Financial statements of

Southlake Regional Health Centre

March 31, 2013 and March 31, 2012

Southlake Regional Health Centre
March 31, 2013 and 2012

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Independent Auditor's Report

To the Board of Directors of
Southlake Regional Health Centre

We have audited the accompanying financial statements of Southlake Regional Health Centre, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and change in net assets, and of cash flows for the years ended March 31, 2013 and March 31, 2012, the statement of remeasurement gains and losses for the year ended March 31, 2013, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 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 in our audits 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 Southlake Regional Health Centre as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations, changes in its net assets, and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 13, 2013

Southlake Regional Health Centre

Statements of operations and changes in net assets
years ended March 31, 2013 and 2012

(In thousands of dollars)

	March 31, 2013	March 31, 2012 (Note 3)
	$	$
Revenue		
Ontario Ministry of Health and Long-Term Care and Central Local Health Integration Network	**281,933**	275,290
Cancer Care Ontario	**13,094**	10,802
Preferred accommodation and other	**21,848**	23,289
Patient care	**21,402**	21,607
Specified programs	**3,827**	3,743
Amortization of deferred equipment grants and donations	**7,828**	9,026
	349,932	343,757
Expenses		
Salaries, wages and employee benefits	**228,569**	217,713
Supplies and other	**50,852**	50,107
Medical and surgical supplies	**40,260**	38,370
Drugs	**14,211**	13,103
Specified programs	**3,825**	3,743
Amortization of furniture and equipment	**11,147**	11,770
	348,864	334,806
Excess of revenue over expenses per Hospital Service Accountability Agreement	**1,068**	8,951
Gain (loss) on disposal of capital assets	**(151)**	1
Amortization of deferred building grants and donations	**5,550**	5,581
Amortization of buildings and land improvements	**(9,353)**	(9,190)
Interest expense	**(2,627)**	(3,041)
Provision for loan impairment	**-**	(2,322)
Provision for Village operating advances	**(111)**	-
Excess of expenses over revenue	**(5,624)**	(20)
Net assets, beginning of year	**(1,992)**	613
Accumulated gains and losses included directly in the statement of changes in net assets		
Gain (loss) on derivatives - interest rate swaps	**-**	(2,585)
Reclassification of unrealized losses on derivatives- interest rate swap interest rate swaps due to adoption of PS 3450 (Note 2)	**8,906**	-
Net assets, end of year	**1,290**	(1,992)

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

Southlake Regional Health Centre

Statements of financial position
as at March 31, 2013, March 31, 2012 and April 1, 2011

(In thousands of dollars)

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2011 (Note 3)
	$	$	$
Assets			
Current assets			
Cash	**6,150**	16,452	484
Accounts receivable (Note 5)	**19,921**	19,173	21,010
Inventories	**2,507**	2,283	2,743
Prepaid expenses	**3,339**	3,383	4,032
	31,917	41,291	28,269
Loan receivable from Southlake Residential Care Village (Note 7)	**-**	-	2,211
Capital assets, net (Note 8)	**277,565**	284,107	292,587
	309,482	325,398	323,067
Liabilities			
Current liabilities			
Bank indebtedness (Note 4)	**338**	-	11,966
Accounts payable and accrued liabilities (Note 12)	**62,234**	62,784	53,888
Current portion of Southlake Regional Health Centre Foundation loan (Note 6)	**200**	200	200
Current portion of long-term debt (Note 9)	**4,958**	5,072	4,947
	67,730	68,056	71,001
Long-term			
Loan payable to Southlake Regional Health Centre Foundation (Note 6)	**200**	400	600
Deferred capital grants and donations (Note 10)	**191,045**	196,653	188,019
Long-term debt (Note 9)	**39,333**	44,291	49,363
Derivative liabilities (Note 9(f))	**8,349**	8,906	6,320
Accrued post-retirement benefits (Note 11)	**9,884**	9,084	7,151
	316,541	327,390	322,454
Contingent liabilities (Note 15)			
Net assets/(deficit)	**1,290**	(1,992)	613
Accumulated remeasurement gains and (losses)	**(8,349)**	-	-
	(7,059)	(1,992)	613
	309,482	325,398	323,067

Board Chair
Bruce Herridge

Treasurer
Paul Roberts

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

Southlake Regional Health Centre

Statement of remeasurement gains and losses
year ended March 31, 2013

(In thousands of dollars)

	$
Accumulated remeasurement gains and (losses) at beginning of year	-
Adjustment upon adoption of PS 3450 (Note 2)	**(8,906)**
Unrealized gains (losses) attributable to derivatives- interest rate swap	**557**
Net remeasurement losses for the year	**(8,349)**
Accumulated remeasurement gains and (losses) at end of year	**(8,349)**

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

Southlake Regional Health Centre

Statements of cash flows
years ended March 31, 2013 and 2012
(In thousands of dollars)

