Financial statements of
Georgian Bay General Hospital

March 31, 2024

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H OA9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Chairperson, Board of Directors and Members of the
Corporation of Georgian Bay General Hospital

Opinion

We have audited the financial statements of Georgian Bay General Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2024, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2024

Georgian Bay General Hospital

Statement of financial position

As at March 31, 2024

	Notes	2024 $	2023 $
Assets			
Current assets			
Cash	3	**13,414,096**	21,955,092
Accounts receivable	4	**9,162,349**	4,968,564
Inventories		**605,219**	658,861
Prepaid expenses		**521,231**	510,326
		23,702,895	28,092,843
Capital assets	5	**48,968,711**	42,602,669
		72,671,606	70,695,512
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	**20,226,942**	20,221,644
Deferred revenue		**1,093,774**	1,087,349
Current portion of long-term obligations	8	**596,512**	571,129
		21,917,228	21,880,122
Employee post-retirement benefits	9	**3,089,300**	3,071,300
Deferred capital contributions	7	**44,208,315**	39,751,230
Long term obligations	8	**5,832,359**	6,428,871
Asset retirement obligations	10	**2,913,124**	2,931,789
		77,960,326	74,063,312
Contingencies, Commitments	14 and 15		
Deficiency in net assets		**(5,288,720)**	(3,367,800)
		72,671,606	70,695,512

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

Georgian Bay General Hospital

Statement of operations and changes in net assets

Year ended March 31, 2024

	Notes	2024 $	2023 $
Revenue			
Ministry of Health / Ontario Health		**76,546,158**	74,481,757
Patient services		**5,822,584**	5,184,916
Other		**4,745,404**	3,593,270
Specifically Funded Programs	17	**792,331**	—
Amortization of deferred capital contributions related to machinery and equipment		**1,868,863**	1,549,641
		89,775,340	84,809,584
Expenses			
Salaries and wages		**47,909,833**	42,869,585
Benefit contributions		**11,953,611**	13,765,052
Medical staff remuneration		**5,940,865**	5,524,269
Drugs		**1,442,400**	1,435,078
Medical and surgical supplies		**3,681,627**	4,143,216
Supplies and other expenses		**16,050,900**	17,017,505
Specifically Funded Programs	17	**792,331**	—
Amortization of machinery and equipment		**2,794,102**	2,215,781
		90,565,669	86,970,486
(Deficiency) of revenue over expenses from hospital operations before undernoted items		**(790,329)**	(2,160,902)
Amortization - deferred capital contributions for buildings, land improvements and building service equipment		**1,071,975**	974,929
Amortization - buildings, land improvements and building service equipment		**(1,913,608)**	(1,659,247)
Interest on long-term debt		**(288,958)**	(150,756)
(Deficiency) of revenue over expenses before one time transaction		**(1,920,920)**	(2,995,976)
Gain on sale of building		**—**	3,590,487
(Deficiency)/excess of revenue over expenses		**(1,920,920)**	594,511
Deficiency in net assets, beginning of year		**(3,367,800)**	(2,092,771)
Restatement for asset retirement obligations		**—**	(1,869,540)
Deficiency in net assets, end of year		**(5,288,720)**	(3,367,800)

The accompanying notes are an integral part of the financial statements.

Georgian Bay General Hospital
Statement of cash flows
Year ended March 31, 2024

	2024	2023
	$	$
Operating activities		
(Deficiency)/excess of revenue over expenses	**(1,920,920)**	594,511
Adjustments for		
Gain on disposal of capital assets	**—**	(3,590,487)
Amortization of capital assets	**4,707,710**	3,875,028
Amortization of deferred capital contributions	**(2,940,838)**	(2,524,570)
Increase/(decrease) in employee future benefit liability	**18,000**	(13,300)
Change in asset retirement obligation	**(18,665)**	361,172
	(154,713)	(1,297,646)
Change in non-cash working capital		
Accounts receivable	**(4,193,785)**	7,502,999
Inventories	**53,642**	43,266
Prepaid expenses	**(10,905)**	68,966
Accounts payable and accrued liabilities	**5,298**	(8,983,852)
Deferred revenue	**6,425**	555,543
	(4,294,038)	(2,110,724)
Capital activities		
Purchase of capital assets	**(11,073,751)**	(1,621,693)
Proceeds on sale of capital assets	**—**	3,590,487
	(11,073,751)	1,968,794
Financing activities		
Deferred capital contributions received	**7,397,922**	3,517,024
Long term debt acquired	**—**	7,000,000
Repayment of long-term obligations	**(571,129)**	—
	6,826,793	10,517,024
Net (decrease) increase in cash during the year	**(8,540,996)**	10,375,094
Cash, beginning of year	**21,955,092**	11,579,998
Cash, end of year	**13,414,096**	21,955,092

The accompanying notes are an integral part of the financial statements.

