Cancer Care Ontario

Financial Statements
March 31, 2015

Cancer Care Ontario
Action Cancer Ontario

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June 18, 2015

Management's Responsibility for Financial Information

Management and the Board of Directors are responsible for the financial statements and all other information presented in this financial statement. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and, where appropriate, include amounts based on management's best estimates and judgements.

Cancer Care Ontario is dedicated to the highest standards of integrity and patient care. To safeguard Cancer Care Ontario's assets, a sound and dynamic set of internal financial controls and procedures that balance benefits and costs has been established. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Audit Finance Committee.

For the fiscal year ended March 31, 2015, Cancer Care Ontario's Board of Directors, through the Audit Finance Committee, was responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal controls. The Committee meets regularly with management, the internal auditor and the Auditor General to satisfy itself that each group had properly discharged its respective responsibility, and to review the financial statements before recommending approval by the Board of Directors. The Auditor General had direct and full access to the Audit Finance Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Cancer Care Ontario's financial reporting and the effectiveness of the system of internal controls.

The financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

On behalf of Cancer Care Ontario Management,

Michael Shear

Michael Sherar, PhD
President and CEO

Elham Roushani

Elham Roushani, BSc, CPA, CA
Vice President & Chief Financial Officer

Ontario
Cancer Care Ontario
Action Cancer Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Cancer Care Ontario
and to the Minister of Health and Long-Term Care

I have audited the accompanying financial statements of Cancer Care Ontario, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in fund balances, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Cancer Care Ontario 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.

Toronto, Ontario
June 18, 2015

Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General

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Cancer Care Ontario

Statement of Financial Position

As at March 31, 2015

(in thousands of dollars)

	2015 $	2014 $
Assets		
Current assets		
Cash and cash equivalents (note 3)	73,769	75,124
Investments (note 4)	95,388	93,962
Receivables and prepaid expenses (note 5)	10,932	31,171
	180,089	200,257
Capital assets (note 6)	6,825	152,437
	186,914	352,694
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	126,813	144,931
Non-current liabilities		
Deferred contributions related to capital assets (note 8)	6,049	153,393
Post-employment benefits other than pension plan (note 9(b))	2,438	2,371
	8,487	155,764
Fund Balances		
Endowment (note 2)	1,088	1,288
Internally restricted (note 2)	670	1,012
Externally restricted (note 2)	1,731	1,749
General - unrestricted (note 2)	45,097	44,666
Invested in capital assets (note 10)	3,028	3,284
	51,614	51,999
	186,914	352,694

Commitments (note 15)

Contingencies (note 16)

Guarantees (note 17)

Approved by the Board of Directors

S. Khetarpal _______________ Director Ratan Ralliaram _______________ Director

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

Cancer Care Ontario

Statement of Operations

For the year ended March 31, 2015

(in thousands of dollars)

	Restricted		General		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Revenue						
Ministry of Health and Long-Term Care	-	-	1,720,943	1,479,491	1,720,943	1,479,491
Ministry of Health and Long-Term Care capital funding for Integrated Cancer Programs	-	-	33,181	7,569	33,181	7,569
Amortization of deferred contributions related to capital assets (note 8)	-	-	13,476	39,115	13,476	39,115
Other revenue (note 12)	2,665	1,915	4,567	5,634	7,232	7,549
Investment income (note 11)	17	18	2,584	2,730	2,601	2,748
	2,682	1,933	1,774,751	1,534,539	1,777,433	1,536,472
Expenses						
Chronic kidney disease services	-	-	612,557	577,497	612,557	577,497
Cancer and prevention related services	8	32	507,768	444,624	507,776	444,656
Provincial drug reimbursement program	-	-	319,171	280,682	319,171	280,682
Screening services	-	-	147,993	48,132	147,993	48,132
Salaries and benefits (note 9)	2,003	1,902	98,329	86,524	100,332	88,426
Capital contributions to cancer related services	-	-	32,904	12,897	32,904	12,897
Other operating expenses (note 13)	190	328	28,113	22,688	28,303	23,016
Amortization of capital assets	-	-	15,364	41,064	15,364	41,064
Purchased services	985	858	9,015	10,667	10,000	11,525
Clinical translational research	-	-	3,344	4,102	3,344	4,102
Net loss on disposal of capital assets	-	-	74	415	74	415
	3,186	3,120	1,774,632	1,529,292	1,777,818	1,532,412
Excess (deficiency) of revenue over expenses	(504)	(1,187)	119	5,247	(385)	4,060

