
Financial Statements of

**ARNPRIOR REGIONAL
HEALTH**

Year ended March 31, 2018

ARNPRIOR REGIONAL HEALTH

Financial Statements

Year ended March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of Arnprior Regional Health

We have audited the accompanying financial statements of the Arnprior Regional Health, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets, cash flows and remeasurement gains and losses for the year then ended, and notes, comprising 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 for government not-for-profit organizations, 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 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 the Arnprior Regional Health as at March 31, 2018, its results of operations, its changes in net assets, its cash flows and the remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 21, 2018

ARNPRIOR REGIONAL HEALTH

Statement of Financial Position

March 31, 2018, with comparative information for 2017
(In thousands of dollars)

	2018	2017
Assets		
Current assets:		
Cash (note 2)	\$ 2,434	\$ 2,067
Accounts receivable:		
Ministry of Health	6	3
Patient services	228	308
Other	698	630
Inventories	202	193
Prepaid expenses	209	147
	<u>3,777</u>	<u>3,348</u>
Investments (note 3)	6,041	5,952
Tangible capital assets (note 4)	24,329	21,812
	<u>\$ 34,147</u>	<u>\$ 31,112</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,475	\$ 5,129
Endowment payable (note 2)	21	21
Short-term loan payable (note 2)	715	695
Deferred contributions (note 5)	601	595
	<u>7,812</u>	<u>6,440</u>
Deferred capital contributions (note 6)	19,246	16,928
Post-employment benefits (note 7(a))	1,297	1,307
	<u>28,355</u>	<u>24,675</u>
Net assets (note 8):		
Unrestricted	446	1,052
Invested in tangible capital assets (note 9)	5,083	4,884
	<u>5,529</u>	<u>5,936</u>
Accumulated remeasurement gains	263	501
	<u>5,792</u>	<u>6,437</u>
Contractual obligations (note 11)		
Contingent liabilities (note 12)		
	<u>\$ 34,147</u>	<u>\$ 31,112</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ARNPRIOR REGIONAL HEALTH

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)

	2018	2017
Revenue:		
Ontario Ministry of Health and Long-term Care (note 13)	\$ 21,054	\$ 20,199
Sources other than the Ministry of Health:		
Inpatient and co-payment	1,768	1,818
Outpatient	1,292	1,415
Other income	1,832	1,382
Rental income	298	285
Investment income	312	344
Amortization of deferred contributions for equipment	551	454
	<u>27,107</u>	<u>25,897</u>
Expenses:		
Salaries and wages	13,188	13,141
Other supplies and expenses	6,427	5,187
Employee benefits (note 7)	3,427	3,474
Medical staff remuneration (note 13)	2,371	2,436
Amortization of equipment	940	983
Medical and surgical supplies	455	483
Drugs	281	292
	<u>27,089</u>	<u>25,996</u>
Excess (deficiency) of revenue over expenses before undernoted items	18	(99)
Amortization of deferred contributions for buildings	542	508
Amortization of buildings and land improvements	(967)	(906)
	<u>(425)</u>	<u>(398)</u>
Deficiency of revenue over expenses	\$ (407)	\$ (497)

See accompanying notes to financial statements.

ARNPRIOR REGIONAL HEALTH

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)

	Unrestricted	Invested in tangible capital assets	2018 Total	2017 Total
Balance, beginning of year	\$ 1,052	\$ 4,884	\$ 5,936	\$ 6,433
Excess (deficiency) of revenue over expenses	407	(814)	(407)	(497)
Net change in investment in capital assets	(1,013)	1,013	-	-
Balance, end of year	\$ 446	\$ 5,083	\$ 5,529	\$ 5,936

See accompanying notes to financial statements.

ARNPRIOR REGIONAL HEALTH

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)

	2018	2017
Cash provided by (used for):		
Operating activities:		
Deficiency of revenue over expenses	\$ (407)	\$ (497)
Items not involving cash:		
Amortization of tangible capital assets	1,907	1,889
Amortization of deferred contributions	(1,093)	(962)
Net change in post-employment benefits liability	(10)	(18)
Net change in non-cash working capital:		
Accounts receivable:		
Ministry of Health	(3)	17
Patient services	80	(67)
Other	(68)	(125)
Inventory	(9)	(3)
Prepaid expenses	(62)	18
Accounts payable and accrued liabilities	1,346	557
Deferred contributions	6	40
	1,687	849
Capital activities:		
Acquisition of tangible capital assets	(4,424)	(4,150)
Additions to deferred capital contributions	3,411	3,170
	(1,013)	(980)
Investing activities:		
Net proceeds from disposal of investments	(327)	29
Financing activities:		
Proceeds from short-term loan	20	695
Net increase in cash	367	593
Cash, beginning of year	2,067	1,474
Cash, end of year	\$ 2,434	\$ 2,067

See accompanying notes to financial statements.

ARNPRIOR REGIONAL HEALTH

Statement of Remeasurement Gains and Losses

Year ended March 31, 2018, with comparative information for 2017
(In thousands of dollars)

	2018	2017
Accumulated remeasurement gains, beginning of year	\$ 501	\$ 523
Unrealized gains (losses) on investments	(68)	293
Amounts reclassified to the statement of operations:		
Disposition of investments	(170)	(315)
Net remeasurement losses for the year	(238)	(22)
Accumulated remeasurement gains, end of year	\$ 263	\$ 501

See accompanying notes to financial statements.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements

Year ended March 31, 2018

(In thousands of dollars)

Arnprior Regional Health ("ARH") is incorporated without share capital under the laws of the Province of Ontario. ARH's purpose is to provide health care services to the residents of Arnprior and the surrounding area. ARH is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and may issue tax receipts to donors.

1. Significant accounting policies:

The financial statements of ARH are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board.

(a) Basis of presentation:

These financial statements present the financial position and the results of operations of the Hospital Revenue Fund, the Primary Health Care Centre Revenue Fund, the Community Programs Revenue Fund, Nursing Home Revenue Fund and the Capital Fund of ARH.

The Hospital Revenue Fund includes the assets, liabilities and results of operations of the Hospital, other than capital.

The Primary Health Care Centre Revenue Fund includes the assets, liabilities and results of operations of the Centre.

The Community Programs Revenue Fund includes the assets, liabilities and results of operations of these Programs.

The Nursing Home Revenue Fund includes the assets, liabilities and results of operations of The Grove, Arnprior and District Nursing Home.

All other assets, liabilities, income including all donations and bequests and expenses are recorded in the Capital Fund.

(b) Revenue recognition:

ARH follows the deferral method of accounting for contributions which includes donations and government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purpose of tangible capital assets are deferred and amortized to revenues at rates corresponding to those of the related tangible capital assets.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Under the Health Insurance Act and Regulations thereto, ARH is funded primarily by the Local Health Integration Networks ("LHIN") in accordance with budget arrangements established by the Ontario Ministry of Health and Long-term Care (the "Ministry").

If ARH does not meet its performance standards or obligations, the Ministry/LHIN has the right to adjust funding received by ARH. The Ministry/LHIN is not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of Ministry/LHIN funding received by ARH during the year may be increased or decreased subsequent to year end.

Fees for medical services are recognized as revenue of ARH Revenue Fund when the services are performed.

Investment income earned on restricted funds is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Unrestricted revenues are recorded as revenues when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Rental income is recognized in the Primary Health Care Revenue Fund and is recognized as earned.

Amortization of buildings is not funded by the LHIN and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

(c) Inventory:

Inventory for medical and surgical, pandemic and other supplies are valued at the lower of cost and replacement cost on a first in first out basis. Inventory is used in ARH's operations is not for resale purposes.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

1. Significant accounting policies (continued):

(d) Financial instruments:

ARH classifies its financial instruments as either fair value or amortized cost. ARH's accounting policy for each category is as follows:

(i) Fair value:

This category includes cash, restricted cash and investments. They are initially recorded at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with the instrument is removed from the net assets and recognized in the statement of operations.

(ii) Amortized cost:

This category includes accounts receivable, accounts payable and accrued liabilities and endowment payable. They are initially recorded at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(e) Tangible capital assets:

Tangible capital assets are accounted for at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution.

When a tangible capital asset no longer contributes to ARH's ability to provide services or the value of future economic benefits associated with the tangible asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

Amortization of tangible capital assets is calculated on a straight line basis, over the estimated useful lives, using the following rates:

Asset	Years
Land improvements	5 to 20
Buildings and equipment	10 to 50
Major equipment	3 to 20
Software	3 to 20
Assets under development	Amortization to commence once once asset is ready to use

(f) Employee benefit plans:

ARH provides defined retirement and post-employment benefits to certain employee groups. These benefits include pension and health and dental plans. ARH has adopted the following policies with respect to accounting for these employee benefits:

- ARH is an employer member of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. ARH has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.
- The cost of post-employment future benefits are actuarially determined using management's best estimate of health care costs and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs, are recognized as an expense in the period of the plan amendment.
- The discount rate used in the determination of the above-mentioned liabilities is equal to ARH's internal rate of borrowing.

(g) Contributed services:

Volunteers contribute many hours per year to assist ARH in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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Notes to Financial Statements (continued)

Year ended March 31, 2018
(in thousands of dollars)

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of the 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. Significant items subject to such estimates and assumptions include obligations related to post-employment benefits liability. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period they become known.

(i) Accounting changes:

On April 1, 2017, the Hospital adopted Canadian public sector accounting standards PS 2200 Related party disclosures, PS 3420 Inter-entity transactions, PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual rights.

The adoption of these standards did not result in an accounting policy change for the entity, and did not result in any adjustments to the financial statements as at April 1, 2017.

2. Restricted cash and credit facility:

Cash includes restricted funds of \$21 (2017 - \$21) relating to the Williamson Bennett Endowment Fund. Income earned on the fund is not restricted.

ARH has an available line of credit which is due on demand and bears interest at the bank's prime rate less 0.5%. At March 31, 2018, ARH has \$Nil drawn under this facility and an undrawn credit capacity of \$500.

ARH has an additional line of credit available which is due on demand and bears interest at the bank's prime rate less 0.5%. At March 31, 2018, ARH has \$715 (2017 - \$695) drawn under this facility and an undrawn credit capacity of \$285.

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Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

3. Investments:

	2018		2017	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	\$ 627	\$ 627	\$ 287	\$ 287
Bonds	2,706	2,735	2,800	2,745
Equities	2,708	1,721	2,865	1,720
	\$ 6,041	\$ 5,083	\$ 5,952	\$ 4,752

Investments include bonds bearing interest at rates ranging from 1.74% to 4.85%, maturing between May 2019 and June 2027.

4. Tangible capital assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 220	\$ -	\$ 220	\$ 220
Land improvements	659	656	3	4
Buildings and equipment	30,077	16,002	14,075	14,674
Major equipment	15,900	12,434	3,466	3,538
Software	3,181	1,807	1,374	1,597
Assets under development	5,191	-	5,191	1,779
	\$ 55,228	\$ 30,899	\$ 24,329	\$ 21,812

Cost and accumulated amortization of capital assets are presented net of disposals of \$2 (2017 - \$854). As at March 31, 2017, cost and accumulated amortization amounted to \$50,806 and \$28,994, respectively.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

5. Deferred contributions:

Deferred contributions represent funds received during the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions are as follows:

	2018	2017
Balance, beginning of year	\$ 595	\$ 555
Less: amounts recognized as revenue and amounts transferred to deferred capital contributions during the year	(1,883)	(153)
Plus: amounts received for the subsequent year	1,889	193
Balance, end of year	\$ 601	\$ 595

Deferred contributions is comprised of:

	2018	2017
AROW Health Links	\$ 52	\$ 159
Assisted Living Services	31	31
Small Hospital Transformation Funding Integration	164	164
Other	354	241
Balance, end of year	\$ 601	\$ 595

6. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and unspent amount of restricted grants, donations and contributions with which ARH's buildings and equipment were purchased. The variations in the balance of deferred capital contributions are as follows:

	2018	2017
Balance, beginning of year	\$ 16,928	\$ 14,720
Plus: contributions received and contributions transferred from deferred contributions during the year	3,411	3,170
Less: amount amortized to revenue during the year	(1,093)	(962)
Balance, end of year	\$ 19,246	\$ 16,928

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

7. Retirement and post-employment benefits:

(a) Post-employment benefits:

ARH provides extended health care and dental insurance benefits to certain employee groups and extends this coverage to the post-retirement period. The measurement date used to determine the accrued benefit obligation is March 31, 2018. The most recent actuarial valuation of post-employment benefits was completed as at March 31, 2018.

The following table outlines the components of ARH's post-employment benefits and the related expenses.

Post-employment benefits liability:

	2018	2017
Accrued employee future benefits obligations	\$ 1,225	\$ 1,179
Unamortized actuarial gains	72	128
Total liability	\$ 1,297	\$ 1,307

Post-employment benefits expense:

	2018	2017
Current year benefit cost	\$ 64	\$ 60
Amortization of actuarial gains	(10)	(11)
Interest on accrued benefit obligation	43	44
Total expense	\$ 97	\$ 93

The major actuarial assumptions employed for the valuations are as follows:

(i) Discount rate:

The present value as at March 31, 2018 of the future benefits was determined using a discount rate of 3.37% (2017 - 3.61%).

(ii) Extended health care trend rates:

Extended health care trend rates were assumed to increase at a 6.0% per annum (2017 - 6.5%) in the first year following; and decrease by 0.25% per annum to an ultimate rate of 4.50% (2017 - to an ultimate rate of 4.75%) per annum.

(iii) Dental costs:

Dental costs were assumed to increase by 2.75% per annum (2017 - 3.75%).

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

8. Net assets:

The changes in net assets balances during the year are as follows:

	Opening balance	Excess (deficiency) for the year	Transfers between funds	2018	2017
Hospital Revenue Fund before amortization	\$ -	\$ 655	\$ (655)	\$ -	\$ -
Primary Health Care Centre Revenue Fund	(1,892)	(58)	-	(1,950)	(1,892)
Community Programs Revenue Fund	5	3	-	8	5
Nursing Home Revenue Fund	(2,249)	(193)	-	(2,442)	(2,249)
	(4,136)	407	(655)	(4,384)	(4,049)
Capital Fund	10,072	(814)	655	9,913	10,072
	\$ 5,936	\$ (407)	\$ -	\$ 5,529	\$ 5,936

9. Net assets invested in tangible capital assets:

	2018	2017
Capital assets	\$ 24,329	\$ 21,812
Less: deferred capital contributions	(19,246)	(16,928)
Balance, end of year	\$ 5,083	\$ 4,884

The net change in the net assets invested in tangible capital assets is as follows:

Deficiency of revenue over expenses:

	2018	2017
Amortization of deferred capital contributions	\$ 1,093	\$ 962
Amortization of tangible capital assets	(1,907)	(1,889)
	\$ (814)	\$ (927)

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

9. Net assets invested in tangible capital assets (continued):

Investment in tangible capital assets:

	2018	2017
Acquisition of tangible capital assets	\$ 4,424	\$ 4,150
Less: Amounts funded by deferred contributions	(3,411)	(3,170)
	\$ 1,013	\$ 980

10. Related party transactions:

(a) Arnprior Regional Health Foundation (previously ADMH Partners in Caring Foundation):

Arnprior Regional Health Foundation (the "Foundation") is incorporated under the laws of Ontario for the purpose of raising funds for ARH. Contributions from the Foundation of \$181 (2017 - \$ 547) were received during the year and were recorded as deferred capital contributions and \$10 (2017 - \$10) was received for the employees' bursaries. The Foundation is a separate entity whose financial information is reported separately from ARH.

(b) The Arnprior and District Memorial Hospital Auxiliary:

Contributions from the Auxiliary of \$225 (2017 - \$265) were received during the year and were recorded as deferred capital contributions. The Auxiliary is a separate entity whose information is reported separately from ARH.

11. Contractual obligations:

ARH has committed funds, or is in the process of committing funds for capital projects. The total value of these commitments is \$274.

12. Contingent liabilities:

In the normal course of business, ARH is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the years in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

13. Alternative funding arrangements:

ARH acts as a paymaster on behalf of the Ministry of Health and Long-Term Care for the administration of the physicians participating in the hospital on-call program. ARH is also a party to an agreement with the Ministry of Health and Long-Term Care for the emergency physicians group. Included in Ministry of Health and Long-Term Care revenues as well as medical staff remuneration expense is an amount of \$1,814 (2017 - \$1,819).

14. Financial Instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. ARH is exposed to this risk relating to its cash, investments and accounts receivable. ARH holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

ARH's receivables are with governments, government funding agencies, patients and residents and corporate entities. ARH believes that these receivables do not have significant credit risk in excess of allowances for doubtful accounts that have been established.

(b) Liquidity risk:

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

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and other price risk.

ARH monitors market risk by adhering to a Board-approved investment policy.

(i) Currency risk:

ARH believes it is not subject to significant foreign currency risk arising from its financial instruments.

ARNPRIOR REGIONAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2018
(In thousands of dollars)

14. Financial Instruments (continued):

(c) Market risk (continued):

(i) 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 rates. ARH is exposed to this risk through its interest bearing investments and line of credit.

ARH mitigates interest rate risk on certain of its term debt through the variable rate inherent in the line of credit. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the line of credit.

(ii) Other price risk:

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. ARH is exposed to this risk through its equity holdings within its investment portfolio.

There have been no significant changes from the previous year in the exposure to market, liquidity or credit risk or the policies, procedures and methods used to measure the risk.

15. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.