1. Significant accounting policies

Nature and purpose of organization

Georgian Bay General Hospital (the "Hospital") is a not-for-profit organization and a registered charity incorporated without share capital under the laws of Ontario. The Hospital is principally involved in providing health care services to the North Simcoe Region of Ontario.

Operations are financed by the Ministry of Health (the "MOH") and Ontario Health ("OH") and by patient fees. Ontario Health ("OH"), a Crown agency of the Government of Ontario, was established on June 6, 2019.

Basis of presentation

The financial statements of the Hospital are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards, including the 4200 series of standards, as issued by the Public Sector Accounting Board.

Income taxes

The Hospital is a charitable organization registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain the status as an organization registered under the Act, the Hospital must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Inventories

Inventories are stated at the lower of cost or replacement cost. Inventory costs for pharmacy and stores are determined on a first-in, first-out basis. Inventories of supplies are costed on a weighted average basis.

Capital assets and amortization

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. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Amortization based on the estimated useful life of the asset is calculated as follows:

Land improvements	5 to 20 years straight-line basis
Buildings	40 years straight-line basis
Building service equipment	5 to 20 years straight-line basis
Machinery and equipment	2 to 20 years straight-line basis

Capital assets under construction or in development are recorded at cost, based on the percentage of completion method, and are not amortized until the asset is available for productive use.

Assets under capital lease

Assets under capital lease are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives of 5-20 years.

1. Significant accounting policies (continued)

Impairment of long-lived assets

When conditions indicate a tangible capital asset no longer contributes to the Hospital's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be reduced to reflect the decline in the asset's value.

Revenue recognition

The Hospital follows the deferral method of accounting for contributions which include 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 MOH and OH. Operating grants are recorded as revenue in the period to which they relate. Grants and funding authorized by the MOH/OH as of the end of the fiscal year, and for which a specific purpose or use has been identified, are recognized as revenue when there is reasonable assurance that the Hospital has complied with, and will continue to comply with, all conditions necessary to earn the grant. The recognition of revenue associated with such grants requires management to make estimates and assumptions based on the best information available at the time of preparation of these financial statements. Final funding approved is subject to the funders' reconciliation process and could differ from these estimates.

Grants for which revenue has been earned but not received at the end of the fiscal year are accrued as receivable. Where a portion of a grant received relates to a future period, it is deferred and recognized in that subsequent fiscal year.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions 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 assets.

Revenue from the Provincial Insurance Plan, preferred accommodation, and other services is recognized when the Hospital satisfies the related performance obligations.

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.

Compensated absences

Compensated expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's benefit plans for vacation, statutory holidays, sick leave, and retirement allowances.

Employee post-retirement benefit

The Hospital accrues its obligations under employee benefit plans and the related costs.

The cost of non-pension post-retirement and post-employment benefits is determined actuarially using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health-care costs.

1. Significant accounting policies (continued)

Employee post-retirement benefit (continued)

The current service cost for the period is equal to the actuarial present value of the benefits attributed to employees' services rendered in the period.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date of high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

The Hospital applies defined contribution accounting to its multi-employer defined benefit plan for which the Hospital has insufficient information to apply defined benefit plan accounting.

Pension plan

The Hospital is an employer member of the Healthcare of Ontario Pension Plan ("HOOPP"), 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 costs, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Hospital becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Asset Retirement Obligations

Asset Retirement Obligations (ARO's) are provisions for legal obligations for the retirement of the Hospital's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

1. Significant accounting policies (continued)

Asset retirement obligations (continued)

Liabilities are recognized by the Hospital in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are measured initially at management's best estimate of the retirement obligation. For tangible capital assets that are still in productive use, there is a corresponding increase to the carrying value of the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period. In subsequent periods, the liability is adjusted for changes in the liability estimate, as applicable. The capitalized asset retirement costs are amortized on the same basis as the related asset.

