

Financial Statements**HALIBURTON HIGHLANDS HEALTH
SERVICES CORPORATION****March 31, 2019****Table of Contents**

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Independent auditor's report

**To the Board of Directors of
Haliburton Highlands Health Services Corporation**

Opinion

We have audited the financial statements of Haliburton Highlands Health Services Corporation ("the Corporation"), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, consolidated operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Haliburton Highlands Health Services Corporation as at March 31, 2019, and its results of operations, its changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Peterborough, Canada
June 20, 2019

Chartered Professional Accountants
Licensed Public Accountants

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

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STATEMENT OF FINANCIAL POSITION

As at March 31

	2019	2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and short term investments (note 3(b)(iii))	3,349,250	2,989,381
Due from Ministry of Health and Long-Term Care (note 4)	33,547	40,632
Due from Ontario Health Insurance Plan	72,249	73,614
HST receivable	182,625	249,920
Other receivables	500,634	508,319
Inventories	162,255	177,236
Group benefits deposit (note 5)	80,873	168,306
Prepaid expenses	170,025	158,612
	4,551,458	4,366,020
PROPERTY, BUILDINGS AND EQUIPMENT (note 6)	17,321,150	17,725,088
	21,872,608	22,091,108
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	2,067,992	2,223,627
Due to Ministry of Health and Long-Term Care (note 4)	729,516	706,322
Due to Ross Memorial Hospital	160,274	126,092
Deferred revenue	350,115	226,690
Current portion of long term debt (note 8)	229,646	173,214
	3,537,543	3,455,945
LONG TERM DEBT (note 8)	146,041	375,517
EMPLOYEE FUTURE BENEFITS (note 9)	1,236,400	1,198,400
DEFERRED CAPITAL GRANTS AND DONATIONS (note 11)	16,113,658	16,233,605
	21,033,642	21,263,467
NET ASSETS		
Invested in property, buildings and equipment	831,805	942,752
Externally restricted	51,080	52,367
Unrestricted	(43,919)	(167,478)
	838,966	827,641
	21,872,608	22,091,108

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

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

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STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31

	2019			2018	
	\$			\$	
	Invested in property, buildings and equipment	Externally restricted	Unrestricted	Total	Total
BALANCE - beginning of year	942,752	52,367	(167,478)	827,641	795,061
Excess of revenue over expenses (expenses over revenue)	(204,250)	(1,287)	216,862	11,325	32,580
Net amounts funded by deferred capital grants and donations	(79,741)	-	79,741	-	-
Principal repayments on long term debt funded by operations	173,044	-	(173,044)	-	-
BALANCE - end of year	831,805	51,080	(43,919)	838,966	827,641

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

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

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STATEMENT OF CONSOLIDATED OPERATIONS

Year Ended March 31

	2019	2018
	\$	\$
REVENUES		
Ministry of Health and Long-Term Care	21,257,790	20,830,743
Patient services - other insurers and self pay	739,763	756,350
Long-term care - residents' fees and other	2,397,551	2,202,732
Other revenue	665,370	629,815
Amortization of capital grants and donations relating to property, buildings and equipment	1,091,685	1,080,085
	<u>26,152,159</u>	<u>25,499,725</u>
EXPENSES		
Salaries, wages and benefits	16,253,806	15,880,076
Medical compensation	3,081,776	2,961,784
Drugs and medical supplies	388,032	351,053
Supplies and other	5,101,288	5,007,433
Interest on long term debt	19,997	28,462
Amortization of property, buildings and equipment	1,295,935	1,237,266
	<u>26,140,834</u>	<u>25,466,074</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>11,325</u>	<u>32,580</u>

