Financial Statements of

Health Sciences North
Horizon Santé-Nord

Year ended March 31, 2016

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying financial statements of Health Sciences North have been prepared by management in accordance with Canadian public sector accounting standards, 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 financial 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 Audit Committee of the Board. The Audit Committee meets with management and the external auditors no fewer than three times a year.

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

On behalf of Health Sciences North

Dr. Denis Roy	Paul St. George
President & Chief Executive Officer	Vice President & Chief Financial Officer

May 10, 2016
Sudbury, Canada

KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3

Telephone (705) 675-8500
Fax (705) 675-7586
In Watts (1-800) 461-3551
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members

We have audited the accompanying financial statements of **Health Sciences North**, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Health Sciences North, as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 10, 2016
Sudbury, Canada

HEALTH SCIENCES NORTH

Statement of Operations

Year ended March 31, 2016, with comparative information for 2015
(In thousands of dollars)

	2016	2015
Revenue:		
North East Local Health Integration Network and Ministry of Health and Long-Term Care	$ 286,600	289,945
Cancer Care Ontario	54,413	51,579
Specifically funded programs	28,682	28,876
Patient services	32,515	33,143
Other	36,343	28,110
Amortization - deferred capital contributions for equipment	12,624	9,164
	451,177	440,817
Expenses:		
Salaries and wages	210,307	202,712
Employee benefits	56,387	59,397
Medical staff remuneration	28,149	28,080
Supplies and other	59,266	56,845
Medical and surgical	27,092	28,160
Drugs	22,354	18,414
Specifically funded programs	28,593	29,006
Amortization - equipment	16,819	16,694
	448,967	439,308
Excess of revenue over expenses from Hospital operations	2,210	1,509
Amortization - buildings	(10,730)	(10,661)
Amortization - deferred capital contributions for buildings	9,264	9,269
Interest on long-term debt (note 10)	(461)	–
Excess of revenue over expenses before one-time items	283	117
Working capital relief funding (note 11)	19,312	19,312
Post-construction operating plan settlement (note 12)	–	13,361
Excess of revenue over expenses	$ 19,595	32,790

See accompanying notes to financial statements.

HEALTH SCIENCES NORTH

Statement of Financial Position

March 31, 2016, with comparative information for 2015
(In thousands of dollars)

		2016	2015
Assets			
Current assets:			
Accounts receivable (note 2)	$	46,657	23,165
Inventories		4,185	4,202
Prepayments		5,128	4,603
		55,970	31,970
Restricted assets (note 3)		2,456	1,873
Long-term receivables (note 4)		16,261	13,298
Capital assets (note 5)		355,824	352,988
	$	430,511	400,129
Liabilities and Net Assets (Deficiency)			
Current liabilities:			
Bank indebtedness (note 6)	$	10,374	2,151
Accounts payable and accrued liabilities (note 7)		68,272	71,205
Current portion of long-term obligations (note 10)		477	207
		79,123	73,563
Deferred contributions (note 8)		1,091	1,028
Deferred capital contributions (note 9)		290,054	294,943
Long-term obligations (note 10)		47,207	37,154
		417,475	406,688
Net assets (deficiency)		13,036	(6,559)
Contingencies (note 16)			
	$	430,511	400,129

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

HEALTH SCIENCES NORTH

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2016, with comparative information for 2015
(In thousands of dollars)

		2016	2015
Net assets (deficiency), beginning of year	$	(6,559)	(39,349)
Excess of revenue over expenses		19,595	32,790
Net assets (deficiency), end of year	$	13,036	(6,559)

See accompanying notes to financial statements.

HEALTH SCIENCES NORTH

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015
(In thousands of dollars)

		2016	2015
Cash flows from operating activities:			
Excess of revenue over expenses	$	19,595	32,790
Adjustments for:			
Amortization of capital assets		27,549	27,355
Amortization of deferred capital contributions		(21,888)	(18,433)
Increase (decrease) in accrued benefits obligation		(1,270)	1,659
		23,986	43,371
Change in non-cash working capital (note 13)		(26,663)	(15,012)
		(2,677)	28,359
Cash flows from capital activities:			
Additions to capital assets:			
- capital expansion project		(380)	(413)
- parking lot redevelopment project		(3,716)	(4,544)
- equipment		(20,013)	(10,760)
- building		(5,354)	(3,064)
- medical learners project		(922)	(44)
Increase in deferred capital contributions		16,999	8,466
		(13,386)	(10,359)
Cash flows from financing activities:			
Increase in long-term receivables		(2,963)	(1,180)
Increase (decrease) in deferred contributions		63	(111)
Increase in long-term obligations		11,323	13,109
		8,423	11,818
Cash flows from investing activities:			
(Increase) decrease in restricted assets		(583)	116
Net increase (decrease) in cash		(8,223)	29,934
Bank indebtedness, beginning of year		(2,151)	(32,085)
Bank indebtedness, end of year	$	(10,374)	(2,151)

See accompanying notes to financial statements.