Use of estimates

The preparation of 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 revenues and expenses during the reporting year. The principal estimates in the preparation of these financial statements are the allowance for doubtful accounts, inventory valuation and obsolescence, valuation and useful life of capital assets, payroll related accruals, contingencies, and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue recognized from the MOH/OH has a number of estimates. The Hospital has entered into a Hospital Service Accountability Agreement ("HSAA") that sets out the rights and obligations of the two parties with respect to funding provided to the Hospital by the MOH/OH for fiscal 2022. The HSAA sets out certain performance standards and obligations for the Hospital's performance in a number of areas. If the Hospital does not meet its performance standards or obligations, the MOH has the right to adjust funding received by the Hospital. The MOH 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 funding received during the year may be increased or decreased subsequent to the year end. The amount of revenue recognized in these financial statements represents management's best estimates of the amounts earned during the year.

2. Adoption of Revenue standard PS 3400

Effective April 1, 2023, the Hospital prospectively adopted PS 3400 Revenue. The adoption of this standard had no impact on the financial statements as the Hospital's previous accounting treatment was compliant with the new standards.

3. Cash and bank indebtedness

The Hospital's bank account is held at a chartered bank. The bank account earns interest at a variable rate calculated on the daily balance. Cash in bank at year end was $13,414,096 ($21,955,092 in 2023).

The hospital has the following credit facilities available:

(1) Operating credit line facility to a maximum authorized amount of $8,000,000

(2) Revolving term equipment financing line facility up to a maximum authorized amount of $3,500,000

As of March 31, 2024 the balance on the credit facilities is nil (nil in 2023). Both facilities bear interest at prime lending rate less 0.50%, are unsecured, and due on demand.

4. Accounts receivable

	2024	2023
	$	$
MOH and OH	**3,697,518**	2,588,779
GBGH Foundation	**3,553,574**	906,222
Other	**2,012,307**	1,723,693
	9,263,399	5,218,694
Less: allowance for doubtful accounts	**(101,050)**	(250,130)
	9,162,349	4,968,564

5. Capital assets

		2024		2023
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
	$	**$**	$	$
Land	**82,083**	**—**	82,083	—
Land improvements	**457,612**	**403,959**	457,612	394,974
Buildings	**42,244,193**	**18,737,861**	42,111,414	17,499,824
Building service equipment	**13,010,538**	**7,075,158**	12,938,696	6,408,573
Machinery and equipment	**44,795,155**	**32,325,269**	41,026,709	30,000,251
Construction in progress	**2,120,921**	**—**	235,772	—
Project in progress	**4,800,456**	**—**	54,005	—
	107,510,957	**58,542,247**	96,906,291	54,303,622
Net book value		**48,968,711**		42,602,669

6. Accounts payable and accrued liabilities

	2024	2023
	$	$
Accounts payable and accrued liabilities		
Trade payables	**7,725,933**	8,407,863
MOH and OH	**3,518,018**	2,220,335
Payroll accruals		
Salaries, wages, vacation, and other entitlements	**8,982,991**	9,593,446
	20,226,942	20,221,644

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. These contributions are amortized and recorded as revenue in the statement of operations, on the same basis as the amortization of the related asset.

	2024	2023
	$	$
Balance, beginning of year	**39,751,231**	38,758,776
Contributions received during the year – MOH/OH	**3,970,008**	2,659,815
Contributions received during the year – Foundation (Note 13)	**3,427,914**	857,209
Less: amounts amortized to revenue	**(2,940,838)**	(2,524,570)
Balance, end of year	**44,208,315**	39,751,230

Health Infrastructure Renewal Funding was underspent by nil ($844,397 in 2023). The $844,397 carried forward from 2023 was fully spent in 2024.

8. Long-term obligations

	2024	2023
	$	$
Long-term debt for capital project, interest bearing at the rate of 4.40%	**6,428,871**	7,000,000
Less amount due within one year	**(596,512)**	(571,129)
	5,832,359	6,428,871

9. Employee post-retirement benefits

The Hospital provides post-retirement extended healthcare medical and dental benefits to a number of employees. The most recent valuation of the employee post-retirement benefits was completed as at March 31, 2024. The accrued benefit obligation is recorded in the financial statements as follows.