	March 31, 2013	March 31, 2012 (Note 3)
	$	$
Operating activities		
Excess of expenses over revenue for the year	**(5,624)**	(20)
Add (deduct) items not affecting cash		
Amortization of capital assets	**20,500**	20,960
Amortization of deferred capital grants and donations	**(13,378)**	(14,607)
Post-retirement benefits	**1,303**	2,417
Provision for loan impairment	**-**	2,322
Provision for Village operating advances	**111**	-
Loss (gain) on disposal of capital assets	**151**	(1)
	3,063	11,071
Net change in non-cash working capital balances related to operations		
Accounts receivable	**(748)**	1,837
Inventories	**(224)**	460
Prepaid expenses	**44**	649
Accounts payable and accrued liabilities	**(550)**	8,896
	1,585	22,913
Capital activities		
Capital contributions received from		
Southlake Regional Health Centre Foundation	**6,584**	4,299
Ontario Ministry of Health and Long-Term Care/Other	**1,186**	4,391
Regional Municipality of York	**-**	14,551
Purchase of capital assets	**(14,109)**	(12,484)
Proceeds from sale of capital assets	**-**	5
	(6,339)	10,762
Financing activities		
Current portion of long-term debt	**(114)**	125
Repayments of long-term debt	**(4,958)**	(5,072)
Advances to Village	**(111)**	(111)
Repayment of Foundation loan	**(200)**	(200)
Post-retirement payments (Note 11)	**(503)**	(483)
	(5,886)	(5,741)
Net (decrease) increase in cash during the year	**(10,640)**	27,934
Cash surplus (deficiency), beginning of year	**16,452**	(11,482)
Cash surplus (deficiency), end of year	**5,812**	16,452
Cash consists of		
Cash	**6,150**	16,452
Bank indebtedness	**(338)**	-
	5,812	16,452
Other information		
Total interest paid	**2,761**	3,233

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

1. Status and nature of activities

Southlake Regional Health Centre (the “Hospital”), incorporated without share capital under the laws of the Province of Ontario, operates a public hospital pursuant to The Public Hospitals Act. 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 a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Significant accounting policies

Basis of presentation

The financial statements of the Hospital have been prepared by management 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. These financial statements do not include the activities of the Southlake Residential Care Village (the “Village”), nor the Southlake Regional Health Centre Foundation (the “Foundation”), as the respective organizations maintain their own accounts and report separately from the Hospital to their own governing bodies.

Adoption of new accounting standards

As at April 1, 2012, the Hospital adopted Public Sector Accounting Standard, Section 3450, "*Financial Instruments*" (“PS 3450”), and the amendments to Section 1201, *“Financial Statement Presentation,”* to present a Statement of Remeasurement gains and losses. This new standard provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts Public sector accounting standards for government not-for-profit organizations for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the government organization immediately preceding its adoption of Canadian public sector accounting standards.

The impacts of the adoption of these new standards are as follows:

The Hospital now discloses a Statement of remeasurement gains and losses.

Under the previous standards (Section 3855 “Financial Instruments - Recognition and Measurement”), changes in the fair value of derivative financial instruments were recognized through the statement of operations unless they qualified for hedge accounting. The effective portion of the changes in the derivative’s fair value were recognized directly in net assets until the hedged item impacts the statement of operations, at which time the associated gains and losses on the derivative instrument are reclassified from net assets to the statement of operations. The ineffective portion of the changes in the derivative’s fair value was recognized directly to the statement of operations. In accordance with the new standard, changes in the fair value of derivative financial instruments are recorded in the Statement of remeasurement gains and losses, and resulted in the Hospital recording the following adjustment:

- April 1, 2012: an increase of $8,906 to accumulated gains and losses included directly in net assets, and a decrease of $8,906 to accumulated remeasurement gains/(losses) due to the fair value of the Hospital’s interest rate swap derivative being reclassified to accumulated remeasurement gains/(losses).

2. Significant accounting policies (continued)

The significant accounting policies are as follows:

Financial instruments

Under the previous standards (Section 3855 “Financial Instruments - Recognition and Measurement”), financial assets and financial liabilities were initially recognized at fair value, and subsequently measured depending on their classification. Cash, and bank indebtness were classified as Held-for-Trading, accounts receivable as Loans and receivables and, accounts payable and accrued liabilities, and long-term debt as Other liabilities. Held-for-trading items are measured at fair value, with changes in their fair value recognized in the Statement of operations in the current period. “Loans and receivables” are measured at amortized cost, using the effective interest method, net of any impairment. “Other liabilities” are measured at amortized cost, using the effective interest method.

Derivatives were designated as effective cash flow hedging instruments and measured at fair value on the Statement of financial position.

Under PS 3450, all financial instruments, including derivatives, are included on the Statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Hospital’s accounting policy choices. All financial instruments reported on the Statement of financial position of the Hospital are classified as follows:

Financial instrument	Classification
Cash	Amortized cost
Bank indebtedness	Amortized cost
Accounts receivable	Amortized cost
Loan receivable from Southlake Residential Care Village	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Derivative liabilities	Fair value

Financial instruments measured at fair value 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 into the Statement of operations. On sale or disposal, 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.

Financial instruments measured at amortized cost 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.

Writedowns 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 writedown being recognized in the Statement of operations.

2. Significant accounting policies (continued)

Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Grants and donations received for capital purposes are included in deferred capital grants and donations and are amortized on the same basis as the related depreciable capital assets.

