Our future health built with care

Financial Statements

December 1, 2019

Our future health built with care

March 24, 2020

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 Finance Working Group.

For the period ended December 1, 2019, Cancer Care Ontario's Board of Directors, through the Finance Working Group, was responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal controls. The Committee meets regularly with management 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 Finance Working Group, 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,

Elham Roushani, BSc, CPA, CA	Melissa Sears, CPA, CA
Vice President & Chief Financial Officer	Director, Financial Reporting

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INDEPENDENT AUDITOR'S REPORT

To the Board of Ontario Health and the Minister of Health

Opinion

I have audited the financial statements of the Cancer Care Ontario (CCO), which comprise the statement of financial position as at December 1, 2019, and the statements of operations, changes in fund balances and cash flows for the 8-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CCO as at December 1, 2019, and the results of its operations and its cash flows for the 8-month period then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of CCO in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Future of CCO

I draw attention to Note 1 of the financial statements, which indicates that on December 2, 2019 the CCO operations was transferred to Ontario Health. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the CCO's ability to continue as a going concern, disclosing, as applicable, matters related to going

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concern and using the going concern basis of accounting unless CCO either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CCO's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 CCO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CCO's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. Effective December 2, 2019, CCO operational responsibilities were transferred to Ontario Health.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario	*Bonnie Lysyk, MBA, FCPA, FCA*, LPA
March 24, 2020	Auditor General

Statement of Financial Position

As at
(in thousands of dollars)

	December 1, 2019 $	March 31, 2019 $
Assets		
Current Assets		
Cash (note 3)	75,760	32,199
Investments (note 4)	84,505	83,124
Receivables, prepaid expenses and other assets (note 5)	132,447	48,870
	292,712	164,193
Capital Assets (note 6)	7,891	7,555
	300,603	171,748
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	261,007	129,927
Obligations under capital leases (note 10)	314	359
	261,321	130,286
Non-Current Liabilities		
Deferred contributions related to capital assets (note 8)	3,316	4,761
Post-employment benefits other than pension plan (note 9)	2,218	2,255
Obligations under capital leases (note 10)	619	780
	6,153	7,796
Fund Balances		
Endowment	88	88
Externally restricted	822	1,359
General – unrestricted	27,644	29,425
Invested in capital assets (note 11)	4,575	2,794
	33,129	33,666
	300,603	171,748

Commitments (note 15)

Contingencies (note 16)

Guarantees (note 17)

Approved by the Board of Directors

Bill Hatanaka ______________________ **Director**

Barry Tosh ______________________ **Director**

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

Statement of Operations

For the period ended
(in thousands of dollars)

	Restricted Period ending December 1, 2019 $	Restricted Year ending March 31, 2019 $	General Period ending December 1, 2019 $	General Year ending March 31, 2019 $	Total Period ending December 1, 2019 $	Total Year ending March 31, 2019 $
Revenue						
Ministry of Health	-	-	1,672,789	2,334,084	1,672,789	2,334,084
Amortization of deferred contributions related to capital assets (note 8)	-	-	1,463	4,561	1,463	4,561
Other revenue	798	1,969	1,057	1,403	1,855	3,372
Investment income (note 12)	2	2	3,196	4,066	3,198	4,068
	800	1,971	1,678,505	2,344,114	1,679,305	2,346,085
Expenses						
Cancer and prevention related services	105	160	739,367	1,032,663	739,472	1,032,823
Chronic kidney disease services	-	-	436,925	647,838	436,925	647,838
Provincial drug reimbursement program	-	-	377,764	451,894	377,764	451,894
Screening services	-	-	32,411	41,393	32,411	41,393
Salaries and benefits (note 9)	1,003	1,848	70,621	105,589	71,624	107,437
Capital contributions to cancer related services	-	-	8,100	35,058	8,100	35,058
Other operating expenses (note 13)	87	135	9,703	17,618	9,790	17,753
Purchased services	128	89	1,345	4,715	1,473	4,804
Amortization of capital assets	-	-	2,283	1,906	2,283	1,906
Loss on disposal	-	-	-	3,476	-	3,476
	1,323	2,232	1,678,519	2,342,150	1,679,842	2,344,382
Excess/(deficiency) of revenue over expenses	(523)	(261)	(14)	1,964	(537)	1,703

