Financial Statements of

BLANCHE RIVER HEALTH

And Independent Auditor's Report thereon

Year ended March 31, 2023

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Blanche River Health

Opinion

We have audited the financial statements of Blanche River Health (the "Hospital"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2023, and its results of operations and its cash flows for the period 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 auditor's 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.

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Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 Entity'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 the 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's 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

- 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.

- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
June 23, 2023

BLANCHE RIVER HEALTH

Statement of Operations

For the year ended March 31, 2023, with comparative information of 2022

		2023		2022
Revenue:				
Ontario Health North East and Ministry of Health	$	39,657,241	$	38,547,278
Patient services		1,301,149		1,237,192
Preferred accommodations		314,462		324,167
Other		5,504,852		4,964,794
Amortization - deferred capital contributions for equipment		865,743		838,422
		47,643,447		45,911,853
Expenses:				
Salaries and wages		26,558,089		21,491,402
Employee benefits		6,066,966		5,583,782
Medical staff remuneration		4,444,191		3,625,132
Drugs		1,429,313		1,602,262
Medical and surgical		764,070		839,610
Supplies and other		8,218,342		7,010,282
Amortization - equipment		1,686,743		1,714,457
		49,167,714		41,866,927
Excess (deficiency) of revenue over expenses from Hospital operations		(1,524,267)		4,044,926
Amortization - deferred capital contributions for buildings, land improvements and building service equipment		749,319		729,895
Amortization - building, land improvements, and building service equipment		(1,089,599)		(1,100,928)
Excess (deficiency) of revenue over expenses before undernoted items		(1,864,547)		3,673,893
Specifically funded programs:				
Revenue		61,568		70,060
Expenses		(60,452)		(70,060)
Excess of revenue over expenses - specifically funded programs		1,116		-
Excess (deficiency) of revenue over expenses	$	(1,863,431)	$	3,673,893

See accompanying notes to financial statements

On behalf of the Board:

_______________ Director

_______________ Director

BLANCHE RIVER HEALTH

Statement of Financial Position

As at March 31, 2023, with comparative information of 2022

		2023		2022
				(restated - note 2)
Assets				
Current assets:				
Cash	$	-	$	6,932,153
Cash - restricted (note 12)		10,037,881		1,979,563
Short-term investments		9,881		9,881
Accounts receivable (note 3)		5,635,935		8,495,880
Inventories		1,001,616		811,712
Prepayments		431,821		343,478
		17,117,134		18,572,667
Long-term receivables		292,000		142,000
Restricted assets		101,001		101,001
Capital assets (note 4)		20,659,002		19,490,331
	$	38,169,137	$	38,305,999
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Bank indebtedness	$	817,322	$	-
Accounts payable and accrued liabilities (note 6)		9,674,450		7,331,799
Current portion of long-term debt (note 7)		351,761		370,734
		10,843,533		7,702,533
Long-term debt (note 7)		1,372,793		1,724,655
Employee post-retirement benefits (note 8)		2,819,969		2,866,090
Asset retirement obligation (note 9)		3,164,683		3,164,683
Deferred capital contributions (note 10)		15,273,162		16,289,610
		33,474,140		31,747,571
Net assets		4,694,997		6,558,428
Commitments (note 15)				
Contingencies (note 16)				
	$	38,169,137	$	38,305,999

See accompanying notes to financial statements

BLANCHE RIVER HEALTH

Statement of Changes in Net Assets

For the year ended March 31, 2023, with comparative information of 2022

	2023	2022 (restated - note 2)
Net assets, beginning of year		
As previously stated	$ 6,558,428	$ 6,049,218
Adjustment for change in accounting policy (note 2)	-	(3,164,683)
As restated	6,558,428	2,884,535
Excess (deficiency) of revenue over expenses	(1,863,431)	3,673,893
Net assets, end of year	$ 4,694,997	$ 6,558,428

See accompanying notes to financial statements

BLANCHE RIVER HEALTH

Statement of Cash Flows

For the year ended March 31, 2023, with comparative information of 2022

	2023	2022
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ (1,863,431)	$ 3,673,893
Adjustments for:		
Amortization of capital assets	2,776,342	2,815,385
Amortization of deferred capital contributions	(1,615,062)	(1,568,317)
Loss on disposal of capital assets	13,206	-
Change in employee post-retirement benefits	(46,121)	30,663
	(735,066)	4,951,624
Change in non-cash working capital (note 11)	4,774,349	(2,807,308)
	4,039,283	2,144,316
Cash flows from capital activities:		
Purchase of capital assets	(3,958,219)	(2,782,167)
Increase in deferred capital contributions	598,614	5,220,838
	(3,359,605)	2,438,671
Cash flows from financing activities:		
Repayment of long-term debt	(370,835)	(393,180)
	(370,835)	(393,180)
Net increase in cash	308,843	4,189,807
Cash, beginning of year	9,022,598	4,832,791
Cash, end of year	$ 9,331,441	$ 9,022,598
Cash is comprised of:		
Cash (bank indebtedness)	$ (817,322)	$ 6,932,153
Restricted cash	10,037,881	1,979,563
Short-term investments	9,881	9,881
Restricted assets	101,001	101,001
	$ 9,331,441	$ 9,022,598

See accompanying notes to financial statements

The Blanche River Health (the "Hospital") was incorporated under the laws of Ontario and was established on October 1, 2020 through the amalgamation of the Englehart and District Hospital Inc. ("EDH") and Kirkland and District Hospital ("KDH"). The Hospital is principally involved in providing health care services to Kirkland Lake, Englehart and the surrounding areas. The Hospital is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

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

(a) Revenue recognition:

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

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 (the "Ministry") and Ontario Health North East ("OHNE"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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

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

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis, at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized when the service is provided.

