THE MICS GROUP OF HEALTH SERVICES

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The MICs Group of Health Services

Report on the Financial Statements

We have audited the accompanying financial statements of The MICs Group of Health Services, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The MICs Group of Health Services 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 for Government Not-for-Profit Organizations.

Collins Barrow Gagné Gagnon Bisson Hébert

Chartered Professional Accountants
Licenced Public Accountants
June 22, 2015

THE MICS GROUP OF HEALTH SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2015

THE MICS GROUP OF HEALTH SERVICES

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUES		
Recoveries of shared costs and direct charges (note 7)	$ 23,778,748	$ 24,181,807
Amortization of deferred capital contributions	21,334	1,414
Interest	34,033	37,618
Other recoveries	27,397	18,595
Management and administration	135,272	157,035
Diabetes program	346,372	314,108
Psychogeriatric nurse program	17,784	58,458
Lifeline program	6,395	6,345
Under serviced area program	264,572	298,549
	24,631,907	25,073,929
SALARIES AND BENEFITS		
Administration and management	1,402,535	1,777,277
Education	94,415	93,851
Human resources	342,843	341,094
Support services	3,387,581	3,282,780
Clinical nutrition	101,975	100,400
Nursing services	8,638,594	8,638,079
Paramedical	2,469,952	2,373,319
Physiotherapy services	289,503	308,950
Physician clinics	326,430	308,566
Nursing homes	5,852,212	5,703,194
Unallocated post-employment benefits	31,008	56,706
	22,937,048	22,984,216
SUPPLIES, SERVICES AND OTHER EXPENSES		
Office, recruiting, travel and other	227,570	317,417
Information technology	485,268	449,024
Professional and other fees	140,166	414,344
Amortization of capital assets	164,862	200,081
Education	41,869	31,387
Diabetes program	345,136	314,108
Psychogeriatric nurse program	17,784	58,458
Lifeline program	3,451	3,592
Under serviced area program	264,486	298,549
	1,690,592	2,086,960
EXCESS OF REVENUES OVER EXPENSES	$ 4,267	$ 2,753

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

THE MICS GROUP OF HEALTH SERVICES

STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31, 2015

	Bingham Memorial Hospital	Anson General Hospital	Lady Minto Hospital	Total 2015	Total 2014
BALANCE, BEGINNING OF YEAR	$ (4,885)	$ (6,952)	$ (6,952)	$ (18,789)	$ (21,542)
EXCESS OF REVENUES OVER EXPENSES	1,109	1,579	1,579	4,267	2,753
BALANCE, END OF YEAR	$ (3,776)	$ (5,373)	$ (5,373)	$ (14,522)	$ (18,789)

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

THE MICS GROUP OF HEALTH SERVICES

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2015

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	$ 4,398,381	$ 4,200,432
Accounts receivable	2,635	19,350
	4,401,016	4,219,782
POST-EMPLOYMENT BENEFITS RECOVERABLE (note 4)	258,965	243,497
CAPITAL ASSETS (note 5)	720,793	628,355
	$ 5,380,774	$ 5,091,634
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	$ 2,819,705	$ 3,513,639
Deferred revenue	-	47,035
Due to participating hospitals (note 7)	2,248,075	1,290,699
	5,067,780	4,851,373
POST-EMPLOYMENT BENEFITS PAYABLE (note 8)	258,965	243,497
DEFERRED CAPITAL CONTRIBUTIONS (note 9)	68,551	15,553
	5,395,296	5,110,423
NET DEFICIENCY	(14,522)	(18,789)
	$ 5,380,774	$ 5,091,634

CONTINGENCIES - note 11
COMMITMENTS - note 12

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

On behalf of the board

______________________________ Director

______________________________ Director

THE MICS GROUP OF HEALTH SERVICES

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 4,267	$ 2,753
Items not involving cash:		
Amortization of capital assets	164,862	200,081
Amortization of deferred capital contributions	(21,334)	(1,414)
	147,795	201,420
Changes in:		
Accounts receivable	16,715	(14,519)
Accounts payable and accrued liabilities	(693,934)	282,445
Deferred revenue	(47,035)	41,597
	(576,459)	510,943
INVESTING ACTIVITIES		
Advances to participating hospitals	(35,635,919)	(36,280,078)
Repayments from participating hospitals	36,593,295	34,933,904
	957,376	(1,346,174)
CAPITAL ACTIVITIES		
Purchase of capital assets	(257,300)	(297,753)
Capital contributions received	27,297	16,967
Capital contributions transferred from deferred revenues	47,035	-
	(182,968)	(280,786)
CHANGE IN CASH POSITION	197,949	(1,116,017)
CASH POSITION, BEGINNING OF YEAR	4,200,432	5,316,449
CASH POSITION, END OF YEAR	$ 4,398,381	$ 4,200,432