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 (the “Ministry”). Operating funding is recorded as revenue in the period to which it relates. 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. The extent to which the Ministry funding has been received, with the stipulated requirement that the Hospital provides specific services, and these services have not yet been provided, the funding is deferred until such time as the services are performed and the monies spent. Some Ministry revenue is tied to patient volume and activity. Revenue is, therefore, based on actual patient volumes.

Inventories

Inventories are valued at the lower of cost (on a weighted average cost basis) and net realizable value.

Capital assets

Purchased capital assets are recorded at historical cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis at rates based on the estimated service lives of the assets at the following annual rates:

Land improvements	5%
Buildings	2% to 2.5%
Leasehold improvements	lease term
Furniture and equipment	5% to 33.3%

Projects in process comprise direct construction and development costs. Interest costs, net of related interest income, are capitalized during the construction period.

Amortization is not recorded until construction is substantially complete and the assets are ready for productive use.

Employee benefits plans

The Hospital provides defined retirement and post-employment benefits. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

(a) *Multi-employer plan*

Employees of the Hospital are eligible to be members of the Hospitals of Ontario Pension Plan (“HOOPP”), which is a multi-employer best five consecutive year average pay defined benefit pension plan. The multi-employer plan is accounted for as a deferred contribution plan as there is not sufficient information to apply defined benefit plan accounting. Contributions to the multi-employer defined benefit plan are expensed when due.

2. Significant accounting policies (continued)

Employee benefits plans (continued)

(b) Accrued post-retirement benefits

The Hospital accrues its obligations under non-pension employee benefits as full-time employees render services. The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions of retirement ages of employees and expected health care costs. Actuarial gains or losses are amortized over the average remaining service period of the active employees. The average remaining service period of active employees is 15.9 years. Future cost escalation affects the amount of employee future benefits. The accrued benefit obligation related to employee benefits is discounted using current interest rates based on the Hospital's cost of borrowing.

Adjustments arising from plan amendments are recognized in the year that the plan amendments occur.

Contributed materials and services

Southlake Regional Health Centre has other individuals and organizations that volunteer numerous valuable hours to assist the Hospital in carrying out certain aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates. Accounts involving significant estimates include accounts receivable, amortization of capital assets and deferred capital grants, loan receivable due from the Village, accrued liabilities and accrued post-retirement benefits.

Revenue recognized from the Ministry has a number of estimates. The Hospital has entered into a Hospital Service Accountability Agreement ("HSAA") that sets out the rights and obligations of the two parties with respect to funding provided to the Hospital by the Ministry for fiscal 2008/09 and 2009/10, amended to include 2010/11, 2011/12 and 2012/13. The HSAA sets out certain performance standards and obligations that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the Ministry has the right to adjust funding received by the Hospital. The Ministry 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 funding received during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

3. Adoption of a new financial reporting framework

The Public Sector Accounting Board (PSAB) issued new standards for government (public sector) not-for-profit organizations ("Government NPO's). For years beginning on or after January 1, 2012, government NPO's have a choice of:

Public sector accounting standards including PS 4200-4270 for government not-for-profit organizations; or

3. Adoption of a new financial reporting framework (continued)

Public sector accounting standards.

The Hospital has chosen to follow Public sector accounting standards including PS 4200-4270 for government not-for-profit organizations.

Effective April 1, 2012, the Hospital adopted the requirements of this new financial reporting framework. These are the Hospital's first financial statements prepared in accordance with this framework and the transitional provisions of Section 2125 - First-time adoption by government organizations ("PS 2125") have been applied. The date of transition to the new standards is April 1, 2011 and the Hospital has prepared and presented an opening Statement of financial position at the date of transition to the new standards. This opening Statement of financial position is the starting point for the Hospital's accounting under the new standards. In its opening Statement of financial position, under the recommendations of PS 2125, the Hospital:

(a) recognized all assets and liabilities whose recognition is required by the new standards;

(b) did not recognize items as assets or liabilities if the new standards do not permit such recognition

(c) reclassifies items that it recognized previously as one type of asset or liability, but are recognized as a different type of asset or liability under the standards; and

(d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of PS 2125, the accounting policies set out in Note 2 have been consistently applied (except for the new standards on financial instruments as disclosed in Note 2) to all years presented and adjustments resulting from the adoption of the new standards have been applied retrospectively, excluding where optional exemptions and mandatory exceptions available under PS 2125 have been applied.

The following exemption and exception were used at the date of transition to the new framework:

Optional exemption

Actuarial gains and losses

The Hospital has elected to recognize all unamortized actuarial gains and losses into unrestricted net assets at the date of transition.

Mandatory exceptions

The estimates made by the Hospital under generally accepted accounting principles prescribed by CICA Handbook – Accounting Part V – Pre-changeover Accounting Standards were not revised for the application of PSAB for Government NPO's except where necessary to reflect any differences in accounting policy or where there was objective evidence that those estimates were in error. As a result the Hospital has not used hindsight to revise estimates.

