

Financial Statements**HALIBURTON HIGHLANDS HEALTH
SERVICES CORPORATION****March 31, 2018****Table of Contents**

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Consolidated Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 15
SCHEDULES TO THE FINANCIAL STATEMENTS	
Minden and Haliburton Hospitals	16
Small and Rural Hospital Transformation Funding	17
Mental Health Program/Homelessness Program	18
Supportive Housing Program	19
Alternative Funding for Emergency Services	20
Long-Term Care	21
Hospice Palliative Care	22
Community Support Services	23



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Independent auditor's report

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To the Board of Directors of Haliburton Highlands Health Services Corporation

We have audited the accompanying financial statements of Haliburton Highlands Health Services Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets, consolidated operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

We believe that the audit evidence we have obtained in our audit 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 Haliburton Highlands Health Services Corporation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The financial statements of Haliburton Highlands Health Services Corporation as at and for the year ended March 31, 2017 were audited by McColl Turner LLP, who expressed an unmodified opinion on those statements on June 22, 2017. The partners and staff of McColl Turner LLP joined Grant Thornton LLP subsequent to June 22, 2017.

Grant Thornton LLP

Peterborough, Canada
June 21, 2018

Chartered Professional Accountants
Licensed Public Accountants

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

1

STATEMENT OF FINANCIAL POSITION

As at March 31

	2018 \$	2017 \$
ASSETS		
CURRENT ASSETS		
Cash and short term investments (note 3(b)(iii))	2,989,381	2,970,851
Due from Ministry of Health and Long-Term Care (note 4)	40,632	40,610
Due from Ontario Health Insurance Plan	73,614	99,713
HST receivable	249,920	281,670
Other receivables	508,319	336,305
Inventories	177,236	115,242
Group benefits deposit (note 5)	168,306	87,693
Prepaid expenses	158,612	191,726
	4,366,020	4,123,810
PROPERTY, BUILDINGS AND EQUIPMENT (note 6)	17,725,088	16,895,430
	22,091,108	21,019,240
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	2,223,627	1,926,155
Due to Ministry of Health and Long-Term Care (note 4)	706,322	469,246
Due to Ross Memorial Hospital	126,092	189,782
Deferred revenue	226,690	538,468
Current portion of long term debt (note 8)	173,214	166,509
	3,455,945	3,290,160
LONG TERM DEBT (note 8)	375,517	548,828
EMPLOYEE FUTURE BENEFITS (note 9)	1,198,400	1,143,800
DEFERRED CAPITAL GRANTS AND DONATIONS (note 11)	16,233,605	15,241,391
	21,263,467	20,224,179
NET ASSETS		
Invested in property, buildings and equipment	942,752	938,702
Externally restricted	52,367	55,340
Unrestricted	(167,478)	(198,981)
	827,641	795,061
	22,091,108	21,019,240

COMMITMENTS AND CONTINGENCIES (note 14)*The accompanying notes and schedules are an integral part of these financial statements*

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

2

STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31

	2018			2017	
	\$			\$	
	Invested in property, buildings and equipment	Externally restricted	Unrestricted	Total	Total
BALANCE - beginning of year	938,702	55,340	(198,981)	795,061	778,057
Excess of revenue over expenses (expenses over revenue)	(157,181)	559	189,202	32,580	17,004
Net amounts funded by deferred capital grants and donations	(8,907)	-	8,907	-	-
Net amounts funded by externally restricted fund	3,532	(3,532)	-	-	-
Principal repayments on long term debt funded by operations	166,606	-	(166,606)	-	-
BALANCE - end of year	942,752	52,367	(167,478)	827,641	795,061

The accompanying notes and schedules are an integral part of these financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