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

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1. STATUS AND NATURE OF OPERATIONS

The MICs Group of Health Services partnership (MICs) was established to increase opportunities for collaboration between its member hospitals in the sharing of costs and provision of health services. The present participating hospital are Bingham Memorial Hospital in Matheson Ontario, Anson General Hospital in Iroquois Falls Ontario and Lady Minto Hospital in Cochrane Ontario. Other than direct charges for specific salaries and benefits at actual cost, share of costs to participating hospitals is determined by a formula agreed to by the Board on a cost-recovery basis. The partnership is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations including the 4200 series of standards as issued by the Public Sector Accounting Board and includes the following significant accounting policies:

REVENUE RECOGNITION

The financial statements have been prepared using the deferral method of accounting. Under the deferral method, revenues are recorded in the period to which they relate.

Contributions from participating hospitals are recognized as revenue when the related expenses are incurred.

Unrestricted contributions, including operating grants are recorded as revenue in the period to which they relate. Grants approved but not yet received at the end of the year are accrued.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Grants and donations received for the acquisition of specific capital assets are recorded as deferred capital contributions and recognized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Investment income is recognized as revenue when earned.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits with a maturity of less than three months and temporary bank overdrafts which forms an integral part of the partnership's cash management.

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

CAPITAL ASSETS

The acquisition of capital assets are recorded at their historical cost less amortization. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the partnership's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying amount is reduced to reflect the decline in the asset's value. The writedown is recorded in the statement of operations.

Amortization is calculated on a straight line basis using rates as set out in the Ontario Health Care Reporting System Guidelines. The estimated useful lives of the assets are as follows:

Equipment	5 years
Software	3 years

The cost of capital projects in progress is recorded as capital assets and no amortization is taken until the project is substantially completed and the asset is ready for productive use. The partnership allocates salary and benefit costs when personnel work directly in managing or implementing the capital project.

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute significant hours of their time each year to assist the partnership in carrying out certain charitable 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.

RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS

The partnership provides defined retirement and post-employment benefits for certain employee groups. These benefits include pension, extended health care, dental and life insurance. The partnership has adopted the following policies with respect to accounting for these employee benefits:

Multi-employer defined benefit pension

Substantially all of the employees of the partnership are eligible to be members of the Hospitals of Ontario Pension Plan (“HOOPP”), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to HOOPP, whereby contributions are expensed when due, as the partnership has insufficient information to apply defined benefit accounting.

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

RETIREMENT AND POST-EMPLOYMENT BENEFIT PLANS (CONT'D)

Post-employment benefits

i) The costs of post-employment future benefits are actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages, health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

ii) Past service costs (if any) arising from plan amendments are immediately recognized.

iii) The discount rate used in the determination of the above-mentioned liability is the discount rate recommended by the Ministry of Health and Long-Term Care.

FINANCIAL INSTRUMENTS

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

Fair Value

This category includes derivatives and equity instruments quoted in an active market. The partnership has designated its cash and cash equivalents at fair value.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

Amortized cost

This category includes accounts receivable, accounts payable and accrued liabilities and due to participating hospitals. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the allowance for doubtful accounts receivable, the useful life of capital assets, the actuarial estimation of post-employment benefits, accrued liabilities and contingencies. Actual results could differ from those estimates.

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

3. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category as at March 31, 2015. The maximum exposure to credit risk and liquidity risk would be the carrying value as shown below:

	2015		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	$ 4,398,381	$ -	$ 4,398,381
Accounts receivable	$ -	$ 2,635	$ 2,635
Accounts payable and accrued liabilities	$ -	$ 2,819,705	$ 2,819,705
Due to participating hospitals	$ -	$ 2,248,075	$ 2,248,075

	2014		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	$ 4,200,432	$ -	$ 4,200,432
Accounts receivable	$ -	$ 19,350	$ 19,350
Accounts payable and accrued liabilities	$ -	$ 3,513,639	$ 3,513,639
Due to participating hospitals	$ -	$ 1,290,699	$ 1,290,699

The following provides details 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 using the last bid price;

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

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).