Reconciliation of net assets and excess of expenses over revenues

The Hospital issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook – Accounting Part V – Pre-Changeover Accounting Standards. The adoption of PSAS for Government NPO's resulted in adjustments to previously reported liabilities, net assets, and excess of revenue over expenses. The following reconciliations and explanatory notes provide a description of the effect of the transition from Pre-changeover Accounting Standards to PSAS for Government NPOs on the Hospital's financial position, operations and changes in net assets.

(Tabular amounts in thousands of dollars)

3. Adoption of a new financial reporting framework (continued)

Reconciliation of net assets and excess of expenses over revenues (continued)

The impact of the adoption of the new standards on the Statement of financial position as at April 1, 2011 is summarized as follows:

	Balance as previously reported March 31, 2011	Adjustment	Reference	Balance as adjusted as at April 1, 2011
	$	$		$
Accrued post-retirement benefits	6,054	1,097	(a)	7,151
Total liabilities	321,357	1,097	(a)	322,454
Net assets	1,710	(1,097)	(a)	613

The impact of the adoption of the new standards on the Statement of financial position as at March 31, 2012 is summarized as follows:

	Balance as previously reported March 31, 2012	Adjustment	Reference	Balance as adjusted as at March 31, 2012
	$	$		$
		2,379	(b)	
		(412)	(c)	
Accrued post-retirement benefits	7,117	1,967		9,084
Total liabilities	325,423	1,967		327,390
Net assets	(25)	(1,967)		(1,992)

Reconciliation of net assets and excess expenses over revenue

The impact of the adoption of the new standards on the Statement of operations for the year ended March 31, 2012 is summarized as follows:

	Balance as previously reported March 31, 2012	Adjustment	Reference	Balance as adjusted as at March 31, 2012
	$	$		$
Expenses		1,282	(b) ii.	
Salaries, wages and		(412)	(c)	
employee benefits	216,843	870		217,713
Excess of revenue over expenses	850	(870)		(20)

3. Adoption of a new financial reporting framework (continued)

Explanation of adjustments

(a) Accrued post retirement benefits as at April 1, 2011

The Hospital modified its discount rate to comply with Public Sector Accounting Standards; the rate used under generally accepted accounting principles prescribed by CICA Handbook - Part V-Pre-changeover Accounting Standards as at March 31, 2011 was 5.50%; the change in discount rate resulted in an decrease of the employee future benefit liability for an amount of ($1.39 million).

In addition, under Public Sector Accounting Standards, past service costs are not amortized over the expected average remaining service life of the related employee group, but rather are expensed as incurred. This resulted in an increase to the employee future benefit liability for an amount of $647 thousand.

The Hospital elected at the transition to recognize all unamortized gains and losses into unrestricted net assets; this resulted in an increase of the employee future benefit liability for an amount of $1.84 million.

(b) Accrued post retirement benefits as at March 31, 2012

Cumulative impact of adjustments noted in (a) above $1,097.

In addition, during the year ended March 31, 2012, the Hospital provided past services costs to eligible employees. Under Public Sector Accounting Standards, past service costs are expensed as incurred.

Over the expected average remaining service life of the related employee group; this resulted in an increase to the employee future benefit liability for an amount of $1.28 million.

(c) Salaries, wages and employee benefits expense for the year ended March 31, 2012

The additional expense of $412 thousand represents the net change in the employee future benefit liability between March 31, 2012 and April 1, 2011.

4. Bank indebtedness

The Hospital has an operating line of credit to a maximum of $15 million. This credit facility bears interest at the bank's prime rate plus 50 basis points. As at March 31, 2013, there was $338 thousand (2012 - $Nil; April 1, 2011 - $11.97 million) in borrowings under this credit facility. In addition, the Hospital has two standby letters of credit in the amounts of $100 thousand and $500 thousand. As at March 31, 2013, there were no amounts (2012- $Nil; April 1, 2011 - $Nil) applied against these letters of credit.

The Hospital has secured a Credit Facility in the amount of $10 million to ensure availability of funds if required under the Capital Fund Sharing Agreement. As at March 31, 2013, there was $Nil (2012 - $Nil; 2011 - $Nil) in borrowings under this credit facility. This credit facility charges a stand-by fee of 35 basis points.

The Hospital has secured a Credit Facility in the amount of $3 million to ensure availability of funds for the purchase of the new Interventional Radiology Suite. As at March 31, 2013, there was $ Nil (2012 - $ Nil; April 1, 2011 - $ Nil) in borrowings under this credit facility.

(Tabular amounts in thousands of dollars)

5. Accounts receivable

Accounts receivable consist of the following:

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2012 (Note 3)
	$	$	$
Ontario Ministry of Health and Long-Term Care and Central Local Health Integration Network	**5,102**	5,484	4,447
Cancer Care Ontario	**315**	735	96
OHIP	**2,233**	2,685	2,363
Vendor rebates	**4,940**	3,533	6,887
Insurers, patients and other	**7,894**	7,223	7,716
	20,484	19,660	21,509
Less: allowance for doubtful accounts	**563**	487	499
	19,921	19,173	21,010