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

Cancer Care Ontario

Statement of Changes in Fund Balances

For the year ended March 31, 2015

(in thousands of dollars)

	Restricted					2015	2014
	Endowment $	Internally $	Externally $	General unrestricted $	Invested in capital assets $	Total $	Total $
Fund balances - March 31, 2014	1,288	1,012	1,749	44,666	3,284	51,999	47,939
Excess (deficiency) of revenue over expenses	(200)	(282)	(22)	119	-	(385)	4,060
Net change in invested in capital assets (note 10)	-	-	-	256	(256)	-	-
Interfund transfers (note 14)	-	(60)	4	56	-	-	-
Fund balances - March 31, 2015	1,088	670	1,731	45,097	3,028	51,614	51,999

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

Cancer Care Ontario

Statement of Cash Flows

For the year ended March 31, 2015

(in thousands of dollars)

	2015 $	2014 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	(385)	4,060
Amortization of capital assets	15,364	41,064
Amortization of deferred contributions related to capital assets	(13,476)	(39,115)
Net loss on disposal of capital assets	74	415
Post-employment benefits expense other than pension plan	243	221
Post-employment benefits paid other than pension plan	(176)	(230)
Change in non-cash operating working capital		
Receivables and prepaid expenses	20,239	23,818
Accounts payable and accrued liabilities	(18,118)	(44,693)
	3,765	(14,460)
Capital activities		
Purchase of capital assets	(6,517)	(33,857)
Proceeds on disposal of capital assets	-	88
	(6,517)	(33,769)
Investing activities		
Proceeds from maturity of investments	93,078	102,096
Purchase of investments	(94,504)	(93,137)
	(1,426)	8,959
Financing activities		
Amounts received related to capital assets	2,823	23,230
Decrease in cash and cash equivalents during the year	(1,355)	(16,040)
Cash and cash equivalents - Beginning of year	75,124	91,164
Cash and cash equivalents - End of year	73,769	75,124

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

(in thousands of dollars)

1 Nature of operations

Cancer Care Ontario (the Organization) is the provincial government agency responsible for driving health system performance improvement for Ontario's cancer and chronic kidney disease health systems. The Organization also supports achievement of Ontario's Wait Time and Emergency Room/Alternate Level of Care Strategies through the collection and provision of information that enables the government to measure, manage and improve access quality and efficiency of care. With this mandate, the Organization is responsible for the funding to continually improve health system performance to ensure that patients receive the right care, at the right time, in the right place, at every step of their journey.

The Organization's role includes working with healthcare providers in every region across the province to plan services that will meet current and future patient needs; to support providers in delivering the highest-quality care aligned to evidence-based standards and guidelines; and to work with administrators, doctors and other care providers to improve system efficiency and effectiveness.

The Organization also leads the development and implementation of innovative payment models; implements provincial programs designed to raise screening participation rates; translates research and evidence into standards and guidelines; puts information into the hands of the provincial policy makers; and ensures Ontarians have cancer and renal care systems that are accountable, efficient and of the highest quality by measuring and reporting on the performance of services.

The Organization is primarily funded by the Province of Ontario through the Ministry of Health and Long-Term Care (MOHLTC). The Organization and the MOHLTC entered into a Memorandum of Understanding (MOU), effective December 2, 2009. It is mandated by the Agencies and Appointments Directive for all agencies to have a MOU as a mode of operation with the MOHLTC.

The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Members of the Board of Directors and Board Committees are volunteers who service without remuneration.

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Public Sector Accounting Standards for government not-for-profit organizations as issued by the Public Sector Accounting Board.

