Staff

REPORT OF THE QUALITY AND PATIENT SAFETY COMMITTEE

At Muskoka Algonquin Healthcare, high-quality and safe patient care is a priority and focus. We strive to implement innovative initiatives that enhance the safety, experience and outcomes for all of our patients. We are proud that patients and their families are at the centre of all we do and have worked hard to ensure that quality is embedded in everything we do, every day.

The Quality and Patient Safety Committee is a standing committee of the board of directors whose purpose is to review to review patient safety and quality assurance issues as they relate to the achievement of our vision and values. I have had the privilege of leading the following members for this committee for the past year:

Rick Durst	Catherine King
Dr. David Mathies	Dr. Nancy Bozek

Quality improvement has been a long-standing strength at Muskoka Algonquin Healthcare and the Committee continued to build on this strength.

Significant time and dedication was spent on ensuring that Muskoka Algonquin Healthcare was compliant with the Ontario Government's new legislation - *Excellent Care for All Act*. The legislation provided a focussed way for all hospitals to clearly articulate our accountability to our community, patients and staff. On April 1, 2011, MAHC posted its Quality Improvement Plan; a plan that outlines our priorities for the coming year. Our QIP helps us to ensure that we are creating a positive patient experience and continue to deliver high-quality and safe heath care.

It is also important to note that in addition to the QIP, the Committee also continued to oversee a number of other performance and quality measurement indicators that allow us to monitor and manage our performance across the organization – the MAHC Quality Matters Report.

Both our QIP and Quality Matters Report can be found on our website – www.mahc.ca

MAHC participates in a three-year accreditation cycle which involves an external peer review that assesses the quality of our services based on standards of excellence. We have been very busy over the last year preparing for our next accreditation survey which is scheduled for the end of October 2011. I would like to thank all of the staff, physicians and volunteers that have participated in all of the preparation work to date – your participation is essential to a successful accreditation

I would like to take this opportunity to thank all of my fellow Board members and staff for their dedication and commitment to making this a terrific year for quality improvement at MAHC.

Respectfully submitted,

Gayle Mackay, Chair – Quality and Patient Safety

REPORT OF THE RESOURCES & ACCOUNTABILITY COMMITTEE

One of the major responsibilities for a Board is to make sure that the hospital meets the health care needs of the community within the resources that are available to provide services. Managing these scarce resources efficiently is crucial to achieving the organization's vision, mission, values and goals. And planning for future investments in equipment and facilities as well as human resources is also key to these achievements.

The Resources & Accountability Committee worked closely with management over the past year, meeting 10 times, making recommendations to the Board of Directors as they relate to both financial and human resources regarding a number of initiatives such as:

- financial viability for the organization
- appropriate legal, insurance, capital and land use planning
- policy development
- accountability agreements
- human resources planning and objectives
- annual evaluation of the Chief Executive Officer and Chief of Staff
- Board Award of Excellence program.

MAHC ended fiscal year 2010-2011 with a $49,189 surplus. This position was achieved for a number of reasons – everyone in the organization continuing to look for efficiencies and cost-effective ways for us to continue to provide safe, high-quality healthcare to our patients. As well, we were fortunate to receive a $4.5 million base operating increase from the North Simcoe Muskoka Local Health Integration.

A large focus was placed on a new Capital Planning program to develop and implement a process for creating recommendations for the allocation of capital resources, and developing a long range plan for capital equipment needs. Since September, managers, physician leads, and staff, have worked diligently to present the Board with a prioritized capital plan for 2011-2012 along with a comprehensive list of the organization's needs that will serve as a base to take us through to 2014.

An additional focus over the last year was the Broader Public Sector Guidelines. Ontario Buys – a program through the Ministry of Finance – developed supply chain guidelines to be followed by all Broader Public Sector Organizations. Under the management of Jo-Anne Chandler, Integrated Director of Materials Management at MAHC, the organization developed and implemented a series of standard policies and procedures, which incorporate the principles of the guidelines and comply with all mandatory requirements. As well, the guidelines also include a robust Request for Proposal process for the procurement of all products and services. MAHC is actively participating in this new process.

With over 700 employees and more than 70 physicians, we recognize people are our most valuable asset. Faced with a worldwide shortage of doctors, nurses and other health care professionals, we are working diligently to create an environment where people want to live and work. The Board's focus is on developing strategies that will help create a healthy workforce that attracts and retains talent.

I would like to take this opportunity to thank to my fellow committee members and the staff for their hard work and dedication throughout the past year.

