

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
St. Francis Memorial Hospital Association,

We have audited the accompanying financial statements of St. Francis Memorial Hospital Association, which comprise the statement of financial position as at 31 March 2018 and the statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year ended 31 March 2018, and notes, comprising of 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

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Francis Memorial Hospital Association as at 31 March 2018, and the results of its operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, in accordance with Canadian public sector accounting standards.



CHARTERED PROFESSIONAL ACCOUNTANTS LICENSED PUBLIC ACCOUNTANTS

Renfrew, Ontario
4 June 2018

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 3,587,140	\$ 1,209,681
Short-term investments (Note 3)	2,112,460	2,339,600
Accounts receivable (Note 4)	538,974	289,873
Due from related party (Note 5)	416,168	518,188
Inventory	122,209	162,174
Prepaid expenses	151,556	151,413
	6,928,507	4,670,929
CONSTRUCTION IN PROGRESS	532,235	114,270
CAPITAL ASSETS (Note 6)	7,940,641	6,309,103
	\$ 15,401,383	\$ 11,094,302
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,602,435	\$ 1,478,869
Deferred revenue	22,486	174,109
	3,624,921	1,652,978
EMPLOYEE FUTURE BENEFITS (Note 7)	89,200	81,800
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	5,753,484	3,493,139
	9,467,605	5,227,917
Commitments and contingencies (Notes 11, 12)		
NET ASSETS		
Invested in capital assets (Note 10)	2,187,157	2,815,964
Unrestricted	3,526,338	2,790,553
	5,713,495	5,606,517
Accumulated remeasurement gains	220,283	259,868
	5,933,778	5,866,385
	\$ 15,401,383	\$ 11,094,302

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
REVENUE		
Ministry of Health and Long-Term Care	\$ 9,846,951	\$ 9,402,601
Patient services	513,561	518,327
Preferred accommodation and chronic co-payments	157,622	165,638
Investment income	67,636	43,314
Realized gain (loss) on sale of investments	78,411	(99,542)
Other	649,512	605,513
Amortization of deferred contributions related to equipment	418,100	544,049
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	11,731,793	11,179,900
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EXPENSES		
Salaries and wages	4,901,588	4,851,635
Employee benefits	1,317,345	1,214,825
Medical staff remuneration	1,668,780	1,672,888
Medical and surgical supplies	110,980	100,288
Drugs	161,200	141,315
General supplies and services	2,738,136	2,484,662
Amortization of equipment	552,599	571,114
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	11,450,628	11,036,727
	<hr/>	<hr/>
OPERATING EARNINGS	281,165	143,173
OTHER PROGRAMS		
Revenue (Note 16)	817,290	885,754
Expenses (Note 16)	(817,290)	(885,754)
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NET REVENUE FROM OPERATIONS AND OTHER PROGRAMS	281,165	143,173
Amortization of deferred contributions related to land improvements, buildings and building service equipment	361,493	233,694
Amortization of land improvements, buildings and building service equipment	(535,680)	(445,321)
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EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 106,978	\$ (68,454)

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2018

	Invested in Capital assets	Unrestricted	Total 2018	Total 2017
Balance, beginning of year	\$ 2,815,964	\$ 2,790,553	\$ 5,606,517	\$ 5,674,971
Excess (deficiency) of revenue over expenses	-	106,978	106,978	(68,454)
Net change in invested in capital assets (Note10)	(628,807)	628,807	-	-
Balance, end of year	\$2,187,157	\$3,526,338	\$5,713,495	\$5,606,517