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

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

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STATEMENT OF CASH FLOWS

Year Ended March 31

	2019	2018
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	11,325	32,580
Add (deduct) items not involving an outlay of cash:		
Amortization of property, buildings and equipment	1,295,935	1,237,266
Amortization of capital grants and donations relating to property, buildings and equipment	(1,091,685)	(1,080,085)
Employee future benefits	38,000	54,600
	253,575	244,361
Changes in non-cash working capital items	199,598	(64,600)
	453,173	179,761
FINANCING ACTIVITIES		
Net capital grants and donations received	971,738	2,072,299
Repayment of long term debt	(173,044)	(166,606)
	798,694	1,905,693
CAPITAL ACTIVITIES		
Additions to property, buildings and equipment	(891,998)	(2,066,924)
INCREASE IN CASH AND SHORT TERM INVESTMENTS FOR THE YEAR	359,869	18,530
CASH AND SHORT TERM INVESTMENTS POSITION - beginning of year	2,989,381	2,970,851
CASH AND SHORT TERM INVESTMENTS POSITION - end of year	3,349,250	2,989,381

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 2019. 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
- 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) Measurement of financial instruments* (continued)

A financial asset or liability is recognized when the Corporation becomes party to contractual provisions 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, except for cash and short term investments which are subsequently measured at fair value.

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 at the exchange amount.

(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 \$68,668 (2018 - \$54,785).

3. FINANCIAL ASSETS AND LIABILITIES (continued)

(b) *Risks* (continued)

(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 April 2019 and January 2022 with effective yields between 1.50% and 3.05% 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:

	2019	2018
	\$	\$
Long-term care	33,547	31,281
Community support services	-	9,351
Total recoverable	33,547	40,632

	2019	2018
	\$	\$
Minden and Haliburton hospitals	(283,690)	(484,775)
Mental health program/homelessness program	(665)	(33,226)
Supportive housing program	(21,000)	(26,433)
Long-term care	(397,471)	(30,563)
Hospice palliative care	-	(10,550)
Community support services	(26,690)	(120,775)
Total refundable	(729,516)	(706,322)

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:

	2019	2018
	\$	\$
Balance – beginning of year	168,306	87,693
Net contributions (withdrawals)	(89,709)	79,755
Interest	2,276	858
Balance – end of year	80,873	168,306

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, 2019		March 31, 2018	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	322,660	-	322,660	-
Land improvements	546,695	381,347	546,695	367,568
Buildings	26,028,948	11,259,128	25,836,709	10,472,575
Major equipment	7,594,657	5,728,152	6,793,797	5,232,549
Construction in progress	196,818	-	297,919	-
	34,689,778	17,368,627	33,797,780	16,072,692
Net book value		17,321,150		17,725,088

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances of \$208,441 (2018 - \$213,121).

8. LONG TERM DEBT

Long term debt consists of the following:

	2019	2018
	\$	\$
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	56,045	62,549
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	319,642	486,182
	375,687	548,731
Less principal payments due within one year classified as a current liability	229,646	173,214
	146,041	375,517

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

	\$
2020	229,646
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, 2019.

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

Discount rate – accrued benefit obligation	3.37% per annum
Discount rate – benefit cost	3.18% per annum
Dental cost trend rates	2.75% per annum
Extended health care trend rates	6% in 2019, 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 2019 and the accrued employee future benefit liability as at March 31, 2019 are as follows:

	2019	2018
	\$	\$
Expenses		
Current service cost	82,900	73,400
Interest	42,900	47,600
Past service costs arising from plan amendments	12,700	20,500
Total employee future benefits expense	138,500	141,500
Accrued Benefit Liability		
Balance - beginning of year	1,198,400	1,143,800
Benefits expense for the year	138,500	141,500
Contributions/payments made during the year	(100,500)	(86,900)
Balance - end of year	1,236,400	1,198,400
Accrued Benefit Obligation		
Balance - beginning of year	1,241,600	1,308,300
Actuarial loss (gain)	26,100	(100,800)
Current service cost	82,900	73,400
Interest on accrued benefit obligation	42,900	47,600
Contributions/payments made during the year	(100,500)	(86,900)
Balance - end of year	1,293,000	1,241,600
Reconciliation of Accrued Benefit Obligation to Accrued Benefit Liability		
Accrued benefit obligation, end of year	1,293,000	1,241,600
Deduct unamortized actuarial loss	(56,600)	(43,200)
Accrued benefit liability - end of year	1,236,400	1,198,400

