

**Hanover and District Hospital**  
**Financial Statements**  
For the year ended March 31, 2018

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## Independent Auditor's Report

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### **To the Members Hanover and District Hospital**

We have audited the accompanying financial statements of Hanover and District Hospital, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets, cash flows and remeasurement gains and losses 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 Hanover and District Hospital as at March 31, 2018 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario  
May 17, 2018

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## Hanover and District Hospital Statement of Financial Position

March 31	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 1,508,316	\$ 1,175,026
Due from Ontario Ministry of Health and Long-Term Care	7,137	42,444
Accounts receivable	302,711	307,066
Inventory	45,238	46,961
Prepaid expenses	188,919	227,853
	2,052,321	1,799,350
<b>Investments held for capital purposes (Note 3)</b>	5,372,484	5,277,253
<b>Capital assets (Note 4)</b>	8,090,842	7,844,315
	\$15,515,647	\$ 14,920,918

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,658,446	\$ 1,531,214
<b>Retirement benefit liability (Note 5)</b>	450,100	460,100
<b>Deferred capital contributions (Note 6)</b>	1,642,759	1,129,378
	3,751,305	3,120,692
<b>Contingencies and commitments (Note 10 and 11)</b>		
<b>Net Assets</b>		
Invested in capital assets (Note 7)	6,448,083	6,714,937
Unrestricted	5,289,869	5,047,919
	11,737,952	11,762,856
Accumulated remeasurement gains	26,390	37,370
	11,764,342	11,800,226
	\$15,515,647	\$ 14,920,918

On behalf of the Board:

\_\_\_\_\_

Chair

\_\_\_\_\_

Vice Chair

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

## Hanover and District Hospital Statement of Changes in Net Assets

<b>For the year ended March 31</b>	<b>2018</b>			<b>2017</b>
	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 6,714,937</b>	<b>\$ 5,047,919</b>	<b>\$11,762,856</b>	<b>\$ 11,394,558</b>
Excess of revenue over (under) expenses for the year	(664,750)	639,846	(24,904)	368,298
Investment in capital assets, net	397,896	(397,896)	-	-
<b>Balance, end of year</b>	<b>\$ 6,448,083</b>	<b>\$ 5,289,869</b>	<b>\$11,737,952</b>	<b>\$ 11,762,856</b>

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

## Hanover and District Hospital Statement of Operations

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Ministry of Health and Long-Term Care (Page 7)	<b>\$ 16,023,495</b>	\$ 15,737,456
Other (Page 7)	<b>2,352,238</b>	2,498,753
	<b><u>18,375,733</u></b>	<u>18,236,209</u>
<b>Expenses</b>		
Salaries and wages	<b>8,318,148</b>	7,998,109
Medical staff remuneration	<b>2,037,356</b>	2,059,578
Employee benefits	<b>2,272,614</b>	2,241,156
Supplies and other expenses	<b>4,117,317</b>	3,955,549
Medical and surgical supplies	<b>613,489</b>	687,718
Drug expense	<b>282,604</b>	254,709
Bad debts	<b>10,371</b>	11,661
Amortization of equipment	<b>523,160</b>	490,712
Other votes - taxes	<b>7,500</b>	7,500
	<b><u>18,182,559</u></b>	<u>17,706,692</u>
<b>Excess of revenue over expenses before building amortization</b>	<b>193,174</b>	529,517
Amortization of deferred contributions for land improvements and building	<b>38,490</b>	85,955
Amortization of land improvements and building	<b>(256,568)</b>	(247,174)
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (24,904)</b>	\$ 368,298

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

## Hanover and District Hospital Schedule of Operating Revenue

For the year ended March 31	2018	2017
<b>Ministry of Health and Long-Term Care Revenue</b>		
Ministry allocation	\$ 14,104,100	\$ 13,826,900
Special purpose funding	137,271	128,308
Municipal tax funding	7,500	7,500
Alternate payment plan	1,276,995	1,277,119
Hospital On Call Coverage (HOCC)	497,629	497,629
	<b>\$ 16,023,495</b>	<b>\$ 15,737,456</b>
<b>Other Revenue</b>		
Income from patient activities	\$ 1,248,522	\$ 1,115,477
Accommodation charges	286,223	202,814
Donations	33,335	35,018
Amortization of deferred contributions for equipment	76,488	34,088
Marketed services	439,158	448,560
Investment income	157,227	583,457
Other	111,285	79,339
	<b>\$ 2,352,238</b>	<b>\$ 2,498,753</b>

