The Ross Memorial Hospital

Financial Statements

For the year ended March 31, 2024

Contents

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Independent Auditor's Report

To the Board of Directors of The Ross Memorial Hospital

Opinion

We have audited the financial statements of The Ross Memorial Hospital (the Hospital), which comprise the statement of financial position as at March 31, 2024, and the statement of operations and net assets, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 its results of operations 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. 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 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.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario
June 20, 2024

The Ross Memorial Hospital
Statement of Financial Position

March 31	2024	2023
Assets		
Current assets		
Cash (Note 3)	$ 15,249,649	$ 31,777,715
Accounts receivable (Note 5)	10,975,574	6,128,697
Inventories	554,909	427,589
Prepaid expenses	1,354,926	1,260,573
	28,135,058	39,594,574
Investments (Note 4)	15,000,000	-
Capital assets (Note 6)	77,424,543	76,926,865
	$120,559,601	$116,521,439
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 26,016,912	$ 24,412,573
Current portion of long-term debt (Note 8)	825,003	798,084
Deferred income	8,120,275	9,248,738
	34,962,190	34,459,395
Employee future benefits (Note 10)	6,029,600	5,761,100
Deferred capital contributions (Note 12)	52,691,994	51,765,760
Long-term debt (Note 8)	12,992,722	13,817,725
Asset retirement obligation (Note 9)	4,652,514	4,470,124
	111,329,020	110,274,104
Unrestricted net assets (Note 15)	9,230,581	6,247,335
	$120,559,601	$116,521,439

Contingencies and commitments (Note 14)

Approved by the Board of Directors

DocuSigned by:
23B5C52893A1406... Chairperson

DocuSigned by:
David Kimmerly
4BF95366355247E... Treasurer

The accompanying notes are an integral part of these financial statements

The Ross Memorial Hospital
Statement of Operations and Net Assets

For the year ended March 31	2024	2023
Revenues		
Ministry of Health	**$ 127,160,192**	$ 104,605,626
Patient revenues	**2,325,366**	1,894,907
Differential preferred accommodation	**296,523**	82,829
Chronic care co-payment	**404,964**	162,986
Other operating revenue	**4,450,072**	4,133,897
Restricted program revenue	**1,815,739**	1,699,776
Amortization of deferred contributions related to equipment	**1,889,852**	1,807,976
	138,342,708	114,387,997
Expenses		
Salary, wages and other remuneration	**75,995,834**	70,644,364
Supplies and other expenses	**21,911,469**	19,888,229
Employee benefits	**23,120,879**	15,313,666
Medical and surgical supplies	**5,968,179**	5,409,590
Equipment amortization	**3,312,295**	3,116,014
Drugs	**2,558,289**	2,205,963
Restricted program expenses	**1,966,877**	1,687,618
	134,833,822	118,265,444
Surplus (deficit) before building amortization	**3,508,886**	(3,877,447)
Amortization of deferred contributions for buildings	**2,105,052**	1,976,101
Amortization for buildings	**(2,630,692)**	(2,465,494)
	(525,640)	(489,393)
Net income (deficit)	**2,983,246**	(4,366,840)
Unrestricted net assets, beginning of year	**6,247,335**	10,614,175
Unrestricted net assets, end of year (Note 15)	**$ 9,230,581**	$ 6,247,335

The accompanying notes are an integral part of these financial statements

The Ross Memorial Hospital
Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided by (used in)		
Operating		
Net income (deficit)	**$ 2,983,246**	$ (4,366,840)
Items not involving cash		
Equipment amortization	**3,312,295**	3,116,014
Building amortization	**2,630,692**	2,465,494
Amortization of deferred contributions related to capital assets	**(3,994,904)**	(3,784,077)
Employee future benefits	**268,500**	391,500
Asset retirement obligation - accretion expense	**182,390**	186,610
	5,382,219	(1,991,299)
Changes in non-cash working capital balances		
Accounts receivable	**(4,846,877)**	(817,764)
Inventories	**(127,320)**	25,741
Prepaid expenses	**(94,353)**	(282,414)
Accounts payable and accrued liabilities	**1,604,339**	7,864,514
Deferred income	**(1,128,463)**	224,913
	789,545	5,023,691
Capital		
Additions to capital assets	**(6,440,665)**	(5,110,681)
Proceeds from grants and donations	**4,921,138**	3,979,783
	(1,519,527)	(1,130,898)
Investing		
Acquisition of investments	**(15,000,000)**	-
Financing		
Repayment of long-term financing	**(798,084)**	(384,191)
Increase/(decrease) in cash	**(16,528,066)**	3,508,602
Cash, beginning of year	**31,777,715**	28,269,113
Cash, end of year	**$ 15,249,649**	$ 31,777,715

The accompanying notes are an integral part of these financial statements

1. Significant Accounting Policies

Nature of Organization

The Ross Memorial Hospital, established in 1902, provides health care services in the City of Kawartha Lakes, Brock Township and parts of Haliburton County. The Hospital is incorporated without share capital under a Special Act of legislature. It is a registered charity under the Income Tax Act (Canada). The Hospital is a not-for-profit organization and accordingly is exempt from income taxes under the Income Tax Act (Canada).