6. Southlake Regional Health Centre Foundation

The Foundation, an independent organization, raises funds and holds resources primarily for the benefit of the Hospital. Amounts received from the Foundation are externally restricted. Accordingly, capital grants and donations are deferred and are recognized when the related expenses are recognized. During the year ended March 31, 2013, the Foundation contributed $6.6 million (2012 - $4.3 million) to the Hospital substantially for capital projects and equipment. In addition, the Foundation donated $654 thousand (2012 - $249 thousand) toward operations. The net assets of the Foundation as at March 31, 2013 totaled $25.0 million (2012 - $24.7 million; 2011 - $20.8 million). The Hospital received an advance from the Foundation on August 29, 2002 for $2.0 million, with interest payable monthly at prime minus 2.5% and no principal repayment for three years. The loan was renegotiated March 29, 2006 and bears interest at 5% per annum payable annually in arrears and requires minimum annual repayments of principal of $200 thousand. The loan is due on March 31, 2015 and is secured by a promissory note. As at March 31, 2013, the loan has been drawn down to $400 thousand (2012- $600 thousand; 2011 - $800 thousand) in the Statement of financial position. Interest recorded in the Statement of operations related to the loan was $30 thousand (2012 - $40 thousand).

In November 2012, the Hospital leased the parking facilities to the Foundation for a fee plus a management fee. The Foundation had also entered into an agreement to manage the parking operations. The Foundation’s statements reflect the revenues and expenses from the operation of the parking facility, including payments to the Hospital.

The parking business reverted back to Hospital ownership on March 30, 2013. No additional unaccrued costs were incurred.

(Tabular amounts in thousands of dollars)

7. Southlake Residential Care Village

Southlake Residential Care Village runs a long-term care facility of 192 beds which the Hospital helps manage. The Village is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

The Hospital provided the Village with a long-term loan of $4.5 million effective February 26, 2002 with interest payable monthly at prime minus 2.5%. $475 thousand bears interest at the bank's prime rate plus 0.5% until the Village obtains permanent financing. In the previous fiscal year, this loan was fully provided for which resulted in $2.3 million being recorded to the Statement of operations for the year-ended March 31, 2012. As at March 31, 2013, the Hospital has also recorded a $111 thousand reserve for operating advances in the statement of operations in the current year (2012: $2.3 million). Management has determined that the loan impairment is other than temporary as a result of the Village's continued inability to make re-payments since the inception of the loan and has also ceased interest income recognition.

In addition, to assist with the Village's capital financing arrangement, the Hospital has secured a revolving six month standby letter of credit in favour of Canada Life Assurance Company for $500 thousand. All direct costs and financing fees related to the letter of credit are the responsibility of the Village.

The Hospital has entered into a 40-year Ground Lease Agreement with the Village, commencing August 1, 2003, to accommodate the construction of a new long-term care facility on the Hospital's property. The annual lease payment shall be no less than $75 thousand which will compensate the Hospital for parking revenue lost or rendered unusable as a result of the new facility. Pursuant to an agreement between the Village and Canada Life Assurance Company, the Hospital has agreed to defer rental payments on the land lease effective January 2005 until such time that the additional advance to the Village is repaid in full and the debt to service coverage ratio of the Village reached 1.20 to 1.

The Hospital has also entered into a sublease with the Village, effective November 21, 2003 for 40 years for the first and fifth floors (approximately 35,500 sq. ft.) of the new Village facility for hospital use. Annual lease payments are $717 thousand per annum.

8. Capital assets

Capital assets consist of the following:

			March 31, 2013
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	**9,258**	**-**	**9,258**
Land improvements	**4,123**	**2,851**	**1,272**
Buildings	**300,144**	**76,089**	**224,055**
Leasehold improvements	**7,112**	**2,289**	**4,823**
Furniture and equipment	**169,284**	**145,574**	**23,710**
Projects in process	**14,447**	**-**	**14,447**
	504,368	**226,803**	**277,565**

(Tabular amounts in thousands of dollars)

8. Capital assets (continued)

			March 31, 2012 (Note 3)
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	9,258	-	9,258
Land improvements	4,123	2,669	1,454
Buildings	296,036	67,577	228,459
Leasehold improvements	7,105	1,683	5,422
Furniture and equipment	163,096	134,428	28,668
Projects in process	10,846	-	10,846
	490,464	206,357	284,107

			April 1, 2011 (Note 3)
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	8,717	-	8,717
Land improvements	4,123	2,488	1,635
Buildings	295,044	59,173	235,871
Leasehold improvements	6,459	1,079	5,380
Furniture and equipment	155,960	122,667	33,293
Projects in process	7,691	-	7,691
	477,994	185,407	292,587

Projects in process are Capital Projects which have been started and not completed (Note 13).

During the year, $Nil (2012 - $Nil; 2011 - $Nil) of interest was capitalized to capital assets.