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

## Hanover and District Hospital Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over (under) expenses for the year	\$ (24,904)	\$ 368,298
Items not involving cash		
Amortization of capital assets	779,728	737,886
Change in employee future benefits liability	(10,000)	(900)
Amortization of discount on investments	(16,718)	(87,142)
Realized gain on disposal of investments	76	(408,466)
Amortization of deferred contributions	(114,978)	(120,043)
	<u>613,204</u>	<u>489,633</u>
Changes in non-cash working capital balances (Note 9)	<u>207,551</u>	<u>(316,979)</u>
	<u>820,755</u>	<u>172,654</u>
<b>Capital activities</b>		
Acquisition of capital assets	(1,026,255)	(1,720,711)
Grants and donations for capital assets	<u>628,359</u>	<u>188,714</u>
	<u>(397,896)</u>	<u>(1,531,997)</u>
<b>Investing activities</b>		
Proceeds on disposal of investments	535,051	4,884,017
Acquisition of investments	<u>(624,620)</u>	<u>(3,962,230)</u>
	<u>(89,569)</u>	<u>921,787</u>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>333,290</b>	<b>(437,556)</b>
Cash and cash equivalents, beginning of year	<u>1,175,026</u>	<u>1,612,582</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,508,316</b>	<b>\$ 1,175,026</b>

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



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**Hanover and District Hospital  
Statement of Remeasurement Gains and Losses**

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
Accumulated remeasurement gains, beginning of year	\$ 37,370	\$ -
Unrealized gains attributable to investments for the year	<u>(10,980)</u>	<u>37,370</u>
Net remeasurement gains for the year	<u>(10,980)</u>	<u>37,370</u>
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 26,390</b>	<b>\$ 37,370</b>

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

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# Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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## 1. Significant Accounting Policies

### **Nature and Purpose of Organization**

Hanover and District Hospital is a non-profit organization incorporated without share capital under the Corporations Act of Ontario. The hospital is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income tax and may issue income tax receipts to donors.

The hospital is principally involved in providing health care services to the Hanover area. It is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care.

### **Basis of Presentation**

The financial statements of Hanover and District Hospital are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

The financial statements do not include the assets, liabilities and activities of related volunteer organizations which are not operated by the hospital, including the Hanover and District Hospital Foundation and the Hanover and District Hospital Auxiliary.

### **Management Estimates**

The preparation of financial statements in accordance with PSAB for government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates as additional information becomes available in the future. Use of estimates primarily relates to amortization of capital assets and actuarial estimation of the retirement benefits liability.

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# Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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## 1. Significant Accounting Policies (continued)

### Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

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# Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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## 1. Significant Accounting Policies (continued)

### Revenue Recognition

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

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 Ontario Ministry of Health and Long-Term Care ("Ministry"), and the Local Health Integration Network ("LHIN"). The hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) for fiscal 2018 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.

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 the Ministry/LHIN funding received by the hospital during the year may be increased or decreased subsequent to the year end.

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

Government transfers restricted by legislation, regulation or agreement, and not available for general hospital purposes, is reported as deferred revenue on the balance sheet. The revenue is reported on the statement of operations in the year in which it is used for the specified purpose.

Restricted contributions received by the hospital for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired assets.

Other revenue is recognized as the services are rendered or the goods are delivered, providing the amount is fixed or determinable and collectability is reasonably assured.

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# Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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## 1. Significant Accounting Policies (continued)

### Contributed Services

Volunteers contribute approximately 4,160 hours (2017 - 4,004 hours) to assist the hospital in carrying out its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not recognized in the financial statements.

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances. All investments held for capital purposes are treated as investing activities.

### Capital Assets

Purchased capital assets are carried at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight line basis over the assets' estimated useful lives, which is 80 years for buildings and 5-15 years for equipment.

### Retirement Benefits

The hospital provides post-employment health, dental and life insurance benefits to eligible retired employees. The accrued benefit obligation for these benefits is actuarially determined using the projected benefit method prorated on service, and incorporates management's best estimate of salary escalation, retirement ages of employees, and expected benefit costs.

Adjustment 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. Past service costs arising from plan amendments are charged to income in the year of the plan amendment.

Defined contribution plan accounting is applied to the hospital's multi-employer defined benefit pension plan. Contributions for current and past service costs are expensed in the year in which they become due.

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## 2. Cash

Cash consists of bank deposits that are held at one chartered bank. The accounts earn interest at a rate of bank prime less 2% on balances up to \$3,000,000 and bank prime less 1.75% on balances over \$3,000,000, payable monthly.

