



Financial Statements

Year ended March 31, 2020



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Independent Auditor's Report

To the Board of Trustees of
Collingwood General and Marine Hospital

Opinion

We have audited the financial statements of Collingwood General and Marine Hospital, which comprise the statement of financial position as at March 31, 2020, the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Collingwood General and Marine Hospital as at March 31, 2020, and results of operations, its change in net debt, 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 Collingwood General and Marine Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Collingwood General and Marine 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 Collingwood General and Marine Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Collingwood General and Marine Hospital's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Collingwood General and Marine 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 Collingwood General and Marine 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 Collingwood General and Marine Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Collingwood, Ontario
June 11, 2020

Statement of Financial Position

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Current			
Cash		\$5,349,873	\$1,449,387
Accounts receivable		1,408,086	2,048,766
Prepaid expenses		909,325	688,105
Inventories	3	263,653	241,210
Total current assets		\$7,930,937	\$4,427,468
Capital assets	4	26,362,603	26,021,370
		\$34,293,540	\$30,448,838
LIABILITIES AND NET ASSETS			
Current			
Short term bank loan	5	\$1,022,090	\$1,022,090
Current portion of capital equipment lease	15	100,519	115,830
Accounts payable and accrued liabilities		9,980,067	8,201,030
Total current liabilities		\$11,102,676	\$9,338,950
Employee future benefits	7	\$3,323,707	\$3,149,102
Capital equipment lease - long-term	15	51,048	153,148
Deferred capital contributions	8	23,354,989	23,302,479
Total liabilities		\$37,832,420	\$35,943,679
Net debt		(\$3,538,880)	(\$5,494,841)
		\$34,293,540	\$30,448,838

On Behalf of the Board of Trustees



Kevin Campbell

Board Chair



Lilyann Rourke

Audit Committee Chair

Statement of Operations

	Notes	March 31, 2020	March 31, 2019
REVENUES			
MOHLTC/LHIN - Base		\$21,380,621	\$20,665,719
- HBAM		12,443,359	12,443,359
- QBP		7,675,399	7,004,201
- Other		7,505,159	5,725,936
Patient Services		10,372,619	10,182,816
Marketed Services		1,221,688	1,223,068
Other		826,728	580,438
Amortization of Deferred Contributions - Equipment		1,452,339	1,569,404
		\$62,877,912	\$59,394,941
EXPENSES			
Salaries and Wages		\$27,354,101	\$27,421,771
Medical Staff Remuneration		9,041,460	8,480,599
Employee Benefits		8,103,267	7,885,179
Supplies and Other		9,872,493	8,912,071
Medical and Surgical Supplies		3,645,984	3,612,503
Drugs and Gases		1,048,074	1,036,821
Amortization of Equipment		1,734,738	1,812,214
		\$60,800,117	\$59,161,158
Surplus of revenue over expenses before other votes and programs		\$2,077,795	\$233,783
OTHER VOTES AND PROGRAMS	10		
Revenue		\$2,142,637	\$2,352,783
Expense		(2,147,868)	(2,352,783)
Net Other Votes and Programs		(5,231)	-
Surplus of revenue over expenses from operations before building and land improvements		\$2,072,564	\$233,783
BUILDING AND LAND IMPROVEMENTS			
Amortization of Deferred Contributions		\$842,977	\$807,435
Amortization of Building and Equipment		(959,580)	(916,589)
Net Amortization		(\$116,603)	(\$109,154)
Surplus of revenue over expenses		\$1,955,961	\$124,629

Statement of Changes in Net Debt

	Notes	March 31, 2020	March 31, 2019
Net debt, beginning of year		(\$5,494,841)	(\$5,619,470)
Surplus of revenue over expenses		1,955,961	124,629
Net debt, end of year		(\$3,538,880)	(\$5,494,841)

Statement of Cash Flows

	Notes	March 31, 2020	March 31, 2019
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Surplus of revenue over expenses		\$1,955,961	\$124,629
Adjustments for:			
Amortization of Capital Assets		2,694,318	2,728,803
Amortization of Deferred Contributions		(2,295,316)	(2,376,839)
		\$2,354,963	\$476,593
Adjusted for:			
Accounts Receivable		\$266,172	\$862,781
Inventories		(22,443)	(29,321)
Prepaid Expenses		(221,220)	(64,620)
Accounts Payable and Accruals		1,739,443	164,775
Employee Future Benefits		174,605	165,529
		\$4,291,520	\$1,575,737
FINANCING ACTIVITIES			
Deferred Contributions		\$2,347,826	\$3,108,256
Short Term Bank Loan		-	(348,794)
		\$2,347,826	\$2,759,462
CAPITAL ACTIVITIES			
Tangible Capital Asset Acquisitions		(\$1,879,243)	(\$2,807,008)
Non-Tangible Capital Asset Acquisitions		(1,156,308)	(100,633)
Loss on Sale of Capital Assets		-	11,839
Accounts Receivable for Capital Asset Acquisitions		374,508	(102,697)
Accounts Payable for Capital Asset Acquisitions		24,283	218,013
Capital Lease - Long Term Portion		(102,100)	(115,462)
		(\$2,738,860)	(\$2,895,948)
Net increase in cash during the year		\$3,900,486	\$1,439,251
Cash, beginning of year		1,449,387	10,136
Cash, end of year		\$5,349,873	\$1,449,387

Notes to the Financial Statements

1. Purpose of the Organization

Collingwood General and Marine Hospital (the "Hospital") was incorporated under the Canada Corporation Act by Parliamentary assent on June 23, 1887 to establish a hospital for the assistance, benefit and relief of persons sick or injured by accidents. The Hospital receives the majority of its operating revenue from the Ontario Ministry of Health and Long-Term Care (the "Ministry") in amounts determined by the Ministry's annual review and approval process. The hospital is exempt from income taxes under the Income Tax Act.

2. Summary of Significant Accounting Policies

The financial statements of the Hospital are the representations of management prepared in accordance with Government-Not-for-Profit (GNFPO) accounting standards established by the PSAB. The Hospital has chosen the option to adopt PSAB accounting standards with the PS4200 series of standards specific for GNFPs.

The focus of PSAB financial statements is on the financial position of the Hospital and the changes thereto. The statement of financial position (or balance sheet) includes all of the assets and liabilities of the Hospital. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net debt represents the financial position and is the difference between assets and liabilities. This provides information about the Hospital's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Hospital are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of an obligation to pay. The Hospital follows the accounting guidelines as set by the Ontario Ministry of Health and Long-term Care and the PSAB accounting standards.

(b) Financial instruments and transaction costs

The Hospital initially measures its financial assets and liabilities at fair value. The Hospital subsequently measures all its financial assets and financial liabilities at amortized costs, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized. A loss or gain is recognized in the statement of operations when an instrument is derecognized. Financial assets measured at amortized cost include cash, accounts receivable

and long-term accounts receivable. Financial liabilities measured at amortized cost include the bank loan and accounts payable.

The Hospital recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

For secured lines of credit annual transaction costs are treated as prepaid expenses and amortized over a one year period. Non-recurring costs to initiate a line of credit are expensed as incurred.

(c) Cash and investments

Cash and investments include cash on hand, deposits with banks and other highly liquid investments recorded at fair market value.

(d) Capital assets

Tangible capital assets are recorded at cost. Tangible capital assets are amortized on a straight line basis over their estimated useful life using rates established by management information system guidelines as approved by the Ministry of Health, ranging from 2% to 33% per annum.

Intangible assets include externally acquired computer software and are stated at cost. Amortization at the rate of 33% per annum is provided on a straight-line basis over their estimated useful service lives established by management information system guidelines as approved by the Ministry of Health.