Cash and cash equivalents is considered Level 1 fair value.

There were no transfers between levels for the year ended March 31, 2015.

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

4. POST-EMPLOYMENT BENEFITS RECOVERABLE

The post-employment benefits recoverable and the corresponding post-employment benefits payable reflected on the MICs statement of financial position relates only to those MICs employees whose costs are shared according to the predetermined cost sharing formula. Details of the post-employment benefits payable is presented in note 8. The amounts recoverable from the participating hospitals is determined as follows:

	%	2015	2014
Bingham Memorial Hospital	26	$ 67,331	$ 63,311
Anson General Hospital	37	95,817	90,093
Lady Minto Hospital	37	95,817	90,093
	100	$ 258,965	$ 243,497

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2015 Net	2014 Net
Equipment	$ 1,588,575	$ 1,075,629	$ 512,946	$ 492,102
Software	1,760,465	1,552,618	207,847	136,253
	$ 3,349,040	$ 2,628,247	$ 720,793	$ 628,355

As at March 31, 2015, there were $ 99,368 (2014 - $ 32,867) of capital projects in progress. These assets were not amortized.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trades payable and accrued libilities	$ 523,568	$ 1,178,202
Salaries and benefits payable	2,110,891	2,187,205
Employee deductions payable	185,246	148,232
	$ 2,819,705	$ 3,513,639

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

7. DUE TO PARTICIPATING HOSPITALS

In addition to sharing of particular expenses through the partnership, accounts payable and accrued liabilities include amounts to be paid by MICs on behalf of the participating hospitals. Considering the number of transactions involved, it is not considered practical to identify the amounts by hospital.

The amounts due to participating hospitals represent the excess of amounts advanced to MICs by or on behalf of the hospitals over the hospitals' share of MICs expenses and amounts payable by MICs on behalf of the hospital. The amounts are unsecured, non-interest bearing with no specific terms of repayment. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

	2015	2014
Bingham Memorial Hospital	$ 1,277,067	$ 388,640
Anson General Hospital	162,033	245,366
Lady Minto Hospital	808,975	656,693
	$ 2,248,075	$ 1,290,699

Recoveries of shared costs and direct charges from participating hospitals are as follows:

	2015	2014
Bingham Memorial Hospital	$ 4,520,151	$ 4,721,373
Anson General Hospital	9,847,098	10,197,777
Lady Minto Hospital	9,411,499	9,262,657
	$ 23,778,748	$ 24,181,807

8. POST-EMPLOYMENT BENEFITS PAYABLE

The MICs Group of Health Services and participating hospitals extends post employment extended health coverage, dental benefits and life insurance to certain employee groups subsequent to their retirement. The partnership recognizes these benefits as they are earned during the employees' tenure of service. Expenses are allocated to the respective participating hospitals according to where services are provided by the employee. The related liability was determined by an actuarial valuation dated May 15, 2015 for the year ended March 31, 2015.

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

8. POST-EMPLOYMENT BENEFITS PAYABLE, (CONT'D)

The following table outlines the components of the partnership's post-employment benefits payable and the related expenses. These are allocated to the respective hospitals according to where the services are provided by the respective employees. The liability and corresponding amount recoverable reflected on the MICs statement of financial position relates only to those MICs employees whose costs are shared according to the predetermined cost sharing formula. The post-employment benefits payable related to those MICs employees whose costs are charged directly to participating hospitals are reflected on the statement of financial position of the respective hospitals as follows:

	2015	2014
Bingham Memorial Hospital	$ 485,017	$ 472,646
Anson General Hospital	1,086,342	1,061,109
Lady Minto Hospital	1,183,393	1,175,556
	$ 2,754,752	$ 2,709,311

The MICs shared accrued benefit liability is determined as follows:

	2015	2014
Accrued benefit obligation	$ 277,002	$ 263,877
Unamortized actuarial gain	(18,037)	(20,380)
Accrued benefit liability	$ 258,965	$ 243,497

The MICs shared accrued benefit expense is determined as follows:

	2015	2014
Accrued benefit obligation, beginning of year	$ 263,877	$ 265,658
Unamortized actuarial gain	(20,380)	(39,272)
Accrued benefit liability, beginning of year	243,497	226,386
Current service cost	18,508	19,637
Interest on obligation	11,516	10,411
Amortization of actuarial gain	2,343	4,620
Total expense	32,367	34,668
Benefit payment	(16,899)	(17,557)
Accrued benefit liability, end of year	$ 258,965	$ 243,497

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

8. POST-EMPLOYMENT BENEFITS PAYABLE, (CONT'D)

The above amounts exclude contributions to the Hospitals of Ontario Pension Plan, a multi-employer plan, described in note 10.