3

STATEMENT OF CONSOLIDATED OPERATIONS

Year Ended March 31

	2018	2017
	\$	\$
REVENUES		
Ministry of Health and Long-Term Care	20,491,393	20,003,680
Patient services - other insurers and self pay	756,350	728,172
Long-term care - residents' fees and other	2,202,732	2,200,173
Other revenue	969,165	950,328
Amortization of capital grants and donations relating to property, buildings and equipment	1,080,085	1,003,385
	25,499,725	24,885,738
EXPENSES		
Salaries, wages and benefits	15,880,076	15,161,105
Medical compensation	2,961,784	2,945,424
Drugs and medical supplies	351,053	365,115
Supplies and other	5,007,433	5,109,494
Interest on long term debt	28,462	33,236
Amortization of property, buildings and equipment	1,237,266	1,213,602
	25,466,074	24,827,976
EXCESS OF REVENUE OVER EXPENSES BEFORE THE UNDERNOTED	33,651	57,762
Unexpended operating grants refundable to Ministry of Health and Long-Term Care for special programs	(1,071)	(40,758)
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	32,580	17,004

The accompanying notes and schedules are an integral part of these financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

4

STATEMENT OF CASH FLOWS

Year Ended March 31

	2018 \$	2017 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	32,580	17,004
Add (deduct) items not involving an outlay of cash:		
Amortization of property, buildings and equipment	1,237,266	1,213,602
Amortization of capital grants and donations relating to property, buildings and equipment	(1,080,085)	(1,003,385)
Employee future benefits	54,600	61,300
	244,361	288,521
Changes in non-cash working capital items	(64,600)	676,282
	179,761	964,803
FINANCING ACTIVITIES		
Net capital grants and donations received	2,072,299	1,349,116
Repayment of long term debt	(166,606)	(159,756)
	1,905,693	1,189,360
CAPITAL ACTIVITIES		
Additions to property, buildings and equipment	(2,066,924)	(1,311,369)
INCREASE IN CASH AND SHORT TERM INVESTMENTS FOR THE YEAR	18,530	842,794
CASH AND SHORT TERM INVESTMENTS POSITION - beginning of year	2,970,851	2,128,057
CASH AND SHORT TERM INVESTMENTS POSITION - end of year	2,989,381	2,970,851

The accompanying notes and schedules are an integral part of these financial statements

1. PURPOSE OF THE ORGANIZATION

The Haliburton Highlands Health Services Corporation (the "Corporation") was incorporated without share capital on February 19, 1996 and is responsible for the development and operation of health services required by the people of the County of Haliburton and the surrounding area. The Corporation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation has followed 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 ("PSAB for Government NPOs") in the preparation of these financial statements. A summary of significant policies is presented below:

(a) Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the operating fund.

Invested in property, buildings and equipment reports the assets, liabilities, revenues and expenses related to the property, buildings and equipment.

Funds received and expended for the benefit and welfare of residents of Hyland Crest are reported as externally restricted.

(b) Revenue recognition

The Haliburton Highlands Health Services Corporation follows the deferral method of accounting for contributions, which include donations and government grants. Restricted contributions other than capital grants and donations are recognized as revenue in the year in which the related expenses are incurred. 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. Contributions designated for the welfare of residents at Hyland Crest are recognized as revenue when received.

Capital grants and donations are deferred and amortized on the same basis and rate as the amortization of the related capital assets.

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Corporation is funded primarily by the Ministry of Health and Long-Term Care ("The Ministry") of the Province of Ontario in accordance with funding arrangements established by the Central East Local Health Integration Network ("CE LHIN"). The Board of Directors recognizes the Corporation's on-going dependency on The Ministry as the primary funding source for the Corporation's operating activities. Operating grants are recorded as revenue in the period to which they relate. One-time funding is recognized when the terms and conditions of the grant are met. These financial statements reflect agreed funding arrangements approved by the Ministry through the CE LHIN.

Patient billings are recognized as revenue when the service is provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Property, buildings and equipment*

Property, buildings and equipment are recorded at cost except for the original acquisitions from the Sisters of St. Joseph, which have been recorded at fair market value.

Amortization is provided on the basis and at the rates described below:

Asset	Basis	Rate
Land improvements	Straight-line on an individual basis	6.67% to 10%
Buildings	Straight-line	2.5% to 10%
Major equipment	Straight-line on an individual basis	6.67% to 20%

(d) *Inventories*

Inventories are valued at the lower of cost and replacement value.

(e) *Compensated absences*

Compensation for vacation and sick leave is accrued for all employees as entitlement to these payments is earned, in accordance with the Corporation's benefit plans.