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

Statement of Changes in Fund Balances

For the period ended
(in thousands of dollars)

December 1, 2019	Restricted Endowment $	Restricted Externally $	General Unrestricted $	Invested in Capital Assets $	Total $
Fund balances – March 31, 2019	88	1,359	29,425	2,794	33,666
(Deficiency) of revenues over expenses	-	(523)	(14)	-	(537)
Net change in invested in capital assets (note 11)	-	-	(1,781)	1,781	-
Interfund transfers (note 14)	-	(14)	14	-	-
Fund balances – December 1, 2019	88	822	27,644	4,575	33,129

March 31, 2019	Restricted Endowment $	Restricted Externally $	General Unrestricted $	Invested in Capital Assets $	Total $
Fund balances – March 31, 2018	88	1,473	28,595	1,807	31,963
Excess/(deficiency) of revenues over expenses	-	(261)	1,964	-	1,703
Net change in invested in capital assets (note 11)	-	-	(987)	987	-
Interfund transfers (note 14)	-	147	(147)	-	-
Fund balances – March 31, 2019	88	1,359	29,425	2,794	33,666

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

Statement of Cash Flows

For the period ended
(in thousands of dollars)

	December 1, 2019	March 31, 2019
Cash provided by (used in)	**$**	**$**
Operating activities		
(Deficiency)/excess of revenue over expenses	(537)	1,703
Amortization of capital assets	2,283	1,906
Amortization of deferred contributions related to capital assets (note 8)	(1,463)	(4,561)
Loss on disposal (note 11)	-	3,476
Post-employment benefits expense other than pension plan (note 9)	108	132
Post-employment benefits paid other than pension plan (note 9)	(145)	(221)
Change in non-cash operating working capital		
Receivables, prepaid expenses and other assets (note 5)	(83,577)	(35,019)
Accounts payable and accrued liabilities (note 7)	131,080	56,876
	47,749	24,292
Capital activities		
Principle payments under capital leases	(206)	(152)
Purchase of capital assets (note 11)	(2,619)	(2,213)
	(2,825)	(2,365)
Investing activities		
Proceeds from maturity of investments	5,884	84,907
Purchase of investments	(7,265)	(96,213)
	(1,381)	(11,306)
Financing activities		
Contributions related to capital assets (note 11)	18	1,696
Increase (decrease) in cash during the year	43,561	12,317
Cash – Beginning of period	32,199	19,882
Cash – End of period	75,760	32,199

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

Notes to Financial Statements

December 1, 2019
(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 (the Ministry).

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 served without remuneration from the Organization for the period April 1, 2019 to December 1, 2019.

The Connecting Care Act, 2019

On May 30, 2019, the Connecting Care Act (the CCA) was proclaimed with key sections of the Act, including the creation of a new Crown Agency called Ontario Health, effective June 6, 2019. This legislation is a key component of the government's plan to build an integrated health care system. The CCA grants the Minister of Health (the Minister) the power to transfer assets, liabilities, rights, obligations and employees of certain government organizations, including the Cancer Care Ontario, into Ontario Health, a health service provider, or an integrated care delivery system. The CCA also grants the Minister the power to dissolve the transferred organizations.

On March 8, 2019, the members of the board of directors of Ontario Health were appointed to also constitute the board of Cancer Care Ontario. The board of directors of Ontario Health will oversee the transition process of transferring multiple provincial agencies into Ontario Health.

On November 13, 2019, the Minister issued transfer orders to five provincial agencies, including Cancer Care Ontario. Effective December 2, 2019, the employees, assets, liabilities, rights and obligations of Cancer Care Ontario were fully transferred to Ontario Health. The net effect of this restructuring transaction on Cancer Care Ontario on December 2, 2019 is to reduce net assets and increases expenses by $33,129.

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.

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 Ministry and other funded programs. This Fund reports unrestricted resources, all restricted grants from the Ministry, 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 Ministry 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. All Financial Instruments are Level 2 of the fair value hierarchy when acquired.

