

Financial Statements of

**GEORGIAN BAY
GENERAL HOSPITAL**

Year ended March 31, 2014

GEORGIAN BAY GENERAL HOSPITAL

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For the year ended March 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of Georgian Bay General Hospital

We have audited the accompanying financial statements of **Georgian Bay General Hospital** which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in deficiency 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 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 our 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, we consider 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 Georgian Bay General Hospital as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 22, 2014
Sudbury, Canada

GEORGIAN BAY GENERAL HOSPITAL

Statement of Financial Position

March 31, 2014, with comparative information for 2013

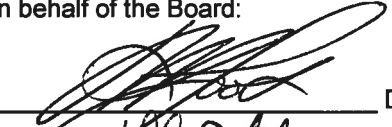
	2014	2013
Assets		
Current assets:		
Cash (note 2)	\$ 3,495,980	1,077,212
Accounts receivable (note 3)	4,107,115	2,479,025
Inventories	710,188	687,956
Prepaid expenses	571,101	563,233
Current portion of long-term receivable (note 4)	540,483	-
	9,424,867	4,807,426
Long-term receivable (note 4)	1,743,768	-
Capital assets (note 5)	21,204,203	14,976,980
	\$ 32,372,838	19,784,406

Liabilities and Deficiency in Net Assets

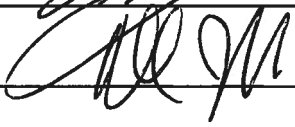
Current liabilities:		
Bank indebtedness (note 2)	\$ 3,374,610	2,570,758
Accounts payable and accrued liabilities (note 6)	10,285,015	8,921,718
Current portion of long-term obligations (note 8)	1,216,925	183,446
	14,876,550	11,675,922
Deferred capital contributions (note 7)	16,832,901	10,376,734
Long-term obligations (note 8)	8,869,175	5,068,905
Total liabilities	40,578,626	27,121,561
Deficiency in net assets	(8,205,788)	(7,337,155)
Contingencies (note 12)		
	\$ 32,372,838	19,784,406

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

GEORGIAN BAY GENERAL HOSPITAL

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
North Simcoe Muskoka Local Health Integration Network/Ministry of Health and Long-Term Care	\$ 48,233,875	46,535,531
Patient services	3,427,164	3,671,528
Marketed services	2,537,231	2,074,189
Other	951,730	1,635,523
Amortization of deferred capital contributions related to equipment	818,470	962,728
	55,968,470	54,879,499
Expenses:		
Salaries and wages	29,104,595	28,522,905
Employee benefits	8,452,595	8,772,476
Medical staff remuneration	3,245,620	3,231,611
Drugs	2,976,340	2,466,966
Medical and surgical supplies	2,108,709	1,919,507
Supplies and other expenses	8,840,953	9,637,643
Amortization of major equipment	1,037,241	1,003,815
	55,766,053	55,554,923
Surplus (deficiency) of revenue over expenses from hospital operations before undernoted items		
	202,417	(675,424)
Amortization - buildings, land improvements and building service equipment	(1,037,212)	(938,714)
Amortization - deferred capital contributions for buildings, land improvements and building service equipment	395,864	365,169
Deficiency of revenue over expenses before undernoted items		
	(438,931)	(1,248,969)
Loss on interim long-term care program (note 13)	(325,951)	(352,869)
Interest on long-term debt	(103,751)	(109,282)
Deficiency of revenue over expenses		
	\$ (868,633)	(1,711,120)

See accompanying notes to financial statements.

GEORGIAN BAY GENERAL HOSPITAL

Statement of Changes in Deficiency in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Deficiency in net assets, beginning of year	\$ (7,337,155)	(5,626,035)
Deficiency of revenue over expenses	(868,633)	(1,711,120)
Deficiency in net assets, end of year	\$ (8,205,788)	(7,337,155)

See accompanying notes to financial statements.