Health Sciences North (the "Hospital") was incorporated under the laws of Ontario on June 30, 1997 and is exempt from income taxes under Section 149 of the Income Tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

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 "MOHLTC") and the North East Local Health Integration Network ("NELHIN"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

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

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis, at rates corresponding to those of the related capital assets.

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

(b) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

Buildings and site services	2% - 10%
Furniture and equipment	5% - 20%
Information technology	20% - 33%

In the year of acquisition, amortization is provided at one-half of the rates otherwise charged.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

1. Significant accounting policies (continued):

(d) Related entities:

The notes to financial statements include information of the following entities (note 15):

Health Sciences North Foundation
Northern Cancer Foundation
Health Sciences North Volunteer Association
Sudbury Hospital Services
Sudbury Vascular Laboratory Ltd.
Health Sciences North Research Institute ("HSNRI") – formerly Advanced Medical Research Institute of Canada ("AMRIC")

The investment in the controlled entity, Sudbury Vascular Laboratory Ltd., is accounted for by the equity method. The other entities are not consolidated.

(e) Employee post-retirement benefits:

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

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 13 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

The Hospital is an employer member of the Health Care of Ontario Pension Plan (the "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

(f) Use of estimates:

The preparation of the financial statements 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 periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

1. Significant accounting policies (continued):

(g) Funding adjustments:

The Hospital receives grants from the NELHIN, MOHLTC and Cancer Care Ontario ("CCO") for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the NELHIN, MOHLTC or CCO are entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon in the period in which collection is received.

(h) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Given the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

(i) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured 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 incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

(In thousands of dollars)

2. Accounts receivable:

		2016	2015
NELHIN and MOHLTC	$	27,835	2,571
Patients		6,443	6,237
Hospitals and agencies		4,842	7,422
CCO		1,882	723
Canada Revenue Agency (HST)		1,870	1,930
Current portion of long-term receivables		701	668
Other		4,484	5,014
		48,057	24,565
Less allowance for doubtful accounts		(1,400)	(1,400)
	$	46,657	23,165

3. Restricted assets:

		2016	2015
Cash	$	1,290	690
Short-term investments		662	679
MOHLTC receivable		504	504
	$	2,456	1,873

Restricted assets are restricted for the capital expansion project and medical learners' project.

4. Long-term receivables:

		2016	2015
Northern Cancer Foundation	$	1,628	1,820
City of Greater Sudbury		4,464	4,941
HSNRI		10,870	7,205
		16,962	13,966
Less current portion		(701)	(668)
	$	16,261	13,298

(In thousands of dollars)

5. Capital assets:

		2016	
	Cost	Accumulated Amortization	Net book Value
Property	$ 3,767	–	3,767
Buildings and site services	123,221	74,874	48,347
Furniture and equipment	116,831	89,000	27,831
Information technology	62,113	42,493	19,620
Assets under capital leases	5,133	3,301	1,832
Capital project - building	287,862	53,041	234,821
Capital project - equipment	49,080	43,667	5,413
Projects in progress	14,193	–	14,193
	$ 662,200	306,376	355,824

		2015	
	Cost	Accumulated Amortization	Net book Value
Property	$ 3,577	–	3,577
Buildings and site services	114,683	71,393	43,290
Furniture and equipment	103,922	79,939	23,983
Information technology	51,797	37,408	14,388
Assets under capital leases	5,133	2,945	2,188
Capital project - building	287,549	45,870	241,680
Capital project - equipment	49,013	41,328	7,685
Projects in progress	16,197	–	16,197
	$ 631,871	278,883	352,988

6. Bank indebtedness:

	2016	2015
Short-term borrowings	$ 10,374	2,151

The Hospital has arranged for credit facilities which include a demand operating line to $20 million and a demand revolving working capital loan to $55 million. The facilities bear interest at banker's prime rate less 0.25% (2015 - prime rate less 0.25%).