(Tabular amounts in thousands of dollars)

9. Long-term debt

Summary

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2011 (Note 3)
	$	$	$
Redevelopment bank loan (a)	**1,237**	1,167	1,102
Parking lot bank loan (b)	**-**	258	268
Parking garage bank loan (c)	**1,395**	1,327	1,262
Building bank loan (d)	**126**	120	115
Leasehold improvement bank loan (e)	**2,200**	2,200	2,200
Current portion	**4,958**	5,072	4,947
Redevelopment bank loan (a)	**19,378**	20,615	21,782
Parking lot bank loan (b)	**-**	-	258
Parking garage bank loan (c)	**14,236**	15,631	16,958
Building bank loan (d)	**3,719**	3,845	3,965
Leasehold improvement bank loan (e)	**2,000**	4,200	6,400
Long-term portion	**39,333**	44,291	49,363

Principal repayments summary

		a)	b)	c)	d)	e)	
	Redevelopment Phase I	Redevelopment Phase II	Parking lot Bank loan	Parking garage Bank loan	Warehouse Bank loan	Leasehold improvements Bank loan	Total
	$	$	$	$	$	$	$
2014 current portion	670	567	-	1,395	126	2,200	4,958
2015	715	595	-	1,466	133	2,000	4,909
2016	763	625	-	1,541	140	-	3,069
2017	814	657	-	1,620	147	-	3,238
2018	869	690	-	1,703	154	-	3,416
2019-2033	6,811	6,839	-	7,906	3,145	-	24,701
	10,642	9,973	-	15,631	3,845	4,200	44,291

9. Long-term debt (continued)

(a) *Redevelopment bank loan*

The Hospital has utilized $10.6 million (2012 - $11.3 million; 2011 - $11.9 million) of this facility for Phase I Redevelopment and has entered into a swap agreement related to this loan whereby the floating rate debt is swapped against the fixed rate debt with an interest rate of 6.52% and settled on a net basis. This agreement expires with the maturity of the loan on June 1, 2024.

The Hospital has utilized $10.1 million (2012 - $10.5 million; 2011 $11 million) for Phase II Redevelopment and has entered into a swap agreement related to this loan whereby the floating rate debt is swapped against the fixed rate debt with the interest rate of 4.92% and settled on a net basis. This agreement expires with the maturity of the loan on March 2, 2026.

(b) *Parking lot bank loan*

The Hospital has a non-revolving reducing term loan that is fully drawn for $ Nil (2012 - $258 thousand; 2011 - $ 2.2 million) and the remaining availability has been cancelled for the refinancing of the first and second phase of the South parking lot redevelopment. Interest on the loan is at the bank's prime rate and repayments are to be made in equal monthly installments of principal plus interest, with the final installment paid March 1, 2013. Security on this facility includes a formal assignment of current and future revenues from parking operations and the parking lot management contract.

The Hospital has entered into a swap agreement related to this loan whereby the floating rate debt (prime plus 30 basis points) is swapped against the fixed rate debt with an interest rate of 5.25% and settled on a net basis. This agreement expired with the maturity of the loan on March 1, 2013.

(c) *Parking garage bank loan*

The Hospital has a non-revolving reducing term loan for $15.6 million (2012 - $16.9 million; 2011 - $18.2 million) for the construction of the parking garage. Interest on the loan is at the bank's prime rate and repayments are to be made in equal monthly installments of principal plus interest, with the final installment due May 1, 2022.

The Hospital has entered into a swap agreement related to this loan whereby the floating rate debt (prime plus 25 basis points) is swapped against the fixed rate debt with an interest rate of 5.00% and settled on a net basis. This agreement expires with the maturity of the loan on May 1, 2022.

(d) *Building bank loan*

The Hospital has a non-revolving or fixed rate term loan for $3.8 million (2012 - $4.0 million; 2011 - $4.1 million) for the acquisition of a building. Interest on the loan is at the bank's prime rate and repayments are to be made in equal monthly installments of principal plus interest, with the final installment due February 2, 2032.

The Hospital has entered into a swap agreement related to this loan whereby the floating rate debt (prime plus 25 basis points) is swapped against the fixed rate debt with an interest rate of 4.98% and settled on a net basis. This agreement expires with the maturity of the loan on February 2, 2032.

(Tabular amounts in thousands of dollars)

9. Long-term debt (continued)

(e) *Leasehold improvements loan*

The Hospital has a non-revolving or fixed rate term loan for $4.2 million (2012 - $6.4 million; 2011 - $8.6 million) for the Leasehold Improvements to the Medical Arts Building. Interest on the loan is at the bank's prime rate and repayments are to be made in equal monthly installments of principal plus interest, with the final installment due October 31, 2014.

The Hospital has entered into a swap agreement related to this loan whereby the floating rate debt (prime plus 25 basis points) is swapped against the fixed rate debt with an interest rate of 5.18% and settled on a net basis. This agreement expires with the maturity of the loan on October 31, 2014.

(f) The Hospital enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. These swap agreements require periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The Hospital designates its interest rate hedge agreements as hedges of the underlying debt.

The Hospital has entered into interest rate swap contracts with banks in order to hedge its variability in future interest payments relating to its long-term debt. These swaps effectively lock-in the interest rate applicable on the long-term debt.

Notional amount represents the contract amounts to which interest rates are applied to calculate the cash flows to be exchanged. The notional amount of the Hospital's interest rate swaps as of March 31, 2013 is $44.3 million (2012 - $49.4 million; 2011 - $54.3 million).

