

# **Cancer Care Ontario**

Financial Statements  
**March 31, 2018**



June 25, 2018

## 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, 2018, 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 Sherar, PhD  
President and CEO

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



### ***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, 2018 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, 2018 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bonnie Lysyk, MBA, FCPA, FCA, LPA  
Auditor General



Toronto, Ontario  
June 25, 2018

**Cancer Care Ontario**  
**Statement of Financial Position**  
**As at March 31, 2018**

(in thousands of dollars)

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 3)	19,882	64,745
Investments (note 4)	71,818	76,226
Receivables and prepaid expenses (note 5)	13,851	5,069
	<u>105,551</u>	<u>146,040</u>
<b>Capital assets</b> (note 6)	<u>9,433</u>	<u>6,867</u>
	<u>114,984</u>	<u>152,907</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	73,051	98,161
<b>Non-current liabilities</b>		
Deferred contributions related to capital assets (note 8)	7,626	5,989
Post-employment benefits other than pension plan (note 9(b))	2,344	2,428
	<u>9,970</u>	<u>8,417</u>
<b>Fund Balances</b>		
Endowment	88	88
Internally restricted	-	86
Externally restricted	1,473	1,577
General - unrestricted	28,595	43,700
Invested in capital assets (note 10)	1,807	878
	<u>31,963</u>	<u>46,329</u>
	<u>114,984</u>	<u>152,907</u>
<b>Commitments</b> (note 15)		
<b>Contingencies</b> (note 16)		
<b>Guarantees</b> (note 17)		

Approved by the Board of Directors

 Director  Director

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

**Cancer Care Ontario**  
**Statement of Operations**  
**For the year ended March 31, 2018**

(in thousands of dollars)

	Restricted		General		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>Revenue</b>						
Ministry of Health and Long-Term Care	-	-	2,131,356	2,023,038	2,131,356	2,023,038
Amortization of deferred contributions related to capital assets (note 8)	-	-	1,107	1,268	1,107	1,268
Other revenue (note 11)	2,175	1,396	4,162	5,297	6,337	6,693
Investment income (note 12)	-	1	2,480	2,201	2,480	2,202
	<u>2,175</u>	<u>1,397</u>	<u>2,139,105</u>	<u>2,031,804</u>	<u>2,141,280</u>	<u>2,033,201</u>
<b>Expenses</b>						
Cancer and prevention related services	-	9	800,567	754,123	800,567	754,132
Chronic kidney disease services	-	-	631,408	634,118	631,408	634,118
Provincial drug reimbursement program	-	-	378,839	319,262	378,839	319,262
Screening services	-	-	167,729	159,986	167,729	159,986
Salaries and benefits (note 9)	1,867	1,953	106,926	105,845	108,793	107,798
Capital contributions to cancer related services	-	-	37,895	34,730	37,895	34,730
Other operating expenses (note 13)	162	237	21,208	20,365	21,370	20,602
Purchased services	308	496	5,829	2,882	6,137	3,378
Amortization of capital assets	-	-	1,598	2,279	1,598	2,279
Clinical translational research	-	-	1,310	1,385	1,310	1,385
	<u>2,337</u>	<u>2,695</u>	<u>2,153,309</u>	<u>2,034,975</u>	<u>2,155,646</u>	<u>2,037,670</u>
<b>(Deficiency) of revenue over expenses</b>	<u>(162)</u>	<u>(1,298)</u>	<u>(14,204)</u>	<u>(3,171)</u>	<u>(14,366)</u>	<u>(4,469)</u>

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, 2018**

(in thousands of dollars)

	<b>2018</b>					
	<b>Restricted</b>			<b>General unrestricted</b>	<b>Invested in capital assets</b>	<b>Total</b>
	<b>Endowment</b>	<b>Internally</b>	<b>Externally</b>			
	\$	\$	\$	\$	\$	\$
<b>Fund balances - March 31, 2017</b>	88	86	1,577	43,700	878	46,329
<b>(Deficiency) of revenue over expenses</b>	-	(86)	(76)	(14,204)	-	(14,366)
<b>Net change in invested in capital assets</b> (note 10)	-	-	-	(929)	929	-
<b>Interfund transfers</b> (note 14)	-	-	(28)	28	-	-
<b>Fund balances - March 31, 2018</b>	88	-	1,473	28,595	1,807	31,963

	<b>2017</b>					
	<b>Restricted</b>			<b>General unrestricted</b>	<b>Invested in capital assets</b>	<b>Total</b>
	<b>Endowment</b>	<b>Internally</b>	<b>Externally</b>			
	\$	\$	\$	\$	\$	\$
<b>Fund balances - March 31, 2016</b>	1,088	99	1,867	45,974	1,770	50,798
<b>(Deficiency) of revenue over expenses</b>	(1,000)	(8)	(290)	(3,171)	-	(4,469)
<b>Net change in invested in capital assets</b> (note 10)	-	-	-	892	(892)	-
<b>Interfund transfers</b> (note 14)	-	(5)	-	5	-	-
<b>Fund balances - March 31, 2017</b>	88	86	1,577	43,700	878	46,329