The major actuarial assumptions employed for the valuations are as follows:

Discount rate

The present value of the future benefits was determined using a discount rate of 3.31% (2014 - 4.36%) which is the discount rate recommended by the Ministry of Health and Long-Term Care.

Extended Health Coverage

Extended Health Coverage is assumed to increase at a rate of 8% per annum (2014 - 8%) and decrease proportionately thereafter by 0.5% per year to an ultimate rate of 4.5% (2014 - 4.5%).

Dental costs

Dental costs is assumed to increase at 4% per annum (2014 - 4%).

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The changes in the deferred capital contributions balances are as follows:

	2015	2014
CAPITAL CONTRIBUTIONS RECEIVED		
Balance, beginning of year	$ 902,179	$ 885,212
Funding received during the year	27,297	16,967
Capital contributions transferred from deferred revenues	47,035	-
Balance, end of year	976,511	902,179
ACCUMULATED AMORTIZATION		
Balance, beginning of year	(886,626)	(885,212)
Amortization for the year	(21,334)	(1,414)
Balance, end of year	(907,960)	(886,626)
NET DEFERRED CAPITAL CONTRIBUTIONS	$ 68,551	$ 15,553

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

10. RETIREMENT BENEFITS

Substantially all of the Hospital's employees are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to $ 1,347,933 (2014 - $ 1,332,230) and are included in the statement of operations. As this is a multi-employer pension plan, these contributions are the Hospital's pension benefit expenses. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the Plan's surplus or deficit. No contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to the Plan policies. The most recent actuarial valuation of the Plan at December 31, 2014 indicated that the Plan is fully funded on a solvency basis.

Contributions by participating hospitals are as follows:

	2015	2014
Bingham Memorial Hospital	$ 256,387	$ 262,594
Anson General Hospital	546,884	547,703
Lady Minto Hospital	544,662	521,933
	$ 1,347,933	$ 1,332,230

11. CONTINGENCIES

a) The nature of the partnership's activities are 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 partnership has valid defences and appropriate insurance coverage in place. In the unlikely event any claims are successful, such claims are not expected to have a material effect on the partnership's financial position

b) The partnership is part of a collective group of employers participating in the process of formulating a central pay equity plan for a particular employee group. The possible ultimate liability arising to the partnership on completion of the plan is currently not determinable.

THE MICS GROUP OF HEALTH SERVICES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

12. COMMITMENTS

As participants in the regional NEON information systems network, the partnership is required to pay monthly fees for on-going systems support on behalf of the MICs partners. During the year, the partnership paid $ 226,092 in total for such fees (2014 - $ 226,092). Fees are determined on a cost-recovery basis and are subject to annual review and possible adjustment to reflect inflationary and other operational increases or decreases. Fee rates are also subject to negotiated changes which may arise to reflect changes to the shared costs of the information system.

During the year, the partnership also paid $ 125,141 for additional ongoing information system support services (2014 - $ 125,141).

13. COMPARATIVE FIGURES

The financial statements of the previous period have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings or net assets (net debt).

14. FINANCIAL INSTRUMENTS RISK MANAGEMENT

CREDIT RISK

The partnership is exposed to credit risk in the event of non-payment by their debtors for their accounts receivable. Credit risk arises from the possibility that these individuals may experience financial difficulty and be unable to fulfill their obligations. The partnership believes there is a minimal risk associated with these amounts since the majority of its receivables are from government agencies and the participating hospitals. The Hospital holds its cash account with federally regulated chartered banks who are insured by the Deposit Insurance Corporation of Ontario.

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

LIQUIDITY RISK

Liquidity risk results from the partnership's potential inability to meet its obligations associated with the financial liabilities as they become due. The partnership mitigates this risk by monitoring its operations and cash flows to ensure that current and future obligations will be met. The partnership believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

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.