

The West Haldimand General Hospital
Financial Statements
For the Year Ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of The West Haldimand General Hospital

Opinion

We have audited the financial statements of The West Haldimand General Hospital (the Entity), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, accumulated remeasurement gains and losses, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its remeasurement gains and losses, its change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Entity 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.

Other Matter

The financial statements of the Entity for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on May 27, 2019.

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 Entity'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 Entity 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 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 Entity'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 Entity'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 Entity 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.

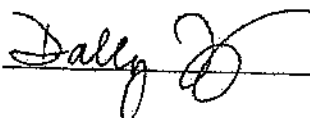
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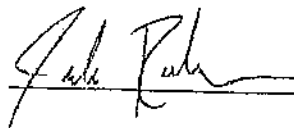
Brantford, Ontario
July 7, 2020

**The West Haldimand General Hospital
Statement of Financial Position**

March 31	2020	2019
Assets		
Current		
Cash	\$ -	\$ 435,425
Investments (Note 2)	340,256	334,843
Accounts receivable (Note 3)	398,003	264,600
Due from related party (Note 9)	322,502	161,093
Inventories	92,349	78,251
Prepaid expenses	429,725	471,380
	1,582,835	1,745,592
Investments (Note 2)	102,908	117,534
Capital assets (Note 4)	7,558,094	7,289,535
	\$ 9,243,837	\$ 9,152,661
Liabilities and Net Assets		
Current		
Bank indebtedness (Note 5)	\$ 140,656	\$ -
Accounts payable and accrued liabilities (Note 6)	1,974,838	2,043,241
Deferred revenue	-	20,100
	2,115,494	2,063,341
Employee future benefits (Note 7)	547,581	538,841
Deferred contributions for capital assets (Note 8)	6,047,646	5,879,893
	8,710,721	8,482,075
Net assets	523,430	645,461
Accumulated remeasurement gains	9,686	25,125
	533,116	670,586
	\$ 9,243,837	\$ 9,152,661

Approved on behalf of the Board of Directors

 Director

 Director

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

**The West Haldimand General Hospital
Statement of Changes in Net Assets**

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
Net assets, beginning of the year	\$ 645,461	\$ 571,792
Excess (deficiency) of revenues over expenses	<u>(122,031)</u>	<u>73,669</u>
Net assets, end of the year	\$ 523,430	\$ 645,461

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

**The West Haldimand General Hospital
Statement of Remeasurement Gains and Losses**

For the year ended March 31	2020	2019
Accumulated remeasurement gains, beginning of the year	\$ 25,125	\$ 17,331
Unrealized gains (losses) attributable to investments	<u>(15,439)</u>	<u>7,794</u>
Accumulated remeasurement gains, end of the year	<u>\$ 9,686</u>	<u>\$ 25,125</u>

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

The West Haldimand General Hospital Statement of Operations

For the year ended March 31

2020

2019

Revenue

Ministry of Health and Long-term Care	\$ 12,515,220	\$ 12,133,205
Emergency department physician funding	1,723,838	1,597,427
Patient revenue	804,970	813,907
Other revenue	370,276	425,451
Amortization of deferred contributions related to capital assets	213,892	245,112
	<u>15,628,196</u>	<u>15,215,102</u>

Expenses

Salaries and wages	7,340,144	7,189,761
Benefit contributions	2,220,970	2,181,154
Emergency department physician expenses	1,692,324	1,573,203
Medical staff remuneration	585,530	555,275
Medical and surgical supplies	272,341	234,695
Drugs	173,677	157,777
Supplies and other expenses	2,992,088	2,769,964
Amortization of capital assets	376,894	376,879
	<u>15,653,968</u>	<u>15,038,708</u>

Excess (deficiency) of revenues over expenses before facility amortization and deferred contributions

\$ (25,772) \$ 176,394

Facility amortization

(495,423) (475,875)

Amortization of deferred contributions related to facility

399,164 373,150

(96,259) (102,725)

