

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2013**

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GAVILLER & COMPANY LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the members of the Collingwood General and Marine Hospital:

Report on the Financial Statements

We have audited the accompanying financial statements of Collingwood General and Marine Hospital, which comprise the balance sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Hospital'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 Hospital's internal controls. 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, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

We draw attention to Note 2 to the financial statements which describes that the Hospital adopted Canadian public sector accounting standards on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 30, 2013

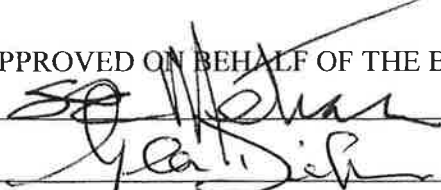
COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET

AS AT

	March 31, 2013	March 31, 2012	April 1, 2011
	\$	\$	\$
ASSETS			
CURRENT			
Cash	2,254,984	2,460,648	771,008
Accounts Receivable (Note 13)	1,883,083	2,679,495	4,352,450
Current Portion of Long-Term Receivable (Note 4)	176,952	314,067	456,275
Inventories (Note 5)	227,305	225,045	235,581
Prepaid Expenses	441,079	326,493	345,423
Total Current Assets	4,983,403	6,005,748	6,160,737
ACCOUNTS RECEIVABLE-LONG TERM (Note 4)	2,984,917	1,026,372	0
TANGIBLE CAPITAL ASSETS (Note 6)	26,562,059	24,907,123	24,112,332
INTANGIBLE CAPITAL ASSETS – NET OF ACCUMULATED AMORTIZATION \$1,740,720, (2012 - \$1,795,078)	291,623	53,857	174,652
	34,822,002	31,993,100	30,447,721
LIABILITIES			
CURRENT			
Bank Loan (Note 7)	2,098,274	2,098,274	803,160
Accounts Payable and Accruals	7,561,398	5,848,143	6,681,560
Total Current Liabilities	9,659,672	7,946,417	7,484,720
EMPLOYEE FUTURE BENEFITS (Note 9)	2,101,349	1,952,300	1,440,615
DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS (Note 10)	24,447,940	23,510,240	22,571,784
DEFICIENCY IN NET ASSETS	(1,386,959)	(1,415,857)	(1,049,398)
	34,822,002	31,993,100	30,447,721

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

	2013	2012
	\$	\$
REVENUES		
Ministry of Health - Patient Services	37,226,922	34,535,782
Patient Services - Other	8,039,669	8,806,140
Inpatient Services	233,320	313,170
Differential Accommodation	256,220	272,803
Dietary Recoveries, Ambulance, Investment and Other Income	1,894,303	1,969,557
Amortization of Deferred Contributions - Equipment	1,323,871	1,256,578
	48,974,305	47,154,030
EXPENSES		
Salaries and Wages	23,544,602	22,725,110
Medical Staff Remuneration	7,023,849	7,139,192
Employee Benefits	6,337,379	5,853,332
Supplies and Other	6,641,082	6,247,237
Medical and Surgical Supplies	2,999,446	2,955,652
Drugs and Gases	991,324	1,073,552
Bad Debts	44,276	97,324
Amortization of Equipment	1,443,847	1,322,276
	49,025,805	47,413,675
Deficiency of revenue over expenses before other votes & programs	(51,500)	(259,645)
OTHER ITEMS		
Prior Year Funding Reconciliation	90,051	(80,887)
OTHER VOTES AND PROGRAMS (Note 12)		
Revenue	1,627,836	1,578,630
Expense	(1,627,836)	(1,578,630)
Net Other Votes and Programs	0	0
Net Operating Loss	38,551	(340,532)
BUILDING AND LAND IMPROVEMENTS		
Amortization of Deferred Contributions	799,979	714,134
Amortization of Building and Equipment	(809,632)	(740,061)
Net Amortization	(9,653)	(25,927)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	28,898	(366,459)