(a) The accrued non-pension liability is calculated as follows:

	2024	2023
	$	$
Accrued benefit liability, beginning of year	**3,071,300**	3,084,600
Expense for year	**279,200**	205,500
Funding contributions	**(261,200)**	(218,800)
Accrued benefit liability, end of year	**3,089,300**	3,071,300

9. Employee post-retirement benefits (continued)

(b) The non-pension benefit expense for the year is calculated as follows:

	2024	2023
	$	$
Accrual for services	**212,100**	179,400
Interest on accrued benefits	**126,500**	99,300
Amortization of actuarial gains	**(59,400)**	(73,200)
Non-pension benefit expense	**279,200**	205,500

(c) Post-employment benefit liability:

	2024	2023
	$	$
Accrued benefit obligation	**2,716,000**	2,526,200
Experience gains	**373,300**	545,100
Accrued benefit liability, end of year	**3,089,300**	3,071,300

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

	2024	2023
	%	%
Discount rate	**4.50**	3.60
Dental cost trend rate	**5.00**	3.00
Extended health care trend rate	**5.97**	5.57

10. Asset retirement obligations

Asbestos

The Hospital's main building contains asbestos requiring remediation upon decommissioning. The Canadian Environmental Protection Act (CEPA) governs the protection of the environment and human health with respect the hazardous waste such as asbestos. There are regulations specifically regarding the handling of asbestos, such as the "Prohibition of Asbestos and Products Containing Asbestos Regulations" which are published under the authority of CEPA. In addition, the Canada Occupational Health and Safety Regulations (10.26.1 Schedule, Division II – Hazardous Substances Other than Hazardous Products) outlines requirements for asbestos exposure control plans, as well as requirements on disposal of asbestos and decontamination.

The estimated liability required to settle the asset retirement obligations is estimated at $2,913,124. Changes during the year are as follows:

	2024	2023
	$	$
Balance, beginning of the year	**2,931,789**	2,570,617
Accretion expense	**102,856**	361,172
Payments made during the year	**(121,520)**	—
Balance, end of year	**2,913,124**	2,931,789

11. Pension plan

All fulltime and certain parttime employees of the Hospital are members of HOOPP which is a multiemployer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to $3,316,519 ($3,060,868 in 2023) and are included in salaries and benefits in the statement of operations. The most recent actuarial valuation as at December 31, 2023 indicated the plan is 115% funded.

12. Financial risks

(a) Credit risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash and accounts receivable. The Hospital holds its cash accounts with Canadian chartered banks which are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are primarily due from OHIP, the MOH and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

(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 requirement. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have not been any changes in the risk from the prior year.

(c) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its Bank indebtedness.

There have not been any changes in the risk from the prior year.

13. Other entities

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 $3,437,468 ($887,140 in 2023) from the Foundation, of which $3,427,914 ($857,209 in 2023) was used for capital expenditures. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The net assets and results from operations of the Foundation are not included in the financial statements of the Hospital.

14. Contingencies

(a) Legal matters and litigation

The nature of the Hospital's activities is such that there may be litigation pending or in progress at any one time. With respect to claims as at March 31, 2024, it is management's position that the Hospital has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes such claims are not expected to have a material effect on the Hospital's financial position.

(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.

(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.

15. Commitments

The Hospital has lease commitments under non-cancelable operating leases. Amounts payable in each of the next 5 years are as follows:

	$
2025	172,550
2026	172,550
2027	180,670
2028	180,670
2029	180,670

16. MOH Hospital On-Call Coverage

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

	2024	2023
	$	$
Funding from MOH – current year	**1,287,581**	1,192,569
Payments to physicians	**(1,287,581)**	(1,192,569)
	—	—

17. Specifically funded programs

The hospital administers the At Home program which is specifically funded by OH. The revenues and expenses related to this programs are recorded separately from the base funding operations of the hospital and any excess or deficiency of revenues over expenses is settled with the OH on an annual basis. As at March 31, 2024, the Health Centre has included in accounts receivable an amount of $792,331 (nil in 2023).

	2024	2023
	$	$
Revenue	**792,331**	—
Expenses	**(792,331)**	—
	—	—