Excess (deficiency) of revenue over expenses

\$ (122,031) \$ 73,669

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

The West Haldimand General Hospital Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ (122,031)	\$ 73,669
Items not affecting cash:		
Amortization of capital assets	376,894	376,879
Facility amortization expense	495,423	475,875
Amortization of deferred capital contributions related to facility	(399,164)	(373,150)
Amortization of deferred capital contributions related to capital assets	(213,892)	(245,112)
	<u>137,230</u>	<u>308,161</u>
Changes in non-cash working capital:		
Accounts receivable	(133,403)	178,589
Inventories	(14,099)	2,516
Prepaid expenses	41,655	(97,685)
Accounts payable	(202,260)	38,067
Accrued expenses	133,861	31,246
Employee future benefits	8,740	15,404
Deferred revenue	(20,100)	-
	<u>(48,376)</u>	<u>476,298</u>
Cash flows used in investing activities		
Purchase of investments	(6,226)	(7,806)
Purchase of capital assets	(1,140,879)	(777,985)
	<u>(1,147,105)</u>	<u>(785,791)</u>
Cash flows from (used in) financing activities		
Increase in deferred capital contributions related to capital assets	780,809	618,186
Increase in amounts due from related party	(161,409)	(62,059)
	<u>(576,081)</u>	<u>246,634</u>
Net (decrease) increase in cash	(576,081)	246,634
Cash, beginning of the year	<u>435,425</u>	<u>188,791</u>
Cash (bank indebtedness), end of the year	\$ (140,656)	\$ 435,425

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

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The West Haldimand General Hospital ("WHGH") is a not-for-profit organization incorporated without share capital under the laws of Ontario. The WHGH is a registered charity and, as such, is exempt from income taxes under the Income Tax Act (Canada).</p> <p>The WHGH was established by Letters Patent dated January 11, 1960.</p> <p>The WHGH provides comprehensive health services primarily, but not limited to, the Haldimand County and its surrounding communities, both urban and rural.</p>
Basis of Accounting and Presentation	<p>These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS) including accounting standards that apply only to government not-for-profit organizations.</p> <p>These financial statements do not include the assets, liabilities and activities of other organizations, such as the West Haldimand Hospital and Healthcare Foundation and the West Haldimand General Hospital Auxiliary, which, although related to the Hospital, are not operated by it.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents consist of cash on hand, bank balances and investments in a high interest savings account.</p>
Inventories	<p>Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Inventory consists of food, drugs, and lab supplies held for patient care used in the WHGH's operations.</p>

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Capital Assets

Purchased 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 expensed as incurred. Betterments which extend the estimated life of an asset are capitalized. Capital projects not completed at year end are capitalized under Work in Progress and are amortized when they are substantially complete and ready for productive use.

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

Capital assets are amortized on a straight-line basis using the following annual rates, as provided by the Ministry guidelines:

	Rate
Building	10 to 40 years
Building service equipment	8 to 20 years
Land improvements	8 to 10 years
Major equipment	3 to 20 years
Software licenses	3 years

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Post-retirement and Employment Benefits

The WHGH provides post-employment benefits, including health-care, dental and life insurance benefits to certain employees. The WHGH has adopted the following policies with respect to the accounting for these employee benefits.

(i) The costs of post-employment benefits related to employees' current service is charged to income annually.

ii) The cost of benefit earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement age and expected health care and dental costs. Past service costs from plan amendments are expensed as incurred.

iii) Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the 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.

(iv) The discount rate used in the determination of the above-mentioned liabilities is determined by using the cost of borrowing as provided by the Ministry of Health and Long-Term Care as at the date of the full valuation.

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Revenue Recognition

The WHGH follows the deferral method of accounting for contributions which include donations and government grants.

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 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 Provincial Insurance Plans, preferred accommodation and marketed services is recognized when the goods are sold or the service is provided.

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

Parking and rental revenues are recognized when the service is provided.

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

Under the Health Insurance Act and Regulations thereto, the WHGH is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("Ministry") and the Local Health Integration Network ("LHIN"). The WHGH has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2020 with the Ministry and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the WHGH by the Ministry/LHIN. The H-SAA also sets out the performance standards and obligations of the WHGH that establish acceptable results for the WHGH's performance in a number of areas. 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 that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry/LHIN with respect to the year ended March 31, 2020.

The West Haldimand General Hospital

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Financial Instruments

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

Fair Value

This category is comprised of cash and cash equivalents, bank indebtedness and investments. They are initially measured at cost and subsequently carried at fair value with changes in fair value recognized in the statement of re-measurement gains and losses until they are realized, when they are transferred to the statement of operations. 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 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, due from related party, accounts payable and accrued liabilities. 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 financial contributions, which are recognized at fair value.

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

Write-downs 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 write-down being recognized in the statement of operations.

The West Haldimand General Hospital

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Use of 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. Accounts receivable and employee future benefits are reported based on amounts expected to be recovered or incurred and reflect an appropriate allowance for unrecoverable amounts based on management's estimates. Amortization of capital assets is based on the estimates of useful service life. Actual results could differ from management's best estimates as additional information becomes available in the future.