GEORGIAN BAY GENERAL HOSPITAL

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (868,633)	(1,711,120)
Adjustments for:		
Amortization of capital assets	2,074,453	2,051,811
Amortization of deferred capital contributions	(1,214,334)	(1,327,897)
Increase in employee future benefits liability	124,000	110,000
Loss on disposal of capital assets	104,601	2,989
	220,087	(874,217)
Change in non-cash working capital (note 9)	(294,893)	(967,543)
	(74,806)	(1,841,760)
Capital activities:		
Purchase of capital assets	(8,430,377)	(3,257,293)
Proceeds on sale of capital assets	24,100	—
	(8,406,277)	(3,257,293)
Financing activities:		
Increase in deferred capital contributions	7,670,501	2,256,576
Issuance of long-term debt	4,500,743	818,593
Increase in capital lease obligations	549,088	25,049
Increase in long-term receivable	(2,284,251)	—
Payments on capital lease obligations	(266,360)	(142,558)
Repayment of long-term debt	(73,722)	—
	10,095,999	2,975,660
Net increase (decrease) in cash during the year	1,614,916	(2,141,393)
Cash (bank indebtedness), beginning of year	(1,493,546)	647,847
Cash (bank indebtedness), end of year	\$ 121,370	(1,493,546)
Cash (bank indebtedness) consists of:		
Cash – unrestricted	\$ 29,690	6,150
Cash – restricted	3,466,290	1,071,062
Bank indebtedness	(3,374,610)	(2,570,758)
	\$ 121,370	(1,493,546)

See accompanying notes to financial statements.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

The Georgian Bay General Hospital (the "Hospital") is incorporated without share capital under the Corporations Act of Ontario as a charitable organization and is a registered charity within the meaning of the Income Tax Act (Canada) and as such is exempt from income taxes. The Hospital is principally involved in providing health care services to the residents of the North Simcoe Region of Ontario.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) 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"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2014.

Unrestricted contributions are recognized as revenue when received or receivable where 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 a rate corresponding with the amortization rate for the related asset.

Fees for medical services are recognized as revenue when the services are provided.

(b) Inventories:

Inventories of supplies are valued at the lower of cost and replacement cost. Inventory costs for housekeeping, maintenance, pharmacy, laboratory and x-ray are generally determined on a first-in, first-out basis. All other inventories are valued on a weighted average basis. Replacement cost has been determined using the current retail price.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. Construction-in-progress, including related financing costs, is recorded based on the percentage of completion of the project. Amortization of construction in progress will commence upon completion of the project. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

Amortization is provided on the straight-line basis over the estimated useful life of the asset and is calculated as follows:

Land improvements	5 to 20 years
Buildings	50 years
Building service equipment	5 to 20 years
Machinery and equipment	3 to 20 years
Equipment under capital leases	5 to 20 years

In the year of acquisition, amortization is pro-rated based on the date of service.

(d) Impairment of long-lived assets:

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(e) Related entities:

The notes to financial statements include information of the following entities (note 11):

Georgian Bay General Hospital Foundation
Georgian Bay General Hospital Volunteer Association

These entities are not consolidated. The Hospital has an economic interest in these entities.

(f) Employee future benefits:

The Hospital accrues its obligations for employee future benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Adjustments arising from plan amendments are recognized in the year that the plan amendments occur. Actuarial gains or losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the employee benefit plan is 12 years.

The Hospital is an employer member of the Health Care of Ontario Pension Plan ("HOOP"), 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.

(g) Use of estimates:

The preparation of the financial statements in accordance with Canadian public sector accounting standards 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 date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from management's estimates as additional information becomes available in the future. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(h) Contributed services:

The Hospital is dependent on the voluntary services of 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.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

1. Significant accounting policies (continued):

(i) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

2. Cash (bank indebtedness):

	2014	2013
Unrestricted cash	\$ 29,690	6,150
Restricted cash – capital projects	3,466,290	1,071,062
	<u>\$ 3,495,980</u>	<u>1,077,212</u>

The Hospital has a revolving credit facility with a chartered bank to a maximum authorized amount of \$3,500,000 of which \$125,390 was undrawn as at March 31, 2014 (2013 - \$3,500,000). Interest is payable monthly and is charged on the amount drawn at the bank's prime rate minus 0.50%. The credit facility is unsecured and is due on demand.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

3. Accounts receivable:

	2014	2013
MOHLTC and LHIN	\$ 2,066,478	590,608
Patients and clients	637,585	920,899
GBGH Foundation	543,313	210,557
Canada Revenue Agency (HST)	199,854	168,840
Other	714,260	655,859
	4,161,490	2,546,763
Less allowance for doubtful accounts	(54,375)	(67,738)
	\$ 4,107,115	2,479,025