Respectfully submitted,
Larry Saunders, Chair – Resources & Accountability Committee

REPORT OF THE STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee is a standing committee of the board of directors whose purpose is to assist the Board in setting and maintaining the strategic directions for Muskoka Algonquin Healthcare (MAHC).

The current MAHC Strategic Plan was developed in 2006 and refreshed in 2009. Following significant discussion at an October 2010 Board Planning session, consensus was in favour of beginning the process of developing a new Strategic Plan for the organization.

A new Committee structure was formed and as a result the Strategic Planning Committee is comprised seven members – three current Board members along with representatives from our Foundations, the community at large and physician community, all supported by the Senior Leadership Team.

The Committee spent time exploring the core strategic issues facing MAHC along with the various options and approaches to Strategic Planning. In the end, a Request For Proposals was issued to secure external resources that will assist the organization through the process of developing a new Strategic Plan. A preferred proponent has now been selected and preparations for the process are underway.

Simply put, strategic planning determines where an organization is going over the next three to five years, how it's going to get there and how it'll know if it got there or not. Strategy is about insights as well as identifying where the opportunities lie. Planning turns those insights and opportunities into action. To that end, this opportunity to refocus and realign organizational efforts will be done through significant engagement with both providers and members of our community. Together we will all contribute to determining the future strategic priorities for MAHC by November 2011.

I would like to take this opportunity to thank all of the Committee members and staff for their commitment and dedication over the past year.

Respectfully submitted,

Bill Garriock, Chair – Strategic Planning Committee

REPORT OF THE GOVERNANCE COMMITTEE

The Governance and Community Relations Committee is a standing committee of the MAHC Board of Directors that in addition to myself as Chair include Wayne Twaits and Mike Provan. It is my pleasure to present to you the Governance and Community Relations Annual Report on behalf of these members. Our Committee met ten times through the year to address its two-pronged responsibilities.

A significant focus for the year involved a robust review of our current model of Governance. The Committee met six (6) times, every two weeks from September to November and reviewed the resources available including material prepared the Ontario Hospital Association as well as other authorities on hospital governance. In the end, a 60 page report was produced with recommendations for changes focussing on effectiveness in areas of monitoring, oversight and board responsibilities, just to name a few. The result is intended to continue to ensure that quality care at our hospital is our top priority creating an organizational focus on continuous improvement that starts with the Board.

All of this work flowed into a review of the Bylaws and the Policy and Procedure Manual. The Committee reviewed and presented a total of 49 Policies and Procedures for full implementation in the fall of 2011. The revisions to the Bylaws can be found in Appendix A of this report and underwent a full review by legal council.

The self-evaluation process for the Board and Committees was once again conducted in the Spring to assess the effectiveness of the Board and its members - and to point out any perceived weaknesses of governance matters. This is the fifth consecutive year for this process providing comparative assessments. In most measured attributes, the Board scored well overall. Ongoing evaluation is important for any group and we as a Board are proud of the process and its outcome that works to ensure we are performing to the best of our ability. The Governance Committee will be undertaking a review of the Evaluation Questionnaire in the next year.

New candidates to fill Board vacancies were solicited and interviewed; leading to the Nominations Report found in Appendix B for ratification by the Members of the Corporation.

It has been a busy and productive year for the Committee. Sincere thanks are due to all Board members who contributed substantially to the Committee work over the past year.

Respectfully submitted,

Evelyn Brown, Chair – Governance and Community Relations

REPORT OF THE AUDIT COMMITTEE

The Audit Committee for fiscal year 2010-2011 consisted of four members; two are members of the Board of Directors and two are independent community representatives:

Mr. John Sinclair, Chair
Mr. Philip Matthews, Board Director
Mr. Richard Augustine, Community Representative
Mr. Barry Stephens, Community Representative

The basic function of the Committee is to assist the Board in overseeing the quality and integrity of financial information and reporting for Muskoka Algonquin Healthcare (MAHC).

The Committee and KPMG along with Natalie Bubela and Tim Smith met in February 2011 to review the planning report for the audit which included their intended scope of their audit activities and an overview of any changes from the previous year. In addition, discussion took place regarding the preparation by management required for the auditor review of internal controls and business risks faced by the Corporation as well as confirming the time schedule for the audit and receipt of draft audited financial statements.

A post-audit meeting occurred June 1, 2011 at which time the draft annual financials were received and reviewed in great detail with the auditors, Natalie Bubela and Tim Smith. An unqualified draft Auditor's Report on the financial statements was also received.