Basis of Presentation

The financial statements of the Hospital 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 ("PSAB for Government NPOs").

Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. Inventory consists of medical and general supplies that are used in the Hospital's operations and not for resale purposes.

Retirement, Post-Employment Benefits and Compensated Absences

These benefits include life, extended health and dental insurance to certain employee groups. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. 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. (Note 10)

The Hospital is also an employer member of the Healthcare of Ontario Pension Plan (the "plan"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Hospital has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. (Note 11)

1. Significant Accounting Policies (continued)

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 Ministry of Health ("MOH"). The board of directors recognizes the Hospital's ongoing dependency on the MOH as the primary funding source for the Hospital's operating activities.

As provided under the Local Health System Integration Act, 2006, effective April 1, 2007, the MOH assigned to Ontario Health (OH, previously the Local Health Integration Network) all its rights, duties and obligations under its Hospital Service Accountability Agreement (the "H-SAA"). This assignment enables OH to take on full responsibility for planning, funding and integrating health services in the OH area, which includes the Hospital. The H-SAA also sets out 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 of obligations, the MOH or OH has the right to adjust funding received by the Hospital. The MOH or OH 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 funding received by the Hospital during the year may be increased or decreased subsequent to year end.

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

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

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

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

Restricted investment income is recognized as revenue in the year in which the related expenditures are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenues from patient services, preferred accommodation, and marketed services are recognized when the goods are sold or services provided.

Other operating revenue includes parking and food revenues which are recognized when the goods are sold and services provided.

1. Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Construction in progress is not amortized until construction is substantially complete and assets are ready for use.

Capital assets are amortized on a straight-line basis over their useful lives, which have been estimated as follows:

Buildings	2% - 6.67%
Building service equipment	5% - 10%
Computers	20% - 33%
Major equipment	5% - 20%
Parking lot	5%
Parking lot equipment	33%

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a 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. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible asset is unrecognized or no longer in productive use, the asset retirement cost are expensed.

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. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, actuarial estimation of the liability for post-retirement benefits and compensated absences, estimated useful life of capital assets, asset retirement obligations, amortization of defined capital contributions, pay equity accrual and fair value disclosure. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Significant Accounting Policies (continued)

Financial Instruments

The Hospital classifies its financial instruments as either fair value or amortized cost. The Hospital's accounting policy for each category is as follows:

Fair Value

This category includes cash. It is initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of operations and net assets. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount that is held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

This category includes accounts receivable, accounts payable and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

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

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations and net assets.

2. Financial Instrument Classification

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

Cash is included in Level 1. There were no transfers between Level 1 and Level 2 for the years ended March 31, 2024 and 2023. There were also no transfers in or out of level 3.

3. Credit Facility

The Hospital is subject to a $6,500,000 overdraft limit. Interest is charged monthly at a rate of prime. Amounts in excess of this agreed upon limit are subject to interest at 21% per annum. The line of credit is secured by a general security agreement. This facility was not in use at year end.

4. Investments

Investments consist of seven GIC's, each with a maturity date of September 25, 2025 and bearing interest at 5.23%.

5. Accounts Receivable

	2024	2023
Ministry of Health and Ontario Health	**$ 6,208,858**	$ 2,321,840
Self-pay and other agencies	**5,328,950**	4,090,841
	11,537,808	6,412,681
Less: Allowance for doubtful accounts	**562,234**	283,984
	$10,975,574	$ 6,128,697

6. Capital Assets

	2024		2023	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 3,490,296**	**$ -**	$ 3,490,296	$ -
Buildings	**92,462,159**	**45,938,242**	91,658,924	43,322,512
Equipment	**41,939,895**	**30,527,770**	37,937,275	31,102,228
Parking lot	**1,544,130**	**1,494,812**	1,490,978	1,479,850
Computers	**18,308,151**	**6,370,151**	18,509,417	5,408,332
	157,744,631	**84,330,975**	153,086,890	81,312,922
Projects under construction	**4,010,887**	**-**	5,152,897	-
	$ 161,755,518	**$ 84,330,975**	$ 158,239,787	$ 81,312,922
Net book value		**$ 77,424,543**		$ 76,926,865