4. Long-term receivable:

	2014
Simcoe Country - Emergency Department Redevelopment funding due in annual installments to 2016	\$ 2,284,251
Less current portion	(540,483)
	\$ 1,743,768

5. Capital assets:

	2014		
	Cost	Accumulated Amortization	Net book Value
Land	\$ 82,083	–	82,083
Land improvements	474,745	359,730	115,015
Buildings	17,822,198	11,453,739	6,368,459
Building service equipment	6,883,712	1,692,514	5,191,198
Machinery and equipment	18,993,099	15,475,917	3,517,182
Equipment under capital leases	2,533,840	1,151,704	1,382,136
Construction-in-progress	4,548,130	–	4,548,130
	\$ 51,337,807	30,133,604	21,204,203

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

5. Capital assets (continued):

	2013		
	Cost	Accumulated Amortization	Net book Value
Land	\$ 82,083	–	82,083
Land improvements	474,745	351,753	122,992
Buildings	17,782,439	10,909,591	6,872,848
Building service equipment	4,539,206	1,368,409	3,170,797
Machinery and equipment	17,656,785	15,089,062	2,567,723
Equipment under capital leases	1,984,753	926,218	1,058,535
Construction-in-progress	1,102,002	–	1,102,002
	\$ 43,622,013	28,645,033	14,976,980

6. Accounts payable and accrued liabilities:

	2014	2013
Accounts payable and accrued liabilities:		
- trade payables	\$ 4,928,120	3,271,174
- MOHLTC and LHIN	181,326	83,200
Payroll accruals:		
- salaries, wages, vacation and other entitlements	4,071,270	4,584,010
Deferred revenue	1,104,299	983,334
	\$ 10,285,015	8,921,718

7. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2014	2013
Balance, beginning of year	\$ 10,376,734	9,448,055
Additional contributions received	7,670,501	2,256,576
Less amounts amortized to revenue	(1,214,334)	(1,327,897)
Balance, end of year	\$ 16,832,901	10,376,734

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

7. Deferred capital contributions (continued):

The balance of unamortized and unspent funds consists of the following:

	2014	2013
Unamortized	\$ 13,173,818	8,920,749
Unspent:		
Equipment	716,970	1,455,985
Building and construction	2,942,113	-
	\$ 16,832,901	10,376,734

During the year, the Georgian Bay General Hospital Foundation approved contributions of \$2,058,895 (2013 - \$1,907,844) to the Hospital, which were used for capital expenditures and are included above.

8. Long-term obligations:

	2014	2013
Term loan – emergency department	\$ 1,390,007	-
Term loan – energy improvements	3,450,000	829,264
Obligations under capital lease	1,923,993	1,224,987
Employee future benefits	3,322,100	3,198,100
	10,086,100	5,252,351
Less current portion	(1,216,925)	(183,446)
	\$ 8,869,175	5,068,905

(i) Term loan – energy improvements:

The Hospital has entered into a non-revolving term loan agreement to finance energy improvements to a total amount of \$3,450,000. As at March 31, 2014, a total of \$3,450,000 was borrowed under the agreement.

The loan bears interest at a fixed rate of 3.49%, is repayable in monthly installments of \$34,099, inclusive of interest and matures on April 22, 2019.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

8. Long-term obligations (continued):

(ii) Term loan – emergency department redevelopment

The Hospital has entered into a non-revolving term loan agreement to bridge finance the emergency department redevelopment to a total amount of \$2,300,000. As at March 31, 2014, a total of \$1,390,008 was borrowed under the agreement.

The loan bears interest at a rate of prime less 0.5%. Payments of interest only are required until the loan is fully advanced, at which time it will be repayable in three installments of 540,000 plus interest on October 31, 2015 and October 31, 2016, with the balance of principal and interest then outstanding due October 31, 2017.

(iii) Obligation under capital lease:

The Hospital has entered into various long-term capital leases bearing interest rates of 2.50% to 3.57% for the purchase of equipment with various terms. They are repayable in monthly installments of \$3,991 to \$18,453.