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 106,978	\$ (68,454)
Add (deduct) items not affecting cash:		
Realized loss (gain) on sale of investments	(78,411)	99,542
Amortization of deferred contributions	(779,593)	(777,743)
Amortization of capital assets	1,088,279	1,016,435
Net change to employee future benefits	7,400	7,200
Change in the following operational balances:		
Decrease (increase) in accounts receivable	(249,101)	49,267
Decrease (increase) in amount due from related party	102,020	(17,874)
Decrease (increase) in inventory	39,965	(10,996)
(Increase) in prepaid expenses	(143)	(26,481)
Increase in accounts payable and accrued liabilities	2,123,566	233,847
Increase (decrease) in deferred revenue	(151,623)	124,645
	2,209,337	629,388
CAPITAL ACTIVITIES		
Decrease (increase) in construction in progress	(417,965)	(60,963)
Purchase of capital assets		
- land improvements	(201,133)	(16,300)
- buildings and building service equipment	(2,273,397)	(586,928)
- hospital equipment	(245,287)	(428,354)
	(3,137,782)	(1,092,545)
FINANCING ACTIVITIES		
Contributions received and deferred during the year	3,039,938	1,013,437
INVESTING ACTIVITIES		
Purchase of short-term investments	(237,094)	(697,110)
Proceeds on disposal of short-term investments	503,060	672,184
	265,966	(24,926)
NET CHANGE IN CASH	2,377,459	525,354
CASH, BEGINNING OF YEAR	1,209,681	684,327
CASH, END OF YEAR	\$ 3,587,140	\$ 1,209,681

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
Accumulated remeasurement gains beginning of the year	\$ 259,868	\$ 12,242
Unrealized gains (losses) attributable to:		
Equities included in short-term investments	38,826	148,084
Amounts reclassified to the statement of operations:		
Disposition of equities included in short-term investments	(78,411)	99,542
Accumulated remeasurement gains at end of the year	\$ 220,283	\$ 259,868

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. Hospital Organization:

St. Francis Memorial Hospital Association ("the Hospital") is a community general hospital which services the southwest section of Renfrew County. The Hospital is a registered charity and is exempt from income tax under paragraph 149(1) of the the Income Tax Act (Canada).

The Hospital is assisted in meeting its mission by the St. Francis Valley Healthcare Foundation ("the Foundation"). These financial statements do not reflect the activities of the Foundation as it maintains its own accounts and reports separately from the Hospital to its governing body.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition:

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario and allocated by the Champlain Local Health Integration Network in accordance with budget arrangements established by the Ministry of Health and Long Term Care of Ontario ("MoHLTC"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

The Hospital follows the deferral method of accounting for contributions which include donations and government grants. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

b) Contributed services:

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

c) Cash:

Cash includes cash on hand and cash in bank.

d) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined on an average cost basis

e) Capital assets:

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Minor equipment replacements are expensed in the year of replacement. Construction in progress costs are not amortized until the project is complete and facilities come in to use.

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. Significant accounting policies (continued):

Amortization of building service equipment and hospital equipment is provided on a straight-line basis using annual rates of 5% to 20%.

Buildings and land improvements are amortized on a straight-line basis using annual rates of 2.5% to 20%.

Software licenses are amortized on a straight-line basis at an annual rate of 20%.

Capital assets are amortized in the year of acquisition.

Capital assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test compares the carrying amount of the asset with its fair value, and an impairment loss is recognized in income for the excess, if any.

f) Employee future benefits:

The Hospital is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

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

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

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

g) Deferred capital contributions:

Deferred capital contributions relate to the unamortized amount of grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

h) Financial instruments:

i) Measurement of financial instruments.

The Hospital initially measures its financial assets and financial liabilities at fair value.

The Hospital subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Unrealized changes in fair value of equity instruments that are quoted in an active market are recognized on the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. Significant accounting policies (continued):

Financial assets measured at amortized cost includes cash, short term investments other than equity instruments that are quoted in an active market, accounts receivable and amount due from related party.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of improvement directly or by adjusting the allowance account provided that it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

iii) Fair value:

The standards require an organization to classify fair value measurement using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices from similar assets or liabilities in active markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

i) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

3. Short-term investments:

	Level	2018	2017
Guaranteed investment certificates at cost	-	\$ 1,199,508	\$ 1,319,174
Government bonds at cost	-	52,209	52,209
Equities and investment trusts at market value	1	860,743	968,217
		\$ 2,112,460	\$ 2,339,600

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

4. Accounts receivable:

	2018	2017
Ministry of Health and Long Term Care	\$ 70,451	\$ 75,995
Insurers and patients	16,286	24,744
Other	452,237	189,134
	\$ 538,974	\$ 289,873

5. Due from related party:

	2018	2017
Due from the St. Francis Valley Healthcare Foundation	\$ 416,168	\$ 518,188

The Hospital has an economic interest in the St. Francis Valley Healthcare Foundation. The Foundation is incorporated under the Province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

During the year, the Foundation transferred \$208,152 (2017 \$315,000) to the Hospital in support of capital projects.

6. Capital assets:

	Cost	Accumulated Amortization	Net 2018	Net 2017
Land and land improvements	\$ 512,508	\$ 276,715	\$ 235,793	\$ 77,866
Buildings and building service equipment	13,671,845	7,142,401	6,529,444	4,748,521
Equipment	7,174,531	5,999,127	1,175,404	1,482,716
	\$ 21,358,884	\$ 13,418,243	\$ 7,940,641	\$ 6,309,103

Cost and accumulated amortization as at 31, March 2017 amounted to \$18,639,068 and \$12,329,965 respectively.

7. Employee future benefits:

The Hospital provides extended health and dental benefits for certain of its retired employees. The cost of premiums of these benefits is shared by the Hospital and the retired employees eligible and electing to receive these benefits. The Hospital's accrued benefit obligation related to non-pension future benefits is as follows:

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. Employee future benefits (continued):

RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO EMPLOYEE FUTURE BENEFIT LIABILITY

	2018		2017
Accrued benefit obligation	\$ 93,500	\$	88,700
Unamortized net actuarial loss	(4,300)		(6,900)
Employee future benefit liability	\$ 89,200	\$	81,800

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

Discount rate	
For calculation of net benefit costs	3.25%
Determination of accrued benefit obligation at end of period	3.20%
Dental cost trend rates	2.75%
Extended healthcare trend rates	6.00% in fiscal 2019, decreasing by 0.25% per annum to an ultimate rate of 4.50%

Included in salaries and wages on the Statement of Operations is an amount of \$7,400 (2017 - \$8,900) regarding employee future benefits. This amount is comprised of:

	2018		2017
Current period benefit expense	\$ 4,200	\$	4,100
Paid out	(1,800)		-
Amortization of net actuarial loss	2,000		2,000
Post retirement interest expense	3,000		2,800
	\$ 7,400	\$	8,900

The accrued benefit liability has been determined by an actuary based on an actuarial valuation performed as at March 31, 2018.

8. Pension plan:

Substantially all employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan (the "Plan"). This plan is a multi-employer, defined benefit pension plan. Employer contributions to the Plan during the year amounted to \$416,213 (2017 - \$395,611). These amounts are included in employee benefits expense in the statement of operations.

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

8. Pension plan (continued):

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain at a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members.

9. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

The changes in the deferred contribution balance are as follows:

	2018	2017
Beginning balance	\$ 3,493,139	\$ 3,257,445
Add additional contributions received	3,039,938	1,013,437
Less amounts amortized to revenue	(779,593)	(777,743)
Ending balance	5,753,484	\$ 3,493,139

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

Unamortized capital contributions used to purchase capital assets	\$ 5,753,484	\$ 3,493,139
	\$ 5,753,484	\$ 3,493,139

10. Capital disclosure:

a) Investment in capital assets is calculated as follows:

	2018	2017
Capital assets	\$ 7,940,641	\$ 6,309,103
Amounts financed by deferred contributions	(5,753,484)	(3,493,139)
	\$ 2,187,157	\$ 2,815,964

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10. Capital disclosure (continued):

b) Net change in investment in capital assets is calculated as follows:

	2018	2017
Purchase of capital assets	\$ 2,719,817	\$ 1,031,582
Amounts funded by deferred contributions	(3,039,938)	(1,013,437)
Amortization of deferred contributions related to capital assets	779,593	777,743
Amortization of capital assets	(1,088,279)	(1,016,435)
	\$ (628,807)	\$ (220,547)

11. Commitments:

Hospital Information System

In 2018, the Hospital entered into an agreement with a group of Hospitals to implement a shared Hospital Information System (HIS). The Hospital's estimated implementation cost of the project is \$2,550,000. It is anticipated the system will be operational June 1, 2019.

The other Hospitals included in the project are the Ottawa Hospital, The University of Ottawa Heart Institute, Hawkesbury & District General Hospital and Renfrew Victoria Hospital.

In 2018, the Hospital made cash advances of \$357,089 to the Ottawa Hospital that were applied to the project costs.

Eastern Ontario Regional Laboratory Association

On April 1, 2012 the Hospital's laboratory services were transferred to the Eastern Ontario Regional Laboratory Association (EORLA). On that date EORLA became an integrated hospital laboratory network with sixteen acute care hospital facilities having on-site laboratories configured to meet program need while referring specialized services to regional laboratory sites. The Hospital is a member of a sixteen hospital group that voluntarily joined EORLA to foster continued and increased cooperation between members and to support the integration of laboratory services in the region. The Hospital has an economic interest in EORLA however it does not control nor does it have significant influence in the organization.

The current contract between EORLA and its members is for ten years, with no escape clause for the first five years. EORLA has assumed all liabilities related to lab and pathology services and charge all member Hospitals on a semi-monthly basis for their share of lab costs based on usage. Included in general supplies and services is an amount of \$761,210 (2017 - \$724,820) for the provision of laboratory and pathology services paid to EORLA. As an owner the Hospital would be responsible for any operating losses, liabilities or significant capital requirements agreed to by the EORLA Board of Directors.

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. Commitments (continued):

Other

As of March 31, 2018, the Hospital has the following commitments under operating type leases and maintenance agreements:

2019	\$ 53,082
2020	\$ 852
2021	\$ 453

12. Contingencies:

- a) The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at 31 March 2018, management believes the Hospital has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital financial position.
- b) On 1 July 1987, a group of health care organizations ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the Provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the year in which they were a subscriber. No such assessments have been made to 31 March 2018.

Since its inception in 1987, 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 premiums plus investment income over obligation for their allocation of claims reserves and expenses 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.

There are no distributions receivable from HIROC as of 31 March 31 2018.

13. Alternate Funding Arrangement:

The Hospital acts as a paymaster on behalf of the Ministry of Health and Long Term Care for the administration of both the emergency physicians group as well as physicians participating in the hospital on call program.

14. Credit facility:

The Hospital has a credit facility with the Bank of Montreal which provides for a maximum borrowing limit of \$250,000. Interest on outstanding advances is charged at the bank's prime rate.

The Hospital did not use this facility in 2018 nor 2017 nor was there any outstanding balance owing as at 31 March 2018 nor 31 March 2017.

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. Madawaska Valley Palliative Care:

The Hospital entered into a ten year lease with Madawaska Valley Palliative Care effective June 1, 2014. The Hospital, as lessor of the lease, has agreed to lease space to Madawaska Valley Palliative Care at a nominal amount of \$1 per year.

16. Other programs:

	2018	2017
REVENUE		
Rainbow Valley Community Health Centre	\$ 559,432	\$ 627,896
Cardiac clinic	121,008	121,008
Hospice	134,000	134,000
Municipal taxes	2,850	2,850
	<u>817,290</u>	<u>885,754</u>
EXPENSES - Rainbow Valley Community Health Centre		
Salary and wages	350,049	265,172
Employee benefits	70,895	67,452
Other supplies and services	<u>138,488</u>	<u>295,272</u>
	559,432	627,896
EXPENSES - Cardiac clinic		
Hospice	121,008	121,008
Municipal taxes	134,000	134,000
	2,850	2,850
	<u>817,290</u>	<u>885,754</u>
NET REVENUE	\$ -	\$ -

17. Financial instrument risk management:

Credit risk:

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

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

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

ST. FRANCIS MEMORIAL HOSPITAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

17. Financial instrument risk management (continued):

Market risk:

The Hospital's investment policy operates within the constraints of investment guidelines as determined by the Board of Directors. Investment portfolios are reviewed for performance and monitored by management.

Currency risk:

Currency risk relates to the Hospital operation in different currencies and converting non-Canadian earnings at different points in time. The Hospital does not have any material transactions or financial instruments denominated in foreign currencies. The Hospital is not currently exposed to any currency risk.

Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuation in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to this risk through its interest bearing investments.

The Hospital's investment portfolio includes guaranteed investment certificates and bonds with interest rates ranging from 1.80% to 4.50% with maturities ranging from May 2018 to November 2021.

There has been no significant changes to interest rate risk exposure since 2017.

Liquidity risk:

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

18. Comparative figures:

Certain figures presented for comparative purposes have been reclassified to conform with the current year's presentation. These reclassifications did not affect the net revenue reported for that year.