

Timmins and District Hospital/L'Hôpital de Timmins et du District
Financial Statements
March 31, 2018

Timmins and District Hospital/L'Hôpital de Timmins et du District

Contents

For the year ended March 31, 2018

	<i>Page</i>
Management's Responsibility	
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Remeasurement Gains and Losses.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements	6

Management's Responsibility

To the Members and Board of Directors of Timmins and District Hospital/L'Hôpital de Timmins et du District:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Hospital. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Hospital's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Mr. Blaise MacNeil
President and Chief Executive Officer



Mr. Bryan Bennetts
Chief Financial Officer

Independent Auditors' Report

To the Members and Board of Directors of Timmins and District Hospital/L'Hôpital de Timmins et du District:

We have audited the accompanying financial statements of Timmins and District Hospital/L'Hôpital de Timmins et du District, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, remeasurement gains and losses 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

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 Timmins and District Hospital/L'Hôpital de Timmins et du District as at March 31, 2018 and the results of its operations, changes in net assets, remeasurement gains and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Timmins, Ontario
June 19, 2018

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Timmins and District Hospital/L'Hôpital de Timmins et du District
Statement of Financial Position

As at March 31, 2018

	2018	2017
Assets		
Current		
Cash	813,537	776,703
Accounts receivable (Note 3)	4,087,881	2,219,268
Inventory (Note 4)	620,692	604,926
Prepaid expenses	779,499	756,254
Current portion of long term receivables (Note 5)	114,516	171,716
	6,416,125	4,528,867
Capital assets (Note 6)	58,179,391	58,344,628
Long term receivables (Note 5)	34,066	144,382
	64,629,582	63,017,877
Liabilities		
Current		
Bank indebtedness (Note 7)	5,050,000	1,790,000
Accounts payable and accruals (Note 8)	10,951,551	9,164,906
Deferred contributions	157,520	198,574
Current portion of long-term debt (Note 9)	1,743,000	1,707,000
	17,902,071	12,860,480
Long-term debt (Note 9)	11,074,601	13,137,000
Employee future benefit liabilities (Note 11)	4,514,103	4,303,193
Deferred contributions related to capital assets (Note 12)	48,065,305	47,102,628
	81,556,080	77,403,301
Contingencies (Note 13)		
Net Assets		
Deficiency in net assets	(17,245,897)	(14,385,424)
Remeasurement gain	319,399	-
	(16,926,498)	(14,385,424)
	64,629,582	63,017,877

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital/L'Hôpital de Timmins et du District

Statement of Operations

For the year ended March 31, 2018

	2018	2017
Revenue		
MOHLTC/NELHIN	70,343,457	67,498,918
Cancer Care Ontario	4,758,250	4,738,276
Amortization of deferred contributions - equipment	1,987,921	1,810,413
Ministry of Health - Paymaster/Flow Through	265,258	362,598
Other revenue (Note 15)	20,900,082	21,081,497
	98,254,968	95,491,702
Expenses		
Salaries and wages	47,022,761	44,950,239
Employee benefits	14,347,683	13,660,517
Supplies and other expenses	14,227,129	13,836,553
Medical staff remuneration	13,319,546	12,663,164
Medical and surgical supplies	5,077,966	4,793,269
Amortization of equipment and other	3,196,929	2,469,701
Drugs	3,082,320	3,057,972
Interest on operating line	91,201	48,857
	100,365,535	95,480,272
Excess (deficiency) of revenue over expenses from operations	(2,110,567)	11,430
Amortization of deferred contributions and buildings		
Amortization of deferred contributions - buildings	(2,266,280)	(2,230,435)
Amortization of buildings	2,686,098	2,697,854
	419,818	467,419
Deficiency of revenue over expenses before other funds	(2,530,385)	(455,989)
Other funds (Note 16)		
Other fund revenues	(3,149,000)	(3,075,837)
Other fund expenses	3,149,000	3,075,837
	-	-
Deficiency of revenue over expenses before interest on long term debt	(2,530,385)	(455,989)
Interest on long term debt	330,090	434,011
Deficiency of revenue over expenses	(2,860,475)	(890,000)

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital/L'Hôpital de Timmins et du District
Statement of Changes in Net Assets

For the year ended March 31, 2018

	2018	2017
Deficiency in net assets, beginning of year	(14,385,424)	(13,495,424)
Deficiency of revenue over expenses	(2,860,475)	(890,000)
Deficiency in net assets, end of year	(17,245,897)	(14,385,424)