The revenue recognized from the MOHLTC and the LHIN requires some estimation. The hospital has entered into accountability agreements that set out the rights and obligations of the parties in respect of funding provided by the Hospital by the MOHLTC and the LHIN for the year ended March 31, 2020. The accountability agreements set out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the MOHLTC and the LHIN have the right to adjust funding received by the Hospital. Neither the MOHLTC nor the LHIN are required to communicate certain funding adjustments until after submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOHLTC and LHIN funding received during a year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

Contributed Services

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

**The West Haldimand General Hospital
Notes to Financial Statements**

March 31, 2020

2. Investments

	2020	2019
Short-term	\$ 340,256	\$ 334,843
Long-term	102,908	117,534
	\$ 443,164	\$ 452,377

Short-term and long-term investments consist of mutual funds. The short-term and long-term investments have a cost of \$352,703 (2019 - \$347,297) and \$80,774 (2019 - \$79,995) respectively.

3. Accounts Receivable

	2020	2019
Ministry of Health and Long-term Care	\$ 107,290	\$ -
Patients	170,235	162,414
Allowance for doubtful accounts	(24,910)	(25,707)
Harmonized Sales Tax (HST)	126,585	86,091
Other receivables	18,803	41,802
	\$ 398,003	\$ 264,600

4. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 11,439	\$ -	\$ 11,439	\$ -
Land improvements	78,234	3,942	75,483	2,262
Building	6,961,418	5,382,773	6,945,027	5,212,036
Building service equipment	6,841,125	2,585,258	6,529,292	2,257,920
Major equipment	9,886,585	8,293,520	9,025,508	7,941,335
Software license	157,156	125,179	134,344	104,801
Work in progress	12,809	-	86,796	-
	23,948,766	16,390,672	22,807,889	15,518,354
		\$ 7,558,094		\$ 7,289,535

**The West Haldimand General Hospital
Notes to Financial Statements**

March 31, 2020

5. Bank Indebtedness

The WHGH has an operating line available for its use at a rate of prime less 0.5% of \$1,000,000. As of March 31, 2020, the WHGH had drawn \$422,038 (2019 - \$nil) under this facility.

6. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Ministry of Health and Long-term Care	\$ 46,306	\$ 271,838
Trade	701,595	677,188
Other payables	380,657	381,796
Wages, benefits and vacation accrual	731,839	628,225
Government remittances	114,441	84,194
	<u>\$ 1,974,838</u>	<u>\$ 2,043,241</u>

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

7. Post-retirement and Employment Benefits

Pension

Substantially all of the employees of the WHGH are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer, final average earnings, contributory pension plan. The Plan is accounted as a defined contribution plan. During the year, employer contributions made by the WHGH to the Plan, on behalf of the employees, amounted to \$549,836 (2019 - \$553,020). The WHGH contributes to the Plan at a rate of 126% (2019 - 126%) of the employee contributions. These amounts are included in salaries wages and benefits in the Statement of Operations. The most recent actuarial valuation of the Plan, at December 31, 2019, indicates the Plan is 119% (2019 - 121%) funded.

Non-Pension

Certain employees of the WHGH are entitled to certain post-employment benefits. The WHGH recognized the present value of its obligation from these benefits as they are earned. At March 31, 2020 the WHGH's accrued benefit obligation relating to post-retirement benefits plans is \$547,581 (2019 - \$538,841). The most recent actuarial valuation of the employee future benefits for funding purposes was performed as at March 31, 2020. The significant assumptions adopted in estimating the WHGH's accrued benefit obligation for employee future benefits are as follows:

Discount rate	3.29% (2019 - 3.56%)
Dental trend rates	4.00% (2019 - 4.00%)
Health care initial trend rate	8.00% (2019 - 8.00%)
Health care ultimate trend rate	5.00% (2019 - 5.00%)

Included in salaries, wages and employee benefits in the Statement of Operations is an expense of \$43,191 (2019 - \$40,067) regarding future employee benefits.

	2020	2019
Accrued benefit obligation - Beginning of year	\$ 460,047	\$ 436,943
Current service cost	32,691	31,567
Interest cost	16,900	16,200
Actuarial loss	(80,772)	-
Benefits paid	(34,450)	(24,664)
Ending unamortized actuarial experience losses	153,165	78,795
	\$ 547,581	\$ 538,841

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

8. Deferred Contributions

Deferred contributions related to unamortized portion of capital assets. The balance represents contributions received for capital assets that have been deferred and are being amortized and recognized as revenue at the same rate as the related capital assets are amortized. Changes in deferred contributions balance for the year as follows:

	Total 2020	Total 2019
Opening balance	\$ 5,879,893	\$ 5,879,970
Add: Donation contributions	338,265	156,097
Add: Grant contributions	442,544	462,089
Less: Amounts amortized to revenue	(613,056)	(618,263)
Ending balance	\$ 6,047,646	\$ 5,879,893

9. Due from Related Party

The West Haldimand Hospital and Healthcare Foundation ("Foundation") and the West Haldimand General Hospital Auxiliary ("Auxiliary") were established to raise funds to support the Hospital's program and capital needs. The Foundation and Auxiliary are incorporated without share capital under the laws of the Province of Ontario and are charitable organizations registered under the Income Tax Act (Canada). The Hospital is considered to have an economic interest in the Foundation and Auxiliary. Both of these organizations raise their funds through various activities to support projects of the WHGH. In 2020 the related parties contributed \$318,434 (2019 - \$133,122) and \$19,831 (2019 - \$22,975) respectively.

	2020	2019
West Haldimand Hospital and Healthcare Foundation, unsecured, with no fixed terms of payment	\$ 322,502	\$ 161,093

The WHGH holds an economic interest in the Norfolk General Hospital (NGH). The WHGH and NGH share management services and support. Shared expenses for the year were \$399,938 (2019 - \$396,200).

10. Commitments and Contingencies

Due to the nature of its operations, the Hospital is periodically subject to lawsuits in which the Hospital is defendant. The Hospital is a subscriber to the Hospital Insurance Reciprocal of Canada. In the opinion of management, the Hospital has appropriate insurance coverage in place. Management believes that the ultimate resolution of any current lawsuits would not have a material effect on the Hospital's financial position.

The West Haldimand General Hospital Notes to Financial Statements

March 31, 2020

11. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	Fair Value	Amortized Cost
Bank indebtedness	\$ (140,656)	\$ -
Investments	443,164	-
Accounts receivable	-	398,003
Due from related party	-	322,502
Accounts payable and accrued liabilities	\$ -	\$ (1,974,837)

The following classification system is used to describe the basis of the inputs used to measure the fair value of financial instruments:

Level 1 - derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2 - 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 liability.

Level 3 - derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, bank indebtedness and investments are measured as Level 1 financial instruments.

There were no transfers between levels for the year ended March 31, 2020.

The West Haldimand General Hospital

Notes to Financial Statements

March 31, 2020

12. Financial Instrument Risk Management

Credit risk

Credit risk is the risk of financial loss to the WHGH if a debtor fails to make payments of interest and principal when due. The WHGH is exposed to this risk relating to its cash and cash equivalents, due from Foundation and accounts receivable. The WHGH holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

The WHGH's credit risk is primarily attributable to its receivables. The amounts disclosed in the statement of financial position are net of an allowance for doubtful accounts, estimated by the management of the Hospital based on previous experience and its assessment of the current economic environment. The Hospital is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as they are required to provide care for patients regardless of their ability to pay for services provided. Credit risk is mitigated by the financial solvency of the provincial government and highly diversified nature of the patient population.

As at March 31, 2020, \$79,022 (2019 - \$46,299) of accounts receivable were past due.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The WHGH is not exposed to significant currency or equity risk as it does not hold any equity or foreign instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The WHGH is exposed to this through its interest bearing investments. The WHGH mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

Liquidity risk

Liquidity risk is the risk that the WHGH will not be able to meet its financial obligations as they come due. The WHGH manages this risk by forecasting cash flow from operations and anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient funds to meet current and foreseeable financial requirements.

The Hospital prepares a budget and cash forecast to ensure that it has sufficient funds to fulfill its obligations.

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

The West Haldimand General Hospital

Notes to Financial Statements

March 31, 2020

13. Subsequent Events

On March 11, 2020 the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic.

From the declaration of the pandemic to the date of approval of these financial statements, the Hospital implemented several initiatives including:

- Enhanced infection prevention control measures including screening, isolation's, increased use of personal protective equipment and increased cleaning;
- Suspension of some services, and cancellation of elective surgeries and less urgent diagnostic procedures. This was done in order to create capacity for pandemic response and limit the potential for transmission within the Hospital;
- The purchase of equipment and supplies, and the hiring of additional staff, in order to create capacity for pandemic response.

As a result of these actions, the Hospital experienced increases in operating costs.

a) Current year transactions:

For the year ended March 31, 2020, the Hospital incurred COVID-related expenses of \$86,451 and has recognized \$86,451 of revenue from these programs. These amounts have been recorded in Ministry funding revenue and the appropriate expense lines in the statement of operations.

b) Subsequent events related to COVID-19:

The Ministry has also committed to providing additional funding to Ontario Hospitals for COVID-related operating and capital costs in the subsequent period. At the date of approval of these financial statements, the amount, timing and eligibility for this funding is not known. As such, an estimate of the financial effect of this funding is not practicable at this time.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Hospital's operations and financial position is not known. An estimate of the financial effect of the pandemic on the Hospital is not practicable at this time.

14. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.