(f) *Employee future benefits*

The Corporation accrues its obligations and the related costs under employee benefit plans, during the periods in which employees earn the benefits.

The costs of certain retirement 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.

Past service costs arising from plan amendments are immediately recognized.

Actuarial gains or losses arising in the year are amortized into future years' expenses over the average remaining service period of active employees.

(g) *Contributed services*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*(h) Use of estimates*

The preparation of financial statements in accordance with PSAB for Government NPOs requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

In particular, the amount of revenue recognized from the Ministry requires a number of estimates. The Corporation has entered into the Hospital Service Accountability Agreement (the "H-SAA") and the Multi-Sector Service Accountability Agreement (the "M-SAA") with the Ministry that set out the rights and obligations of the two parties in respect of funding provided to the Corporation by the Ministry for fiscal 2018. The H-SAA and the M-SAA set out certain performance standards and obligations that establish acceptable results for the Corporation's performance in a number of areas.

If the Corporation does not meet its performance standards or obligations, the Ministry has the right to adjust funding received by the Corporation. The Ministry 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 funding received during the year may be increased or decreased subsequent to year end.

In addition, the Corporation has provided for other significant estimates which include the estimated useful lives of property, buildings and equipment, as well as a provision for an allowance for doubtful accounts.

The amounts provided in these financial statements represents management's best estimate of amounts that have been earned or incurred during the year. Any differences from these estimates will be recorded in the period in which they become known.

3. FINANCIAL ASSETS AND LIABILITIES*(a) Measurement of financial instruments*

The Corporation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Corporation accounts for the following as financial instruments:

- cash and short term investments
- due from the Ministry of Health and Long-Term Care
- due from the Ontario Health Insurance Plan
- other receivables
- accounts payable and accrued liabilities
- due to the Ministry of Health and Long-Term Care
- due to Ross Memorial Hospital
- long term debt

3. FINANCIAL ASSETS AND LIABILITIES (continued)

A financial asset or liability is recognized when the Corporation becomes a party to contractual provision of the instrument.

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost.

The Corporation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Corporation is in the capacity of management in which case they are accounted for in accordance with financial instruments.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

(b) Risks

The Corporation is exposed to various risks associated with its financial assets and liabilities as described below. Unless otherwise noted, there has been no change in risk exposure from the prior year.

(i) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Cash flow from operations and government funding provide a substantial portion of the Corporation's cash requirements. The Corporation has an available line of credit of \$800,000 to provide flexibility to meet operational needs and bridge long-term financing, if required. The Corporation's borrowing arrangements are concentrated with a single Canadian financial institution.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The Corporation is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are non-interest bearing and generally due within 30 days. The Corporation measures its exposure to credit risk based on how long amounts have been outstanding. An impairment allowance is recorded based on a sliding scale percentage applied to the aged balances. At year end, there was a provision for doubtful accounts in the amount of \$54,785 (2017 - \$50,798).

3. FINANCIAL ASSETS AND LIABILITIES (continued)**(b) Risks****(iii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is not exposed to significant interest rate risk.

Short-term investments consist of Guaranteed Investment Certificates maturing between July 2018 and January 2021 with effective yields between 0.85% and 2.58% per annum.

The long-term debt is at a fixed rate of interest and payments are based on the contractual requirements of the debt instruments. A change in market interest rates has no impact on cash flows required to service this debt.

4. DUE FROM (TO) MINISTRY OF HEALTH AND LONG-TERM CARE

The Corporation is required to submit reports to the Ministry of Health and Long-Term Care for their review on an annual basis. Pending reconciliation by the Ministry, the Corporation has estimated that the operating grants recoverable (refundable) at year end are as follows:

	2018 \$	2017 \$
Mental health program/homelessness program	-	5,900
Supportive housing program	-	21,000
Long-term care	31,281	13,710
Community support services	9,351	-
Total recoverable	40,632	40,610
	2018 \$	2017 \$
Minden and Haliburton hospitals	(484,775)	(225,812)
Mental health program/homelessness program	(33,226)	(90,984)
Supportive housing program	(26,433)	(7,733)
Long-term care	(30,563)	(24,399)
Hospice palliative care	(10,550)	(13,871)
Community support services	(120,775)	(106,447)
Total refundable	(706,322)	(469,246)