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital/L'Hôpital de Timmins et du District
Statement of Remeasurement Gains and Losses

For the year ended March 31, 2018

	2018	2017
Accumulated remeasurement gains, beginning of year	-	-
Unrealized remeasurement gains		
Derivatives	319,399	-
Accumulated remeasurement gains, end of year	319,399	-

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital/L'Hôpital de Timmins et du District
Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(2,860,475)	(890,000)
Amortization	5,883,027	5,167,555
Amortization of deferred capital contributions	(4,254,201)	(4,040,848)
Increase in employee future benefit liability	210,910	183,152
	(1,020,739)	419,859
Changes in working capital accounts		
Accounts receivable	(1,868,613)	1,568,221
Inventory	(15,767)	(32,198)
Accounts payable and accruals	1,786,648	(1,149,176)
Deferred contributions	(41,054)	112,691
Prepaid expenses	(23,245)	(216,082)
	(1,182,770)	703,315
Financing		
Repayment of long-term debt	(1,707,000)	(4,497,635)
Cash contributions received for capital assets	5,216,878	3,530,463
Net advances of bank indebtedness	3,260,000	1,790,000
	6,769,878	822,828
Capital activities		
Purchases of tangible capital assets	(5,717,790)	(3,672,758)
Investing		
Forgiveness/repayment of long term receivables	167,516	258,012
Increase (decrease) in cash resources	36,834	(1,888,603)
Cash resources, beginning of year	776,703	2,665,306
Cash resources, end of year	813,537	776,703

The accompanying notes are an integral part of these financial statements

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

1. Incorporation and nature of the organization

The Timmins and District Hospital/L'Hôpital de Timmins et du District (the "Hospital") is principally involved in providing health care services to the City of Timmins and surrounding region of Northern Ontario.

The Hospital is incorporated without share capital by Letters Patent issued by the Province of Ontario and is regulated by the Public Hospitals Act. The Hospital is a registered charity under the Income Tax Act and accordingly is exempt for income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards, using the standards applicable to government not-for-profit organizations, including the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory is valued at the lower of cost and net realizable value, less a provision for any obsolete or unusable inventory on hand. Cost is determined by the weighted average method. Inventory consists of medical and general supplies that are used in the Hospital's operation and not for resale purposes.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. 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. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Land improvements	10 - 20 years
Buildings	10 - 40 years
Building service equipment	5 - 20 years
Equipment	3 - 20 years

Long-lived assets and discontinued operations

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Hospital determines that a long-lived asset no longer has any long-term service potential to the Hospital, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Vacation pay

The Hospital recognizes vacation pay as an expense on the accrual basis.

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

2. **Significant accounting policies (continued)**

Employee future benefits

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

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

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

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

Revenue recognition

The Hospital follows the deferral method of accounting for contributions which include donations and government transfers or grants.

The Hospital funding is based on the Hospital Service Accountability Agreement (H-SAA) between the Hospital and the North East Local Health Integration Network (NELHIN) which is an agency of the Ministry of Health and Long-Term Care. Operating transfers or grants are recorded as revenue in the period to which they relate. Transfers or grants approved but not received at the end of an accounting period are accrued. Where a portion of a transfer or grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended.

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

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

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Hospital's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Pledges to donate funds to the Hospital are not included in revenues until such time as funds are received.

Revenue for medical and other services are recognized when the services are provided.

Contributed materials

The work of the Hospital Board is dependent on the voluntary services of many individuals including the members of the Board. Since these services are not normally purchased by the Hospital and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies (continued)

Measurement uncertainty (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 the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization and deferred capital contributions are based on the estimated useful lives of capital assets. Employee future benefits are based on actuarial valuations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Hospital recognizes its financial instruments when the Hospital becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Hospital may irrevocably elect to subsequently measure any financial instrument at fair value. The Hospital has made such an election during the year.

The Hospital subsequently measures all derivative instruments at fair value. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers recent collection experience for the long term receivable in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

3. Accounts receivable

	2018	2017
Client and patient receivables	1,892,608	1,665,512
Other receivables	1,811,354	469,288
MOHLTC/NELHIN	438,919	139,468
	4,142,881	2,274,268
Allowance for doubtful accounts	(55,000)	(55,000)
	4,087,881	2,219,268

4. Inventory

	2018	2017
Drugs	311,178	302,452
Medical and surgical	297,048	294,230
Other	12,466	8,244
	620,692	604,926

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

5. Long term receivable

	2018	2017
Recruitment loans		
Relocation loans	6,457	15,504
Recruitment incentives	35,077	85,266
Residency loans	107,048	215,328
	148,582	316,098
Current portion of long term receivable	(114,516)	(171,716)
	34,066	144,382

Recruitment loans for physicians are non-interest bearing and are amortized over 4 years. They are forgivable provided that certain contractual conditions are met by the recipient physician.

6. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	490,002	-	490,002	490,002
Land improvements	363,047	222,954	140,093	151,850
Buildings	88,085,681	47,901,113	40,184,568	40,440,640
Building service equipment	11,088,804	4,931,698	6,157,106	6,265,443
Equipment	60,748,133	49,540,511	11,207,622	10,996,693
	160,775,667	102,596,276	58,179,391	58,344,628

7. Bank indebtedness

The Hospital has a credit facility to be used for general operating purposes. The allowable limit is \$7,500,000 (2017 - \$5,500,000). The credit facility bears interest at a rate equal to the lender's prime rate less 0.65% (2.8% in effect at year end date) and is secured by a general security agreement. As at March 31, 2018 \$5,050,000 (2017 - \$1,790,000) has been drawn on this facility.

8. Accounts payable and accrued liabilities

	2018	2017
MOHLTC/NELHIN	134,578	295,736
Other payables	4,607,944	3,199,897
Payroll remittances	952,927	924,487
Accrued vacation pay and other entitlements	3,781,403	3,744,894
Accrued salaries and wages	830,404	665,212
Other accrual	644,295	334,680
	10,951,551	9,164,906

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

9. Long-term debt

	2018	2017
RBC Loan 1 bearing interest as noted below, repayable in variable quarterly payments of principal plus interest. The loan matures in March 2026. See note 10.	9,969,083	11,398,000
RBC Loan 2 bearing interest as noted below, repayable in variable quarterly payments of principal plus interest. The loan matures in March 2023. See note 10.	2,848,518	3,446,000
	12,817,601	14,844,000
Less: Current portion	1,743,000	1,707,000
	11,074,601	13,137,000

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

	<i>Total</i>
2019	1,743,000
2020	1,780,000
2021	1,818,000
2022	1,857,000
Thereafter	5,619,601
	12,817,601

10. RBC loans

The loans from RBC are swap rate takeout loan agreements on long term capital (Loan 1) and IT upgrades (Loan 2). The original loans were converted to these agreements in September 2016. The swap agreement exchanges the Hospital's Banker's Acceptance variable loan payments for an established fixed rate payment. The exchange of interest payments result in an effective interest rate of 1.53% plus a 0.75% stamping fee for an all-in interest rate of 2.28% for the 9.5 year term for Loan 1 and an effective interest rate of 1.41% plus a 0.60% stamping fee for an all-in interest rate of 2.01% for the 6.5 year term for Loan 2. The approximate gain on breaking the swap rate loan agreement prior to maturation, given the market interest rates as at March 31, 2018 is estimated to be \$319,399 (2017 - \$27,602). The 2017 gain was not recorded as a remeasurement adjustment.

	2018	2017
RBC Loan 1	10,237,000	11,398,000
Fair value adjustment of derivative	(267,917)	-
	9,969,083	11,398,000
RBC Loan 2	2,900,000	3,446,000
Fair value adjustment of derivative	(51,482)	-
	2,848,518	3,446,000
	12,817,601	14,844,000

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

11. Employee future benefit liabilities

The Hospital provides extended health care, dental and life insurance benefits (as applicable) to eligible employees upon retirement. An independent actuarial study of the post-retirement and post-employment benefits was prepared as at March 31, 2017.

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

Discount rate for calculation of March 31, 2018 disclosures	3.37% (3.56% previous period)
Dental benefits - trend rates	4.00% (same as previous period)
Health benefits - trend rates	4.50% (same as previous period)

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

Information with respect to the Hospital's post-retirement and post-employment benefit liabilities are as follows:

	2018	2017
Accrued benefit liabilities, beginning of year	4,303,193	4,120,041
Dental benefits - trend rates	370,941	337,565
Health benefits - trend rates	(160,031)	(154,413)
Accrued benefit liabilities, end of year	4,514,103	4,303,193
Accrued benefit liabilities at March 31 include the following components:		
Accrued benefit obligation	4,753,605	4,400,523
Unamortized experience gains (losses)	(239,502)	(97,330)
	4,514,103	4,303,193

12. Deferred capital asset contributions

Deferred capital asset contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of contributions is recorded as revenue in the statement of operations. The changes in the deferred capital asset contributions balances are as follows:

	<i>Grants</i>	<i>Donations</i>	2018 <i>Total</i>	<i>2017</i> <i>Total</i>
Balance beginning of year	28,353,183	18,748,445	47,101,628	47,613,012
Add amounts received during the year	2,334,495	2,882,383	5,216,878	3,530,464
Less amounts amortized to revenue	(1,588,431)	(2,665,770)	(4,254,201)	(4,040,848)
Balance, end of year	29,099,247	18,965,058	48,064,305	47,102,628

Included in the amounts received during the year is \$1,169,035 received for assets not yet placed in use and therefore has not been amortized.

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

13. Contingent liabilities

Healthcare Insurance Reciprocal of Canada

A group of healthcare institutions, including the Hospital, are members of the Health Care Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2018, no assessments have been received.

Legal matters and litigation

Due to the nature of the Hospital's operations, the Hospital is periodically subject to litigation. In the opinion of management, the resolution of any current litigation would not have a material effect on the financial position or results of operations, as the Hospital has valid defences and appropriate insurance coverages in place.

14. Pension plan

Substantially all of the employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit plan. Employer contributions made to the plan during the year by the Hospital amounted to \$3,920,967 (2017 - \$3,723,923). These amounts are included in employee benefits in the statement of operations.

15. Other revenue

	2018	2017
Patient revenue		
In patient	809,234	520,604
Out patients - OHIP	7,304,747	7,198,949
Out patients - other	869,008	941,945
Preferred accommodation	1,068,703	1,252,480
	10,051,692	9,913,978
Recoveries		
Recoveries - other services	2,722,165	2,645,414
Recoveries - all other	2,486,620	2,811,250
	5,208,785	5,456,664
Other revenue		
Ambulance	87,654	77,829
Cafeteria and coffee shop	799,040	831,166
Investment income	3,557	3,212
Ministry of Health - Emergency Physician Funding	3,293,404	3,427,742
Other revenue	1,324,369	1,214,179
Undistributed income	131,581	156,727
	5,639,605	5,710,855
	20,900,082	21,081,497

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

16. Other funds

The Hospital administers a number of programs which are separately funded. The revenues and expenses related to these programs are recorded separately from the base funding operations of the Hospital and any excess or deficiency of revenue over expenses is settled with the funding agencies on an annual basis.

	2018	2017
Revenue		
Adult Community Mental Health	935,750	935,750
Ambulance offload	65,236	55,878
Mental Health Out-Patient Sessional fees	299,185	295,380
Municipal taxation	12,300	12,300
Timmins Health Links	89,381	10,158
Partnerships and projects	1,747,148	1,766,371
	3,149,000	3,075,837
Expenses		
Adult Community Mental Health	935,750	935,750
Ambulance offload	65,236	55,878
Mental Health Out-Patient Sessional fees	299,185	295,380
Municipal taxation	12,300	12,300
Timmins Health Links	89,381	10,158
Partnerships and projects	1,747,148	1,766,371
	3,149,000	3,075,837
Excess of revenue over expenses	-	-

17. Related party transactions

The financial statements do not include the assets, liabilities and activities of any organizations such as the Timmins and District Hospital Foundation or the Timmins and District Hospital Auxiliary which, although related to the Hospital, are not controlled by it.

The Hospital has an economic interest in the Timmins and District Hospital Foundation, whose mandate is to raise funds for the Hospital. The transactions during the year not separately disclosed in the statements include the following:

An amount of \$2,863,741 (2017 - \$3,120,305) has been received from the Foundation and recorded as deferred contributions related to capital assets. \$976,303 of the amount recorded is included in accounts receivable at year end.

18. Economic dependence

The Hospital's primary source of revenue is funding from the Ministry of Health and Long Term Care. The grant funding can be cancelled if the Hospital does not observe certain established guidelines. The Hospital's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within Ministry guidelines. As at the date of these financial statements the Hospital believes that it is in compliance with the guidelines.

Timmins and District Hospital/L'Hôpital de Timmins et du District

Notes to the Financial Statements

For the year ended March 31, 2018

19. Financial instruments

The Hospital, as part of its operations, carries a number of financial instruments. It is management's opinion that the Hospital is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rate. The Hospital is exposed to this risk through the line of credit and long term debt due to variable rates on the interest.