7. Accounts Payable

	2024	2023
Trade payables and accrued liabilities	**$ 7,821,528**	$ 6,672,851
Wages and other payroll accruals	**18,195,384**	17,739,722
	$26,016,912	$ 24,412,573

8. Long-term debt

The Hospital has financing from the Ontario Financing Authority in order to pay for the Clinical Information System implementation. Net long-term debt reported on the statement of financial position is comprised of the following:

	2024	2023
Long-term loan maturing April 1, 2037 repayable in semi-annual instalments with interest at 3.35%	**$13,817,725**	$ 14,615,809
Less current portion	**825,003**	798,084
	$12,992,722	$ 13,817,725

The annual payments required on long-term debt are as follows:

2025	$ 825,003
2026	852,830
2027	881,596
2028	911,332
2029	942,071
Thereafter	9,404,893
	13,817,725

9. Asset Retirement Obligations

The Hospital's financial statements include an asset retirement obligation for medical and residential buildings containing asbestos. The Hospital would be required to perform abatement activities upon renovation or demolition of buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 4.08%. The estimated total undiscounted future expenditures are $15,089,309, which were estimated to be incurred between a period of 20, 32, and 36 years at the end of the related assets life.

The carrying amount of the liability is as follows:

Asset retirement obligations as at March 31, 2023	$ 4,470,124
Increase due to accretion expense	182,390
Asset retirement obligation as at March 31, 2024	$ 4,652,514

10. Employee Future Benefits

The Hospital sponsors both defined benefit and defined contribution employee future benefit plans covering substantially all employees. The costs of employee future benefits are accrued over the periods in which employees earn the benefits. The plan provides extended health, dental and life insurance to employees.

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared as at March 31, 2022. The accrued benefit obligation of $5,769,100 shown for 2024 is from that March 31, 2022 valuation.

Accrued Benefit Obligation	**2024**	2023
Balance, beginning of year	**$ 5,437,800**	$ 5,612,500
Current service expense	**376,700**	403,700
Interest	**252,800**	214,000
Benefits paid during year	**(393,300)**	(304,900)
Plan amendments	**175,400**	-
Actuarial (gain) loss	**(80,300)**	(487,500)
Balance, end of year	**$ 5,769,100**	$ 5,437,800

Post-employment Benefit Liability	**2024**	2023
Accrued benefit obligation	**$ 5,769,100**	$ 5,437,800
Unamortized experience gain/(loss)	**260,500**	323,300
	$ 6,029,600	$ 5,761,100

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, employee turnover, and mortality. The assumptions used reflecting the Hospital's best estimates are as follows:

- The discount rate used to determine the accrued benefit obligation is 4.65% (2023 - 4.50%)
- The dental cost used was 5.00% (2023 - 5.00%)
- Extended health care rates used were 5.90% (2023 - 5.90%)

The post-employment benefit expense is reported as a component of current expenditures on the statement of operations and net assets. Composition of the amount is as follows:

	2024	2023
Current service costs	**$ 376,700**	$ 403,700
Interest on post-employment benefit liability	**252,800**	214,000
Net actuarial (gain) loss amortized in the year	**32,300**	78,700
Total expense related to post-employment benefits	**$ 661,800**	$ 696,400

The above amounts exclude pension contributions to the Hospitals of Ontario Pension Plan (HOOPP), a multi-employer plan, described in Note 11.

March 31, 2024

11. Pension Plan

The Healthcare of Ontario Pension Plan (HOOPP) provides pension services to more than 460,381 active and retired members and approximately 646 employers. Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2023 disclosed a surplus of $10 billion. The results of this valuation disclosed total actuarial liabilities and pension obligations of $194 billion in respect of benefits accrued for service with actuarial assets at that date of $204 billion.

Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions made to the plan during the year by the Hospital and employees amounted to $4,974,175 (2023 - $4,192,199) and $3,947,758 (2023 - $3,323,143) respectively.

12. Deferred Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations and net assets.

	2024	2023
Balance, beginning of year	**$51,765,760**	$ 51,570,054
Additional funding received	**4,921,138**	3,979,783
Less: Amounts amortized to revenue	**(3,994,904)**	(3,784,077)
	$52,691,994	$ 51,765,760

13. Related Party Transactions

The Hospital is related to the Ross Memorial Hospital Foundation, the Ross Memorial Hospital Auxiliary and 2690518 Ontario Inc.