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

**Cancer Care Ontario**  
**Statement of Cash Flows**  
**For the year ended March 31, 2018**

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(in thousands of dollars)

	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) of revenue over expenses	(14,366)	(4,469)
Amortization of capital assets	1,598	2,279
Amortization of deferred contributions related to capital assets	(1,107)	(1,268)
Post-employment benefits expense other than pension plan	138	141
Post-employment benefits paid other than pension plan	(222)	(224)
Change in non-cash operating working capital		
Receivables and prepaid expenses	(8,782)	44,025
Accounts payable and accrued liabilities	(25,110)	(21,035)
	<u>(47,851)</u>	<u>19,449</u>
<b>Capital activities</b>		
Purchase of capital assets	<u>(4,164)</u>	<u>(3,099)</u>
<b>Investing activities</b>		
Proceeds from maturity of investments	76,756	-
Purchase of investments	<u>(72,348)</u>	<u>(10,085)</u>
	<u>4,408</u>	<u>(10,085)</u>
<b>Financing activities</b>		
Amounts received related to capital assets	<u>2,744</u>	<u>2,980</u>
<b>(Decrease) increase in cash during the year</b>	<u>(44,863)</u>	<u>9,245</u>
<b>Cash - Beginning of year</b>	<u>64,745</u>	<u>55,500</u>
<b>Cash - End of year</b>	<u>19,882</u>	<u>64,745</u>

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

# **Cancer Care Ontario**

## **Notes to Financial Statements**

**March 31, 2018**

(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 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 serve 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.

Investment income is recognized on an accrual basis. Interest income is accrued based on the number of days the investment is held during the year.



# **Cancer Care Ontario**

## **Notes to Financial Statements**

**March 31, 2018**

(in thousands of dollars)

### **2 Significant accounting policies - continued**

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 charged to the financial instrument.

# **Cancer Care Ontario**

## **Notes to Financial Statements**

**March 31, 2018**

(in thousands of dollars)

### **2 Significant accounting policies - continued**

#### **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.

# Cancer Care Ontario

## Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

### 2 Significant accounting policies - continued

#### 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 accruals and receivables related to drug expenditures. Actual results could differ from those estimates.

### 3 Cash

Cash includes \$330 (2017 - \$330), 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

	2018 \$	2017 \$
Guaranteed investment certificates, as follows:		
Redeemable on demand:		
Interest at 2.28%, maturing September 19, 2019	10,088	-
Interest at 1.95%, maturing November 4, 2019	10,079	-
Interest at 2.28%, maturing September 20, 2019	6,005	-
Interest at 1.75%, maturing September 5, 2017	-	44,861
Interest at 1.75%, maturing October 2, 2017	-	10,830
Interest at 1.75%, maturing November 3, 2017	-	10,450
Non-Redeemable:		
Interest at 1.75%, maturing September 5, 2018	45,646	-
Interest at 1.60%, maturing March 19, 2018	-	10,085
	71,818	76,226

### 5 Receivables and prepaid expenses

	2018 \$	2017 \$
Accounts receivable	3,147	2,606
Due from MOHLTC	780	350
Prepaid expenses	9,924	2,113
	13,851	5,069

# Cancer Care Ontario

## Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

### 6 Capital assets

	2018		
	Cost \$	Accumulated amortization \$	Net book value \$
Therapeutic and other technical equipment	2,996	2,976	20
Office furniture and equipment	6,914	6,177	737
Leasehold improvements	6,064	5,082	982
Land and building	1	-	1
Software	37,043	29,350	7,693
	<u>53,018</u>	<u>43,585</u>	<u>9,433</u>
	2017		
	Cost \$	Accumulated amortization \$	Net book value \$
Therapeutic and other technical equipment	2,996	2,955	41
Office furniture and equipment	7,417	6,798	619
Leasehold improvements	5,058	4,972	86
Land and building	1	-	1
Software	34,633	28,513	6,120
	<u>50,105</u>	<u>43,238</u>	<u>6,867</u>

The cost of capital assets include software under development of \$6,208 (2017 - \$3,464), leasehold improvements not yet available for use of \$765 (2017 - \$Nil), and office furniture not yet available for use of \$414 (2017 - \$Nil). Amortization of these amounts will commence when the asset is available for use. During the year, there were disposals of fully depreciated capital assets of \$1,251 (2017 - \$4,130). The values represent the original cost.