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## Hanover and District Hospital Notes to Financial Statements

**March 31, 2018**

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### 3. Investments Held for Capital Purposes

	2018	2017
Guaranteed investment certificates	\$ 587,697	\$ 915,235
Mutual funds and equities	4,784,787	4,362,018
	<b>\$ 5,372,484</b>	<b>\$ 5,277,253</b>

Guaranteed investment certificates and government debt securities mature in fiscal 2019, with an effective interest rate of 2.4% (2017 - 2.4%). Interest is receivable annually and at maturity. The fair value of the investments was determined by reference to public price quotations in an active market.

Mutual funds and equities have a cost of \$4,749,889 (2017 - \$4,310,329).

Maturity profile at March 31, 2018

The guaranteed investment certificates mature in fiscal year 2019, with a weighted average term to maturity of 0.4 years (2017 - 1.6 years).

Guaranteed investment certificates

	2018	2017
Within 1 year	\$ 587,697	\$ 341,534
Over 1 to 5 years	-	573,701
Total	<b>\$ 587,697</b>	<b>\$ 915,235</b>

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## Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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#### 4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 403,132	\$ -	\$ 403,132	\$ -
Land improvements	880,779	674,358	880,779	634,695
Building and building service equipment	10,472,108	5,563,663	10,328,410	5,346,758
Construction in progress	416,975	-	12,991	-
Equipment	10,545,590	8,389,721	10,602,136	8,401,680
	<b>\$22,718,584</b>	<b>\$14,627,742</b>	\$ 22,227,448	\$ 14,383,133
Net book value		<b>\$ 8,090,842</b>		<b>\$ 7,844,315</b>

The carrying value of capital assets not being amortized because they are under construction, development, or have been removed from service is \$416,975.

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#### 5. Post-Employment Benefits

##### Pension Plan

Substantially all of the employees of the hospital are eligible to be members of the Hospitals of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. The contributions made to the plan during the year totaled \$661,968 (2017 - \$648,579) by the hospital, and \$525,372 (2017 - \$514,742) by the employees. The hospital's contributions are included in employee benefits on the statement of operations. At December 31, 2017, the pension plan reported a surplus of \$18.2 billion (2016 - \$15.9 billion).

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## Hanover and District Hospital Notes to Financial Statements

**March 31, 2018**

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### 5. Post-Employment Benefits (continued)

#### Retirement Benefits

The hospital provides post-employment health care, dental and life insurance benefits to eligible retired employees. The hospital's accrued benefit obligation and liability at March 31 is determined as follows:

	2018	2017
Accrued benefit obligation	\$ 381,800	\$ 395,000
Unamortized actuarial losses	68,300	65,100
Liability	\$ 450,100	\$ 460,100

The most recent actuarial valuation was prepared as at March 31, 2017. The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, and employee turnover and mortality. The assumptions used reflect the hospital's best estimates. In measuring the hospital's accrued benefit obligation, a discount rate of 3.20% was assumed to determine the accrued benefit obligation and a discount rate of 3.90% was assumed to determine the benefit cost. For extended health care costs, a 6% annual rate of increase was assumed for 2019, decreasing by 0.25% per annum to an ultimate rate of 4.5% and, for dental costs a 2.75% annual rate of increase was assumed. Actual results could differ from this estimate as additional information becomes available in the future.

The total expense related to post-employment benefits other than pensions includes the following components:

	2018	2017
Current year benefit cost	\$ 16,400	\$ 27,100
Interest on accrued benefit obligation	12,500	22,100
Amortization of actuarial losses	3,200	17,800
Total expense for the year	32,100	67,000
Benefit payments	(42,100)	(67,900)
Change in liability for the year	\$ (10,000)	\$ (900)

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## Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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### 6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions with which hospital capital assets have been purchased. The change in the deferred contributions balance for the period is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,129,378	\$ 1,060,707
Contributions received	628,359	188,714
Amortization recognized as revenue during the year	<u>(114,978)</u>	<u>(120,043)</u>
Balance, end of year	<u>\$ 1,642,759</u>	<u>\$ 1,129,378</u>

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### 7. Net Assets Invested in Capital Assets

Net assets invested in capital assets is made up as follows:

	<u>2018</u>	<u>2017</u>
Capital assets	\$ 8,090,842	\$ 7,844,315
Less amounts financed by Deferred contributions	<u>(1,642,759)</u>	<u>(1,129,378)</u>
Balance, end of year	<u>\$ 6,448,083</u>	<u>\$ 6,714,937</u>

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## Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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### 8. Related Party Transactions

#### Hanover and District Hospital Foundation

Hanover and District Hospital exercises significant influence over Hanover and District Hospital Foundation by virtue of its ability to appoint some of the Foundation's board of directors. The Foundation was established to raise funds for the use of the hospital, is incorporated without share capital under the laws of the Province of Ontario, and is a registered charity under the Income Tax Act.