5. GROUP BENEFITS DEPOSIT

The Corporation provides its employees with extended health, dental and semi-private benefits through a benefit carrier. The Corporation's contributions are expensed to the extent that they do not relate to discretionary reserves. A summary of the transactions in the plan and the resulting deposit is as follows:

	2018 \$	2017 \$
Balance – beginning of year	87,693	19,986
Net contributions	79,755	67,404
Interest	858	303
Balance – end of year	168,306	87,693

6. PROPERTY, BUILDINGS AND EQUIPMENT

The cost, accumulated amortization and net book value of the Corporation's property, buildings and equipment are as follows:

	March 31, 2018		March 31, 2017	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	322,660	-	322,660	-
Land improvements	546,695	367,568	546,695	353,789
Buildings	25,836,709	10,472,575	23,764,601	9,696,358
Major equipment	6,793,797	5,232,549	6,421,532	4,785,279
Construction in progress	297,919	-	675,368	-
	33,797,780	16,072,692	31,730,856	14,835,426
Net book value		17,725,088		16,895,430

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances of \$213,121 (2017 - \$203,672).

8. LONG TERM DEBT

Long term debt consists of the following:

	2018 \$	2017 \$
Variable rate first mortgage loan bearing interest at prime plus 1% per annum, repayable in monthly principal and interest payments of \$775, due December 1, 2019, secured by certain property	62,549	69,390
Fixed rate non-revolving unsecured demand instalment loan bearing interest at 4.16% per annum, repayable in monthly principal and interest payments of \$15,301, due January 15, 2021, secured by cash and equivalents	486,182	645,947
	548,731	715,337
Less principal payments due within one year classified as a current liability	173,214	166,509
	375,517	548,828

Based upon the present arrangements with lenders, aggregate principal repayments required in each of the next three years are as follows:

	\$
2019	173,214
2020	229,476
2021	146,041

9. EMPLOYEE FUTURE BENEFITS

The Corporation sponsors both defined benefit and defined contribution employee future benefit plans covering substantially all employees. Costs for employee future benefits are accrued over the periods in which employees earn the benefits.

The post retirement benefit costs have been actuarially determined using the projected benefit method prorated on service and management's best estimates of salary increases and ages of employees upon retirement. The most recent actuarial valuation for the plan was performed as at March 31, 2018.

The following actuarial assumptions were used to determine the post retirement plans expense and the accrued benefit obligations:

Discount rate – accrued benefit obligation	3.56% per annum
Discount rate – benefit cost	3.37% per annum
Dental cost trend rates	2.75% per annum
Extended health care trend rates	6.25% in 2018, decreasing by 0.25% per annum to an ultimate rate of 4.50% in 2025 and thereafter

9. EMPLOYEE FUTURE BENEFITS (continued)

The employee future benefits expense for fiscal 2018 and the accrued employee future benefit liability as at March 31, 2018 are as follows:

	2018 \$	2017 \$
Expenses		
Current service cost	73,400	69,100
Interest	47,600	47,800
Past service costs arising from plan amendments	20,500	18,200
Total employee future benefits expense	141,500	135,100
Accrued Benefit Liability		
Balance - beginning of year	1,143,800	1,082,500
Benefits expense for the year	141,500	135,100
Contributions/payments made during the year	(86,900)	(73,800)
Balance - end of year	1,198,400	1,143,800
Accrued Benefit Obligation		
Balance - beginning of year	1,308,300	1,238,100
Actuarial loss (gain)	(100,800)	27,100
Current service cost	73,400	69,100
Interest on accrued benefit obligation	47,600	47,800
Contributions/payments made during the year	(86,900)	(73,800)
Balance - end of year	1,241,600	1,308,300
Reconciliation of Accrued Benefit Obligation to Accrued Benefit Liability		
Accrued benefit obligation, end of year	1,241,600	1,308,300
Deduct unamortized actuarial loss	(43,200)	(164,500)
Accrued benefit liability - end of year	1,198,400	1,143,800

10. HOSPITALS OF ONTARIO PENSION PLAN

Substantially all of the employees of the Corporation are members of the Hospitals of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan by the Corporation during the year amounted to \$870,399 (2017 - \$860,409). These amounts are included in salaries, wages and benefits expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2017 disclosed net assets available for benefits of \$77,755 million with pension obligations of \$59,602 million, resulting in a surplus of \$18,153 million. As HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the Corporation does not recognize any share of the HOOPP surplus or deficit.