Financial instruments measured at fair value must be classified according to a three-level hierarchy based on the type of inputs used to make the measurements.

This hierarchy is as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than the Level 1 quoted prices that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market inputs (unobservable inputs).

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.

(in thousands of dollars)

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 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.

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.

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 $346 (March 31, 2019 - $341), 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

Guaranteed investments certificates, as follows:	**December 1, 2019 $**	**March 31, 2019 $**
Redeemable on demand:		
Interest at 2.25%, maturing February 17, 2020	20,587	20,282
Interest at 2.60%, maturing September 5, 2020	46,271	46,667
Interest at 2.10%, maturing September 21, 2020	7,294	-
Interest at 2.28%, maturing September 20, 2019	-	6,005

Notes to Financial Statements
December 1, 2019
(in thousands of dollars)

Guaranteed investments certificates, as follows:	December 1, 2019 $	March 31, 2019 $
Non-Redeemable:		
Interest at 2.72%, maturing February 17, 2020	10,353	10,170
	84,505	83,124

5. Receivables, prepaid expenses and other assets

	December 1, 2019 $	March 31, 2019 $
Accounts receivable	1,445	3,419
Due from Ministry	124,143	42,550
Due from Ontario Health	2,727	-
Prepaid expenses and other assets	4,132	2,901
	132,447	48,870

6. Capital assets

	December 1, 2019 Cost $	December 1, 2019 Accumulated amortization $	December 1, 2019 Net book value $
Therapeutic and other technical equipment	2,800	2,800	-
Office furniture and equipment	8,637	6,400	2,237
Leasehold improvements	7,685	5,348	2,337
Land and building	1	-	1
Software	30,872	27,556	3,316
	49,995	42,104	7,891

	March 31, 2019 Cost $	March 31, 2019 Accumulated amortization $	March 31, 2019 Net book value $
Therapeutic and other technical equipment	2,800	2,800	-
Office furniture and equipment	7,522	5,963	1,559
Leasehold improvements	6,198	4,984	1,214
Land and building	1	-	1
Software	30,854	26,073	4,781
	47,375	39,820	7,555

(in thousands of dollars)

7. Accounts payable and accrued liabilities

	December 1, 2019 $	March 31, 2019 $
Trade payables	1,173	33,675
Accrued liabilities	186,692	53,626
Deferred revenue from Ministry	28,511	-
Payable to Ministry	44,253	42,065
Payable to other funders	32	220
Pension escrow (note 3)	346	341
	261,007	129,927

8. Deferred contributions related to capital assets

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

	December 1, 2019 $	March 31, 2019 $
Balance – beginning of period	4,761	7,626
Amounts received related to capital assets	18	1,696
Amounts recognized as revenue	(1,463)	(4,561)
Balance – end of period	3,316	4,761

9. Pension benefits and post-employment benefits

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 period by the Organization on behalf of its employees amounted to $10,332 (2019 March 31 - $8,803) and are included in pension expense which reflects all amounts owing for the period, in the statement of operations.

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 period under this unfunded plan were $145 (March 31, 2019 - $221). The actuarial valuation report for the post-employment benefits other than pension plan is dated November 30, 2019 and has been extrapolated to December 1, 2019.

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

(in thousands of dollars)

	December 1, 2019	March 31, 2019
	$	$
Accrued benefit obligation	1,635	2,549
Unamortized actuarial gains/(losses)	583	(294)
Post-employment benefits other than pension plan	2,218	2,255

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

	December 1, 2019	March 31, 2019
	$	$
Post-employment benefits other than pension plan – opening balance	2,255	2,344
Expense related to post-retirement benefits	108	132
Funding contributions	(145)	(221)
Post-employment benefits other than pension plan – ending balance	2,218	2,255

	December 1, 2019	March 31, 2019
	$	$
Interest cost	47	78
Amortization of experience (gains)/losses	61	54
Total expense related to post-retirement benefits	108	132

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:

	December 1, 2019	March 31, 2019
Discount rate	3.25%	3.1%
Extended health care trend rate	6.75% in 2020 to 3.75% in 2029 and after	6.00% in 2017 to 4.5% in 2023 and after
Dental cost trend rates	3.75%	3.0%
Employee average remaining service life	9.0 years	9.5 years

10. Obligations under Capital Leases

During the prior year, the Organization entered into capital leases, with interest rates ranging from 5.7% to 6.1% and bargain purchase options for $1 at the end of the lease, for computer hardware. The computer hardware is amortized on a straight-line basis over its economic life of 4 years. The following is a schedule of future minimum lease payments, which expire in January 2023 together with the balance of the obligations.