Fund accounting

The Endowment Fund reports contributions subject to externally imposed stipulations specifying that the resources contributed be maintained permanently, unless specifically disendowed by the donor. Restricted investment income earned on Endowment Fund resources is recognized as revenue of the Externally Restricted Fund.

(in thousands of dollars)

The Internally Restricted Fund reports funds internally restricted by the Board of Directors for education, research or other special purposes.

The Externally Restricted Fund reports donations and grants which have restrictions placed on their use by the donor, primarily related to research. The Organization ensures, as part of its fiduciary responsibility, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The General Fund accounts for the Organization's MOHLTC and other funded programs. This Fund reports unrestricted resources, all restricted grants from MOHLTC, and restricted grants from others for which the Organization has no corresponding restricted fund.

Contributions

The Organization follows the restricted fund method of accounting for its restricted contributions. Restricted contributions are recognized as revenue of the Restricted Fund if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. Restricted contributions for which there is no corresponding Restricted Fund (including MOHLTC and other funded programs) are recognized as revenue in the General Fund using the deferral method.

Unrestricted contributions are recognized as revenue of the General Fund when the amount is reasonably estimable and collection is probable.

Unrestricted contributions received for the purpose of capital assets are recorded as deferred capital contributions related to capital assets and are amortized on the same basis as the related capital assets.

Contributions for endowment are recognized as revenue of the Endowment Fund in the year of receipt.

Cash and cash equivalents

The Organization considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

Financial instruments

Financial instruments are measured at fair value when acquired or issued. In subsequent periods, financial instruments (including investments) are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when there is objective evidence of impairment. When there has been a loss in value of investments that is other than a temporary decline, the investment is written down and the loss is recorded in the statement of operations. For receivables, when a loss is considered probable, the receivable is reflected at its estimated net recoverable amount, with the loss reported on the statement of operations. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items subsequently measured at fair value and charged to the financial instrument for those measured at amortized cost.

(in thousands of dollars)

Capital assets

Capital assets are recorded at cost, less accumulated amortization and accumulated impairment losses, if any. Third party and internal labour costs are capitalized under software in connection with the development of information technology projects.

All capital assets are amortized on a straight-line basis at rates based on the estimated useful lives of the assets.

Therapeutic and other technical equipment are amortized over periods ranging from 4 years to 9 years; office furniture and equipment are amortized over periods ranging from 3 years to 5 years; and leasehold improvements are amortized over the term of the leases. Software is amortized over periods ranging from 3 years to 4 years.

Land and buildings for four lodges donated by the Canadian Cancer Society - Ontario Division are recorded at nominal value, as the fair value was not reasonably determinable at the time of the donation.

When a capital asset no longer has any long-term service potential to the Organization, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the statement of operations.

Expenses

Expenses are recorded on an accrual basis.

Pension benefits and post-employment benefits other than pension plan

i) Pension costs

The Organization accounts for its participation in the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer defined benefit pension plan, as a defined contribution plan, as the Organization has insufficient information to apply defined benefit plan accounting. Therefore, the Organization's contributions are accounted for as if the plan were a defined contribution plan with the Organization's contributions being expensed in the period they come due.

ii) Post-employment benefits other than pension plan

The cost of post-employment benefits other than pension plan is actuarially determined using the projected benefit method pro-rated on services and expensed as employment services are rendered. Adjustments to these costs arising from changes in estimates and actuarial experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis.

(in thousands of dollars)

Use of estimates

The preparation of 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 year. Items subject to such estimates and assumptions include the impairment assessment in the carrying amount of capital assets, amortization of capital assets and accruals and receivables related to drug expenditures. Actual results could differ from those estimates.

3 Cash and cash equivalents - restricted

Cash and cash equivalents include $417 (2014 - $416), which is restricted, as it relates to a pension plan that has been dissolved and is being held in escrow in the event that former members put forth a claim. These funds are subject to externally imposed restrictions and are not available for general use.

