

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2014**

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Independent Auditor's Report

To the Members of Collingwood General and Marine Hospital

We have audited the accompanying financial statements of Collingwood General and Marine Hospital, which comprise the balance sheet as at March 31, 2014, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Collingwood General and Marine Hospital as at March 31, 2014 and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of Collingwood General and Marine Hospital for the year ended March 31, 2013 were audited by another auditor who expressed a similar opinion on those financial statements on May 30, 2013.

Chartered Accountants, Licensed Public Accountants
Owen Sound, Ontario
May 28, 2014

COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET AS AT MARCH 31

	2014 \$	2013 \$
ASSETS		
CURRENT		
Cash	1,142,464	2,254,984
Accounts Receivable (Note 12)	1,849,640	1,883,083
Current Portion of Long-Term Receivable (Note 3)	222,751	176,952
Inventories (Note 4)	249,526	227,305
Prepaid Expenses	462,022	441,079
Total Current Assets	3,926,403	4,983,403
ACCOUNTS RECEIVABLE-LONG TERM (Note 3)	2,046,774	2,984,917
TANGIBLE CAPITAL ASSETS (Note 5)	25,125,496	26,562,059
INTANGIBLE CAPITAL ASSETS - NET OF ACCUMULATED AMORTIZATION \$1,854,486, (2013 - \$1,740,720)	177,500	291,623
	31,276,173	34,822,002
LIABILITIES		
CURRENT		
Bank Loan (Note 6)	2,098,274	2,098,274
Accounts Payable and Accrued Liabilities	6,393,583	7,561,398
Total Current Liabilities	8,491,857	9,659,672
EMPLOYEE FUTURE BENEFITS (Note 8)	2,274,784	2,101,349
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	22,961,135	24,447,940
NET ASSETS	(2,451,603)	(1,386,959)
	31,276,173	34,822,002

APPROVED ON BEHALF OF THE BOARD:



See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	2014	2013
	\$	\$
REVENUES		
Ministry of Health - Patient Services	38,153,194	37,226,922
Patient Services - Other	8,349,754	8,039,669
Inpatient Services	244,223	233,320
Differential Accommodation	296,780	256,220
Dietary Recoveries, Ambulance, Investment and Other Income	2,204,754	1,894,303
Amortization of Deferred Contributions - Equipment	1,713,747	1,323,871
	50,962,452	48,974,305
EXPENSES		
Salaries and Wages	24,100,939	23,544,602
Medical Staff Remuneration	7,162,346	7,023,849
Employee Benefits	6,567,544	6,337,379
Supplies and Other	7,850,139	6,641,082
Medical and Surgical Supplies	3,319,899	2,999,446
Drugs and Gases	1,097,433	991,324
Bad Debts	94,625	44,276
Amortization of Equipment	1,826,506	1,443,847
	52,019,431	49,025,805
Deficiency of revenue over expenses before other votes & programs	(1,056,979)	(51,500)
OTHER ITEMS		
Prior Year Funding Reconciliation	0	90,051
OTHER VOTES AND PROGRAMS (Note 11)		
Revenue	1,599,171	1,627,836
Expense	(1,599,171)	(1,627,836)
Net Other Votes and Programs	0	0
Net Operating Loss	(1,056,979)	38,551
BUILDING AND LAND IMPROVEMENTS		
Amortization of Deferred Contributions	755,096	799,979
Amortization of Building and Equipment	(762,761)	(809,632)
Net Amortization	(7,665)	(9,653)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(1,064,644)	28,898

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31

	2014	2013
	Total	Total
	\$	\$
BALANCE, Beginning of Year	(1,386,959)	(1,415,857)
Excess (deficiency) of revenue over expenses	(1,064,644)	28,898
BALANCE, End of Year	<u>(2,451,603)</u>	<u>(1,386,959)</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2014	2013
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Deficiency of Revenue Over Expenses for the year	(1,064,644)	28,898
Items Not Involving Cash		
Amortization of Tangible Capital Assets	2,475,501	2,165,853
Amortization of Non-Tangible Capital Assets	113,766	87,626
Amortization of Deferred Contributions	(2,468,843)	(2,123,850)
	(944,220)	158,527
Changes in		
Accounts Receivable	1,818,131	(1,805,115)
Inventories	(22,221)	(2,260)
Prepaid Expenses	(20,943)	(114,586)
Accounts Payable and Accruals	(1,350,622)	1,949,774
Employee Future Benefits	173,435	149,049
	(346,440)	335,389
FINANCING ACTIVITIES		
Deferred Contributions	982,038	3,061,550
CAPITAL ACTIVITIES		
Tangible Capital Asset Acquisitions	(1,033,069)	(3,803,857)
Non-Tangible Capital Asset Acquisitions	0	(325,392)
Proceeds from Sale of Capital Assets	(5,512)	(16,932)
Accounts Receivable for Capital Asset Acquisitions	(892,344)	780,097
Accounts Payable for Capital Asset Acquisitions	182,807	(236,519)
	(1,748,118)	(3,602,603)
CHANGE IN CASH POSITION DURING THE YEAR	(1,112,520)	(205,664)
Cash Position, Beginning of Year	2,254,984	2,460,648
CASH POSITION END OF YEAR	1,142,464	2,254,984