The Foundation was established to raise and manage funds for the benefit of the Hospital. The Foundation is incorporated as a public foundation under the Canada Corporations Act and is a registered charity under the Income Tax Act. According to the most recent available data, net resources of the Foundation amount to approximately $6,689,000 as at March 31, 2024 with the balance being available to the Hospital for uses consistent with the intent of the donors and the objects of the foundation at the discretion of the Foundation's Board of Directors.

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

The Ross Memorial Hospital Auxiliary (the "Auxiliary") provides periodic capital funding to the Hospital through the Hospital Foundation. The Hospital uses these contributions as designated by the Auxiliary.

2690518 Ontario Inc. holds properties in trust for the Ross Memorial Hospital. All assets, income and expense are incorporated into the financial statements of the Hospital.

All transactions with related parties are recorded at the exchange amount.

Related party transactions during the year not separately disclosed in the financial statements include the following:

a. donations amounting to $1,000,000 (2023 - $1,125,071) have been received from the Foundation.

b. an amount of $486,366 (2023 - $510,587) has been received from the Foundation as a reimbursement of expenditures

c. an amount of $5,000 (2023 - $5,000) representing rental charges has been received from the Foundation and recorded in other operating revenue.

14. Contingencies and Commitments

Litigation

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

15. Unrestricted Net Assets

The Hospital's unrestricted net assets of $9,230,581 consists of $6,262,310 invested in capital assets and a $2,968,271 (2023 - $4,070,052) in remaining net assets. The investment in capital assets is calculated as follows:

	2024	2023
Capital assets	$ 77,424,543	$ 76,926,865
Amounts financed by deferred contributions	(52,691,994)	(51,765,760)
Amounts financed by long term debt	(13,817,725)	(14,615,809)
Asset retirement obligations	(4,652,514)	(4,470,124)
	$ 6,262,310	$ 6,075,172

16. Financial Instrument Risk Management

Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2024			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	$ 17,694,111	$ -	$ 8,322,800	$ -
Long-term debt	409,081	415,923	3,597,829	9,404,892
	$ 18,103,192	$ 415,923	$11,920,629	$ 9,404,892

	2023			
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	$ 21,561,321	$ -	$ 2,851,250	$ -
Long-term debt	395,733	402,351	3,470,762	10,346,963
	$ 21,957,054	$ 402,351	$ 6,322,012	$ 10,346,963

There have been no significant changes from the previous year in the exposure to this risk or policies, procedures and methods used to measure the risk.

16. Financial Instrument Risk Management (continued)

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 federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to $100,000.

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital's historical experience regarding collections. The amounts outstanding at year end were as follows:

As at March 31, 2024			**Past Due**			
	Total	**Current**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**120+ Days**
OHIP	**$ 1,135,770**	**$ 579,637**	**$ 254,000**	**$ 14,909**	**$ 6,046**	**$ 281,178**
MOH/OH	**6,208,859**	**6,208,859**	**-**	**-**	**-**	**-**
Patient services	**886,369**	**204,227**	**65,908**	**72,445**	**43,352**	**500,437**
Other	**3,306,810**	**3,306,810**	**-**	**-**	**-**	**-**
Gross receivables	**11,537,808**	**10,299,533**	**319,908**	**87,354**	**49,398**	**781,615**
Impairment allowance	**(562,234)**	**-**	**-**	**-**	**-**	**(562,234)**
Net receivables	**$10,975,574**	**$10,299,533**	**$ 319,908**	**$ 87,354**	**$ 49,398**	**$ 219,381**

As at March 31, 2023			Past Due			
	Total	Current	31-60 Days	61-90 Days	91-120 Days	120+ Days
OHIP	$ 1,172,224	$ 493,414	$ 404,585	$ 89,808	$ 49,460	$ 134,957
MOH/OH	2,321,840	2,321,840	-	-	-	-
Patient services	606,686	118,083	120,074	59,443	35,150	273,936
Other	2,311,931	2,311,931	-	-	-	-
Gross receivables	6,412,681	5,245,268	524,659	149,251	84,610	408,893
Impairment allowance	(283,984)	-	-	-	-	(283,984)
Net receivables	$ 6,128,697	$ 5,245,268	$ 524,659	$ 149,251	$ 84,610	$ 124,909

The amounts aged greater than 120 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Hospital's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment believes that these balances will be collected.

There have been no significant changes from the previous year in the exposure to this risk or policies, procedures and methods used to measure the risk.