4 Investments

	2015 $	2014 $
Guaranteed investment certificates		
Interest at 1.85%, maturing September 5, 2015	23,870	-
Interest at 1.77%, redeemable on demand, maturing March 17, 2016	20,191	-
Interest at 1.80%, redeemable on demand, maturing September 5, 2015	10,103	-
Interest at 1.80%, redeemable on demand, maturing September 5, 2015	10,103	-
Interest at 1.90%, maturing October 2, 2015	10,636	-
Interest at 1.89%, maturing November 3, 2015	10,261	-
Interest at 1.90%, maturing January 7, 2016	10,224	-
Interest at 1.95%, maturing September 5, 2014	-	43,259
Interest at 1.70%, redeemed on May 7, 2014	-	20,142
Interest at 1.80%, maturing October 2, 2014	-	10,443
Interest at 1.80%, maturing October 30, 2014	-	10,076
Interest at 1.80%, maturing January 7, 2015	-	10,042
	95,388	93,962

5 Receivables and prepaid expenses

	2015 $	2014 $
Accounts receivable	7,990	13,138
Due from MOHLTC	1,140	16,100
Prepaid expenses	1,802	1,933
	10,932	31,171

(in thousands of dollars)

6 Capital assets

			2015
	Cost **$**	**Accumulated amortization** **$**	**Net book value** **$**
Therapeutic and other technical equipment	4,242	3,908	334
Office furniture and equipment	7,166	5,660	1,506
Leasehold improvements	5,052	4,194	858
Land and building	1	-	1
Software	31,786	27,660	4,126
	48,247	41,422	6,825

			2014
	Cost **$**	**Accumulated amortization** **$**	**Net book value** **$**
Therapeutic and other technical equipment	308,520	173,498	135,022
Office furniture and equipment	6,146	4,748	1,398
Leasehold improvements	4,415	4,148	267
Land and buildings	1	-	1
Software	51,352	35,603	15,749
	370,434	217,997	152,437

During the 2014/15 fiscal year, the Organization transferred ownership of the radiation treatment equipment and related software to the Integrated Cancer Program (ICP) Hospitals, where the equipment had been installed. The equipment was fully funded through a deferred capital grant, and thus the transfer of ownership was completed at net book value, with no proceeds being exchanged on transfer, resulting in no gain or loss being recorded by the Organization. The equipment had a cost of $326,889, and $190,198 in accumulated amortization at the time of transfer.

The cost of capital assets includes software under development of $746 (2014 - $997) and deposits for equipment and leasehold improvements of $766 (2014 - $24,281). Amortization of these amounts will commence when the asset is available for use.

(in thousands of dollars)

7 Accounts payable and accrued liabilities

	2015 $	2014 $
Trade payables	50,102	69,182
Accrued liabilities	68,160	53,724
Payable to MOHLTC	8,134	21,609
Pension escrow (note 3)	417	416
	126,813	144,931

8 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized and unspent amount of funds received for the purchase of capital assets. The changes in the deferred contributions related to capital assets balance for the year are as follows:

	2015 $	2014 $
Balance - beginning of year	153,393	169,278
Amounts received related to capital assets	2,823	23,230
Amounts transferred to hospitals	(136,691)	-
Amounts recognized as revenue	(13,476)	(39,115)
Balance - end of year	6,049	153,393

The amounts transferred to hospitals relate to the transfer in ownerships of the radiation treatment equipment (note 6).

The balance of deferred capital contributions related to capital assets consists of the following:

	2015 $	2014 $
Unamortized capital contributions used to purchase capital assets	3,797	149,153
Unspent contributions	2,252	4,240
	6,049	153,393

(in thousands of dollars)

9 Pension benefits and post-employment benefits

a) Pension plan

Employees of the Organization are members of HOOPP, which is a multi-employer contributory defined benefit pension plan. HOOPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death.