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 \$884,954 (2018 - \$870,399). 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, 2018 disclosed net assets available for benefits of \$79,019 million with pension obligations of \$65,128 million, resulting in a surplus of \$13,891 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:

	2019	2018
	\$	\$
Balance - beginning of year	16,233,605	15,241,391
Net capital grants and donations received and receivable during the year	971,738	2,072,299
Amortization of capital grants and donations	(1,091,685)	(1,080,085)
Balance - end of year	16,113,658	16,233,605

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:

	2019	2018
	\$	\$
Balance - beginning of year	13,974	9,222
Add (deduct):		
Interest earned	203	99
Net deposits (withdrawals)	(697)	4,653
Balance - end of year	13,480	13,974

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:

	2019	2018
	\$	\$
Balance – beginning of year	52,367	55,340
Add (deduct):		
Interest earned	878	559
Net withdrawals	(2,165)	(3,532)
Balance – end of year	51,080	52,367

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 Plexxus 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, 2019.
- (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.
- (h) During the year, the Highland Wood portion of the Haliburton site suffered significant water damage which required the evacuation of residents to other regional long-term care facilities. The Corporation has suffered losses due to the interruption of its operations caused by this incident, including foregone resident revenue and Provincial operating subsidies. These losses have been recovered by the Corporation's business interruption insurance to a large extent.

In addition to these costs, the Corporation incurred costs to relocate residents, minimize the damage to the roof and interior facilities, and begin repairs. Management anticipates that Highland Wood will be fully operational in June 2019.

It is management's best estimate that the anticipated costs to replace the roof, complete interior repairs and re-open the long-term care home will cost approximately \$420,000. This estimate is based on actual and quoted costs. These costs will be recovered through insurance, one-time funding and other grants provided by the Ministry.

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, 2019 are approximately \$1,610,703. At year end, the Corporation had recorded net receivables from the Foundation amounting to \$137,667 (2018 - \$347,682).

(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.

15. RELATED PARTY TRANSACTIONS (continued)*(b) Hospital Auxiliaries (continued)*

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 \$387,968 (2018 - \$1,038,950) from the Foundation and \$82,138 (2018 - \$163,783) from the Haliburton and Minden Auxiliaries, the majority of which have been recorded as deferred capital contributions, with the remainder of transactions being recorded at the exchange amount. 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.

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION
MINDEN AND HALIBURTON HOSPITALS
SCHEDULE OF OPERATIONS
Year Ended March 31

17

	2019	2018
	\$	\$
REVENUE		
Patient services		
Ministry of Health and Long-Term Care	10,333,564	10,253,185
Other insurers and self-pay	316,681	314,100
Other revenue	537,566	500,501
Amortization of capital grants and donations relating to property, buildings and equipment	1,091,685	1,080,085
	<u>12,279,496</u>	<u>12,147,871</u>
EXPENSES		
Salaries, wages and benefits	7,501,537	7,315,524
Medical compensation	382,507	383,004
Drugs and medical supplies	388,032	351,053
Supplies	1,297,142	1,153,726
Equipment maintenance	359,488	400,604
Laboratory	211,065	197,641
Building and grounds	315,028	481,635
Professional fees	193,471	129,417
Interest on long term debt	19,997	28,462
Other	27,052	29,001
Amortization of property, buildings and equipment	1,295,935	1,237,266
	<u>11,991,254</u>	<u>11,707,333</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>288,242</u>	<u>440,538</u>

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION
MENTAL HEALTH PROGRAM/HOMELESSNESS PROGRAM
SCHEDULE OF OPERATIONS
Year Ended March 31