11. DEFERRED CAPITAL GRANTS AND DONATIONS

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

The change in deferred capital grants and donations during the year is as follows:

	2018 \$	2017 \$
Balance - beginning of year	15,241,391	14,895,660
Net capital grants and donations received and receivable during the year	2,072,299	1,349,116
Amortization of capital grants and donations	(1,080,085)	(1,003,385)
Balance - end of year	16,233,605	15,241,391

12. RESIDENTS' TRUST FUNDS

Residents' trust funds represent funds held on deposit as a convenience to the residents. These funds are not co-mingled with the Corporation's assets and, consequently are not included in the statement of financial position. Changes during the year in residents' trust funds are summarized as follows:

	2018 \$	2017 \$
Balance - beginning of year	9,222	15,734
Add (deduct):		
Interest earned	99	90
Net deposits (withdrawals)	4,653	(6,602)
Balance - end of year	13,974	9,222

13. ELIZABETH HARRISON TRUST

In connection with the ownership and responsibility of Hyland Crest, the Corporation has been delegated responsibility for the Elizabeth Harrison Trust fund. This endowment fund has been separately invested with the interest income available for the benefit of Hyland Crest residents at the discretion of the Residents' Council. These funds have been included in externally restricted funds on the statement of financial position.

The change in the fund balance for the year is as follows:

	2018 \$	2017 \$
Balance – beginning of year	55,340	54,955
Add (deduct):		
Interest earned	559	385
Net withdrawals	(3,532)	-
Balance – end of year	52,367	55,340

14. COMMITMENTS AND CONTINGENCIES

- (a) The Corporation has a Strategic Alliance Agreement with Ross Memorial Hospital in Lindsay ("Ross") as a result of an integration process facilitated by the CE LHIN. Ross provides the Corporation with support services in the following functional areas: integration project manager, combined information technology department, regional CIO, diagnostic imaging leadership, mental health leadership, sterile reprocessing, laboratory, procurement and pharmacy services. Annual aggregate fees for these services are approximately \$480,000 plus transactional costs and overhead charges where applicable.
- (b) The Corporation has a Service Agreement with Peterborough Regional Health Centre for the provision of laboratory services. The fees vary depending on volume and utilization and are invoiced monthly as incurred.
- (c) The Corporation is part of a group purchasing arrangement with the Plexxus (formerly the Central Ontario Healthcare Procurement Alliance (COHPA)) to obtain medical and surgical supplies and certain contract services. The arrangement with Plexxus is managed under the procurement services with Ross.
- (d) The Corporation has allied with a consortium of hospitals in a project to update radiology images to digital technology and centralize the storage and retrieval of digital radiology images. The Corporation has been added as a party and a purchaser to the Services Agreement with Ross Memorial Hospital and Agfa Healthcare Inc.
- (e) As part of its mandate to provide integrated health care services to the County, the Corporation operates long-term care programs at both the Haliburton (Highland Wood) and Minden (Hyland Crest) sites. The Corporation assumed sole responsibility for governance of Hyland Crest through the passage of a private members bill, which exempts the County of Haliburton from responsibility for governance as long as the Corporation maintains and operates the home.

14. COMMITMENTS AND CONTINGENCIES (continued)

- (f) A group of hospitals, including the Corporation, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2018.
- (g) Due to the nature of its operations, the Corporation is periodically subject to lawsuits in which the Corporation is a defendant, as well as grievances filed by its various unions. Where the potential liability is likely and able to be estimated, management records its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. It is management's position that the Corporation has valid defences and appropriate insurance coverage in place.