	December 1, 2019	March 31, 2019
	$	$
2020	120	359
2021	359	359
2022	359	359
2023	185	185

(in thousands of dollars)

	December 1, 2019 $	March 31, 2019 $
Total minimum lease payments	1,023	1,262
Interest	(89)	(123)
Balance of the obligations	933	1,139
Less: current portion	(314)	(359)
Non-current obligations under capital leases	619	780

Total interest expense on capital leases for the year was $34.

11. Invested in capital assets

	December 1, 2019 $	March 31, 2019 $
Capital assets	7,891	7,555
Amounts financed by deferred capital contributions (note 8)	(3,316)	(4,761)
	4,575	2,794

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

	December 1, 2019 $	March 31, 2019 $
Purchase of capital assets	2,619	2,213
Capital assets acquired through leases	-	1,291
Capital funding	(18)	(1,696)
Amortization of deferred contributions related to capital assets	1,463	4,561
Amortization of capital assets	(2,283)	(1,906)
Disposal of capital assets	-	(3,476)
	1,781	987

12. Investment income

Investment income earned on the Endowment Fund resources in the amount of $2 (March 31, 2019 - $2) is included in the Restricted Fund.

(in thousands of dollars)

13. Other operating expenses

	December 1, 2019 $	March 31, 2019 $
Restricted Fund – Other Expenses	87	135
General Fund		
Software & Hardware	4,795	7,167
Occupancy Costs	3,643	6,282
Education, Events and Public Awareness	142	1,455
General Office	744	1,276
Consulting Services	26	623
Travel	157	507
Other Expense	196	308
	9,703	17,618

14. Interfund transfers

	December 1, 2019 $	March 31, 2019 $
Transfer to the Externally Restricted Fund from the General Fund	-	147
Transfer to the General Fund from the Externally Restricted Fund	14	-

15. Commitments

The Organization has various multi-year contractual commitments for rental of office space and computer hardware. Payments required on these commitments are as follows:

	$
2020	2,392
2021	6,918
2022	5,999
2023	2,919
2024	-
Total Commitments	18,228

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.

17. Guarantees

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.

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 Ministry 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.

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.

(in thousands of dollars)

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	1,386	2	2	55	1,445
Due from Ministry	124,143	-	-	-	124,143
Due from Ontario Health	2,727	-	-	-	2,727
Amount receivable	128,256	2	2	55	128,315

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.

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 $
Trade payable	1,151	12	8	2	1,173
Accrued liabilities	180,953	-	144	5,595	186,692
Payable to Ministry	44,253	-	-	-	44,253
Deferred revenue from Ministry	28,511	-	-	-	28,511
Payable to other funders	32	-	-	-	32
Pension escrow	-	-	-	346	346
Amount payable	254,900	12	152	5,943	261,007

19. Related Party Transactions

The Province of Ontario controls the Organization by its virtue of its ability to appoint the Organization's Board of Directors. In addition, Ontario Health and LHINs are related parties of the Organization through the common control of the Province of Ontario (refer to Note 1).

Transactions between the Organization and its related parties are outlined below:

a) The Organization, under a common board of directors, has supported the planning and set-up of Ontario Health. As a result, the Organization incurred $2,727 in operating costs on behalf of Ontario Health of which $2,727 is outstanding and recorded as Due from Ontario Health as at December 1, 2019 (refer to Note 5).

b) The Organization is responsible to lead the province-wide effort to manage and improve the delivery of renal services in Ontario and provide and manage the funding, including regulatory requirements, to the Chronic Kidney Diseases (CKD) service providers. The Organization incurred expenses related to LHINs of $4,532 (2019 - $12,409) for assisted peritoneal dialysis services provided to patients in accordance with the CKD Quality Based Procedure methodology.