

**ALEXANDRA MARINE AND GENERAL HOSPITAL**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**SEEBACH & COMPANY**  
*Chartered Professional Accountants*

## INDEPENDENT AUDITOR'S REPORT

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To the Board of Governors and Members of Alexandra Marine and General Hospital

### *Opinion*

We have audited the accompanying financial statements of Alexandra Marine and General Hospital ("the Hospital"), which are comprised of the balance sheet as at March 31, 2021 and the operating fund statement of revenue and expenses and 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, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### *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 the financial statements in accordance with PSAB, 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
May 26, 2021

# ALEXANDRA MARINE AND GENERAL HOSPITAL

## BALANCE SHEET

See Accompanying Notes to Financial Statements

As at March 31	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	1,624,846	1,318,511
Accounts receivable	2,691,285	675,464
Inventories	372,351	359,543
Prepaid expenses	196,157	198,370
	<u>4,884,639</u>	<u>2,551,888</u>
Capital assets, net book value (note 3)	12,243,154	12,710,514
	<u><u>\$ 17,127,793</u></u>	<u><u>\$ 15,262,402</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	4,530,216	3,560,930
Employee future benefits (note 6)	119,700	154,200
Deferred revenue	20,964	32,825
	<u>4,670,880</u>	<u>3,747,955</u>
Long term liabilities		
Deferred capital contributions (note 5)	5,583,350	5,486,791
Employee future benefits (note 6)	1,550,800	1,499,600
	<u>11,805,030</u>	<u>10,734,346</u>
Net assets		
Invested in capital assets	6,659,804	7,223,723
Unrestricted	(1,337,041)	(2,695,667)
	<u>5,322,763</u>	<u>4,528,056</u>
	<u><u>\$ 17,127,793</u></u>	<u><u>\$ 15,262,402</u></u>

On behalf of the board of governors: June 21st, 2021

*Ylan McNeil* ..... Member

*Donna Partridge* ..... Member  
*D Partridge*

**ALEXANDRA MARINE AND GENERAL HOSPITAL**  
**OPERATING FUND STATEMENT OF REVENUE AND EXPENSES**

See Accompanying Notes to Financial Statements

<b>For the Year Ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Ontario Health base funding	17,996,421	17,789,667
One time funding (note 8)	2,954,715	182,050
Other MOHLTC funding	3,032,233	2,717,388
Paymaster funding	391,022	393,227
Other votes funding (note 9)	1,862,369	1,845,964
Cancer Care Ontario (Ontario Health)	45,959	48,050
Recoveries and miscellaneous	1,014,188	931,985
OHIP revenue	1,412,152	1,433,040
Differential and copayment	96,003	153,139
Amortization of deferred capital contributions - equipment	560,812	526,195
	<u>29,365,874</u>	<u>26,020,705</u>
<b>Expenses</b>		
Salaries and benefits	16,638,074	15,567,442
Medical staff remuneration	4,142,009	3,663,994
Supplies and other expenses	3,775,721	3,478,257
Medical and surgical supplies	643,355	598,686
Drugs and medical gases	404,917	414,751
Other votes expenses (note 9)	1,866,434	1,851,995
Amortization - equipment	717,666	715,813
	<u>28,188,176</u>	<u>26,290,938</u>
<b>Excess (deficiency) of revenue over expenses from Hospital operations</b>	<u>1,177,698</u>	<u>(270,233)</u>
<b>Other items affecting operations</b>		
Amortization of deferred capital contributions - building and building service equipment	289,213	284,274
Amortization - building and building service equipment	(672,204)	(671,209)
	<u>(382,991)</u>	<u>(386,935)</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<u>\$ 794,707</u>	<u>(\$ 657,168)</u>

**ALEXANDRA MARINE AND GENERAL HOSPITAL****STATEMENT OF CHANGES IN NET ASSETS**

See Accompanying Notes to Financial Statements

<b>For the Year Ended March 31</b>			<b>2021</b>	<b>2020</b>
	Invested in Capital Assets	Unrestricted	<b>Total</b>	Total
<b>Balance, beginning of year</b>	7,223,723	(2,695,667)	<b>4,528,056</b>	5,185,224
Excess (deficiency) of revenues over expenses	(539,912)	1,334,619	<b>794,707</b>	(657,168)
Transfer between funds	(24,007)	24,007	-	-
<b>Balance, end of year</b>	<u>6,659,804</u>	<u>(1,337,041)</u>	<u><b>\$ 5,322,763</b></u>	<u>\$ 4,528,056</u>