Contributions to HOOPP made during the year by the Organization on behalf of its employees amounted to $7,264 (2014 - $6,403) and are included in the pension expenses, which reflect all amounts owing for the year, in the statement of operations.

b) Post-employment benefits plan other than pension plan

Prior to January 1, 2006, the Organization offered non-pension, post-employment health and dental benefits to its active and retired employees. Effective January 1, 2006, the Organization offers non-pension, post-employment benefits only to its retired employees, who retired prior to January 1, 2006. Benefits paid during the year under this unfunded plan were $176 (2014 - $230). The actuarial valuation for the post-employment benefits other than pension plan is dated April 1, 2013 and has been extrapolated to March 31, 2015.

Information about the Organization's post-employment benefits other than pension plan is as follows:

	2015 $	2014 $
Accrued benefit obligation	3,635	3,388
Unamortized actuarial losses	(1,197)	(1,017)
Post-employment benefits other than pension plan	2,438	2,371

The movement in the employee future benefits liability during the year is as follows:

	2015 $	2014 $
Post-employment benefits other than pension plan - April 1, 2014	2,371	2,380
Expense related to post-retirement benefits	243	221
Funding contributions	(176)	(230)
Post-employment benefits other than pension plan - March 31, 2015	2,438	2,371

(in thousands of dollars)

	2015 $	2014 $
Interest cost	144	122
Amortization of experience losses	99	99
Total benefit expense	243	221

The actuarially determined present value of the accrued benefit obligation is measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action as follows:

	2015	2014
Discount rate	3.31%	4.36%
Drug cost trend rate	7.0% in 2015 to 5% in 2018 and after	7.5% in 2014 to 5% in 2018 and after
Hospital, dental and other medical costs trend rate	4% per annum	4% per annum
Employee average remaining lifetime (years)	10.22	11.22

10 Invested in capital assets

	2015 $	2014 $
Capital assets	6,825	152,437
Amounts financed by deferred capital contributions (note 8)	(3,797)	(149,153)
	3,028	3,284

Change in net assets invested in capital assets is calculated as follows:

	2015 $	2014 $
Purchase of capital assets	6,517	33,857
Capital funding	(4,811)	(33,210)
Amortization of deferred contributions related to capital assets	13,476	39,115
Amortization of capital assets	(15,364)	(41,064)
Net book value of equipment transferred to hospitals	(136,691)	-
Deferred contributions transferred to hospitals	136,691	-
Disposal of capital assets	(74)	(503)
	(256)	(1,805)

(in thousands of dollars)

11 Net investment income

Net investment income earned on the Endowment Fund resources in the amount of $17 (2014 - $18) is included in the Restricted Fund.

12 Other revenue

	2015 $	2014 $
General Fund		
Public Health Ontario	2,351	2,366
Canadian Partnership Against Cancer	1,056	95
Salary recovery	163	131
eHealth Ontario	3	1,355
Other income	994	1,687
	4,567	5,634
Restricted Fund		
Grants	2,665	1,915

13 Other operating expenses

	2015 $	2014 $
Restricted Fund		
Travel	80	119
Education and publications	35	71
General office	32	61
Equipment	31	49
Consulting services	12	27
Other expenses	-	1
	190	328
General Fund		
Equipment	6,383	5,537
General office	5,666	4,089
Occupancy costs	5,177	4,352
Consulting services	4,544	3,898
Education and publications	4,232	2,607
Travel	1,360	1,210
Professional fees	505	797
Other expenses	246	198
	28,113	22,688

(in thousands of dollars)

14 Interfund transfers

	2015 $	2014 $
Transfer to the General Fund from the Internally Restricted Fund	60	54
Transfer (from) to the General Fund (to) from the Externally Restricted Fund	(4)	17
	56	71

15 Commitments

a) The minimum rental payments for lease space and computer and office equipment under the terms of the operating leases are estimated as follows for the years ending March 31:

	$
2016	7,033
2017	5,808
2018	3,046
2019	232
2020	9
	16,128

b) The Organization has committed $3,031 (2014 - $5,087) for the purchase of equipment, which is net of deposits disclosed in note 6.

16 Contingencies

The Organization is a member of the Healthcare Insurance Reciprocal of Canada (HIROC), which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid are not sufficient to cover claims, the Organization will be required to provide additional funding on a participatory basis.