(In thousands of dollars)

7. Accounts payable and accrued liabilities:

		2016	2015
Accounts payable and accrued liabilities:			
- operating	$	23,616	28,640
- capital		3,835	1,294
- NELHIN and MOHLTC		2,888	2,770
Payroll accruals:			
- salaries and wages		15,899	15,314
- vacation pay		15,066	14,588
- sick leave		347	390
Deferred revenue		6,621	8,209
	$	68,272	71,205

8. Deferred contributions:

Deferred contributions represent unspent externally restricted grants for research and other purposes. The changes in the deferred contributions balance are as follows:

		2016	2015
Balance, beginning of year	$	1,028	1,139
Contributions received		320	151
Amounts taken to revenue		(257)	(262)
Balance, end of year	$	1,091	1,028

(In thousands of dollars)

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2016	2015
Balance, beginning of year	$ 294,943	304,910
Additional contributions		
Equipment and buildings:		
NELHIN and MOHLTC	659	788
CCO	10,263	658
Canada Health Infoway	–	844
eHealth Ontario	99	–
Northern Cancer Foundation	271	–
Health Sciences North Foundation	635	19
NEON Partners	8	1,847
Other	511	1,679
	12,446	5,835
Capital expansion projects:		
MOHLTC – Phase 2 capital expansion project	4,345	2,402
City of Greater Sudbury	208	229
	4,553	2,631
	16,999	8,466
Less amounts amortized to revenue	(21,888)	(18,433)
Balance, end of year	$ 290,054	294,943

The balance of unamortized and unspent funds consists of the following:

	2016	2015
Unamortized	$ 286,836	292,302
Unspent:		
Equipment	1,000	1,023
Capital Project	928	928
Medical Learners Capital project	1,290	690
	3,218	2,641
	$ 290,054	294,943

(In thousands of dollars)

10. Long-term obligations:

		2016	2015
Employee post-retirement benefits (a)	$	22,775	24,045
Long-term debt (b)		23,800	12,000
Other (c)		1,109	1,316
		47,684	37,361
Less: current portion		(477)	(207)
	$	47,207	37,154

(a) Employee post-retirement benefits:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all unionized full time employees with various cost-sharing arrangements as determined by their collective agreements. The most recent valuation of the employee future benefits was completed as at April 1, 2015. The next full valuation of the plan will be as of April 1, 2018.

The accrued benefit obligation is recorded in the financial statements as follows:

		2016	2015
Accrued benefit obligation, beginning of year	$	24,045	22,386
Add: Benefit costs		2,191	2,310
		26,236	24,696
Less: Benefit contributions		(1,356)	(651)
Adjustment to actuarial valuation		(2,105)	–
Balance, end of year	$	22,775	24,045

Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

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

	2016	2015
Discount rate	3.00%	4.00%
Dental cost trend rates	3.00%	4.00%
Extended health care trend rates	6.25%	7.50%

10. Long-term obligations (continued):

(b) Long-term debt:

Long-term debt consists of:

(i) Demand revolving loan to $25,000 to finance capital expenditures, including completion of the parking lot improvements in the amount of $12,000. The loan bears interest at a rate of prime less 0.25% and requires interest only payments during the construction phase of the parking lot development project. As at March 31, 2016, $13,200 (2015 - $5,000) has been drawn in this facility.

(ii) Demand non-revolving loan to $15,000 to finance advances made to HSNRI. The loan bears interest at a rate of prime less 0.25% and requires interest only payments until March 2018, and principal and interest payments for the subsequent seven years to provide full repayment of the total amount outstanding by March 2025. As at March 31, 2016, $10,600 (2015 - $7,000) has been drawn on this facility. The repayment of this loan parallels the terms and conditions of the long-term receivable from HSNRI (see note 4).

(c) The Hospital has entered into a six year capital lease for equipment with a monthly lease payment of $20.

11. Working capital relief funding:

In March 2014, the Hospital entered into a Working Funds Agreement with the MOHLTC through the NELHIN whereby the MOHLTC has committed $57,936 in one-time funding in three equal annual instalments of $19,312 per year starting in fiscal 2014 and ending in fiscal 2016. The purpose of the agreement is to improve the Hospital's adjusted working funds deficit position.

The Hospital is eligible to receive these funds provided that it meets certain conditions. The conditions of the agreement are in force until March 31, 2018 when the Hospital's adjusted working funds balance is expected to reach a balanced position.

12. Post-construction operating plan settlement:

In 2015, the Hospital received confirmation that the MOHLTC has finalized its reconciliation of post-construction operating plan funding for the 2010 to 2013 fiscal years. As a result of this reconciliation, the MOHLTC confirmed that no amounts were payable by the Hospital with respect to post-construction operating plan funding.