**ALEXANDRA MARINE AND GENERAL HOSPITAL**  
**OPERATING FUND STATEMENT OF CASH FLOWS**

See Accompanying Notes to Financial Statements

<b>For the Year Ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Excess of revenue over expenses for the year	<b>794,707</b>	(657,168)
Items not requiring (not providing) cash		
Amortization expense	<b>1,389,870</b>	1,387,022
Amortization of deferred capital grants and donations	<b>(850,025)</b>	(810,469)
Loss (gain) on disposal of capital assets	<b>67</b>	3,307
Working capital provided from operations	<b>1,334,619</b>	(77,308)
Cash provided from (used for) changes in operational balances		
Accounts receivable	<b>(2,015,821)</b>	373,552
Inventory	<b>(12,808)</b>	(10,904)
Prepaid expenses	<b>2,213</b>	(33,068)
Accounts payable and accrued liabilities	<b>969,286</b>	64,658
Employee future benefits - current	<b>(34,500)</b>	(13,900)
Deferred revenue	<b>(11,861)</b>	32,825
Cash provided from (used for) operating activities	<b>231,128</b>	335,855
<b>Investing activities</b>		
Net disposals (purchases) of capital assets	<b>(927,302)</b>	(582,674)
<b>Financing activities</b>		
Net proceeds (repayments) from long-term debt	<b>-</b>	(138,395)
Deferred building and equipment grants and donations	<b>951,309</b>	784,564
Employee future benefits - long-term	<b>51,200</b>	47,400
	<b>1,002,509</b>	693,569
<b>Increase (decrease) in cash</b>	<b>306,335</b>	446,750
<b>Cash, beginning of year</b>	<b>1,318,511</b>	871,761
<b>Cash, end of year</b>	<b>\$ 1,624,846</b>	\$ 1,318,511

# ALEXANDRA MARINE AND GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS

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**For the Year Ended March 31, 2021**

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Alexandra Marine and General Hospital was incorporated by letters patent under the Ontario Business Corporations Act on June 3, 1901.

The Hospital is principally involved in providing health care services to the residents of the Town of Goderich and surrounding municipalities of Huron County. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada).

### **1. Significant accounting policies**

The financial statements have been prepared in accordance with the Public Sector Accounting Handbook ("PS") which sets out Canadian generally accepted accounting principles ("GAAP") for government not-for-profit organizations ("GNPOs") in Canada. The Hospital has chosen to use the standards specified for GNPOs set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

#### **a) Revenue recognition**

The Hospital follows the deferral method of accounting for contributions that include donations and government grants.

The Hospital is primarily funded by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC) and Ontario Health ("OH").

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect arrangements with the Ministry of Health and Long-Term Care with respect to the year ended March 31, 2021.

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.

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 including restricted cash are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue from the insurance plans, preferred accommodations, and marketed services is recognized when the goods are sold or the service is provided, the amounts can be reasonably estimated and collection is reasonably assured.

#### **b) Inventories**

Inventories are recorded at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs incurred in bringing the inventories to their present location and condition.

#### **c) Capital assets**

Capital assets are recorded at cost. Assets are amortized over their estimated useful lives using the following rates on a straight-line basis:

Land improvements	10 - 20 years
Buildings	20 - 50 years
Building service equipment	10 - 25 years
Equipment	5 - 10 years
Information technology equipment	3 - 5 years

Construction in progress is not amortized until construction is complete and the facilities are placed into use.



# ALEXANDRA MARINE AND GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS (continued)

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For the Year Ended March 31, 2021

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### 1. Significant accounting policies (continued)

#### d) Contributed services

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.

#### e) Employee future benefits

The benefit obligation is amortized over the average remaining service period of the active employees. The cost of retirement benefits earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of retirement ages of employees and expected health and dental care costs.

#### f) Use of estimates

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation of receivables, inventories; and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year in which they are known.

The Hospital's results and operations have been and will continue to be impacted by the outbreak of COVID-19. The COVID-19 pandemic gives rise to heightened uncertainty as it relates to accounting estimates and increases the need to apply judgement in evaluating the economic and market environment and its impact on significant estimates. It is uncertain how this volatility may impact the valuation and income of portfolio investments. Additionally, there is a higher degree of uncertainty related to revenue recognition including the treatment of government reimbursement for hospital incurred incremental expenses and lost-revenue. The duration and impact of the COVID-19 outbreak remains unknown at this time, as does the ongoing efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions and slow the spread of the disease. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Hospital in future years.