Fair value of the interest rate swaps was calculated using the discounted cash flow method. Fair value as of March 31, 2013 of these interest rate swaps is $8.3 million (2012 - $8.9 million; April 1, 2011 - $6.3 million) and is reflected as a liability on the Statement of financial position.

10. Deferred capital grants and donations

Deferred capital grants and donations represent the unamortized balance of contributions received for the purchase of capital assets.

Changes in the deferred capital grants and donations balance are as follows:

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2011 (Note 3)
	$	$	$
Balance, beginning of year	**196,653**	188,019	193,961
Contributions received during the year			
Southlake Regional Health Centre Foundation	**6,584**	4,299	3,756
Ministry of Health and Long-Term Care/Other	**1,186**	4,391	1,782
Regional Municipality of York	**-**	14,551	1,762
	204,423	211,260	201,261
Amortization of deferred capital grants and donations	**(13,378)**	(14,607)	(13,242)
Balance, end of year	**191,045**	196,653	188,019

(Tabular amounts in thousands of dollars)

11. Pension and other post-retirement benefit plans

The Hospital is a member of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating member of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

The Plan's assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.9% of salary contributed by employees (9.2% of salary above the years maximum pensionable earnings), required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee's contributions. The employer currently contributes 126% of the employee's contribution.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. Contributions to the Plan made during the year by the Hospital on behalf of its employees amounted to $13.7 million (2012 - $12.9 million) and are included in salaries, wages and employee benefits expense in the Statement of operations.

The Hospital's non-pension post-retirement benefit plans are comprised of medical, dental and life insurance coverage for certain groups of full-time employees who have retired from the Hospital and are between the ages of 55 and 65. Spouses of eligible retirees are covered by the plans. The most recent actuarial valuation of post-retirement benefits by Morneau Shepell was March 31, 2013.

Information for the Hospital's non-pension post-retirement benefit plans, and reconciliation to the accrued benefit liability, is as follows:

Post-retirement benefit liability

	March 31, 2013	March 31, 2012 (Note 3)
	$	$
Change in benefit obligation		
Accrued benefit obligation, beginning of year	**9,934**	7,151
Current period benefit cost	**805**	691
Interest on accrued benefits	**446**	444
Prior service costs	**-**	1,281
Benefit payments	**(503)**	(483)
Actuarial losses	**312**	850
Accrued benefit obligation, end of year	**10,994**	9,934
Accrued post-retirement benefit obligation, end of year	**10,994**	9,934
Less: unamortized actuarial gains (losses)	**(1,110)**	(850)
	9,884	9,084

(Tabular amounts in thousands of dollars)

11. Pension and other post-retirement benefit plans (continued)

Included in the statement of operations is an amount of $1,303 (2012 - $2,417) regarding employee future benefits. This amount is comprised of:

	March 31, 2013	March 31, 2012 (Note 3)
	$	$
Total benefit cost recognized		
Current period benefit cost	**805**	691
Past service costs	**-**	1,282
Amortization of actuarial gains/losses	**52**	-
Retirement benefit interest expense	**446**	444
	1,303	2,417

Employer contributions for these plans were $503 thousand (2012 - $483 thousand).

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

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2011 (Note 3)
Discount rate to determine accrued post-retirement benefit obligation	**4.25%**	4.25%	4.52%
Extended healthcare cost escalations, decreasing by .25% per annum to an ultimate rate of 5.0% per annum in 2017, and thereafter	**7.00%**	7.50%	7.50%
Dental cost increases	**4.00%**	4.00%	4.00%
Expected average remaining service life of employees	**15.9**	16.2	16.2

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2013	March 31, 2012 (Note 3)	April 1, 2011 (Note 3)
	$	$	$
Vendor payables and accruals	**17,089**	19,510	20,679
Accrued liability - salaries/wages and vacation earned	**21,321**	17,865	14,877
Employee/employer remittances payable	**5,144**	6,394	5,820
Deferred operating revenue	**18,255**	18,705	12,133
Cancer Centre Holdback	**-**	33	33
Other	**425**	277	346
	62,234	62,784	53,888

13. Capital projects in progress

Regional Cancer Centre Project

In May of 2007, the Ministry approved the Cancer Centre Project for the Hospital with a total cost of $74 million, of which $71 million has been spent to date and are recorded as capital assets. At March 31, 2013, construction of the Cancer Centre is complete with a holdback of $ Nil (2012 - $33 thousand; April 1, 2011 - $33 thousand).

EP Lab Expansion

This is a 3 Phase Project which will create three Cardiac Electrophysiological Procedure Rooms with a total cost of $23.5 million, of which $7.3 million has been spent year to date. The relocation of the Heart Rhythm Program and Cardiology Clinics will be required to accommodate this project. The EP Lab Expansion Project is expected to be completed in fiscal 2015.

14. Commitments

The Hospital has entered into a 30-year lease for a Medical Arts Building (approximately 135,000 sq. ft.) for use in part by the Hospital, a family health team, physician offices and retail. The lease commenced on the 14th of September, 2005 for delivery of the building on a “turn key” basis and includes three five-year renewal options. Annual lease payments, on a net lease basis, are $16.35 per sq. ft. for the first ten years. On completion of each ten-year term the rent will be adjusted by increments equal to the Consumer Price Index.