Prior years' financial statements included $13,361 in post-construction operating plan funding which had been deferred pending the MOHLTC reconciliation and was included in the reported amount of deferred revenue. Based on the results of the MOHLTC reconciliation, the Hospital recognized this amount as revenue in 2015.

(In thousands of dollars)

13. Change in non-cash working capital:

		2016	2015
Accounts receivable	$	(23,492)	6,199
Inventories		17	(73)
Prepayments		(525)	1,048
Accounts payable and accrued liabilities		(2,933)	(22,393)
Current portion of long-term obligation		270	207
	$	(26,663)	(15,012)

14. Pension plan:

Substantially all of the employees of the Hospital are members of the Plan which is a multi-employer defined benefit plan. Contributions to the Plan made during the year on behalf of employees amounted to $19,857 (2015 - $19,459) and are included in employee benefits in the statement of operations.

15. Other entities:

This section addresses disclosure requirements regarding the Hospital's relationships with related entities. The relationship can be one of economic interest, significant influence, joint control or control.

(a) Foundations and Volunteer Association:

The Hospital has an economic interest in the Health Sciences North Foundation. The Health Sciences North Foundation was created for the purpose of promoting and participating in fundraising programs in order to raise money for capital projects and to assist in undertaking all phases of medical research. At March 31, 2016, the amount owing to the Hospital from the Foundation was $815 (2015 - $799). During the year, the Hospital received donations amounting to $1,445 (2015 - $730) from the Health Sciences North Foundation.

The Hospital has an economic interest in the Northern Cancer Foundation. The Northern Cancer Foundation was created for the purpose of promoting and participating in fundraising activities throughout the northeastern Ontario region to support cancer research and cancer care programs of the Northeast Cancer Program. At March 31, 2016, the amount owing to the Hospital from the Foundation was $173 (2015 - $339).

The Hospital has an economic interest in the Health Sciences North Volunteer Association. The Health Sciences North Volunteer Association was created for the purpose of promoting and participating in fundraising activities in order to raise money for capital equipment, health related community projects and volunteer activities. At March 31, 2016, the amount owing to the Hospital from the Association was $44 (2015 - $23).

(In thousands of dollars)

15. Other entities (continued):

(b) Sudbury Hospital Services:

Sudbury Hospital Services was created to provide laundry services to the Hospital based on rates reflecting the costs, expenses and disbursements incurred by them in the normal course of business. The Hospital has significant influence in Sudbury Hospital Services. During the year, the Hospital purchased $5,992 (2015 - $5,538) in laundry, ware-washing and transport services from Sudbury Hospital Services. At March 31, 2016, the amount owing to Sudbury Hospital Services was $876 (2015 - $188).

(c) Sudbury Vascular Laboratory Ltd.:

Sudbury Vascular Laboratory Ltd. was created to operate a vascular laboratory. The Hospital controls Sudbury Vascular Laboratory Ltd. As at March 31, 2016, Sudbury Vascular Laboratory Ltd. had total amounts owing to the Hospital of $71 (2015 - $45).

Pertinent summary financial information of Sudbury Vascular Laboratory Ltd. is as follows:

	Sudbury Vascular Laboratory Ltd.	
	2015	2014
Financial position:		
Total assets	$ 832	1,045
Total liabilities	$ 286	291
Net assets	546	754
	$ 832	1,045
Results of operations:		
Total revenue	$ 1,571	1,495
Total expenses	(1,778)	(1,807)
Income taxes	(2)	41
Deficiency of revenue over expenses	$ (209)	(271)
Cash flows:		
Cash from operations	$ (135)	(81)
Cash from financing and investing activities	38	(51)
Decrease in cash	$ (97)	(132)

Financial information for 2016 was not available at the time of the audit report date.

15. Other entities (continued):

(d) Health Sciences North Research Institute:

HSNRI was created on April 1, 2012 to establish a center of excellence in research, education, and training related to health and healthcare delivery. The Hospital has significant influence over HSNRI, a tax-exempt entity without share capital. As at March 31, 2016, HSNRI had total amounts owing to the Hospital of $10,452 (2015 -$7,205).

16. Contingencies:

(a) Legal matters and litigation:

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(b) Employment matters:

During the normal course of operation, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

17. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to accounts receivable and other investments.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2016 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

The Hospital follows an investment policy approved by the Board of Directors. The maximum exposure to credit risk of the Hospital at March 31, 2016 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2015.

17. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of the date of an invoice.

There have been no significant changes to the liquidity risk exposure from 2015.