### 7 Accounts payable and accrued liabilities

	2018 \$	2017 \$
Trade payables	-	38,738
Accrued liabilities	54,829	48,783
Payable to MOHLTC	17,891	10,206
Payable to other funders	1	104
Pension escrow (note 3)	330	330
	<u>73,051</u>	<u>98,161</u>

# Cancer Care Ontario

## Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

### 8 Deferred contributions related to capital assets

The changes in the deferred contributions related to capital assets balance for the year are as follows:

	2018 \$	2017 \$
Balance - beginning of year	5,989	4,277
Amounts received related to capital assets	2,744	2,980
Amounts recognized as revenue	(1,107)	(1,268)
	<hr/>	<hr/>
Balance - end of year	7,626	5,989

### 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 \$8,328 (2017 - \$8,724) 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 \$222 (2017 - \$224). The actuarial valuation for the post-employment benefits other than pension plan is dated March 31, 2017 and has been extrapolated to March 31, 2018.

# Cancer Care Ontario

## Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

### 9 Pension benefits and post-employment benefits - continued

#### b) Post-employment benefits plan other than pension plan – continued

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

	<b>2018</b>	<b>2017</b>
	\$	\$
Accrued benefit obligation	2,633	2,795
Unamortized actuarial losses	(289)	(367)
	<hr/>	<hr/>
Post-employment benefits other than pension plan	<u>2,344</u>	<u>2,428</u>

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

	<b>2018</b>	<b>2017</b>
	\$	\$
Post-employment benefits other than pension plan - opening balance	2,428	2,511
Expense related to post-retirement benefits	138	141
Funding contributions	(222)	(224)
	<hr/>	<hr/>
Post-employment benefits other than pension plan - ending balance	<u>2,344</u>	<u>2,428</u>
	<hr/>	<hr/>
	<b>2018</b>	<b>2017</b>
	\$	\$
Interest cost	81	84
Amortization of experience losses	57	57
	<hr/>	<hr/>
Total expense related to post-retirement benefits	<u>138</u>	<u>141</u>

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:

	<b>2018</b>	<b>2017</b>
Discount rate	3.00%	3.00%
Extended health care trend rate	6.00% in 2018 to 4.5% in 2023 and after	6.00% in 2017 to 4.5% in 2023 and after
Dental cost trend rates	3%	3%
Employee average remaining lifetime (years)	9.5	9.5

**Cancer Care Ontario**  
Notes to Financial Statements  
**March 31, 2018**

(in thousands of dollars)

**10 Invested in capital assets**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Capital assets	9,433	6,867
Amounts financed by deferred capital contributions (note 8)	(7,626)	(5,989)
	<u>1,807</u>	<u>878</u>

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Purchase of capital assets	4,164	3,099
Capital funding	(2,744)	(2,980)
Amortization of deferred contributions related to capital assets	1,107	1,268
Amortization of capital assets	(1,598)	(2,279)
	<u>929</u>	<u>(892)</u>

**11 Other revenue**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
General Fund		
Public Health Ontario	2,720	2,353
Canadian Partnership Against Cancer	-	1,231
Other income	1,442	1,713
	<u>4,162</u>	<u>5,297</u>
Restricted Fund		
Grants	<u>2,175</u>	<u>1,396</u>

**12 Investment income**

Investment income earned on the Endowment Fund resources in the amount of \$1 (2017 - \$1) is included in the Restricted Fund.

**Cancer Care Ontario**  
Notes to Financial Statements  
**March 31, 2018**

(in thousands of dollars)

**13 Other operating expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Restricted Fund	162	237
General Fund		
Equipment	7,590	7,492
General office	1,480	1,385
Occupancy costs	6,240	5,213
Education and publications	2,225	2,209
Consulting services	1,637	1,968
Travel	1,634	1,610
Professional fees	175	176
Other expenses	227	312
	<u>21,208</u>	<u>20,365</u>

**14 Interfund transfers**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Transfer to the General Fund from the Internally Restricted Fund	-	5
Transfer to the General Fund from the Externally Restricted Fund	28	-
	<u>28</u>	<u>5</u>

**15 Commitments**

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

	<b>\$</b>
2019	9,487
2020	9,268
2021	7,076
2022	5,841
2023	2,723
	<u>34,395</u>



# Cancer Care Ontario

## Notes to Financial Statements

March 31, 2018

(in thousands of dollars)

### 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.

### 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.

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Notes to Financial Statements  
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**17 Guarantees - continued**

**b) Other indemnification agreements - continued**

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.

**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:

	<b>0 to 30 days \$</b>	<b>31 to 60 days \$</b>	<b>61 to 90 days \$</b>	<b>91 + days \$</b>	<b>Total \$</b>
Accounts receivable	3,009	94	16	28	3,147
Due from MOHLTC	-	-	780	-	780
	<hr/>				
Amount receivable	<u>3,009</u>	<u>94</u>	<u>796</u>	<u>28</u>	<u>3,927</u>

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

# Cancer Care Ontario

## Notes to Financial Statements

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### 18 Financial instruments - continued

#### 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.

#### 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:

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	91 + days \$	Total \$
Accrued liabilities	54,485	127	88	129	54,829
Payable to MOHLTC	17,891	-	-	-	17,891
Payable to other funders	1	-	-	-	1
Pension escrow	-	-	-	330	330
Amount payable	<u>72,377</u>	<u>127</u>	<u>88</u>	<u>459</u>	<u>73,051</u>