Since the inception, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC.

(in thousands of dollars)

17 Guarantees

a) Director/officer indemnification

The Organization's general by-laws contain an indemnification of its directors/officers, former directors/officers and other persons who have served on board committees against all costs incurred by them in connection with any action, suit or other proceeding in which they are sued as a result of their service, as well as all other costs sustained in or incurred by them in relation to their service. This indemnity excludes costs that are occasioned by the indemnified party's own dishonesty, wilful neglect or default.

The nature of the indemnification prevents the Organization from making a reasonable estimate of the maximum amount that it could be required to pay to counterparties. To offset any potential future payments, the Organization has purchased from HIROC directors' and officers' liability insurance to the maximum available coverage. The Organization has not made any payments under such indemnifications, and no amount has been accrued in the accompanying financial statements with respect to the contingent aspect of these indemnities.

b) Other indemnification agreements

In the normal course of its operations, the Organization executes agreements that provide for indemnification to third parties. These include, without limitation: indemnification of the landlords under the Organization's leases of premises; indemnification of the MOHLTC from claims, actions, suits or other proceedings based upon the actions or omissions of the representative groups of medical, radiation and gynaecology/oncology physicians under certain Alternate Funding Agreements; and indemnification of the Integrated Cancer Program host hospitals from claims, actions, costs, damages and expenses brought about as a result of any breach by the Organization of its obligations under the Cancer Program Integration Agreement and the related documentation.

While the terms of these indemnities vary based upon the underlying contract, they normally extend for the term of the contract. In most cases, the contract does not provide a limit on the maximum potential amount of indemnification, which prevents the Organization from making a reasonable estimate of its maximum potential exposure. The Organization has not made any payments under such indemnifications, and no amount has been accrued in the accompanying financial statements with respect to the contingent aspect of these indemnities.

18 Financial instruments

The Organization's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk. There have been no significant changes from the previous year in the exposure to these risks or in methods used to measure these risks.

(in thousands of dollars)

Credit risk

Credit risk arises from cash and cash equivalents and investments held with financial institutions and credit exposures on outstanding receivables. Cash and cash equivalents and investments are held at major financial institutions that have high credit ratings assigned to them by credit-rating agencies minimizing any potential exposure to credit risk. The Organization assesses the credit quality of the counterparties, taking into account their financial position and other factors. It is management's opinion that the risk related to receivables is minimal as most of the receivables are from federal and provincial governments and organizations controlled by them.

The Organization's maximum exposure to credit risk related to accounts receivable at year-end was as follows:

	0 to 30 days $	31 to 60 days $	61 to 90 days $	91 + days $	Total $
Accounts receivable	7,475	182	29	304	7,990
Due from MOHLTC	1,140	-	-	-	1,140
Amount receivable	8,615	182	29	304	9,130

As there is no indication that the Organization will not be able to recover these receivables, an impairment allowance has not been recognized.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Organization currently is only exposed to interest rate risk from its investments. The Organization does not expect fluctuations in market interest rates to have a material impact on its financial performance and does not use derivative instruments. The Organization mitigates interest rate risk on its investments by purchasing guaranteed investment certificates with short-term maturities and demand features.

As at March 31, 2015, a 1% fluctuation in interest rates, with all other variables held constant, will approximately increase/decrease the value of investments by $482.

Liquidity risk

Liquidity risk is the risk the Organization will not be able to meet its cash flow obligations as they fall due. The Organization mitigates this risk by not incurring debt and monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

(in thousands of dollars)

	0 to 30 days $	31 to 60 days $	61 to 90 days $	91 + days $	Total $
Trade payables	50,095	49	(107)	65	50,102
Accrued liabilities	68,087	-	-	73	68,160
Payable to MOHLTC	8,134	-	-	-	8,134
Pension escrow	-	-	-	417	417
Amount payable	126,316	49	(107)	555	126,813

19 Comparative figures

Comparative figures have been reclassified to conform to the expense groupings adopted in the current year.