At both of these meetings, the Committee met privately with KPMG and management to determine if there were any issues of concern that arose during the audit process that needed to be raised. I am pleased to report that there were no significant issues or concerns and both parties felt that the audit process was one involving complete collaboration and cooperation.

Following our Committee review, approval of the financial statements was recommended to the Board for presentation at the Annual General Meeting. The complete audited financial statements can be found in Appendix C to the report. In addition, the Board has recommended that KPMG be re-appointed for the fiscal year ending March 31, 2011.

I would like to thank the Committee members for their dedication and commitment over the past year, as well as the support and hard work of the MAHC staff and KPMG.

Respectfully submitted,

John Sinclair, Chair – Audit Committee

HUNTSVILLE DISTRICT MEMORIAL HOSPITAL AUXILIARY

As this is the beginning of a new year for the Auxiliary, the four Presidents of the Auxiliary would like to introduce themselves and share with you some background information on themselves, their duties for the Auxiliary and their reasons for becoming Volunteers at the Huntsville Hospital.

President: Helen Sparkes

Duties: Shall preside at all regular and Executive Board meetings. Be ex-officio of all Auxiliary Committees except the Nominating Committee. Be the Auxiliary representative on the HDMHF Board. Provide monthly reports to the Executive and General Membership. Submit and present a report prior to each Hospital Board meeting as well as an Annual Report. Keep the HAAO president's book up to date. Be responsible for evaluation between the Executive Board and the Paid Director of Volunteers.

Bio: My husband and I retired to beautiful Muskoka from Georgetown, Ontario in 2003. We have two children, a son and a daughter, three grandchildren aged 18, 17, and 15 and this year we are celebrating our 50th Wedding Anniversary. I have been a factory worker my whole life. Eight years ago I retired from a company named CPI located in Georgetown after 30 years of service. While working there I assembled travelling wave tubes used for communications and generators that are used for medical x-ray equipment. Would you believe I also built the upgrades for the Mammography Units? I absolutely loved my job but hoped in my retirement years to be able to Volunteer in a hospital and bring comfort and care to patients. Now as an Auxiliary member for the past six years I have this opportunity when I Volunteer in the Chemo and Day Surgery Units at the Huntsville Hospital. Isn't it ironic that for many years I earned my living assembling the Mammography Units, now here I am fundraising with all of you to pay for one?

Past President: Beryl Clayson

Duties: Shall be responsible for overseeing purchases and labeling of Hospital Equipment purchased by the Auxiliary. Be responsible for Public Relations and the History Book. Be the Chairperson of the Nominating Committee.

Bio: In 1959 I came to Canada as my husband had been transferred by his Company, so with our brand new baby we came to Toronto. I was a stay-at-home Mom for several years raising our family of two girls and one boy. Then I found a part-time job in a Doctor's office which soon became full time and it was very interesting as I was taught to do ECG's, take blood pressure readings and do other minor tests. In 1984 my husband took early retirement but then became consulting actuary to a major financial company in Trinidad for two years, which ended up being for 10 years. Upon coming back to Canada in 1994 we retired to Huntsville and as I had been unable to work in Trinidad I felt the need to do more than just play. I joined the Huntsville Hospital Auxiliary and have been busy ever since having served two terms as President. We now have eight grandchildren plus two who are part of one daughter's family. We are eagerly looking forward to our first Grandson's wedding in June. I have been an Auxiliary member for the past eleven years and am presently Auxiliary Convener for the Day Surgery Unit and very much enjoy Volunteering in there regularly and providing Patient Care.

1st Vice President: Joanne Matthews

Duties: Shall perform the duties of the President as necessary. Will assume the responsibility of Programme Convener for all Meetings, Conferences and Educational Sessions.

Bio: I am a wife, mother of two, a daughter and son, and grandmother of three wonderful little ones, boys ages 18 months, three and a six year old girl. I retired from my nursing career and moved full time to Huntsville three years ago. We have cottaged in this area for more than thirty-five years. I have always had a love of Operating Room nursing and for the last eleven years I was the Director of Surgical Services at Women's College Hospital in Toronto. I believed that I had attended enough meetings to last my lifetime and here I am again, very involved. I joined the Auxiliary to meet people and contribute to my new Community. I am enjoying my roles on the Executive and in the Gift Shop. I understand and respect the role of Volunteers in health care and am pleased to continue this tradition.