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

1. PURPOSE OF THE ORGANIZATION

Collingwood General and Marine Hospital (the “Hospital”) was incorporated under the Canada Corporation Act by Parliamentary assent on June 23, 1887 to establish a hospital for the assistance, benefit and relief of persons sick or injured by accidents. The Hospital receives the majority of its operating revenue from the Ontario Ministry of Health and Long-Term Care (the “Ministry”) in amounts determined by the Ministry’s annual review and approval process. The hospital is exempt from income taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hospital are the representations of management prepared in accordance with Government-Not-for-Profit (GNFPO) accounting standards established by the PSAB. The Hospital has chosen the option to adopt PSAB accounting standards with the PS4200 series of standards specific for GNFPOs.

The focus of PSAB financial statements is on the financial position of the Hospital and the changes thereto. The statement of financial position (or balance sheet) includes all of the assets and liabilities of the Hospital. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net Assets represent the financial position and is the difference between assets and liabilities. This provides information about the Hospital’s overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Hospital are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of an obligation to pay. The Hospital follows the accounting guidelines as set by the Ontario Ministry of Health and Long-term Care and the PSAB accounting standards.

(b) Financial instruments

Financial instruments

The Hospital initially measures its financial assets and liabilities at fair value. The Hospital subsequently measures all its financial assets and financial liabilities at amortized costs, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized. A loss or gain is recognized in the statement of operations when an instrument is derecognized.

Financial assets measured at amortized cost include cash, accounts receivable and long-term accounts receivable. Financial liabilities measured at amortized cost include the bank loan and accounts payable.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transaction costs

The Hospital recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

For secured lines of credit annual transaction costs are treated as prepaid expenses and amortized over a one year period. Non-recurring costs to initiate a line of credit are expensed as incurred.

(c) Cash and investments

Cash and investments include cash on hand, deposits with banks and other highly liquid investments recorded at fair market value.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. Tangible capital assets are amortized on a straight line basis over their estimated useful life using rates established by management information system guidelines as approved by the Ministry of Health, ranging from 2% to 33% per annum.

(e) Intangible assets

Intangible assets include externally acquired computer software and are stated at cost. Amortization at the rate of 33% per annum is provided on a straight-line basis over their estimated useful service lives established by management information system guidelines as approved by the Ministry of Health.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

(g) Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants.

Under the health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC), and the North Simcoe Muskoka Local Health Integration Network (LHIN). The Hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) for fiscal 2014 with the Ministry and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the Ministry/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition (continued)

If the Hospital does not meet its performance standards or obligations, the Ministry/LHIN has the right to adjust funding received by the Hospital. The Ministry/LHIN is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of Ministry/LHIN funding received by the Hospital during the year may be increased or decreased subsequent to year end.

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.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Amortization of buildings is not funded by the LHIN and accordingly the amortization of the buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenues for deferred contributions.

(h) Contributed services

The Hospital receives volunteer services from many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

(i) Allocation of expenses

The Hospital allocates general administration costs to the Mental Health program. Of the total costs of \$5,068,608 (2013 - \$4,626,480) an allocation of \$24,750 (2013 - \$63,074) was made. The allocation is calculated from a base amount plus any additional direct expenditure.