The Hospital has entered into a sale leaseback agreement with landlord of the Medical Arts Building relating to the respective leasehold improvements. The lease commenced on the 21st day of December, 2010. The term of the lease is co-terminus with the lease in the Medical Arts Building. Annual lease payments are $8.19 per square foot.

The Hospital is an equity member of the Central Ontario Healthcare Procurement Alliance (COHPA), a Not-for-Profit shared service organization that has centralized contract management and purchasing/accounts payable transactions. In lieu of a cash equity contribution, the member hospitals have provided security to TD Bank Financial Group on behalf of COHPA up to a combined amount of $6 million. The Hospital signed a letter of guarantee on February 4, 2009. The maximum liability for the Hospital in respect of this guarantee is $1.9 million. Services to the Hospital commenced on April 1, 2009. During the year, the Hospital paid $1.52 million (2012 - $1.54 million) for monthly membership fees and $223 thousand (2012 - $223 thousand) relating to the Hospital’s equity share of the member Hospital loan.

The Hospital entered into an initial agreement with Precise Parklink on February 1, 2006 for their management services including the installation and service of parking equipment. On February 18, 2011 an amended contract was signed to upgrade the parking equipment and extend the maintenance services to be received. The contract will expire on July 31, 2013. The current year’s cost of this service was $459 thousand (2012 - $461 thousand).

15. Contingent liabilities

(a) The nature of the Hospital'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, 2013, it is management's position that the Hospital 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 Hospital's financial position.

(b) A group of healthcare institutions, including the Hospital, 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, 2013, no assessments have been received.

(c) The Hospital has received a claim from a developer related to a Purchase and Sale Agreement and a Development Agreement. The Hospital has filed a related counterclaim and these claims continue to be in dispute. At this time, the outcome is not determinable.

16. Guarantees

In the normal course of business, the Hospital has entered into agreements that meet the definition of a guarantee and may include indemnities in favor of third parties. The Hospital's primary guarantees are as follows:

(a) Indemnity has been provided to all directors and officers of the Hospital for various items including, but not limited to, all costs to settle suits or actions due to association with the Hospital, subject to certain restrictions. The Hospital has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Hospital. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) In the normal course of business, the Hospital has entered into agreements that include indemnities in favour of third parties. These indemnification agreements may require the Hospital to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction.

The nature of these indemnification agreements prevents the Hospital from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Hospital has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued in the Statement of financial position with respect to these agreements.

17. Financial instruments and risk management policy

The Hospital is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the Hospital.

Credit risk

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and incur a financial loss. The Hospital is exposed to credit risk on its accounts receivable. For patient accounts receivable, the Hospital maintains an allowance for doubtful accounts, which reduces the receivable to its estimated realizable value. The receivable is adjusted on a monthly basis. The loan receivable from the village is reviewed regularly to determine if impairment exists and a provision is required. 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.

17. Financial instruments and risk management policy (continued)

Currency risk

Currency risk relates to the Hospital operating in different currencies and converting non-Canadian monies at different points in time when adverse changes in foreign currency rates occur. The Hospital does not have any material transactions of financial instruments denominated in foreign currencies. 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.

Fair values

The fair value of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity. The fair value of long-term debt approximates its carrying value due to interest rate swaps which have been entered into for each debt instrument that account for the change in market values related to fixed rates.

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability. Unless otherwise noted, it is management's opinion that the Hospital is not subject to significant interest or currency risk arising from these instruments

The fair values of the interest rate swaps are determined using the discounted cash flow method.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Statement of financial position, classified using the fair value hierarchy described above:

Financial liabilities at fair value as at (In thousand dollars)				March 31, 2013
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Derivative liabilities		**8,349**	**-**	**8,349**
Total	**-**	**8,349**	**-**	**8,349**

There have been no movements between levels for the year ended March 31, 2013.

(Tabular amounts in thousands of dollars)

17. Financial instruments and risk management policy (continued)

Fair value hierarchy (continued)

For fair value measurements in Level 2 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances, disclosing changes during the period has been provided in the table below:

Derivative liabilities (in thousand dollars)	**March 31, 2013**
	$
Balance, beginning of year	**8,906**
Changes during the period:	
(Gain) for the period recognized in the statement of remeasurement gains and losses	**(557)**
Purchases, sales, issues and settlements	**-**
Transfers in or out of Level 2	**-**
Balance, end of year	**8,349**

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to interest rate risk on its long-term debt and bank indebtedness. For its long term debt, the Hospital has entered into interest rate swap agreements in order to manage the impact of fluctuating interest rates. The Hospital's policy is not to utilize derivative instruments for trading or speculative purposes. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long term debt.

As at March 31, 2013 the bank indebtedness was $338 thousand (2012 - $ Nil; April 1, 2011 - $11.9 million) and is monitored on a daily basis.

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.

18. Related party transactions

The related parties and the nature of their transactions are identified in (Note 6) Southlake Regional Health Centre Foundation, (Note 7) Southlake Residential Care Village and (Note 14) Commitments. All the transactions were monetary in nature and recorded at the exchange value.