Future minimum lease payments are as follows:

2015	\$	418,762
2016		418,762
2017		418,762
2018		418,762
2019 and thereafter		360,416
		2,035,464
Less interest included in lease payments		(111,471)
Present value of future minimum lease payments	\$	1,923,993

(iii) Employee future benefits:

The Hospital provides post-retirement extended healthcare medical and dental benefits to a number of employees. The most recent valuation of the employee future benefits was completed as at April 1, 2012. The next full valuation of the plan will be effective April 1, 2015. The accrued benefit obligation is recorded in the financial statements as follows:

	2014	2013
Balance, beginning of year	\$ 3,198,100	3,088,100
Add: Benefit costs	321,800	306,400
	3,519,900	3,394,500
Less: Benefit contributions	(197,800)	(196,400)
Balance, end of year	\$ 3,322,100	3,198,100

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

8. Long-term obligations (continued):

Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

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

	2014	2013
Discount rate	3.75%	3.75%
Dental cost trend rates	4.00%	4.00%
Extended health care trend rates	7.50%	7.50%

9. Change in non-cash working capital:

	2014	2013
Accounts receivable	\$ (1,628,090)	(778,508)
Inventories	(22,232)	103,917
Prepaid expenses	(7,868)	(98,453)
Accounts payable and accrued liabilities	1,363,297	(194,499)
	\$ (294,893)	(967,543)

10. Pension plan:

Substantially all of the employees of the Hospital are members of HOOP which is a multi-employer defined benefit plan. Contributions to the plan made during the year on behalf of employees amounted to \$2,727,245 (2013 - \$2,227,195) and are included in employee benefits in the statement of operations.

11. Other entities:

The Hospital has economic interest in the Foundation and Volunteer Association.

The Georgian Bay General Hospital Foundation ("the Foundation") was created for the purpose of promoting and participating in fundraising programs in order to raise money for the purchase of capital equipment, staff education and/or other purposes of the Hospital. During the year, the Hospital received donations amounting to \$2,682,019 (2013 - \$2,082,217) from the Foundation.

The Georgian Bay General Hospital Volunteer Association was created for the purpose of promoting and participating in fundraising activities in order to raise money for capital expenditures for patient care and services, and staff education.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

11. Other entities (continued):

Pertinent financial information of the Foundation and Volunteer Association as at and for the year ended March 31 is as follows:

	Georgian Bay General Hospital Foundation		Georgian Bay General Hospital Volunteer Association	
	2014	2013	2014	2013
Financial position:				
Total assets	\$ 2,213,757	3,249,613	51,179	60,125
Total liabilities	\$ 546,947	212,633	5,243	4,130
Net assets	1,666,810	3,036,980	45,936	55,995
	\$ 2,213,757	3,249,613	51,179	60,125
Results of operations:				
Total revenue	\$ 1,597,907	1,229,962	174,810	194,203
Total expenses	2,968,077	2,341,975	184,404	192,141
Net revenue (deficiency)	\$ (1,370,170)	(1,112,013)	(9,594)	2,062

12. Contingencies:

(a) Legal matters and litigation:

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(b) Insurance:

A group of healthcare institutions, including the Hospital, are members of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2014 and 2013, no assessments have been received.

(c) Employment matters:

During the normal course of business, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

13. Interim long-term care program:

The Hospital incurred deficits from running its interim long-term care program, on the basis that the transfer of the program was to be revenue-neutral to the Hospital. Since the transfer of the program to the Hospital in 2009, the Hospital has incurred a cumulative deficit of \$1,128,780 (2013 - \$802,829) to the program completion in October 2013. Based upon information available at this time, it is unlikely that this deficit will be reimbursed by the MOHLTC.

14. MOHLTC/Hospital On-Call Coverage:

The Hospital has an agreement with the MOHLTC for Hospital On-Call Coverage. The revenues and expenses included in the statement of operations are as follows:

	2014	2013
Funding from MOHLTC – current year	\$ 1,196,744	1,214,674
Payments to physicians	(1,210,535)	(1,301,524)
	\$ (13,791)	(86,850)

15. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to accounts receivable and other investments.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2014 and 2013 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

The Hospital follows an investment policy approved by the Board of Directors. The maximum exposure to credit risk of the Hospital at March 31, 2014 and 2013 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2013.

GEORGIAN BAY GENERAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2014

15. Financial risks and concentration of credit risk:

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2013.

16. Ministry funding/economic dependence:

The Hospital received 86% (2013 – 84%) of its revenue from the MOHLTC and LHIN.

17. Comparative information:

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted in 2014.