#### Hanover and District Hospital Auxiliary

The Hanover and District Hospital Auxiliary is a volunteer organization affiliated with the Hanover and District Hospital and is engaged in a wide range of services for the betterment of the hospital. The organization periodically transfers funds to the hospital.

The following contributions and recoveries were received or receivable during the year:

	<u>2018</u>	<u>2017</u>
Hanover and District Hospital Foundation	\$ 604,011	\$ 228,097
Hanover and District Hospital Auxiliary	23,335	25,018

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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### 9. Statement of Cash Flows

The change in non-cash working capital balances is made up as follows:

	<u>2018</u>	<u>2017</u>
Decrease (increase) in accounts receivable	\$ 39,662	\$ 168,913
Decrease (increase) in inventory	1,723	(5,863)
Decrease (increase) in prepaid expenses	38,934	29,163
Increase (decrease) in accounts payable	<u>127,232</u>	<u>(509,192)</u>
	<u>\$ 207,551</u>	<u>\$ (316,979)</u>

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## Hanover and District Hospital Notes to Financial Statements

**March 31, 2018**

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### 10. Commitments

Hanover and District Hospital has committed to purchase and install a CT scanner. The total cost remaining on the contract price is approximately \$1,260,000.

Hanover and District Hospital has committed to sell vacant land for \$387,000.

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### 11. Contingent Liabilities

Hanover and District Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC), a reciprocal insurance company licensed under the Insurance Act, (Ontario), and a pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined. Members are subject to assessment for losses, if any, experienced by the pool for the year in which they were members. No assessments have been made to March 31, 2018 with respect to claims.

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# Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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## 12. Financial Instrument Risk Management

The hospital's financial instruments consist of cash, accounts receivable, investments held for capital purposes, and accounts payable. The hospital's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk, and other price risk. Unless otherwise noted, it is management's opinion that the hospital is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

### *General objectives, policies, and processes*

The Board of Directors has overall responsibility for the determination of the organization's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the organization's management. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Ministry of Health and Long-Term Care has created regional Local Health Integration Networks (LHIN) that are responsible for the funding and organization of health care services. Hanover and District Hospital has negotiated a Hospital Service Accountability Agreement for the 2018 fiscal year with the South West LHIN. This agreement requires the submission of budgets and sets out performance standards, including maintaining a current ratio between 0.8 and 2.0.

### *Market Risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk. The Hospital is not exposed to significant currency risk as it does not transact materially in foreign currency. The hospital's investment policy limits equity instruments to 30% of the fair value of the total investment portfolio. At March 31, 2018, a 10% movement in stock markets with all other variables held constant, could impact the market value of the equity instruments held by \$147,909 (2017 - \$137,031).

### *Interest rate risk*

Interest rate risk is the risk of financial loss caused by fluctuations in fair value or future cash flows of financial instruments due to changes in market interest rates.

The hospital is exposed to interest rate risk through its interest-bearing investments. The organization's objective is to minimize interest rate risk by locking in fixed rates on its investments when possible and holding the investments until maturity.

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## Hanover and District Hospital Notes to Financial Statements

March 31, 2018

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### 12. Financial Instruments Risk Management (continued)

#### *Credit risk*

Credit risk is the risk of financial loss caused by a debtor failing to make payments of interest and principal when due. The hospital is exposed to credit risk through its cash and investment certificates in its investment portfolio, and accounts receivable.

The hospital holds its cash accounts at a federally regulated chartered bank and is insured under the Canadian Deposit Insurance Corporation up to \$100,000.

Accounts receivable are primarily due from the Ministry of Health and Long-Term Care and OHIP. Credit risk is mitigated by the financial solvency of the provincial government. At March 31, 2018, there are no significant accounts receivable that are past due.

The hospital's investments include investment certificates, government debt securities and equities.

The hospital's maximum exposure to credit risk is the carrying value of the financial assets.

#### *Liquidity risk*

Liquidity risk is the risk that the hospital will not be able to meet its financial obligations as they fall due. The hospital has a planning and budgeting process in place to help determine the funds required to support the hospital's normal operating requirements on an ongoing basis. The hospital ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

At March 31, 2018, the hospital's accounts payable are due on demand.

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