18

	2019	2018
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care		
Operating	991,692	957,011
Homelessness	118,370	116,600
Small and Rural Hospital Transformation Funding	13,500	13,000
Tenants' fees	60,681	73,300
Interest and other income	12,692	10,783
	<u>1,196,935</u>	<u>1,170,694</u>
EXPENSES		
Salaries, wages and benefits	831,374	822,843
Staff travel	25,939	25,654
Sessional fees	31,200	29,400
Rent	70,322	63,788
Administration fee	2,400	2,400
Equipment	14,588	7,827
Other	47,868	42,665
Homelessness		
Rent	146,364	149,271
Hydro	26,880	26,973
	<u>1,196,935</u>	<u>1,170,821</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	-	(127)

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION
SUPPORTIVE HOUSING PROGRAM
SCHEDULE OF OPERATIONS
Year Ended March 31

19

	2019	2018
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	915,739	925,286
EXPENSES		
Salaries, wages and benefits	846,391	846,781
Office expenses	15,506	15,168
Staff travel	16,047	22,247
Resources	874	2,279
Administration fee	21,900	21,900
Other	15,021	14,627
	915,739	923,002
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	2019	2018
	\$	\$	Total	Total
			\$	\$
REVENUE				
Ministry of Health and Long-Term Care	1,224,592	1,456,583	2,681,175	2,560,400
EXPENSES				
Participating physicians	1,199,592	1,431,583	2,631,175	2,510,400
Shadow billing	24,000	24,000	48,000	48,000
Administration	1,000	1,000	2,000	2,000
	1,224,592	1,456,583	2,681,175	2,560,400
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 \$	2019 Total \$	2018 Total \$
REVENUE				
Ministry of Health and Long-Term Care	1,328,497	2,964,590	4,293,087	4,240,315
Small and Rural Hospital Transformation Funding	-	-	-	23,685
Residents' fees and other	836,571	1,560,980	2,397,551	2,202,732
	<u>2,165,068</u>	<u>4,525,570</u>	<u>6,690,638</u>	<u>6,466,732</u>
EXPENSES				
Nursing services	1,362,554	2,617,103	3,979,657	3,880,113
Dietary services	307,715	673,664	981,379	967,205
Housekeeping services	122,502	265,889	388,391	385,531
Building and property	358,514	520,680	879,194	929,667
General administration	72,604	122,771	195,375	142,588
Laundry and linen services	37,627	109,629	147,256	151,323
Activities	130,234	265,914	396,148	420,427
	<u>2,391,750</u>	<u>4,575,650</u>	<u>6,967,400</u>	<u>6,876,854</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	<u>(226,682)</u>	<u>(50,080)</u>	<u>(276,762)</u>	<u>(410,122)</u>

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**

	2019	2018
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care	265,230	275,965
EXPENSES		
Salaries, wages and benefits	234,578	242,892
Supplies and sundry	30,261	30,228
One time costs	-	113
Minor equipment	391	925
	265,230	274,158
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
COMMUNITY SUPPORT SERVICES
SCHEDULE OF OPERATIONS
Year Ended March 31

23

	2019	2018
	\$	\$
REVENUE		
Ministry of Health and Long-Term Care		
Operating	1,645,433	1,446,801
One time	-	5,936
Small and Rural Hospital Transformation Funding	-	11,489
Donations	54,411	36,432
Client service fees	423,082	442,250
Other revenue	20	8,799
	<u>2,122,946</u>	<u>1,951,707</u>
EXPENSES		
Salaries, wages and benefits	1,340,583	1,212,663
Drugs and medical supplies	297	932
Supplies and sundry	440,338	394,699
One time costs	406	894
Minor equipment	5,732	29,930
Transportation	328,072	303,296
Building and grounds	7,673	11,093
	<u>2,123,101</u>	<u>1,953,507</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	<u>(155)</u>	<u>(1,800)</u>

The accompanying notes are an integral part of the financial statements