15. RELATED PARTY TRANSACTIONS*(a) Haliburton Highlands Health Services Foundation*

The Corporation has an economic interest in Haliburton Highlands Health Services Foundation (the "Foundation"). The Foundation was established to raise funds for charities and, in particular, the Corporation. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. Net resources of the Foundation at March 31, 2018 are approximately \$1,508,475. At year end, the Corporation had recorded net receivables from the Foundation amounting to \$347,682 (2017 - \$163,303).

(b) Hospital Auxiliaries

The Corporation is related to the Haliburton Hospital Auxiliary and the Minden Health Care Auxiliary, which were established to raise funds for the hospitals. The Auxiliaries are incorporated and are registered charities under the Income Tax Act.

The net assets and results from operations of the related parties are not included in the statements of the Corporation.

Related party transactions during the year not separately disclosed in the financial statements include an amount of \$1,038,950 (2017 - \$540,582) from the Foundation and \$163,783 (2017 - \$25,384) from the Haliburton and Minden Auxiliaries, the majority of which have been recorded as deferred capital contributions. The Foundation occupies an office in each of the Haliburton and Minden facilities. This space, together with the use of office furniture, computer equipment, and various office and payroll services, is provided to the Foundation at no charge by the Corporation.

The Community Support Services program operates at a site adjacent to the Corporation's Haliburton premises. While the property is reported in the records of the Corporation, title is held by the Foundation pursuant to the terms of a trust agreement between the two parties.

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

16

MINDEN AND HALIBURTON HOSPITALS**SCHEDULE OF OPERATIONS****Year Ended March 31**

	2018	2017
	\$	\$
REVENUE		
Patient services		
Ministry of Health and Long-Term Care	9,963,080	9,650,156
Other insurers and self-pay	314,100	341,412
Other revenue	500,501	388,810
Allocation from Small and Rural Hospital Transformation Funding	50,004	50,004
Amortization of capital grants and donations relating to property, buildings and equipment	1,080,085	1,003,385
	11,907,770	11,433,767
EXPENSES		
Salaries, wages and benefits	7,185,595	6,957,531
Medical compensation	383,004	372,410
Drugs and medical supplies	351,053	365,114
Supplies	1,086,162	906,629
Equipment maintenance	400,604	355,604
Laboratory	197,641	215,105
Building and grounds	481,635	577,091
Professional fees	86,809	110,284
Interest on long term debt	28,462	33,236
Other	29,001	49,330
Amortization of property, buildings and equipment	1,237,266	1,213,602
	11,467,232	11,155,936
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	440,538	277,831

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

17

SMALL AND RURAL HOSPITAL TRANSFORMATION FUNDING**SCHEDULE OF OPERATIONS****Year Ended March 31**

	2018	2017
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	339,350	457,000
EXPENSES		
Salaries, wages and benefits	129,929	156,445
Professional services		
Patient transportation	61,189	100,536
Change management	42,608	12,297
Systems and systems development	6,375	36,127
	240,101	305,405
Allocated to other programs:		
Mental health/homelessness programs	13,000	75,000
Minden and Haliburton hospitals	50,004	50,004
Long-term care	23,685	12,500
Community support services	11,489	-
	338,279	442,909
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR BEFORE THE UNDERNOTED	1,071	14,091
Amount refundable to Ministry of Health and Long-Term Care	(1,071)	(14,091)
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	-	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

18

MENTAL HEALTH PROGRAM/HOMELESSNESS PROGRAM**SCHEDULE OF OPERATIONS****Year Ended March 31**

	2018	2017
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care		
Operating	957,011	947,423
Homelessness	116,600	116,600
Tenants' fees	73,300	86,340
Allocation from Small and Rural Hospital Transformation Funding	13,000	75,000
Interest and other income	10,783	11,134
	<u>1,170,694</u>	<u>1,236,497</u>
EXPENSES		
Salaries, wages and benefits	822,843	818,633
Staff travel	25,654	25,566
Sessional fees	29,400	24,000
Rent	63,788	61,498
Administration fee	2,400	20,000
Equipment	7,827	8,573
Other	42,665	58,589
Homelessness		
Rent	149,271	150,873
Hydro	26,973	43,975
	<u>1,170,821</u>	<u>1,211,707</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE THE UNDERNOTED	(127)	24,790
Amount refundable to Ministry of Health and Long-Term Care	-	(24,790)
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	<u>(127)</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