(j) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions. These may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Employee future benefits and the useful life of tangible capital assets are significant areas where estimates are used. An actuarial report is completed to provide measurement of the estimate of employee future benefits.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

3. ACCOUNTS RECEIVABLE LONG-TERM

The Hospital has a long-term receivable from the County of Simcoe for the county portion of redevelopment funds for the Clinical Redevelopment Project. There are no fixed terms of repayment. Payments vary from year to year depending upon projects funded within the County. The final payment will be made in 2016. The Hospital has a long term receivable from the Collingwood General and Marine Hospital Foundation in the amount of \$1,420,105 (2013 - \$2,135,497) related to its major capital campaign and funds will be forwarded as they become available.

4. INVENTORIES

Inventories consist of:

	2014	2013
	\$	\$
Gift Shop	59,665	49,426
Drugs	176,843	162,728
Other	13,018	15,151
	249,526	227,305

5. TANGIBLE CAPITAL ASSETS

	2014	2013
COST	\$	\$
Land and Improvements	977,217	977,217
Buildings	26,123,792	26,123,792
Equipment and Furnishings	23,561,025	22,766,361
Construction in Progress	92,106	14,444
	50,754,140	49,881,814
ACCUMULATED DEPRECIATION		
Land Improvements	587,992	557,024
Buildings	7,869,456	7,234,955
Equipment and Furnishings	17,171,196	15,527,776
	25,628,644	23,319,755
	25,125,496	26,562,059

Assets included in Construction in Progress are not amortized until available for use.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

6. BANK LOAN

As of March 31, 2014, the Hospital has accessed \$2,098,274 of the maximum \$4.2 million line of credit available relative to the New Age of Care Campaign and the Clinical Redevelopment Project Phase 1. Interest is paid monthly at the rate of Prime minus .65%, balance due by December 31, 2016. A payment of \$672,989 was made against this loan in April 2014.

7. EMPLOYEE PENSION PLAN

The employees of the Collingwood General and Marine Hospital participate in the Hospitals of Ontario Pension Plan ("HOOPP"). Although the plan has a defined retirement benefit for employees, the related obligation of individual hospitals cannot be identified. The HOOPP plan has several unrelated participating hospitals. During the year the Collingwood General and Marine Hospital made contributions of \$1,940,409 (2013 - \$1,865,869) to the HOOPP plan.

HOOPP is a multiemployer plan, therefore any pension plan surpluses or deficits are a joint responsibility of participating hospitals in Ontario and their employees. As a result, the Hospital does not recognize any share of the HOOPP pension surplus or deficit. The plan has reported a \$10.15 billion actuarial surplus at the end of December 2013 (2012 - \$7.5 billion surplus), based on actuarial liabilities of \$41.5 billion (2012 - \$39.9 billion) and actuarial net assets of \$51.6 billion (2012 - \$47.4 billion).

8. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees from retirement to age 65. At March 31, 2014, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation update dated March 31, 2014 is \$2,179,600 (2013 - \$2,323,300). The portion of this benefit obligation included on the Balance Sheet at March 31, 2014 is \$2,274,784 (2013 - \$2,101,349). Significant fluctuations in anticipated healthcare costs are not expected to materially affect the accrued liability benefit. Actuarial valuations will be prepared every third year or when there are significant changes in the workforce. This liability is not funded and there are no plan assets.

The significant actuarial assumptions included in the actuarial report dated March 31, 2014 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	3.75%
Dental Benefits Cost Escalation	4.0%
Extended Health Care Cost Escalation	7.0% in 2015; decreasing by 0.25% per annum to an ultimate rate of 5.0%

Employee benefits expense for 2014 includes \$259,300 (2013 - \$245,300) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$85,865 (2013 - \$96,251) were made for retired employees.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

8. EMPLOYEE FUTURE BENEFITS (CONTINUED)

Information about the Hospital's benefit obligation is as follows:

	2014	2013
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	2,327,300	2,200,000
Service cost for one year	151,100	140,800
Interest on the accrued benefit obligation	87,600	90,300
Transfer of Foundation Liability to Foundation	(45,400)	-
Expected benefit payments/contributions	(192,200)	(165,100)
Experience loss (gain)	(148,800)	61,300
	2,179,600	2,327,300
Unamortized prior service costs	-	-
Unamortized net actuarial gain (loss)	95,184	(180,551)
Transfer of Foundation Liability to Foundation	-	(45,400)
	2,274,784	2,101,349

9. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represent contributions restricted by the donors for the purchase of tangible capital assets. The changes in the deferred contributions balance for the period are as follows:

	2014	2013
	\$	\$
Balance, Beginning of Year	24,447,940	23,510,240
Donations From the Collingwood General & Marine Hospital Foundation	982,038	2,620,388
Government Grants	-	441,162
Amortization of Deferred Contributions	(2,468,843)	(2,123,850)
	22,961,135	24,447,940

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

10. MINISTRY OF HEALTH/PHYSICIAN AGREEMENTS

ALTERNATIVE FUNDING AGREEMENT

The Hospital has an agreement with the Emergency Physicians and the Ministry of Health for alternative funding for emergency services. The revenue and expenses included in the statement of operations are as follows:

	2014	2013
	\$	\$
Revenue – MOHLTC	2,965,528	2,963,986
Expenses - Physician Remuneration	2,939,128	2,883,641
- Other	-	53,945
AFA Contribution to Hospital	26,400	26,400

PHYSICIAN ON CALL COVERAGE

The Hospital has an agreement with the Ministry of Health for Physician on Call Coverage. The revenue and expenses included in the statement of operations are as follows:

	2014	2013
	\$	\$
Revenue – MOHLTC	1,395,537	1,407,520
Expenses - Physician Remuneration	1,395,537	1,407,520
HOCC Agreement Contribution (Deficit) to Hospital	-	-

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

11. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2014	2013
	\$	\$
REVENUE		
Community Mental Health Programs	1,280,711	1,301,775
Psychogeriatric Program	312,310	319,911
Municipal Taxes	6,150	6,150
	<hr/>	<hr/>
	1,599,171	1,627,836
EXPENSE		
Community Mental Health	899,000	922,123
Crisis Intervention	212,281	196,901
Case Management	169,430	182,751
Psychogeriatric Program	312,310	319,911
Municipal Taxes	6,150	6,150
	<hr/>	<hr/>
	1,599,171	1,627,836
NET OTHER VOTES AND PROGRAMS	<hr/>	<hr/>
	-	-

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

12. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$59,632 (2013 – \$50,442) from the Collingwood General & Marine Hospital Foundation.

The Collingwood General & Marine Hospital Foundation was founded to receive, accumulate and distribute funds and/or the income therefrom for the benefit of the Hospital. The Foundation is incorporated under the Ontario Corporations Act and is a registered charity under the Income Tax Act. The Hospital has representation on the Foundation's Board of Directors. Net resources of the Foundation must be provided to the Hospital or used for the Hospital's benefit according to the Foundation's bylaws. Thus, as defined in the accounting recommendations of the Canadian Institute of Chartered Accountants, the Hospital has an economic interest in the Foundation.

The Foundation has not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available on request. Audited financial summaries for the Foundation as at December 31, 2013 and 2012 are as follows:

	2013 \$	2012 \$
Financial position		
Total assets	14,990,108	12,431,568
Total liabilities	<u>143,854</u>	149,687
Total net assets	<u><u>14,846,254</u></u>	<u><u>12,281,881</u></u>
Results of operations		
Total revenue	5,480,467	4,324,123
Total expenses	<u>870,001</u>	950,859
Excess of revenue over expenses	<u><u>4,610,466</u></u>	<u><u>3,373,264</u></u>
Cash flows		
Cash from operations	3,307,055	2,731,183
Cash used in investing and financing activities	<u>(2,892,261)</u>	(4,061,467)
Change in cash	<u><u>414,794</u></u>	<u><u>(1,330,284)</u></u>

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

13. COMMITMENTS

The Hospital, in its normal course of operations, has signed support and maintenance contracts with third parties to provide services to the Hospital.

The minimum payment for these contracts over the next five years is:

2015 - \$504,598
2016 - \$348,578
2017 - \$206,595
2018 - \$152,605
2019 - \$ 65,660.

14. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Hospital is exposed to various risks through its financial instruments. The following analysis provides a measure of the Hospital's risk exposure and concentrations as at March 31, 2014.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Hospital's main credit risk is related to accounts receivable. The Hospital provides services to patients which are not covered by Provincial health care plans. These amounts are collected from the individual patient or their insurance company. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$428,245 (2013 - \$256,148).

Liquidity risk

Liquidity risk is the risk that the Hospital will encounter difficulty in meeting obligations associated with financial liabilities. The Hospital is exposed to this risk mainly in respect of its bank loan and accounts payable. The Hospital expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Hospital is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Hospital is exposed to interest rate risk on its variable long-term debt as described in Note 6.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2014

15. CONTINGENCIES

In the ordinary course of business, various claims and lawsuits are brought against the Hospital. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.