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2013 Total \$	2012 Total \$
BALANCE, Beginning of Year as previously stated	(396,457)	(403,598)
Adjustments to new PSAB standards (Note 2)	<u>(1,019,400)</u>	<u>(645,800)</u>
BALANCE, Beginning of Year as restated	(1,415,857)	(1,049,398)
Excess (deficiency) of revenue over expenses	28,898	(366,459)
BALANCE, End of Year	<u>(1,386,959)</u>	<u>(1,415,857)</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2013	2012
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Surplus (Deficiency) of Revenue Over Expenses for the year	28,898	(366,459)
Items Not Involving Cash		
Amortization of Tangible Capital Assets	2,165,853	1,953,521
Amortization of Non-Tangible Capital Assets	87,626	108,816
Loss on Sale of Tangible Capital Assets	-	(1,068)
Amortization of Deferred Contributions	(2,123,850)	(1,970,712)
	158,527	(275,902)
Changes in		
Accounts Receivable	(1,805,115)	1,088,648
Inventories	(2,260)	10,536
Prepaid Expenses	(114,586)	18,930
Accounts Payable and Accruals	1,949,774	(2,004,270)
Employee Future Benefits	149,049	511,685
	335,389	(650,373)
FINANCING ACTIVITIES		
Deferred Contributions	3,061,550	2,909,168
Bank Loan	0	1,295,114
	3,061,550	4,204,282
CAPITAL ACTIVITIES		
Tangible Capital Asset Acquisitions	(3,803,857)	(2,728,856)
Non-Tangible Capital Assets	(325,392)	(6,409)
Proceeds From Sale of Tangible Capital Assets	(16,932)	-
Accounts Receivable for Tangible Capital Asset Acquisitions	780,097	(299,857)
Accounts Payable for Tangible Capital Asset Acquisitions	(236,519)	1,170,853
	(3,602,603)	(1,864,269)
CHANGE IN CASH POSITION DURING THE YEAR	(205,664)	1,689,640
Cash Position, Beginning of Year	2,460,648	771,008
CASH POSITION, END OF YEAR	2,254,984	2,460,648

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

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. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING BOARD STANDARDS

Effective April 1, 2012, the Hospital followed the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook and has adopted the accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These are the first financial statements prepared in accordance with this new framework which have been applied retrospectively. The accounting policies set out in the significant policy note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening balance sheet at April 1, 2011 – which is the Hospital's date of transition.

The Hospital issued financial statements for the year ended March 31, 2012 using pre-changeover generally accepted accounting principles prescribed by the CICA Handbook. Due to the adoption of PSAB accounting standards at March 31, 2012 the accrued liability for employee future benefits increased by \$1,019,400 and net assets decreased by \$1,019,400. \$376,000 was applied to 2012 reducing net income and \$645,800 was applied to reduce the opening net assets.

Upon adoption of PSAB, the Hospital has reclassified net assets invested in capital assets to unrestricted net assets. This change does not impact the total net assets, unrestricted net assets on April 1, 2011. The total net assets as at March 31, 2012 have been restated to reflect the inclusion of net assets invested in capital assets.

3. 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

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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) 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.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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.

(e) Inventories

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

(f) Revenue recognition

The Hospital follows the deferral method of accounting for contributions.

Contributions relating to depreciable tangible capital assets are deferred and amortized over the useful life of the depreciable asset acquired. Contributions relating to non-depreciable tangible capital assets are recognized as direct increases to net assets. Restricted contributions for operations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other revenues are recognized when the services are performed or the goods are transferred. Prior year funding reconciliations are recognized in the year of settlement.

(g) 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.

(h) Allocation of expenses

The Hospital allocates general administration costs to the Mental Health and Diabetes programs. Of the total costs of \$4,626,480 (2012 - \$3,636,684) an allocation of \$63,074 (2012 - \$36,095) was made to the Mental Health program and \$0 (2012 - \$14,777) to the Diabetes program (program closed October 2011). The allocation is calculated from a base amount plus any additional direct expenditure.

(i) 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, 2013

4. 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 \$2,135,497 (2012 - NIL) related to its major capital campaign and funds will be forwarded as they become available.

5. INVENTORIES

Inventories consist of:

	2013	2012
	\$	\$
Gift Shop	49,426	56,238
Drugs	162,728	146,215
Other	15,151	22,592
	227,305	225,045

6. TANGIBLE CAPITAL ASSETS

	2013	2012
COST	\$	\$
Land and Improvements	977,217	977,217
Buildings	26,123,792	26,019,222
Equipment and Furnishings	22,766,361	20,229,093
Construction in Progress	14,444	5,878
	49,881,814	47,231,410
ACCUMULATED DEPRECIATION		
Land Improvements	557,024	526,055
Buildings	7,234,955	6,601,732
Equipment and Furnishings	15,527,776	15,196,500
	23,319,755	22,324,287
	26,562,059	24,907,123

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, 2013

7. BANK LOAN

As of March 31, 2013, 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.