19

SUPPORTIVE HOUSING PROGRAM**SCHEDULE OF OPERATIONS**

Year Ended March 31

	2018	2017
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	925,286	903,263
EXPENSES		
Salaries, wages and benefits	846,781	828,996
Office expenses	15,168	14,513
Staff travel	22,247	21,519
Resources	2,279	3,256
Administration fee	21,900	21,516
Other	14,627	13,463
	923,002	903,263
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR BEFORE THE UNDERNOTED	2,284	-
Amount refundable to Ministry of Health and Long-Term Care	-	-
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	2,284	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

20

ALTERNATIVE FUNDING FOR EMERGENCY SERVICES**SCHEDULE OF OPERATIONS**

Year Ended March 31

	Haliburton \$	Minden \$	2018 Total \$	2017 Total \$
REVENUE				
Ministry of Health and Long-Term Care	1,224,806	1,335,594	2,560,400	2,560,035
EXPENSES				
Participating physicians	1,199,806	1,310,594	2,510,400	2,510,035
Shadow billing	24,000	24,000	48,000	48,000
Administration	1,000	1,000	2,000	2,000
	1,224,806	1,335,594	2,560,400	2,560,035
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	-	-	-	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

21

**LONG-TERM CARE
SCHEDULE OF OPERATIONS
Year Ended March 31**

	Highland Wood \$	Hyland Crest \$	2018 Total \$	2017 Total \$
REVENUE				
Ministry of Health and Long-Term Care	1,397,565	2,842,750	4,240,315	4,116,742
Residents' fees and other	718,700	1,484,032	2,202,732	2,200,173
Allocation from Small and Rural Hospital Transformation Funding	11,390	12,295	23,685	12,500
	2,127,655	4,339,077	6,466,732	6,329,415
EXPENSES				
Nursing services	1,308,706	2,571,407	3,880,113	3,774,149
Dietary services	317,247	649,958	967,205	900,393
Housekeeping services	123,768	261,763	385,531	302,646
Building and property	324,697	604,970	929,667	936,264
General administration	49,543	93,045	142,588	114,876
Laundry and linen services	47,581	103,742	151,323	168,722
Activities	152,585	267,842	420,427	393,191
	2,324,127	4,552,727	6,876,854	6,590,241
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(196,472)	(213,650)	(410,122)	(260,826)

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

22

**HOSPICE PALLIATIVE CARE
SCHEDULE OF OPERATIONS
Year Ended March 31**

	2018	2017
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	275,965	275,961
EXPENSES		
Salaries, wages and benefits	242,892	256,743
Supplies and sundry	30,228	16,505
One time costs	113	1,431
Minor equipment	925	1,282
	274,158	275,961
EXCESS OF REVENUE OVER EXPENSES BEFORE THE UNDERNOTED	1,807	-
Amount refundable to Ministry of Health and Long-Term Care	-	-
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,807	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

23

COMMUNITY SUPPORT SERVICES**SCHEDULE OF OPERATIONS****Year Ended March 31**

	2018	2017
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care		
Operating	1,446,801	1,429,577
One time	5,936	3,923
Donations	36,432	7,044
Client service fees	442,250	386,760
Other revenue	8,799	-
Allocation from Small and Rural Hospital Transformation Funding	11,489	-
	<u>1,951,707</u>	<u>1,827,304</u>
EXPENSES		
Salaries, wages and benefits	1,212,663	1,128,345
Drugs and medical supplies	932	115
Supplies and sundry	394,699	363,374
One time costs	894	4,630
Minor equipment	29,930	4,895
Transportation	303,296	309,190
Building and grounds	11,093	14,878
	<u>1,953,507</u>	<u>1,825,427</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE THE UNDERNOTED	(1,800)	1,877
Amount refundable to Ministry of Health and Long-Term Care	-	(1,877)
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	<u>(1,800)</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements