

Financial statements of

**Royal Victoria Regional  
Health Centre**

March 31, 2015

## Statement of Management Responsibility

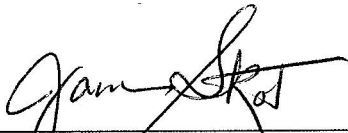
The accompanying financial statements of Royal Victoria Regional Health Centre have been prepared by management in accordance with Canadian public sector accounting principles, and the integrity and objectivity of these statements are management's responsibilities. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Performance and Audit Committee of the Board. The Performance and Audit Committee meets with management and the external auditors no fewer than two times a year.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of Hospital's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly in accordance with Canadian public sector accounting standards. The external auditors have full and free access to the Performance and Audit Committee of the Board and meet with it on a regular basis.

On behalf of Royal Victoria Regional Health Centre



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Janice Skot  
President & Chief Executive Officer



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Ben Petersen  
Vice President Corporate Services & Chief  
Financial Officer

May 26, 2015  
Barrie, Canada

## Independent Auditor's Report

To the Chairman, Board of Directors and Members of the Corporation,  
Royal Victoria Regional Health Centre

We have audited the accompanying financial statements of the Royal Victoria Regional Health Centre, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets 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 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.

### Auditor's 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 controls 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, these financial statements present fairly, in all material respects, the financial position of the Royal Victoria Regional Health Centre as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
May 26, 2015

# Royal Victoria Regional Health Centre

## Statement of operations

year ended March 31, 2015

(In thousands of dollars)

	2015	2014
	\$	\$
<b>Revenue</b>		
NSMLHIN and MOHLTC hospital programs (Note 13)	226,010	218,329
Cancer Care Ontario	26,765	19,202
OHIP and other patient care	21,030	19,786
Preferred accommodation	4,204	4,124
Other	16,649	15,208
Specifically funded programs (Note 12)	7,573	7,404
Amortization of deferred capital contributions (Note 8)	22,372	20,798
	<b>324,603</b>	<b>304,851</b>
<b>Expenses</b>		
Salaries, wages and benefits (Note 9)	169,415	167,495
Medical staff remuneration	31,699	30,940
Medical and surgical supplies	19,340	18,002
Drugs	17,719	15,407
Other supplies and expenses	40,032	40,929
Specifically funded programs (Note 12)	7,767	7,391
Amortization of capital assets	26,709	24,623
	<b>312,681</b>	<b>304,787</b>
<b>Excess of revenues over expenses for the year</b>	<b>11,922</b>	<b>64</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal Victoria Regional Health Centre

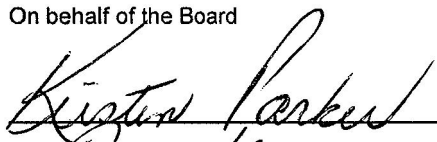
## Statement of financial position


as at March 31, 2015

(In thousands of dollars)

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash (Note 3)	48,238	48,609
Accounts receivable (Note 4)	16,449	14,812
Grants receivable	-	955
Inventories	1,685	1,590
Prepaid expenses	1,940	1,552
	<b>68,312</b>	<b>67,518</b>
Investment in joint venture (Note 11 (c))	161	161
Capital assets (Note 5)	384,614	391,881
	<b>453,087</b>	<b>459,560</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued charges (Note 6)	66,588	74,675
Current portion of obligation under capital lease (Note 7)	62	58
	<b>66,650</b>	<b>74,733</b>
Obligation under capital lease (Note 7)	100	161
Deferred capital contributions (Note 8)	363,634	374,972
Employee future benefits (Note 9)	7,952	6,865
	<b>438,336</b>	<b>456,731</b>
<b>Net assets</b>	<b>14,751</b>	<b>2,829</b>
	<b>453,087</b>	<b>459,560</b>

On behalf of the Board

 Director

 Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal Victoria Regional Health Centre

## Statement of changes in net assets

year ended March 31, 2015

(In thousands of dollars)

	Internally restricted reserve funds	Unrestricted	2015	2014
	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>6,103</b>	<b>(3,274)</b>	<b>2,829</b>	2,765
Excess of revenues over expenses	-	<b>11,922</b>	<b>11,922</b>	64
Transfer of Reserve funds (Note 10)	<b>(6,103)</b>	<b>6,103</b>	-	-
<b>Balance, end of year</b>	<b>-</b>	<b>14,751</b>	<b>14,751</b>	2,829

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal Victoria Regional Health Centre

## Statement of cash flows

year ended March 31, 2015

(In thousands of dollars)

	2015	2014
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenses for the year	11,922	64
Items not affecting cash		
Loss on disposal of capital assets	54	18
Amortization of capital assets	26,709	24,623
Amortization of deferred capital contributions	(22,372)	(20,798)
Employee post-retirement benefits expense	1,262	1,137
Net change in non-cash working capital balances related to operations (Note 14)	(9,948)	(4,393)
	7,627	651
<b>Capital activities</b>		
Additions to capital assets	(13,116)	(17,212)
Proceeds on disposal of capital assets	7	23
	(13,109)	(17,189)
<b>Financing activities</b>		
Repayment of obligation under capital lease	(58)	(56)
Increase in deferred capital contributions	4,647	15,594
Decrease in phase 1 capital expansion obligation	(300)	(55,429)
Decrease in grants receivable	955	46,065
Contributions to employee post-retirement benefits	(133)	(101)
	5,111	6,073
Decrease in cash during the year	(371)	(10,465)
Cash, beginning of year	48,609	59,074
<b>Cash, end of year</b>	<b>48,238</b>	<b>48,609</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

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### 1. Nature of the organization

Royal Victoria Regional Health Centre ("the Health Centre") is incorporated without share capital under the Canada Business Corporations Act as a charitable organization and is a registered charity within the meaning of the Income Tax Act (Canada). The Health Centre is principally involved in providing health care services to the residents of Simcoe County.

### 2. Summary of significant accounting policies

#### *Basis of presentation*

The financial statements of the Health Centre have been prepared in accordance with Canadian public sector accounting standards including PS4200-4270 pertaining to government not-for-profit organizations, and include the following significant accounting policies.

#### *Revenue recognition*

The Health Centre follows the deferral method of accounting for contributions which includes donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Health Centre 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 ("NSMLHIN"). 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 is related to a future period, it is deferred and recognized in that subsequent period. Unrestricted contributions are recognized as revenue when received or receivable where the amount 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 asset.

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

#### *Contributed services*

The Health Centre is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Health Centre and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

#### *Financial instruments*

All financial instruments reported on the statement of financial position of the Health Centre are measured as follows:

Cash	Amortized cost
Receivables	Amortized cost
Current liabilities	Amortized cost

#### *Inventories*

Inventories are valued at the lower of cost and replacement cost. For inventories of stores, cost has been determined on the weighted average basis. All other inventories are valued on the first-in, first-out basis.



# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

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### 2. Summary of significant accounting policies (continued)

#### *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. Construction in progress, including related financing costs, is recorded based on the percentage of completion of the project. Amortization of construction in progress will commence upon completion of the project. When an asset no longer contributes to the Health Centre's ability to provide services, its carrying amount is written down to its residual value.

Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	40 or 50 years
Building components	5 to 20 years
Building service equipment	5 to 20 years
Equipment	3 to 20 years
Equipment under capital leases	5 to 20 years
Land and parking lot improvements	5 to 20 years

#### *Use of estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period.

Accounts involving significant estimates include accounts receivable, capital assets, certain accrued charges, and employee future benefits. Actual results could differ from management's estimates as additional information becomes available in the future.

#### *Investment in joint venture*

The Health Centre owns 50% of the common shares of Royal ProResp Inc. The Health Centre has appointed 50% of the members of the joint venture's Board of Directors and as a result, has joint control over the strategic operating, investing and financing policies of the corporation. The remaining 50% interest is held by an unrelated party. The activity of this joint venture is included in the accompanying statements following the equity method (Note 11 (c)).

#### *Employee future benefits*

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

Adjustments arising from plan amendments are recognized in the year that the plan amendments occur. Actuarial gains or losses are amortized over the average remaining service period of the active employees.

The Health Centre is an employer member of the Healthcare of Ontario Pension Plan, which is a multiemployer, defined benefit pension plan. The Health Centre has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles (Note 9).

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 2. Summary of significant accounting policies (continued)

#### *Impairment of long lived assets*

Assets are reviewed for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. The Health Centre monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Health Centre's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

### 3. Cash and bank indebtedness

The Health Centre's bank accounts are held at a chartered bank. The operating bank accounts earn interest at prime less 1.75% calculated on the daily balances up to \$75,000.

The Health Centre has the following credit facilities available with the Bank of Montreal:

- (a) Revolving line of credit to a maximum authorized amount of \$15,000.
- (b) Multi-draw term loan to a maximum authorized amount of \$15,000.
- (c) Multi-draw term loan to a maximum authorized amount of \$50,000.

All of the above facilities bear interest at prime less 0.25% and are undrawn as at March 31, 2015 (2014 - prime less 0.25% and undrawn). These facilities are unsecured and are due on demand.

### 4. Accounts Receivable

	2015	2014
	\$	\$
MOHLTC/NSMLHIN	6,376	6,040
Cancer Care Ontario	2,960	842
The Royal Victoria Hospital of Barrie Foundation	336	1,517
Other	6,777	6,413
<b>Balance, end of year</b>	<b>16,449</b>	<b>14,812</b>

### 5. Capital assets

	2015			2014		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Land	2,190	-	2,190	2,190	-	2,190
Buildings and building components	277,004	39,719	237,285	274,275	32,732	241,543
Building service equipment	141,832	46,811	95,021	141,404	39,752	101,652
Equipment	133,429	88,115	45,314	118,799	76,375	42,424
Equipment under capital leases	527	281	246	527	246	281
Land and parking lot improvements	10,852	6,294	4,558	9,471	5,680	3,791
	<b>565,834</b>	<b>181,220</b>	<b>384,614</b>	<b>546,666</b>	<b>154,785</b>	<b>391,881</b>

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 5. Capital assets (continued)

Equipment in the amount of \$4,824 (2014 - \$4,032) included in the above amounts have not been put into use. Accordingly, no amortization has been recorded on these assets.

During the year, the Health Centre acquired capital assets at an aggregate cost of \$19,503 (2014 - \$17,212). Included in this amount is equipment transferred from Cancer Care Ontario with a net book value of \$6,387.

Amortization relating to equipment under capital lease for the year is \$35 (2014 - \$35) which is included in amortization of capital assets reported in the statement of operations.

### 6. Accounts payable and accrued charges

	2015	2014
	\$	\$
Accounts payable and accrued liabilities:		
MOHLTC/NSMLHIN	1,651	9,418
Cancer Care Ontario	739	839
Capital expansion obligation	822	1,122
Deferred revenue	29,766	30,647
Other accounts payable and accrued charges	33,610	32,649
Balance, end of year	66,588	74,675

### 7. Obligation under capital lease

The Health Centre has entered into a long-term capital lease for equipment with an interest rate of 5.76% ending in fiscal year 2018.

The following is a schedule of minimum lease payments required until the end of the lease.

	\$
2016	69
2017	69
2018	36
	174
Less: imputed interest	12
	162
Less: current portion	62
	100

The obligation under capital lease is secured by the specific leased equipment. During the year interest of \$11 (2014 - \$14) was charged to the statement of operations related to this lease.

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 8. Deferred capital contributions

	2015	2014
	\$	\$
Balance, beginning of year	374,972	380,176
Additional contributions	11,034	15,594
Amounts amortized to revenue	(22,372)	(20,798)
Balance, end of year	363,634	374,972

During the year, Cancer Care Ontario transferred equipment with a net book value of \$6,387, which are included in additional contributions.

### 9. Employee future benefits

#### (a) Pension plan

Substantially all of the employees of the Health Centre are members of the Healthcare of Ontario Pension Plan ("HOOPP") which is a multiemployer defined benefit, final average earnings, and contributory pension plan. The Health Centre's contributions to HOOPP during the year amounted to \$11,876 (2014 - \$11,779), of which \$11,381 (2014 - \$11,319) is included in salaries, wages and benefits expenses, \$375 (2014 - \$343) is included in specifically funded programs expenses in the statement of operations, and \$120 (2014 - \$117) is included in capital assets.

The most recent actuarial valuation of the plan as at December 31, 2014 indicates the Plan is 115% (2014 - 114%) funded. Because the plan is a multiemployer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospital Association members and their employees. As a result, the Health Centre does not recognize any share of the Plan surplus or deficit. The Health Centre records estimated liabilities for accrued employee benefits in the year they are earned.

#### (b) Other employee future benefits

The Health Centre provides post-retirement extended healthcare and dental benefits to fulltime unionized members of SEIU and post-retirement life insurance benefits to all employees. ONA and non-union employees have the option of obtaining extended healthcare and dental benefits through the Health Centre's plan at their own cost upon retirement. These benefits end at the earlier of the member's death or at age 65.

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

Discount rate	4.00% (2014 - 4.10%) per annum
Dental benefits cost escalation	4.00% (2014 - 4.00%) per annum
Extended healthcare cost escalation	8.00% (2014 - 8.00%) decreasing by 0.20% per annum to ultimate rate of 5.00% per annum by 2028 and thereafter.

Included in salaries, wages and benefits in the statement of operations is an amount of \$1,262 (\$2014 - \$1,137) regarding non-pension benefit expense.

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 9. Employee future benefits (continued)

#### (b) Other employee future benefits (continued)

The following amounts have been calculated using the most recent actuarial valuation as at March 31, 2013. The next full valuation of the plan will be as of March 31, 2016.

(i) The accrued non-pension liability as at March 31, 2015 is calculated as follows:

	2015	2014
	\$	\$
Accrued benefit liability - beginning of year	7,249	6,213
Expense	1,262	1,137
Funding contributions	(135)	(101)
Accrued benefit liability - end of year	8,376	7,249
Less: current portion included in accounts payable and accrued charges	(424)	(384)
Long-term portion	7,952	6,865

(ii) The non-pension benefit expense for the year is calculated as follows:

	2015	2014
	\$	\$
Accrual for services	696	612
Interest on accrued benefits	411	378
Amortization of Actuarial losses during the period	155	147
Adjustment for prior service cost	-	-
Expense for the year	1,262	1,137

(iii) The accrued benefit liability as at March 31, 2015 is calculated as follows:

	2015	2014
	\$	\$
Accrued benefit obligation	12,124	9,523
Less: unamortized actuarial losses	(3,748)	(2,274)
	8,376	7,249

### 10. Internally restricted reserve funds

During the year, the Board of Directors moved to dissolve the internally restricted reserve funds. These amounts have been transferred to unrestricted net assets.

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

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### 11. Related entities

(a) *Royal Victoria Hospital Auxiliary Inc.*

The Health Centre has an economic interest in the Royal Victoria Hospital Auxiliary Inc. ("the Auxiliary"). The Auxiliary supports and assists the Health Centre, its staff and the Foundation in providing the best level of patient care through support services; in part as overseen by the volunteer services department of the Health Centre. The Health Centre does not exercise control or significant influence over the Auxiliary and consequently these financial statements do not include assets, liabilities and activities of the Auxiliary.

(b) *The Royal Victoria Hospital of Barrie Foundation*

The Royal Victoria Hospital of Barrie Foundation ("the Foundation") was established to raise and manage funds for the benefit of the Health Centre. The Foundation is incorporated as a public foundation under the Canada Corporations Act and is a registered Charity under the Income Tax Act. The net assets and results of operations of the Foundation are not included in the statements of the Health Centre. As at December 31, 2014, an amount of \$26,018 (December 31, 2013 - \$23,654) of the Foundation's net assets is subject to restricted use or conditions imposed by donors.

During the year the Foundation contributed \$640 (2014 - \$5,216) to the Health Centre for the purchase of capital assets, which was recorded as deferred capital contributions. The Health Centre also received from the Foundation \$311 (2014 - \$1,241) for small equipment and educational purposes and \$1,282 (2014 - \$4,230) relating to various contractual agreements entered into by both parties, all of which has been included in other revenue in the statement of operations.

(c) *Investment in joint venture*

The Health Centre has a 50% interest in a profit oriented joint venture - Royal ProResp Inc., which is primarily engaged in providing home respiratory care services and products.

The amount of \$161 (2014 - \$161) reported on the statement of financial position as investment in joint venture, represents the Health Centre's share of the retained earnings of the joint venture.

Management fees in the amount of \$353 (2014 - \$375) are included in other revenue on the statement of operations. Amounts due from ProResp Inc. in the amount of \$380 (2014 - \$385) are included in accounts receivable on the statement of financial position.

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 12. Specifically funded programs

The Health Centre administers a number of programs which are specifically funded by the MOHLTC and other agencies. The revenues and expenses related to these programs are recorded separately from the base funding operations of the Health Centre and any excess or deficiency of revenues over expenses is settled with the MOHLTC and other agencies on an annual basis. As at March 31, 2015, the Health Centre has included in accounts payable an amount of \$587 (2014 - \$922) as due to the MOHLTC and other agencies and has included in accounts receivable an amount of \$54 (2014 - \$30) as due from the MOHLTC and other agencies related to these programs.

	2015	2014
	\$	\$
<b>Revenues</b>		
Community Mental Health and Addictions Program	3,585	3,670
Primary Care Asthma Program	56	57
Children's Speech and Language Program - County of Simcoe	810	847
Children's Speech and Lanaguage Program - Ministry of Community and Social Services	219	219
Other Programs	2,903	2,611
	<b>7,573</b>	<b>7,404</b>
<b>Expenses</b>		
Community Mental Health and Addictions Program	3,585	3,670
Primary Care Asthma Program	56	57
Children's Speech and Language Program - County of Simcoe	810	847
Children's Speech and Lanaguage Program - Ministry of Community and Social Services	219	219
Other Programs	3,097	2,598
	<b>7,767</b>	<b>7,391</b>

In addition, included in specifically funded programs are the following expenses related to the Children's Speech and Language Program funded by the Ministry of Community and Social Services.

	2015	2014
	\$	\$
Salaries and benefits	200	193
Other service costs	6	13
Allocated central administration	13	13
	<b>219</b>	<b>219</b>

# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 13. Post-Construction Operating Plan Revenue

During the year, the MOHLTC completed a reconciliation process for the Post-Construction Operating Plan funding provided to the Health Centre. This resulted in the recognition of \$11,050 (2014 - \$11,141) in revenue that was previously deferred based on management's estimates.

### 14. Net change in non-cash working capital balances

	2015	2014
	\$	\$
Accounts receivable	(1,637)	2,876
Inventories	(95)	55
Prepaid expenses	(388)	(451)
Accounts payable and accrued charges	(7,828)	(6,873)
	<b>(9,948)</b>	<b>(4,393)</b>

Decreases in assets and increases in liabilities are sources of funds. Increases in assets and decreases in liabilities are uses of funds (indicated by brackets).

### 15. Contingencies

(a) The nature of the Health Centre's activities is such that there is usually litigation pending or in progress at any one time. With respect to claims as at March 31, 2015, it is management's position that the Health Centre has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes such claims are not expected to have a material effect on the Health Centre's financial position.

(b) A group of healthcare institutions, included the Health Centre, are members of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they were members. As at March 31, 2015, no assessments have been received.

### 16. Central Ontario Healthcare Procurement Alliance ("COHPA")

Effective March 26, 2008, the Health Centre entered into an agreement with COHPA, an independent non-profit corporation, the members of which consist of six hospitals, including the Health Centre.

COHPA's primary responsibility is to provide centralized purchasing, logistics, inventory management and accounts payable capabilities to its members on a cost-recovery basis. Based on the agreement, COHPA has the right to charge membership fees to its members. During the year the Health Centre expended membership fees to COHPA in the amount of \$1,554 (2014 - \$1,591).



# Royal Victoria Regional Health Centre

## Notes to the financial statements

March 31, 2015

(In thousands of dollars)

### 17. Ministry of Health and Long-Term Care ("MOHLTC")/physician agreements

#### *Alternative funding agreement*

The Health Centre has an agreement with the emergency physicians and the MOHLTC for alternative funding for emergency services. The revenues and expenses included in the statement of operations are as follows:

	2015	2014
	\$	\$
Funding from MOHLTC	7,792	7,744
Other revenue	203	169
<b>Total revenues</b>	<b>7,995</b>	<b>7,913</b>
Medical staff remuneration		
Payments to physicians	7,945	7,863
Administration	50	50
<b>Total expenses</b>	<b>7,995</b>	<b>7,913</b>
	-	-

#### *Physician on call coverage*

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

	2015	2014
	\$	\$
Funding from MOHLTC - current year	2,942	3,092
Medical staff remuneration		
Payments to physicians	2,942	3,092
<b>Total expenses</b>	<b>-</b>	<b>-</b>

### 18. Financial instruments and risk management

#### *Establishing fair value*

The carrying value of cash, short term investments, accounts receivable, grants receivable, accounts payable and accrued charges, approximates their fair value because of the relatively short period to maturity of the instruments.

#### *Credit risk*

Credit risk relates to the potential for financial loss due to one party to a financial instrument will fail to discharge an obligation. The Health Centre is exposed to credit risk on its accounts receivable.

#### *Interest rate risk*

Interest rate risk relates to the potential for financial loss caused by fluctuations in fair value of future cash flows of financial instruments because of changes in market interest rates.

### 19. Comparative figures

Certain comparative numbers have been reclassified to conform to the current year presentation.