8. 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 \$1,865,869 (2012 - \$1,767,127) 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.

9. 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, 2013, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation update dated March 31, 2013 is \$2,323,300 (2012 - \$2,558,300). The portion of this benefit obligation included on the Balance Sheet at March 31, 2013 is \$2,101,349 (2012 - \$1,952,300). 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, 2013 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	9.0% decreasing .5% annually to 5.0%

Employee benefits expense for 2013 includes \$245,300 (2012 - \$599,886) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$96,251 (2012 - \$88,201) were made for retired employees.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

9. EMPLOYEE FUTURE BENEFITS (CONTINUED)

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

	2013	2012 Restated
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	2,200,000	1,440,600
Service cost for one year	140,800	118,100
Interest on the accrued benefit obligation	90,300	99,100
Prior service costs – ONA & OPSEU	-	500,900
Expected benefit payments/contributions	(165,100)	(157,000)
Experience loss	61,300	198,300
	2,327,300	2,200,000
Unamortized prior service costs	-	-
Unamortized net actuarial loss	(180,551)	(198,300)
Transfer of Foundation Liability to Foundation	(45,400)	(49,400)
	2,101,349	1,952,300

10. 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:

	2013 \$	2012 \$
Balance, Beginning of Year	23,510,240	22,571,784
Donations From the Collingwood General & Marine Hospital Foundation	2,620,388	1,521,168
Government Grants	441,162	1,388,000
Amortization of Deferred Contributions	(2,123,850)	(1,970,712)
	24,447,940	23,510,240

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

11. 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:

	2013	2012
	\$	\$
Revenue – MOHLTC	2,963,986	3,016,809
Expenses - Physician Remuneration	2,883,641	2,989,722
- Other	53,945	687
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:

	2013	2012
	\$	\$
Revenue – MOHLTC	1,407,520	1,280,920
Expenses - Physician Remuneration	1,407,520	1,280,920
HOCC Agreement Contribution (Deficit) to Hospital	-	-

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

12. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2013	2012
	\$	\$
REVENUE		
Community Mental Health Programs	1,301,775	1,238,862
Psychogeriatric Program	319,911	219,603
Diabetes Program	-	114,015
Municipal Taxes	6,150	6,150
	<hr/>	<hr/>
	1,627,836	1,578,630
EXPENSE		
Community Mental Health	922,123	776,261
Crisis Intervention	196,901	249,842
Case Management	182,751	212,759
Psychogeriatric Program	319,911	219,603
Diabetes Program	-	114,015
Municipal Taxes	6,150	6,150
	<hr/>	<hr/>
	1,627,836	1,578,630
NET OTHER VOTES AND PROGRAMS	<hr/>	<hr/>
	-	-

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

13. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$50,442 (2012 – \$1,082,491) 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, 2012 and 2011 are as follows:

	2012	2011
	\$	\$
		Restated
Financial position		
Total assets	12,431,568	11,661,345
Total liabilities	<u>149,687</u>	<u>271,539</u>
Total net assets	<u><u>12,281,881</u></u>	<u><u>11,389,806</u></u>
Results of operations		
Total revenue	4,324,123	2,988,727
Total expenses	<u>950,859</u>	<u>1,022,260</u>
Excess of revenue over expenses	<u><u>3,373,264</u></u>	<u><u>1,966,467</u></u>
Cash flows		
Cash from operations	2,731,183	2,245,183
Cash used in investing and financing activities	<u>(4,061,467)</u>	<u>(1,412,340)</u>
Change in cash	<u><u>(1,330,284)</u></u>	<u><u>832,843</u></u>

2011 was restated in 2012 as a result of recording the liability related to Employee Future Benefits.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

14. COMMITMENTS

During the 2012 fiscal year the Hospital signed an agreement with the North Simcoe Muskoka LHIN to receive a cash advance in April 2012. This Hospital repaid the cash advance of \$2,600,000 in three equal instalments on February 15, February 28, and March 15, 2013.

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 is \$120,023 in fiscal year 2014 and \$240,561 for fiscal years 2015 to 2018.

15. 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, 2013.

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 \$256,148 (2012 - \$208,545).

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 7.

16. 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.