#### g) Financial instruments

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with unrealized changes in fair value recorded in the statement of changes in net assets until the investment is derecognized or impaired at which time the amounts would be recorded in the operating fund statement of revenue and expenses.

# ALEXANDRA MARINE AND GENERAL HOSPITAL

## NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2021

### 1. Significant accounting policies (continued)

#### g) Financial instruments (continued)

In accordance with the Canadian Public Sector Accounting Standards the Hospital has undertaken the following:

- (i) Designated cash and short-term investments as held-for-trading, being measured at fair value.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Marketable securities are designated as available-for-sale, which are recorded at fair value.
- (iv) Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

No financial statement recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

The Hospital also complies with PS 3450, "Financial Instruments", for the presentation and disclosure of financial instruments and non-financial derivatives.

The Hospital has elected to account for transactions as at the trade date.

#### h) Funding adjustments

The Hospital receives grants from the MOHLTC and Ontario Health (OH) for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the MOHLTC or OH is entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon in the period in which collection is received.

### 2. Restricted investments

Restricted investments reflect the investment of unused donations received from donors, restricted for future Hospital expenditures, and interest earned on those contributions.

The Hospital currently holds no investments.

### 3. Capital assets

	Cost	Accumulated Amortization	Net Book Value 2021	Net Book Value 2020
Land	153,868	-	153,868	153,868
Land improvements	208,494	125,915	82,579	95,855
Buildings	16,413,956	7,938,647	8,475,309	8,894,751
Building service equipment	5,169,094	3,784,055	1,385,039	1,437,249
Equipment	12,330,661	10,916,360	1,414,301	1,500,361
Information technology hardware/software	3,638,792	2,906,734	732,058	628,430
	<u>\$ 37,914,865</u>	<u>\$ 25,671,711</u>	<u>\$ 12,243,154</u>	<u>\$ 12,710,514</u>

**ALEXANDRA MARINE AND GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the Year Ended March 31, 2021**

**4. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities consist of:

	<b>2021</b>	<b>2020</b>
Trade payables	1,522,650	1,110,763
Salaries and deductions payable	1,316,553	1,194,935
Accrued vacation and statutory holiday payable	748,256	559,495
Other liabilities	<u>942,757</u>	<u>695,737</u>
	<u><b>\$ 4,530,216</b></u>	<u><b>\$ 3,560,930</b></u>

**5. Deferred capital contributions related to capital assets**

Deferred capital contributions related to capital assets represent the unamortized amount received for the purchase of capital assets and consists of the following:

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	5,486,791	5,519,701
Additional contributions	951,309	784,564
Less: Amounts amortized to revenue	(850,025)	(810,469)
Less: Net value of disposals	<u>(4,725)</u>	<u>(7,005)</u>
Balance, end of year	<u><b>\$ 5,583,350</b></u>	<u><b>\$ 5,486,791</b></u>

Included in the additional contributions for 2021 is HIRF funding received for the year totalling \$146,332 (2020: \$102,181). None of this amount was spent in the current year due to delays related to COVID-19. In accordance with guidelines provided by the Ministry of Health, the Hospital will carryover the unspent funds at March 31, 2021 and will complete approved projects in fiscal 2021-22.

**6. Employee future benefits**

The Alexandra Marine and General Hospital provides extended health care, dental and semi-private benefits to eligible retired employees. An independent actuarial study of the post-retirement benefits has been undertaken. The most recent valuation of the employee future benefits was prepared as at March 31, 2021.

At March 31, 2021 the Hospital's accrued benefit obligation related to post-retirement benefit plans was \$1,670,500 (2020: \$1,653,800), as detailed in the table below.

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	1,653,800	1,620,300
Benefit cost	154,200	168,100
Contributions by the Hospital	<u>(137,500)</u>	<u>(134,600)</u>
Balance, end of year	1,670,500	1,653,800
Less: current portion	<u>119,700</u>	<u>154,200</u>
Long-term accrued benefit liability	<u><b>\$ 1,550,800</b></u>	<u><b>\$ 1,499,600</b></u>

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

	<b>2021</b>	<b>2020</b>
Discount rate		
Beginning of year	3.29%	3.18%
End of year	3.21%	3.29%
General inflation		
	CPI rate is used	

**ALEXANDRA MARINE AND GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the Year Ended March 31, 2021**

**7. Invested in capital assets**

a) Net assets invested in capital assets are calculated as follows:

	<b>2021</b>	<b>2020</b>
Capital assets, net book value	12,243,154	12,710,514
Amounts financed by:		
Deferred capital contributions	<u>(5,583,350)</u>	<u>(5,486,791)</u>
	<u>\$ 6,659,804</u>	<u>\$ 7,223,723</u>

b) Change in net assets invested in capital assets is calculated as follows:

	<b>2021</b>	<b>2020</b>
Excess of expenses over revenues:		
Gain on disposal of capital assets	(67)	(3,307)
Amortization of deferred capital contributions related to capital assets	850,025	810,469
Amortization of capital assets	<u>(1,389,870)</u>	<u>(1,387,022)</u>
	<u>\$ (539,912)</u>	<u>\$ (579,860)</u>
Net change in investments in capital assets:		
Purchase of capital assets	928,302	582,674
Capital assets funded by deferred capital contributions	(951,309)	(784,564)
Reduction in long-term debt	-	138,395
Proceeds on disposal of capital assets	<u>(1,000)</u>	<u>-</u>
	<u>\$ (24,007)</u>	<u>\$ (63,495)</u>

**8. One time funding**

Included in One Time Funding is \$1,076,400 for the Hospital Working Funds Initiative 2020-21. The Hospital was instructed by the LHIN/OH to recognize the full amount of this funding in the current fiscal year to address working funds deficits of prior years.

**9. Other votes**

The Alexandra Marine and General Hospital operates programming which is funded separately from general hospital operations. The OH funds the Community Mental Health Program (CMHP) and the Ministry of Children and Youth Services (MCYS) funds the Preschool Speech and Language Program (PSLP).

	<b>2021</b>	<b>2020</b>
Revenues		
Community Mental Health Program	1,669,802	1,654,603
Preschool Speech and Language Program	<u>192,567</u>	<u>191,361</u>
	<u>\$ 1,862,369</u>	<u>\$ 1,845,964</u>
Expenses		
Community Mental Health Program	1,669,802	1,654,603
Preschool Speech and Language Program	<u>196,632</u>	<u>197,392</u>
	<u>\$ 1,866,434</u>	<u>\$ 1,851,995</u>

## ALEXANDRA MARINE AND GENERAL HOSPITAL

### NOTES TO FINANCIAL STATEMENTS (continued)

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For the Year Ended March 31, 2021

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#### 10. Pension plan

Employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan (HOOPP) which is a multi-employer final average pay contributory pension plan. Contributions made to the Plan during the year by the Hospital amounted to \$1,113,148 (2020: \$1,090,999) and are included in the operating fund statement of revenue and expenses.

#### 11. Economic interest

The Hospital has an economic interest in the Alexandra Marine and General Hospital Foundation. The Foundation was established to solicit funds on behalf of the Hospital. The Foundation has net assets totalling \$5,132,748 (2020: \$3,755,147) for the benefit of the Hospital.

#### 12. Financial risks and concentration of credit risks

The Hospital is exposed to a range of financial risks including market risk, interest rate risk, credit risk and liquidity risk. The Hospital manages these risks in accordance with its internal policies. The Hospital's results and operations have been and will continue to be impacted by the COVID-19 pandemic. The adverse effects include but are not limited to a decline in interest rates, increase in counterparty credit risk, and disruptions of operations. Significant uncertainty remains regarding the breadth and depth of these events and the long-term impact on the Hospital.

##### Credit risk

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

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2021 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the operating fund statement of revenue and expenses. Subsequent recoveries of impairment losses related to accounts receivable are credited to the operating fund statement of revenue and expenses. The balance of the allowance for doubtful accounts at March 31, 2021 is \$106,000 (2020: \$98,000).

There is a possibility of increased credit risk exposure due to the impact of COVID-19 on the economy.

**ALEXANDRA MARINE AND GENERAL HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

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**For the Year Ended March 31, 2021**

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**12. Financial risks and concentration of credit risks (continued)**

**Liquidity risk**

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

The Hospital could experience increased liquidity exposure in the 2021/22 fiscal year due to (a) the impact of COVID-19 with increased pressures on expenditures as well as on the ability to generate and recover revenue, and (b) uncertainty of timing of recoveries from OH and MOHLTC.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Hospital's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

The Hospital is not exposed to market risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

At March 31, 2021, the Hospital has no long-term debt, with only the advances under the bank credit facility subject to fluctuations from market rates.

There has been no change to the interest rate risk exposure from 2020.