

**TEMISKAMING HOSPITAL**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors  
and Members of Temiskaming Hospital

We have audited the accompanying financial statements of TEMISKAMING HOSPITAL, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TEMISKAMING HOSPITAL as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Kemp Elliott & Blair LLP

Licensed Public Accountants  
New Liskeard, Ontario  
June 17, 2014

*Kemp Elliott & Blair LLP*

Chartered Accountants

# TEMISKAMING HOSPITAL

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

### ASSETS

#### Current assets

	2014	2013
Cash	\$ 1,000,606	\$ 1,233,421
Accounts receivable	1,179,239	1,477,076
Inventories	261,416	297,798
Prepaid expenses	282,682	286,710
	<u>2,723,943</u>	<u>3,295,005</u>

#### Investments

Long term investments – unrestricted – note 4	1,120,982	1,812,676
Long term investments – restricted – note 4	3,004,921	2,604,431
	<u>4,125,903</u>	<u>4,417,107</u>

#### Capital assets

Property, plant and equipment – note 5	15,294,601	15,625,601
	<u>\$ 22,144,447</u>	<u>\$ 23,337,713</u>

### LIABILITIES AND EQUITY

#### Current

Accounts payable and accrued liabilities – note 6	\$ 3,346,615	\$ 3,160,929
Current portion – accrued benefit liability – note 10	53,870	57,094
	<u>3,400,485</u>	<u>3,218,023</u>

#### Long term

Deferred revenue – note 7	456,973	547,581
Deferred donations – note 8	116,512	128,357
Deferred Ministry capital grants – note 9	1,282,099	1,370,511
Accrued benefit liability – note 10	1,385,972	1,358,840
	<u>3,241,556</u>	<u>3,405,289</u>

#### Total liabilities

	<u>6,642,041</u>	<u>6,623,312</u>
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### NET ASSETS

Unrestricted net assets	12,156,685	13,932,324
Restricted net assets	2,511,911	2,302,550
	<u>14,668,596</u>	<u>16,234,874</u>

Unrestricted accumulated remeasurement gains	340,800	177,645
Restricted accumulated remeasurement gains	493,010	301,882
	<u>833,810</u>	<u>479,527</u>
	<u>15,502,406</u>	<u>16,714,401</u>

	<u>\$ 22,144,447</u>	<u>\$ 23,337,713</u>
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Approved on behalf of the Board:



Director

Director

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

**TEMISKAMING HOSPITAL**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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	<u>2014</u>	<u>2013</u>
<b>Balance, beginning of year – unrestricted net assets</b>	<b>\$ 13,932,324</b>	<b>\$ 14,937,341</b>
Add: Prior period adjustment – note 12	-	353,546
Less: Deficiency of revenue over expenses	(1,566,278)	(1,235,130)
Less: Realized investment income - restricted	<u>(209,361)</u>	<u>(123,433)</u>
<b>Balance, end of year – unrestricted net assets</b>	<b><u>\$ 12,156,685</u></b>	<b><u>\$ 13,932,324</u></b>
<b>Balance, beginning of year – restricted net assets</b>	<b>\$ 2,302,550</b>	<b>\$ 2,131,110</b>
Add: Prior period adjustment – note 12	-	48,007
Add: Realized investment income - restricted	<u>209,361</u>	<u>123,433</u>
<b>Balance, end of year – restricted net assets</b>	<b><u>\$ 2,511,911</u></b>	<b><u>\$ 2,302,550</u></b>
<b>Balance, end of year – total net assets</b>	<b><u>\$ 14,668,596</u></b>	<b><u>\$ 16,234,874</u></b>

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

**TEMISKAMING HOSPITAL****STATEMENT OF REMEASUREMENT GAINS AND LOSSES****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Unrestricted accumulated remeasurement gains, beginning of year</b>	<b>\$ 177,645</b>	<b>\$ 252,487</b>
<b>Add: Unrealized investment gains attributable to: Unrestricted investments</b>	<b>163,155</b>	<b>87,629</b>
<b>Less: Prior period adjustment – note 12</b>	<b>-</b>	<b>(162,471)</b>
<b>Unrestricted accumulated remeasurement gains, end of year</b>	<b><u>\$ 340,800</u></b>	<b><u>\$ 177,645</u></b>
<b>Restricted accumulated remeasurement gains, beginning of year</b>	<b>\$ 301,882</b>	<b>\$ 388,556</b>
<b>Add: Unrealized investment gains attributable to: Restricted investments</b>	<b>191,128</b>	<b>111,528</b>
<b>Less: Prior period adjustment – note 12</b>	<b>-</b>	<b>(198,202)</b>
<b>Restricted accumulated remeasurement gains, end of year</b>	<b><u>\$ 493,010</u></b>	<b><u>\$ 301,882</u></b>
<b>Total accumulated remeasurement gains, end of year</b>	<b><u>\$ 833,810</u></b>	<b><u>\$ 479,527</u></b>

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

**TEMISKAMING HOSPITAL****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Revenue</b>		
Ministry of Health - approved allocation	\$ 17,882,497	\$ 17,652,700
Ministry of Health – one-time payment	138,651	291,382
Ministry of Health- hospital on call contract services	936,803	943,535
Ministry of Health- amortization of capital grants	89,412	102,231
Other revenue - page 7	<u>6,990,662</u>	<u>7,104,136</u>
Total revenue	<u>26,038,025</u>	<u>26,093,984</u>
<b>Expenses</b>		
Salaries and wages	14,071,170	13,754,721
Medical staff remuneration	2,341,163	2,282,979
Employee benefits	3,636,217	3,629,975
Supplies and other expenses	4,235,613	4,246,279
Medical and surgical supplies	837,685	844,032
Drug expense	1,254,341	1,180,620
Bad debts – note 15	2,877	98,767
Amortization - equipment	<u>656,032</u>	<u>690,091</u>
Total expenses	<u>27,035,098</u>	<u>26,727,464</u>
<b>Operating deficiency of revenue over expenses</b>	(997,073)	(633,480)
Amortization – plant and property	<u>(569,205)</u>	<u>(601,650)</u>
<b>Deficiency of revenue over expenses</b>	<u>\$ (1,566,278)</u>	<u>\$ (1,235,130)</u>

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

**TEMISKAMING HOSPITAL****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (1,566,278)	\$ (1,235,130)
Items not affecting cash -		
Amortization of capital assets	1,225,237	1,291,741
Amortization of deferred grants	(89,412)	(102,231)
	<u>(430,453)</u>	<u>(45,620)</u>
Net change in non-cash working capital -		
Accounts receivable	297,837	2,839
Inventories	36,382	13,550
Prepaid expenses	4,028	69,421
Accounts payable and accrued liabilities	182,686	779,368
	<u>520,933</u>	<u>865,178</u>
<b>Total cash from operating activities</b>	<u>90,480</u>	<u>819,558</u>
<b>Financing activities</b>		
Increase in Ministry grants	4,000	82,132
Increase in accrued benefit liability	23,908	59,037
Decrease in deferred revenue and donations	(102,453)	32,442
	<u>(74,545)</u>	<u>173,611</u>
<b>Total cash from (used for) financing activities</b>	<u>(74,545)</u>	<u>173,611</u>
<b>Investing activities</b>		
Decrease in investments	291,204	80,426
Unrealized gain (loss) on investments	354,283	240,037
	<u>645,487</u>	<u>320,463</u>
<b>Total cash from investing activities</b>	<u>645,487</u>	<u>320,463</u>
<b>Capital activities</b>		
Acquisition of capital assets – net of disposals	(894,237)	(2,485,363)
<b>Decrease in cash</b>	(232,815)	(1,171,731)
Cash, beginning of year	<u>1,233,421</u>	<u>2,405,152</u>
<b>Cash, end of year</b>	<u>\$ 1,000,606</u>	<u>\$ 1,233,421</u>
<b>Represented by</b>		
Cash	<u>\$ 1,000,606</u>	<u>\$ 1,233,421</u>

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

**TEMISKAMING HOSPITAL**  
**STATEMENT OF OTHER REVENUE**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Other Revenue</b>		
Outpatient - OHIP	\$ 1,607,708	\$ 1,470,201
Outpatient – out of Province	880,316	780,669
Service recoveries	749,551	994,664
Cancer Care Ontario recoveries	596,204	708,027
Outpatient – other	491,091	382,696
Preferred accommodation	359,453	284,606
Investment income – note 12	354,850	220,417
Laundry recoveries – internal	270,289	269,272
Material recoveries	263,517	218,271
Parking	262,937	229,042
Wage recoveries	256,573	293,350
Alternative level of care co-payment	200,802	174,231
Donations	187,462	157,086
Inpatient	177,112	330,059
Dietary	158,239	168,790
Room rentals	62,764	199,722
Chronic care co-payment	37,491	130,237
Telephone and television rentals	31,718	35,490
Ambulance	25,710	27,930
Ministry municipal tax grant	10,200	10,200
Interest income	4,167	16,215
Cash discounts	2,508	2,961
	<u>\$ 6,990,662</u>	<u>\$ 7,104,136</u>

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



**TEMISKAMING HOSPITAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**1. Hospital Organization**

The Temiskaming Hospital is incorporated without share capital by letters of patent issued by the Province of Ontario and is regulated by the Public Hospitals Act. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under Section 149.1 of the Income Tax Act.

**2. Basis of presentation**

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

**3. Significant accounting policies**

**a) Revenue recognition**

The Hospital follows the deferral method of accounting for contributions which include donations and government grants. Under the Health Insurance Act and Regulations thereto, the Hospital is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ministry of Health and Long-Term Care. 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.

Unrestricted contributions are recognized as revenue when received or receivable.

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, corresponding with the estimated useful life of the related capital assets.

Investment income on unrestricted amounts is recognized as revenue when realized. Investment income on restricted amounts is recognized as revenue when the restricted amounts are used.

All other revenue is recognized when the service is provided or goods are sold.

**b) Inventories**

Inventories are valued at the lower of average cost and replacement value.

**c) Financial Instruments**

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

***Fair value***

This category includes derivatives and equity instruments quoted in an active market. They are initially recognized at cost and subsequently carried 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 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.

**TEMISKAMING HOSPITAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**3. Significant accounting policies - continued**

**c) Financial instruments - continued**

*Amortized cost*

This category includes accounts receivable, 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. 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.

**d) Capital assets**

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

Plant and Property	10 – 40 years straight-line method
Equipment and Furnishings	3 – 20 years straight-line method
Computer software licenses and systems training	3 – 5 years straight-line method

**e) Accrued benefit liability**

The Hospital accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the projected unit method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee group on a straight line basis. The discount rate used in the determination of this liability is the Province of Ontario's cost of borrowing rate.

**f) Measurement uncertainty**

The preparation of financial statements in conformity with PSAB for Government NPOs 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 revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

# TEMISKAMING HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2014

#### 4. Long-term investments

The Hospital has internally restricted \$3,004,921 (2013 - \$ 2,604,431) for the future acquisition of CT Scan equipment. The original restricted amount was \$2,000,000 in 2004 and has earned both realized and unrealized investment income as at March 31, 2014.

	2014 Market Value	2013 Market Value
Long-term investments - unrestricted	\$ 1,120,982	\$ 1,812,676
Long-term investments - restricted	3,004,921	2,604,431
	<u>\$ 4,125,903</u>	<u>\$ 4,417,107</u>

The Hospital maintains a diversified portfolio of long-term investments including cash and cash equivalents, fixed income and equity instruments.

#### 5. Capital assets

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Plant and property	\$ 25,287,480	\$ 11,835,655	\$ 13,451,825	\$ 13,545,900
Equipment and furnishings	11,678,047	9,835,271	1,842,776	2,072,809
Computer software licenses and systems training	618,886	618,886	-	6,892
	<u>\$ 37,584,413</u>	<u>\$ 22,289,812</u>	<u>\$ 15,294,601</u>	<u>\$ 15,625,601</u>

#### 6. Accounts payable and accrued liabilities

The March 31, 2014 balance of accounts payable and accrued liabilities includes an amount payable to former employees of the Hospital representing contractual severance per their employment agreements.

#### 7. Deferred revenue

Deferred revenue related to expenses of future periods represents the unspent portion of externally restricted funds received for various purposes.

#### 8. Deferred donations

	2014	2013
Donations for capital assets	\$ 1,656,862	\$ 1,613,082
Less: Accumulated amortization of donations for capital assets	1,540,350	1,484,725
Balance, end of year	<u>\$ 116,512</u>	<u>\$ 128,357</u>

**TEMISKAMING HOSPITAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**9. Deferred Ministry of Health and Long Term Care Grants**  
**Deferred capital grants**

	<u>2014</u>	<u>2013</u>
Chiller	\$ -	\$ 437,545
Cancer Care equipment	9,000	9,000
Sprinkler system	144,605	144,605
Renovations	198,750	198,750
Health Infrastructure Renewal Fund – 06/07	181,364	181,364
Health Infrastructure Renewal Fund – 07/08	159,922	159,922
Health Infrastructure Renewal Fund – 08/09	188,767	188,767
Health Infrastructure Renewal Fund – 09/10	211,750	211,750
Health Infrastructure Renewal Fund – 10/11	211,750	211,750
Cancer Care equipment	11,000	11,000
Health Infrastructure Renewal Fund – 11/12	245,320	245,320
Health Infrastructure Renewal Fund – 12/13	<u>82,132</u>	<u>82,132</u>
	1,644,360	2,081,905
Less: Accumulated amortization	<u>362,261</u>	<u>711,394</u>
Balance, end of year	<u>\$ 1,282,099</u>	<u>\$ 1,370,511</u>

**10. Accrued benefit liability**

The Hospital provides extended health care, dental and life insurance benefits to substantially all employees. The cost of premiums for these benefits is shared by the Hospital and the employees.

At March 31, 2014, the Hospital's accrued benefit liability relating to post-retirement benefit plans is \$1,439,842 (current portion \$53,870, long term portion \$1,385,972).

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

Discount rate	3.9% per annum
Dental benefits cost escalation	4.0% per annum
Medical benefits cost escalation – extended health care	8.0% for 2012 grading down to an ultimate rate of 4.5% in 2019

Included in employee benefits on the Statement of Operations is an amount of \$83,901 (2013 - \$112,396) regarding employee future benefits.

The accrued benefit liability has been determined by an actuary based on an actuarial valuation performed in March 2014. There are no assets associated with the Hospital's Plan.

**11. Pension plan**

Substantially all of the full-time and part-time employees of the Hospital are eligible to be members of the Hospital of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan by the Hospital during the year amounted to \$1,072,172 (2013 \$1,051,442).

**TEMISKAMING HOSPITAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**12. Prior period adjustment**

For the year ended March 31, 2013 the Hospital adopted Public Sector Accounting Standards for government not-for-profit organizations including PS 3450 regarding financial instruments. This requires the reporting of unrealized changes in investments fair value in the statement of Remeasurement gains and losses.

In the application of this standard a misstatement occurred because the unrealized gains were calculated as the difference between fair market value and the original cost of investments. In fact the calculation should have been the difference between market value and book value. Book value includes distributions such as dividends reinvested. It was assumed that since the dividends had not been cashed that they were considered unrealized when in fact they had been earned and reinvested.

The effect of the misstatements are as follows:

**On the Statement of Other Revenue**

Investment income for 2013 understated by \$125,582

Investment income for 2012 and prior years understated by \$401,553

**On the Statement of Remeasurement Gains and Losses**

Unrestricted unrealized gains for 2013 overstated by \$19,615

Unrestricted unrealized gains for 2012 and prior years overstated by \$132,134

Restricted unrealized gains for 2013, overstated by \$146,847

Restricted unrealized gains for 2012 and prior years overstated by \$198,202.

**13. Comparative figures**

Certain figures from the March 31, 2013 financial statements have been reclassified to provide a better comparison with the current year.

**14. Financial instrument risk management**

The Hospital is exposed to various risks through its financial instruments. The following analysis provides a measure of the Hospital's risk exposure and concentrations at March 31, 2014.

**Credit risk**

The Hospital is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Hospital could incur a financial loss.

**Cash and investments:** Credit risk associated with cash and investments is minimized substantially by ensuring that these assets are invested in financial obligations of: governments, major financial institutions that have been accorded investment grade ratings by a primary rating agency; and/or other credit-worthy parties. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the investment policy of the Hospital.

## **TEMISKAMING HOSPITAL**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED MARCH 31, 2014**

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**14. Financial instrument risk management - continued**

**Credit risk**

**Receivables:** The Hospital does not have significant exposure to any individual or party. A large portion of the Hospital's receivables are due from other levels of government. The Hospital measures its exposure to credit risk on receivables based on factors surrounding the risk related to specific accounts, historical trends and other information. An allowance for doubtful accounts is set up based on the Hospital's historical experience regarding collections.

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

**Liquidity risk**

Liquidity risk is the risk that the Hospital will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Hospital not being able to liquidate assets in a timely manner at a reasonable price.

The Hospital meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

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

**Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Hospital to interest rate risk arises from its interest bearing assets.

The Hospital's cash includes amounts on deposit with financial institutions that earn interest at market rates.

The Hospital manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Hospital's result of operations.

The primary objective of the Hospital with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return as articulated in the Hospital's investment policy.

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

## **TEMISKAMING HOSPITAL**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2014**

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**14. Financial Instrument risk management-continued**

**Other price risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

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

**15. Bad debts**

In the prior year, one of the Hospital's third party tenants vacated their leased space and stopped paying rent despite there being seven years remaining on the lease. After consultations with legal counsel, the Hospital determined that this tenant's actions constituted a breach of the lease arrangement and the Hospital is entitled to legal recourse. The Hospital is working with potential new tenants on new leases in order to mitigate losses resulting from the breach.