2nd Vice President: Susan Love

Duties: Shall be responsible for collecting membership fees and forms.

Bio: As the oldest and only daughter of six children I was born and raised in Sudbury, Ontario. I was hired by the Muskoka Board of Education in 1984 to teach a grade one class of thirty-one students. Throughout the next twenty-four years I was a classroom teacher for primary and intermediate grade students, and assumed the role of both vice-principal and principal for twelve years. I retired from my role as Principal with the Trillium Lakeland's District School Board in 2009 and have pursued a second career as a traveller, gardener, quilter and Volunteer. Having recognized the significant importance of the role of a Volunteer within a school environment I was very thankful to those who gave so willingly of their time. I now have the opportunity to return these favours to the community as a Volunteer with the Huntsville Hospital Auxiliary.

I can tell you from experience, even though the stated duties of the Past President and the 1st and 2nd Vice Presidents are taken from the Auxiliary's By-Laws, these Executive members willingly and regularly do much, much more to support their President!

Helen Sparkes

HUNTSVILLE DISTRICT MEMORIAL HOSPITAL FOUNDATION

From my standpoint as Chair of Huntsville Hospital Foundation, I am pleased with the fact that over my time as Chair, your generous donations have allowed the Foundation to transfer almost $2 million to Muskoka Algonquin Healthcare (MAHC) for the Huntsville District Memorial Hospital site. Our year was highlighted by a second very generous bequest, which allowed us to exceed our commitments to MAHC this year and into the future.

The Foundation Board of Directors had a very busy and productive year, and we are challenged by the regrettable fact that three of our stalwart members who have served their terms and must leave us. I thank Ray Ward, Sandy Mackay & Bob McKnight for the time and energy expended over their many years of volunteer service.

I would like to thank the Board, Committee Members, Volunteers and Staff for their ongoing commitment to the work of the Foundation and Huntsville Hospital. It is a big job and you all have made it a pleasure for me.

I would especially like to thank our donors, who define who we are and what we do at the Foundation. Your generosity allows us to assist in the much needed purchases of capital equipment for Huntsville Hospital that would otherwise be out of reach. We cannot forget how important it is for our hospital to remain prepared for all of us when we may need it and donations, yours and mine, are what ensure your doctors and nurses have the equipment they need to help us.

I look forward to sitting in the Past Chair position. I have agreed to replace Foundation Past Chair, Ray Ward on the MAHC Strategic Planning Committee. Your hospital organization is facing challenging times and the Foundation is proud to be part of the team. We will continue to do all we can to support your hospital and I wish MAHC all the best as it makes tough decisions in the best interests of us all.

I wish incoming Chair Leyone Edmondson and her new Board of Directors the very best for the coming term, and thank everyone for the support they gave me in my time in the Chair.

Respectfully submitted,

Rob Payne, Chair

SOUTH MUSKOKA HOSPITAL FOUNDATION REPORT

I am pleased to report another successful fundraising year for the South Muskoka Hospital Foundation. Though the recent economic downturn has been felt throughout all of Ontario, the South Muskoka Hospital Foundation is helping donors to build a lasting legacy of quality healthcare in our community.

Our Muskoka community would be staggered to know of the thousands of individual donors, corporations, community associations and service clubs that support us on an annual basis. Annual donors of this kind regularly number in the range of 3,500 – 4,000.

Our fundraising helps many people, including cottagers, visitors and year-round residents alike. Whether it's stepping on a rusty nail or a more severe life threatening accident or illness, we never know when these services are needed. Our services are enhanced by our many donors and stakeholders that care enough to support their community hospital.

Community giving is a concept that is deeply rooted in the spirit and history of Muskoka. For the past five years, the Foundation has raised an average of $2 million per year. Those dollars are now at work in Muskoka Algonquin Healthcare clinical programs, state-of-the art diagnostic imaging facilities, operating rooms and outpatient programs. Every gift, small or large, is significant to enhancing healthcare in Muskoka - and our foundation makes it a priority to stretch donor dollars to ensure the largest possible impact.

The diligent work of our board has been driven by their passion for doing everything possible to enhance our area's healthcare services. These dozen dedicated board members donate their time and resources to build a supportive synergy that enables our foundation to best serve its community.

The future for the Foundation looks bright. We concluded The Picture of Health campaign in December 2008 and undoubtedly will be getting into another campaign within the not too distant future. In the meantime, we enjoy the support of our community and the dedication of our board. Together, I am confident, we can accomplish anything.

Thank you and I hope you enjoy a wonderful summer.

J. Douglas Lamb, Chair
South Muskoka Hospital Foundation

BOARD AWARD OF EXCELLENCE NOMINEES - 2011

Here are the nominees for the 4th Annual Board Award of Excellence.

This peer-nominated award will be presented to as many as four recipients who best demonstrate the values of our organization through:

- Significant achievement in patient care or client service
- Significant accomplishment in the management of people, financial or material resources
- Successful completion of a major project or special assignment in a manner beyond what could normally be expected
- An outstanding initiative which has resulted in significant monetary and/or non-monetary benefits to MAHC in regards to increasing efficiency, effectiveness, improving patient/client service delivery or displaying innovation and creativity in their work environment

Congratulations to all the Nominees!!

Consolidated Financial Statements of

MUSKOKA ALGONQUIN HEALTHCARE

Year ended March 31, 2011

MUSKOKA ALGONQUIN HEALTHCARE

Consolidated Financial Statements Index

Year ended March 31, 2011

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To Board of Directors of Muskoka Algonquin Healthcare

We have audited the accompanying consolidated financial statements of **Muskoka Algonquin Healthcare**, which comprise the consolidated statement of financial position as at March 31, 2011, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 Muskoka Algonquin Healthcare as at March 31, 2011, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the consolidated schedule is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 9, 2011
North Bay, Canada

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MUSKOKA ALGONQUIN HEALTHCARE

Consolidated Statement of Financial Position

March 31, 2011, with comparative information for 2010

	2011	2010
Assets		
Current assets:		
Cash and short-term investments	$ 10,651	$ 82,948
Accounts receivable (note 2)	1,903,806	965,876
Inventory	1,103,135	1,172,708
Due from related parties (note 3)	110,013	254,403
Prepaid expenses	483,236	374,351
	3,610,841	2,850,286
Capital assets (note 4)	44,964,379	47,238,611
	$ 48,575,220	$ 50,088,897
Liabilities, Deferred Contributions and Deficiency in Net Assets		
Current liabilities:		
Short-term demand loans (note 5)	$ 3,381,719	$ 3,070,000
Accounts payable and accrued liabilities (note 6)	10,361,990	9,320,335
Current portion of obligation under capital leases	-	560,348
Current portion of long-term debt	944,686	722,222
	14,688,395	13,672,905
Long-term debt (note 7)	3,194,444	4,139,130
Deferred contributions related to capital assets (note 8)	39,835,164	41,277,370
Post-retirement benefit obligations (note 9)	1,277,600	1,147,900
Deficiency in net assets:		
Unrestricted	(11,410,466)	(10,687,949)
Internally restricted (note 10)	990,085	539,541
	(10,420,381)	(10,148,408)
Contingencies (note 13)		
	$ 48,575,220	$ 50,088,897

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

MUSKOKA ALGONQUIN HEALTHCARE

Consolidated Statement of Operations

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Revenue:		
Ministry of Health and Long-Term Care	$ 55,245,424	$ 49,567,063
Other (note 11)	15,933,128	19,034,293
Amortization of deferred equipment contributions	1,377,684	1,311,568
	72,556,236	69,912,924
Expenses:		
Salaries, wages and employee benefits	45,440,257	44,849,923
Supplies and other expenses	11,022,519	11,248,886
Drugs	3,269,734	3,663,354
Medical staff remuneration	7,489,260	9,468,171
Medical and surgical supplies	2,788,228	2,225,457
Amortization of equipment	2,390,802	2,218,379
	72,400,800	73,674,170
Excess (deficiency) of revenue over expenses before the undernoted	155,436	(3,761,246)
Other programs (schedule):		
Revenue	523,442	503,804
Expenses	(629,689)	(574,494)
	(106,247)	(70,690)
Excess (deficiency) of revenue over expenses from Hospital operations	49,189	(3,831,936)
Amortization of buildings and building service equipment net of amortization of deferred capital contributions (note 12)	(321,162)	(330,626)
Deficiency of revenues over expenses	$ (271,973)	$ (4,162,562)

See accompanying notes to consolidated financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative information for 2010

	Invested in net capital assets	Unrestricted	2011 Total	2010
Net assets (deficiency), beginning of year	$ 539,541	$ (10,687,949)	$ (10,148,408)	$ (5,985,846)
Excess (deficiency) of revenues over expenses	(1,425,692)	1,153,719	(271,973)	(4,162,562)
Investment in net capital assets	1,876,236	(1,876,236)	-	-
Net assets (deficiency), end of year	$ 990,085	$(11,410,466)	$ (10,420,381)	$ (10,148,408)

See accompanying notes to consolidated financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Consolidated Statement of Cash Flows

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Cash flows from operating activities:		
Deficiency of revenue over expenses	$ ($271,973)	$ (4,162,562)
Adjustments for:		
Amortization of capital assets	3,759,104	3,517,033
Amortization of deferred contributions related to capital assets	(2,333,414)	(2,269,466)
Increase in post retirement benefit obligations	129,700	174,400
	1,283,417	(2,740,595)
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(937,930)	515,143
Decrease (increase) in inventory	69,573	(471,841)
Decrease (increase) in due from related parties	144,390	(98,285)
Increase in prepaid expenses	(108,885)	(304,076)
Increase (decrease) in accounts payable and accrued liabilities	1,041,655	(1,057,320)
	1,492,220	(4,156,974)
Cash flows from financing activities:		
Principal repayment on long-term debt	(722,222)	(1,322,222)
Deferred contributions related to capital assets	891,208	3,515,748
Increase in short-term demand loans	311,719	1,070,000
Repayment of obligation under capital leases	(560,348)	(591,578)
	(79,643)	2,671,948
Cash flows from investing activities:		
Purchase of capital assets	(1,484,874)	(1,806,377)
Distributions from joint ventures	-	209,740
	(1,484,874)	(1,596,637)
Net decrease in cash and short-term investments	(72,297)	(3,081,663)
Cash and short-term investments, beginning of year	82,948	3,164,611
Cash and short-term investments, end of year	$ 10,651	$ 82,948

See accompanying notes to consolidated financial statements.

Muskoka Algonquin Healthcare (the "Hospital") is incorporated without share capital under the laws of the Province of Ontario. Its principal activity is the provision of health care services to the residents of Burk's Falls, Huntsville, Bracebridge, Gravenhurst, Township of Muskoka Lakes, Township of Georgian Bay, Township of Lake of Bays and the surrounding areas. The Hospital is a registered charity and as such is exempt from income tax under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of the Hospital's wholly-owned subsidiary, South Muskoka Memorial Hospital Gravenhurst Clinic. All significant inter-company balances and transactions have been eliminated on consolidation.

(b) Revenue recognition:

The Hospital is primarily funded by the Province of Ontario in accordance with budget arrangements established by the North Simcoe Muskoka Local Health Integration Network.

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

Operating grants are recorded as revenue in the period to which they relate. Grants and donations approved but not received at the end of a period are accrued. Grants and donations relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Ministry of Health and Long-Term Care grants are provided to the Hospital by the Local Health Integration Network.

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

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized when the service is provided.

(c) Inventory:

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

1. Significant accounting policies (continued):

(d) Donated assets:

Donated capital assets are recorded at fair value when received.

(e) Capital assets:

Capital assets are stated at cost. Amortization is provided on the straight-line basis over their estimated useful lives using the following annual rates:

	Rate
Land improvements	5%
Buildings	2.5% and 5%
Gravenhurst clinic license	5%
Major equipment	10% - 33%

(f) Employee future benefits:

The Hospital sponsors a defined benefit health and dental plan for certain employees and retirees funded on a pay-as-you-go basis and a defined benefit pension plan. The Hospital has adopted the following policies:

(i) The cost of the accrued benefit obligation for the post-retirement health and dental plans is actuarially determined using the projected benefit method provided on service and management's estimate of retirement age, health and dental care costs.

(ii) Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) 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 active employees is 12 years.

(iii) On April 1, 2000, predecessors of the Hospital adopted the new accounting standard on employee future benefits using the prospective application method. The Hospital is amortizing the transitional obligation on a straight-line basis over 13 years, which was the average remaining service period of the active employees expected to receive benefits under the benefit plan as of April 1, 2000.

(iv) The Hospital is an employer member of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for accounts receivable, inventory and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations in the year in which they become known.

(h) Financial instruments:

The Hospital accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in the statement of changes in net assets until the investment is derecognized or impaired at which time the amounts would be recorded in the statement of operations.

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

(i) Designated cash and short-term investments as held-for-trading, being measured at fair value.

(ii) Accounts receivable and due from related parties are classified as loans and receivables, which are measured at amortized cost.

(iii) Short-term demand loans, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

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

The Hospital also complies with CICA 3861 "Financial Instruments – Disclosure and Presentation" for the presentation and disclosure of financial instruments and non-financial derivatives.

2. Accounts receivable:

	2011	2010
Insurers and patients	$ 1,471,568	$ 661,961
Other	622,541	470,517
	2,094,109	1,132,478
Allowance for doubtful accounts	(190,303)	(166,602)
	$ 1,903,806	$ 965,876

3. Related party transactions:

(a) Huntsville District Nursing Home Inc.

The Hospital was related to Huntsville District Nursing Home Inc. ("Fairvern") by virtue of a comprehensive management agreement which ended December 31, 2010. The Hospital provided Fairvern with certain administrative, nursing, dietary, maintenance, laundry, accounting and physiotherapy services on a cost recovery basis. Fairvern provides nursing home care to elderly patients in Huntsville, Ontario. Fairvern is a corporation without share capital incorporated under the laws of the Province of Ontario. It is exempt from income tax under the Income Tax Act.

Related party transactions during the year not separately disclosed in the consolidated financial statements include $511,528 in revenues (2010 - $717,550) for the above noted services. In addition, certain land and buildings of the Hospital have been leased to Fairvern for a nominal fee.

3. Related party transactions: (continued)

(b) Huntsville District Memorial Hospital Foundation

The Hospital has an economic interest in the Huntsville District Memorial Hospital Foundation ("HDMHF") in that HDMHF solicits funds on behalf of the Hospital to be used for approved capital projects. During the year, the HDMHF granted approximately $288,889 (2010 - $888,889) to fund capital costs.

(c) South Muskoka Hospital Foundation

The Hospital has an economic interest in the South Muskoka Hospital Foundation ("SMHF") in that SMHF solicits funds on behalf of the Hospital and other organizations in the community with similar objectives. During the year, SMHF granted approximately $505,377 (2010 - $1,183,702) to fund capital costs.

(d) Due from related parties

	2011	2010
Huntsville District Nursing Home Inc.	$ 68,673	$ 215,990
Huntsville District Memorial Hospital Foundation	36,589	36,937
South Muskoka Hospital Foundation	4,751	1,476
	$ 110,013	$ 254,403

4. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 672,835	$ -	$ 672,835	$ 672,835
Land improvements	362,014	320,430	41,584	–
Buildings	53,717,484	18,050,889	35,666,595	36,250,850
Gravenhurst Clinic license	203,668	203,668	-	91,412
Equipment	37,293,972	28,710,607	8,583,365	10,223,514
	$ 92,249,973	$ 47,285,594	$ 44,964,379	$ 47,238,611

5. Short-term demand loans:

	2011	2010
Operating line - Scotiabank, bearing interest at prime less 0.50% payable monthly, unsecured, due on demand	$ 3,381,719	$ 1,070,000
Non-revolving loan - Scotiabank,	-	2,000,000
	$ 3,381,719	$ 3,070,000

Unused facilities related to the operating line amounted to $3,118,281 at March 31, 2011 (2010 - $2,930,000).

6. Accounts payable and accrued liabilities:

	2011	2010
Ministry of Health and Long-Term Care	$ 1,097,696	$ -
Trade payables	4,814,723	5,210,026
Accrued wages and benefits	4,449,571	4,110,309
	$ 10,361,990	$ 9,320,335

7. Long-term debt:

	2011	2010
Non-revolving line (for PACS equipment), Scotiabank interest payable monthly at prime minus 0.25%. principal repayable $300,000 annually, balance due August 2013	$ 2,350,000	$ 2,350,000
Non-revolving loan payable (CT Scanner-HDMH), Scotiabank interest payable monthly at prime minus 0.25%, principal repayable $288,889 annually, balance of $855,555 due January 2013	1,433,333	1,722,222

7. Long-term debt: (continued)

	2011	2010
Non-revolving loan payable, (CT equipment) Scotiabank interest payable monthly at prime plus .25% principal repayable $433,333 annually, balance of $355,797 due January 2012	$ 355,797	$ 789,130
	4,139,130	4,861,352
Less current portion	(944,686)	(722,222)
	$ 3,194,444	$ 4,139,130

Principal payments to maturity are as follows:

2012	944,686
2013	588,889
2014	2,605,555
	$ 4,139,130

Total interest paid on long-term debt during the year was $124,423 (2010 - $135,229).

8. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized or unspent balances of donations and grants received for capital assets acquisitions. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	2011	2010
Balance, beginning of year	$ 41,277,370	$ 40,031,088
Less amount amortized to revenue	(2,333,414)	(2,269,466)
Add contributions received	891,208	3,515,748
Balance, end of year	$ 39,835,164	$ 41,277,370

9. Employee future benefits:

(a) Health Care Plans:

The Hospital measures its accrued benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the plan for funding purposes was April 1, 2011 and the next required valuation will be as of April 1, 2014.

The reconciliation of the funded status of the defined benefit health care plan and the amounts recorded in the consolidated financial statements is as follows:

	2011	2010
Accrued benefit obligation, beginning of year	$ 1,147,900	$ 973,500
Current service cost	83,100	63,000
Interest cost	98,900	115,000
Benefits paid	(106,800)	(90,100)
Actuarial losses	283,300	326,200
Accrued benefit obligation transferred to Fairvern	(37,500)	-
Balance and plan deficit, end of year	1,468,900	1,387,600
Unamortized net actuarial gain	(284,200)	(335,200)
Prior service costs	84,100	86,700
Unamortized transitional obligation	8,800	8,800
Accrued benefit liability	$ 1,277,600	$ 1,147,900

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

	2011	2010
Discount rate	4.75%	5.25%
Initial health care cost trend rate	8.5%	8.5%
Dental care cost trend rate	4.0%	4.0%
Health Care cost trend rate declines to	5.0%	5.0%
Year ultimate rate reached	2017	2017

(b) Multi-employer Pension Plans:

Substantially all of the employees of the Hospital are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit plan. Employer contributions made to the Plan during the year by the Hospital amounted to $2,780,382 (2010 - $2,676,842).

10. Internally restricted assets:

Internally restricted assets consist of the Hospital's net investment in capital assets.

11. Other revenue:

	2011	2010
Patient charges	$ 12,085,770	$ 14,688,988
Differential and co-payment fees	1,192,791	1,358,879
Parking fees	508,719	490,839
Other	2,145,848	2,495,587
	$ 15,933,128	$ 19,034,293

12. Total revenue and expenses:

	2011	2010
Revenue:		
Hospital operations	$ 72,556,236	$ 69,912,924
Amortization of grants and deferred capital contributions related to buildings and building service equipment	955,730	957,899
Other programs	523,442	503,804
Total revenue	74,035,408	71,374,627
Expenses:		
Hospital operations	72,400,799	73,674,170
Amortization of buildings and building service equipment	1,276,893	1,288,525
Other programs	629,689	574,494
Total expenses	74,307,381	75,537,189
Deficiency of revenue over expenses	$ (271,973)	$ (4,162,562)

The Hospital administers a number of independent programs on behalf of the Ministry of Health and Long-Term Care (the "Ministry") (see Consolidated Schedule – Other Programs). These programs which provide separate and distinct funding for specific mandates and expenditures are limited to the amount of grant provided. Grants are recognized for specified levels of activity and any amounts to be returned to the Ministry are reflected in current liabilities. Expenditures in excess of the grants provided are the responsibility of the Hospital.

13. Contingencies:

Contingencies:

(a) The nature of the Hospital's activities is such that there is usually litigation pending or in process at any given time. With respect to claims at March 31, 2011, management believes the Hospital has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

(b) On July 1, 1987, a group of health care organizations, ("subscribers") formed 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. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2011.

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 of 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 at March 31, 2011.

14. Fair value of financial assets and liabilities:

The carrying values of cash and short-term investments, accounts receivable, amounts due from related parties, short-term demand loans and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity or because they are receivable or payable on demand.

The carrying value of long-term debt, which has variable interest rates based on market rates, approximates the fair value of those financial instruments.

The Hospital's financial instruments do not expose the Hospital to a significant concentration of credit or interest rate risk.

MUSKOKA ALGONQUIN HEALTHCARE

Consolidated Schedule – Other Programs

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Revenue:		
Diabetic Education Network – South Muskoka Site	$ 242,772	$ 242,883
Diabetes Education Centre – Huntsville Site	266,703	240,661
Gravenhurst clinic	17	6,310
Payments in lieu of taxes	13,950	13,950
	523,442	503,804
Expenses:		
Diabetic Education Network – South Muskoka Site	242,772	242,883
Diabetes Education Centre – Huntsville site	266,703	240,661
Gravenhurst clinic	102,675	77,000
Payments in lieu of taxes	17,539	13,950
	629,689	574,494
Deficiency of revenue over expenses	$ (106,247)	$ (70,690)