(b) Inventories:

Inventories are stated at the lower of average cost and net realizable value.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

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

Amortization is provided on the straight-line basis over their estimated useful lives at the following range of annual rates:

Land improvements	5.0%
Buildings	2.5% - 20.0%
Furniture and equipment	7.0% - 33.0%
Service equipment	4.0% - 20.0%

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

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

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

(d) Related entities:

The notes to financial statements include information of the following entity (note 13):

- Blanche River Health Foundation ("Foundation")
- ONE Health Information Technology Services

The investment in the shared controlled not-for-profit entity, ONE Health Information Technology Services, is accounted for by the modified equity method. The other entity is not consolidated.

1. **Significant accounting policies (continued):**

(e) Employee post-retirement benefits:

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

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 9.9 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

The Hospital is an employer member of the Health Care of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

(f) Asset retirement obligations:

The Hospital recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- 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.

A liability for the removal of asbestos-containing materials in certain Hospital owned facilities has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the consolidated financial statements are recognized in the Statement of Operations at the time of remediation occurs.

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; accounts

1. Significant accounting policies (continued):

(g) Use of estimates (continued):

payable and accrued liabilities; and assets 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 earnings in the year in which they become known.

(h) Funding adjustments:

The Hospital receives grants from OHNE and the Ministry for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the Ministry or OHNE may be entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(i) Contributed services:

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

(j) Investment in Joint Venture:

The Hospital accounts for its interest in a joint venture using the proportionate consolidation method. These financial statements include the Hospital's proportionate share of any assets, liabilities, revenues and expenses of the joint venture.

(k) Financial instruments:

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

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

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

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

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

2. Change in accounting policy:

On April 1, 2022, the Hospital adopted Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in certain Hospital facilities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On April 1, 2021, the Hospital recognized an asset retirement obligation relating to facilities owned by the Hospital that contain asbestos. The buildings were originally built in 1972 and 1976, and the liability was measured as of the date of construction of the buildings, when the liability was created. The buildings had an expected useful life of 40 years, and the estimate has not been changed since construction.

In accordance with the provisions of this new standard, the Hospital reflected the following adjustments at April 1, 2021:

- An increase of $3,164,683 to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase and an accompanying increase of $3,164,683 to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of $3,164,683, representing an estimate of the current obligations.
- A decrease to Opening Net Assets of $3,164,683, as a result of the recognition of the liability and accompanying increase in depreciation expense.

3. Accounts receivable:

	2023	2022
Patients and clients	$ 995,677	$ 1,125,425
Ministry of Health	3,008,749	1,572,312
Other	1,750,965	6,070,755
Allowance for doubtful accounts	(119,456)	(272,612)
	$ 5,635,935	$ 8,495,880

4. Capital assets:

2023		Cost	Accumulated Amortization	Net book Value
Land	$	89,604	$ –	$ 89,604
Land improvements		1,247,465	998,041	249,424
Buildings and service equipment		30,843,222	20,864,383	9,978,839
Furniture and equipment		26,799,923	20,173,541	6,626,382
Construction in progress		3,714,753	–	3,714,753
	$	62,694,967	$ 42,035,965	$ 20,659,002

2022		Cost	Accumulated Amortization	Net book Value
Land	$	89,604	$ –	$ 89,604
Land improvements		1,205,960	934,967	270,993
Buildings and service equipment		30,399,822	19,841,153	10,558,669
Furniture and equipment		24,723,443	18,710,062	6,013,381
Construction in progress		2,557,684	–	2,557,684
	$	58,976,513	$ 39,486,182	$ 19,490,331

5. Bank indebtedness:

The Hospital has arranged for aggregate revolving demand loans totaling $2,000,000 to be used for general operating purposes. The credit facilities bear interest at the bank's prime rate less 0.85%. No amount was drawn on this facility at period-end.

6. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable and accrued liabilities:		
- OHNE, Ministry of Health	$ 1,387,384	$ 243,391
- Other	3,540,780	3,129,190
Payroll accruals:		
- Salaries and wages	754,558	772,149
- Vacation pay and other entitlements	3,802,391	2,913,880
Deferred revenue	189,337	273,189
	$ 9,674,450	$ 7,331,799

7. Long-term debt:

	2023	2022
Long-term obligation, unsecured, payable in monthly instalments of $2,888, bearing interest at 2.55%, final instalment due October 2022	$ -	$ 20,064
Long-term obligation, secured, payable in monthly instalments of $2,735, bearing interest at 3.50%, final instalment due August 2024	44,554	75,325
Long-term obligation, unsecured, payable in quarterly instalments of $80,000 without interest, final instalment due December 2027	1,680,000	2,000,000
	1,724,554	2,095,389
Current portion of long-term debt	(351,761)	(370,734)
	$ 1,372,793	$ 1,724,655

Scheduled principal repayments are as follows:

2024	$ 351,761
2025	332,793
2026	320,000
2027	320,000
2028	400,000
	$ 1,724,554

8. Employee post-retirement benefits:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all unionized full time employees with various cost-sharing arrangements as determined by their collective agreements. The most recent valuation of the employee future benefits was completed as at March 31, 2021. The next full valuation of the plan will be as of March 31, 2024.

The accrued benefit obligation is recorded in the financial statements as follows:

	2023	2022
Balance, beginning of year	$ 2,866,090	$ 2,835,427
Add: benefit costs	123,204	126,900
	2,989,294	2,962,327
Less: benefit contributions	(169,325)	(96,237)
Balance, end of year	$ 2,819,969	$ 2,866,090

8. Employee post-retirement benefits (continued):

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

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

	2023	2022
Discount rate	4.04%	3.89%
Dental cost trend rates	4.00%	4.00%
Extended health care trend rates	6.5%, decreasing annually by 0.5% thereafter to 5%	

9. Asset retirement obligation:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities owned by the Hospital. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2023	2022
Balance, beginning of year	$ 3,164,683	$ –
Adjustment on adoption of PS 3280 asset retirement obligation standard	–	3,164,683
Opening balance, as restated	3,164,683	3,164,683
Less: obligations settled during the year	-	-
Total obligation at March 31	3,164,683	3,164,683
Less: current portion reported in accounts payable and accrued liabilities	–	–
Balance, end of year	$ 3,164,683	$ 3,164,683

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balance of donations and grants received for the purchase of capital assets. Details of the continuity of these funds are as follows:

	2023	2022
Balance, beginning of year	$ 16,289,610	$ 12,637,089
Additional contributions received	598,614	5,220,838
Less amounts amortized to revenue	(1,615,062)	(1,568,317)
Balance, end of year	$ 15,273,162	$ 16,289,610

The deferred contributions related to capital assets consist of the following:

	2023	2022
Unamortized	$ 10,493,380	$ 11,467,966
Unspent	4,779,782	4,821,644
	$ 15,273,162	$ 16,289,610

11. Change in non-cash working capital:

	2023	2022
Accounts receivable	$ 2,859,945	$ (3,133,339)
Inventories	(189,904)	94,086
Prepaid expenses	(88,343)	97,802
Long-term receivables	(150,000)	260,000
Accounts payable and accrued liabilities	2,342,651	(125,857)
	$ 4,774,349	$ (2,807,308)

12. Restricted cash:

Restricted cash consists of proceeds from fundraising initiatives in which the funds have been set aside for specific purposes.

13. Pension plan:

Substantially all of the employees of the Hospital are members of the Health Care of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit plan. Contributions made to the plan during the period by the Hospital on behalf of its employees amounted to $1,427,563 (2022 - $1,486,073) and are included in employee benefits in the statement of operations.

14. Related entity:

(a) Blanche River Health Foundation

The Hospital has an economic interest in the Blanche River Health Foundation. The Foundation was created for the purposes of promoting and participating in fundraising programs in order to raise money for capital projects, training and medical research. During the period, the Hospital received donations amounting to $50,878 (2022 - $1,123,126).

(b) ONE Health Information Technology Services

ONE HITS is a shared service organization established for the purposes of providing technology, information systems and related capital implementation and support services to participating hospitals in Northeastern Ontario on a full cost recovery basis. The Hospital has shared control over ONE HITS, with a 2.39% proportionate share of voting rights and financing requirements.

Financial information for ONE HITS for 2023 was not available at the time of the audit report date.

15. Commitments:

Kirkland District Family Health Team:

The Hospital has agreed to fund one-half of the annual operating deficit of the Kirkland District Family Health Team ("KDFHT"). During the current period, the Hospital was not required to contribute towards the operations of the KDFHT.

16. Contingencies:

(a) Legal matters and litigation:

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

(b) Employment matters:

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

16. Contingencies:

(c) Insurance:

A group of healthcare institutions, including the Hospital, are members of the Health Care Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2023, no assessments have been received.

17. Financial risks and concentration of credit risk:

(a) Credit risk:

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

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2023, is the carrying value of these assets.

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

The Hospital follows an investment policy approved by the Board of Directors. The maximum exposure to credit risk of the Hospital at March 31, 2023, is the carrying value of these assets.

(b) Liquidity risk:

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

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

18. Comparative information:

Certain of the prior year comparative information have been restated to conform with the current year presentation. The changes do not affect prior year excess of revenue over expenses.