(e) Leased tangible capital assets

A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executor costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the organization's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized on a straight-line basis over the term of the lease.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

(g) Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which includes 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 (MOHLTC), and the North Simcoe Muskoka Local Health Integration Network (LHIN). The Hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) for fiscal 2019/20 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 Hospital by the Ministry/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the Ministry/LHIN has the right to adjust funding received by the Hospital. The Ministry/LHIN is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of Ministry/LHIN funding received by the Hospital during the year may be increased or decreased subsequent to year end.

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.

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

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

Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

(h) Contributed services

The Hospital receives volunteer services from many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

(i) Allocation of expenses

The Hospital allocates general administration costs to the Mental Health and Healthy Baby Happy Family programs. Of the total costs of \$7,736,376 (2019 - \$6,867,160) an allocation of \$42,950 (2019 - \$34,200) was made. The allocation is calculated from a base amount plus any additional direct expenditure.

(j) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions. These may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and

expenses during the period. Employee future benefits and the useful life of tangible capital assets are significant areas where estimates are used. An actuarial report is completed to provide measurement of the estimate of employee future benefits.

(k) Liability for contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. No contaminated sites have been identified at the hospital.

3. Inventories

Inventories consist of:

	March 31, 2020	March 31, 2019
Gift Shop	\$50,300	\$68,099
Drugs	208,281	166,767
Other	5,072	6,344
	\$263,653	\$241,210

4. Capital Assets

	March 31, 2020	March 31, 2019
COST		
Land and Improvements	\$1,403,337	\$1,403,337
Buildings	26,743,095	26,455,243
Equipment and Furnishings	23,592,445	22,249,614
Software	2,976,434	2,918,109
Capital Equipment Lease	632,919	632,919
Construction in Progress	2,746,883	1,414,264
	\$58,095,113	\$55,073,486
ACCUMULATED DEPRECIATION		
Land and Improvements	\$642,172	\$584,397
Buildings	11,742,067	11,076,125
Equipment and Furnishings	16,022,448	14,417,235
Software	2,810,224	2,585,344
Capital Equipment Lease	515,599	389,015
	\$31,732,510	\$29,052,116
	\$26,362,603	\$26,021,370

Assets included in Construction in Progress are not amortized until available for use.

5. Bank Loan

As of March 31, 2020, the Hospital has accessed \$1,022,090 (2019 - \$1,022,090) of the maximum \$3.0 million line of credit available relative to the New Age of Care Campaign (\$2,000,000), the Clinical Redevelopment Project Phase 1 (\$400,000) and the Redevelopment Project Planning Phase (\$600,000). Interest is paid monthly at the rate of Prime minus .65%.

The Hospital also has a maximum \$3.0 million line of credit relative to general operating requirements. As of March 31, 2020, the Hospital has not accessed (2019 - \$0) the operating line of credit.

6. Employee Pension Plan

The employees of the Collingwood General and Marine Hospital participate in the Healthcare of Ontario Pension Plan ("HOOPP"). Although the plan has a defined retirement benefit for employees, the related obligation of individual hospitals cannot be identified. The HOOPP plan has several unrelated participating hospitals. During the year the Collingwood General and Marine Hospital made contributions of \$2,371,059 (2019 - \$2,282,824) to the HOOPP plan.

HOOPP is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of participating hospitals in Ontario and their employees. As a result, the Hospital does not recognize any share of the HOOPP pension surplus or deficit. The plan has reported a \$20.6 billion actuarial surplus at the end of December 2019 (2018 - \$13.9 billion surplus), based on actuarial liabilities of \$73.5 billion (2018 - \$65.1 billion) and actuarial net assets of \$94.1 billion (2018 - \$79.0 billion).

7. Employee Future Benefits

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees from retirement to age 65. At March 31, 2020, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation update dated March 31, 2020 is \$2,719,300 (2019 - \$3,036,900). The portion of this benefit obligation included on the Balance Sheet at March 31, 2020 is \$3,323,707 (2019 - \$3,149,102). Significant fluctuations in anticipated healthcare costs are not expected to materially affect the accrued liability benefit. Actuarial valuations will be prepared every third year or when there are significant changes in the workforce. This liability is not funded and there are no plan assets.

The significant actuarial assumptions included in the actuarial report dated March 31, 2020 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	2.9%
Dental Benefits Cost Escalation	3.0%
Extended Health Care Cost Escalation	5.37%

Employee benefits expense for 2020 includes \$260,800 (2019 - \$242,000) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$86,195 (2019 - \$76,472) were made for retired employees.

Information about the Hospital's benefit obligation is as follows:

	March 31, 2020	March 31, 2019
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	\$3,036,900	\$2,771,500
Prior year actuarial (gain)/loss	(490,900)	97,100
Adjusted balance beginning of period	\$2,546,000	\$2,868,600
Service cost for one year	150,100	138,100
Interest on the accrued benefit obligation	91,400	92,100
Expected benefit payments	(68,200)	(61,900)
	\$2,719,300	\$3,036,900
Unposted adjustment to accrued liability	\$206,607	\$224,602
Unamortized net actuarial gain/(loss)	397,800	(112,400)
Accrued benefit liability, end of period	\$3,323,707	\$3,149,102

8. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represent contributions restricted by donors or funders for the purchase of tangible capital assets. The changes in the deferred contributions balance for the period are as follows:

	March 31, 2020	March 31, 2019
Balance, beginning of year	\$23,302,479	\$22,571,062
Donations from the CGMH Foundation	1,428,548	2,194,624
Donations - Other	97,524	116,259
Government Grants	821,754	797,373
Amortization of deferred contributions	(2,295,316)	(2,376,839)
Balance, end of year	\$23,354,989	\$23,302,479

Deferred contributions of \$635,939 relating to the 2019/20 Health Infrastructure Renewal Fund (HIRF) are being carried forward into the next fiscal year, due to underspending related to CGMH's COVID-19 response.

9. Ministry of Health / Physician Agreements

(a) Alternative Funding Agreement (AFA)

The Hospital has an agreement with the Emergency Physicians and the Ministry of Health for alternative funding for emergency services. The revenue and expenses included in the statement of operations are as follows:

	March 31, 2020	March 31, 2019
Revenue - MOHLTC	\$3,392,158	\$3,272,232
Expenses - Physician Remuneration	3,365,758	3,245,832
AFA contribution to Hospital	\$26,400	\$26,400

(b) Hospital On-Call Coverage (HOCC)

The Hospital has an agreement with the Ministry of Health for Physician on Call Coverage. The revenue and expenses included in the statement of operations are as follows:

	March 31, 2020	March 31, 2019
Revenue - MOHLTC	\$1,284,360	\$1,277,938
Expenses - Physician Remuneration	1,284,360	1,277,938
HOCC agreement contribution to Hospital	-	-

10. Other Votes and Programs

	March 31, 2020	March 31, 2019
REVENUE		
Community Mental Health Programs	\$1,865,587	\$2,028,270
Healthy Baby, Happy Families Clinic	270,900	318,363
Municipal Taxes	6,150	6,150
	\$2,142,637	\$2,352,783
EXPENSE		
Community Mental Health	\$1,163,518	\$1,334,781
Healthy Baby, Happy Families Clinic	274,314	318,363
Crisis Intervention	254,324	262,934
Case Management	211,969	211,841
Ontario Telemedicine Network	139,835	111,106
Mental Health Response Unit	97,758	107,608
Municipal Taxes	6,150	6,150
	\$2,147,868	\$2,352,783
Net Other Votes and Programs	(\$5,231)	-

11. Related Party Transactions

Accounts receivable includes \$294,839 (2019 – \$593,310) from the Collingwood General & Marine Hospital Foundation.

The Collingwood General & Marine Hospital Foundation was founded to receive, accumulate and distribute funds and/or the income therefrom for the benefit of the Hospital. The Foundation is incorporated under the Ontario Corporations Act and is a registered charity under the Income Tax Act. The Hospital has representation on the Foundation's Board of Directors. Net resources of the Foundation must be provided to the Hospital or used for the Hospital's benefit according to the Foundation's bylaws. Thus, as defined in the accounting recommendations of the Chartered Professional Accountants of Canada, the Hospital has an economic interest in the Foundation.

The Foundation has not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available on request. Audited financial summaries for the Foundation as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
FINANCIAL POSITION		
Total assets	\$23,764,647	\$21,023,742
Total liabilities	176,268	216,122
Total net assets	\$23,588,379	\$20,807,620
RESULTS OF OPERATIONS		
Total revenue	\$6,802,383	\$4,373,945
Total expenses	1,298,741	1,239,229
Excess of revenue over expenses	\$5,503,642	\$3,134,716
CASH FLOWS		
Cash from operations	\$3,653,766	\$4,139,448
Cash used in investing and financing activities	(3,128,641)	(2,805,671)
Change in cash	\$525,125	\$1,333,777

12. Commitments

The Hospital, in its normal course of operations, has signed support and maintenance contracts with third parties to provide services to the Hospital.

The minimum payment for these contracts over the next five years is:

2021	\$1,277,337
2022	\$940,326
2023	\$903,128
2024	\$465,405
2025	\$214,333

In addition, the Hospital has committed to project costs totalling \$6,141,971 pertaining to the implementation of a regional Health Information System. Of the total projected implementation costs, \$1,097,983 was capitalized and \$356,695 was expensed in 2019/20.

13. Financial Instruments Risk Exposure

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 as at March 31, 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Hospital's main credit risk is related to accounts receivable. The Hospital provides services to patients which are not covered by Provincial health care plans. These amounts are collected from the individual patient or their insurance company. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$329,233 (2019 - \$276,091).

Liquidity risk

Liquidity risk is the risk that the Hospital will encounter difficulty in meeting obligations associated with financial liabilities. The Hospital is exposed to this risk mainly in respect of its bank loan and accounts payable. The Hospital expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market 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 comprises three types of risk: currency risk, interest rate risk and other price risk. The Hospital is mainly exposed to interest rate risk.

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 Hospital is exposed to interest rate risk on its variable short-term debt as described in Note 5.

14. Contingencies

In the ordinary course of business, various claims and lawsuits are brought against the Hospital. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

15. Obligations Under Capital Leases

	March 31, 2020	March 31, 2019
REVENUE		
Obligation under a capital lease for endoscopic equipment, monthly payments of \$8,205 with interest at the rate of 0%, maturing on January 31, 2021, secured by specific equipment	\$82,786	\$181,242
Obligation under a capital lease for hematology equipment, monthly payments of \$1,581 with interest at the rate of 2.05%, maturing on November 30, 2023, secured by specific equipment	68,781	87,735
	\$151,567	\$268,977
Less: Current portion of capital lease	100,519	115,829
Long term portion of capital lease	\$51,048	\$153,148

Future minimum lease payments under the capital lease for subsequent years are as follows:

2021	\$100,519
2022	\$18,100
2023	\$18,474
2024	\$14,474

16. COVID-19

On March 11, 2020 the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. As a result of COVID-19, the Hospital is experiencing changes in demand for its services and is working to mitigate the financial impacts while carrying out its response to the impacts of COVID-19.

Although COVID-19 has had an impact on the Hospital's operations, as well as the funding and operations of its related entities, the Hospital has sufficient liquidity at present to maintain current operations as well as support the additional operational demands relating to the Hospital's COVID-19 response. In addition, the Hospital is tracking and reporting expenses related to the COVID-19 response and is applying for government reimbursement of expenses incurred by the Hospital in order to mitigate the financial impacts of the Hospital's COVID-19 response during the year ended March 31, 2020 and thereafter.

At the date of approval of these financial statements, the exact amount, timing and eligibility for this funding is not fully known. In addition, the duration and impact of the COVID-19 pandemic is unknown, resulting in an inability to reliably estimate the length and severity of the COVID-19 pandemic, including the impact on the financial position and financial results of the Hospital in future years.