



Financial Statements

Haliburton Highlands Health Services
Corporation

March 31, 2021

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 21
Minden and Haliburton Hospitals	22
Mental Health Program/Homelessness Program	23
Supportive Housing Program	24
Alternative Funding for Emergency Services	25
Long-Term Care	26
Hospice Palliative Care	27
Community Support Services	28

Independent Auditor's Report

Grant Thornton LLP
362 Queen Street
Peterborough, ON
K9H 3J6

T +1 705 743 5020
F +1 705 743 5081
www.GrantThornton.ca

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, 2021, and the statement of operations, statement of changes in net assets and statement of 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 the Corporation as at March 31, 2021, and its results of operations 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.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules to the financial statements on pages 22 - 28 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the 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 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.

Independent Auditor's Report (continued)

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 company 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Peterborough, Canada
June 24, 2021

Chartered Professional Accountants
Licensed Public Accountants

Haliburton Highlands Health Services Corporation

Statement of Financial Position

March 31

2021

2020

Assets

Current

Cash and cash equivalents	\$ 1,725,612	\$ 3,146,655
Cash - capital projects (Note 4)	1,487,587	-
Due from Ministries of Health and Long-Term Care (Note 5)	2,849,808	464,930
Accounts receivable - Ontario Health Insurance Plan	101,734	73,630
Other receivables	872,740	1,049,461
Inventory	178,230	168,092
Group benefits deposit (Note 6)	143,384	37,686
Prepaid expenses	<u>211,254</u>	<u>168,710</u>

7,570,349 5,109,164

Property, buildings and equipment (Note 7)

20,137,435 18,395,530

\$ 27,707,784 \$ 23,504,694

Liabilities

Current

Accounts payable and accrued liabilities	\$ 3,539,023	\$ 3,290,511
Due to Ministries of Health and Long-Term Care (Note 5)	2,007,163	1,085,853
Due to Ross Memorial Hospital (Note 17)	159,509	139,057
Current portion of deferred capital grants and donations (Note 12)	1,230,000	-
Current portion of long-term debt (Note 9)	<u>230,591</u>	<u>153,560</u>

7,166,286 4,668,981

Long-term debt (Note 9)

2,130,539 41,718

Employee future benefits (Note 10)

1,301,700 1,269,100

Deferred capital grants and donations (Note 12)

16,047,878 16,448,474

Deferred revenue

220,150 217,326

Total long-term liabilities

19,700,267 17,976,618

26,866,553 22,645,599

Net Assets

Invested in property, buildings and equipment

1,983,014 1,751,778

Net assets restricted for endowment purposes (Note 14)

46,190 46,583

Unrestricted

(1,187,973) (939,266)

841,231 859,095

\$ 27,707,784 \$ 23,504,694

Haliburton Highlands Health Services Corporation

Statement of Operations

Year ended March 31

2021

2020

Revenue

Ministries of Health and Long-term Care	\$ 30,512,703	\$ 22,144,641
Patient services	437,195	721,313
Long-term care residents fees	2,162,887	2,462,447
Other revenue	580,799	1,075,345
Amortization of deferred capital grants and donations (Note 12)	1,232,395	1,145,214
	<u>34,925,979</u>	<u>27,548,960</u>

Expenses

Salaries, wages and benefits	22,370,250	17,149,710
Medical compensation	3,806,049	3,232,305
Drugs and medical supplies	461,525	393,490
Supplies and other	6,944,483	5,397,608
Interest on long-term debt	4,415	13,603
Amortization of property, buildings and equipment	1,357,121	1,342,115
	<u>34,943,843</u>	<u>27,528,831</u>

(Deficiency) excess of revenue over expenditures	<u>\$ (17,864)</u>	<u>\$ 20,129</u>
---	---------------------------	-------------------------

Haliburton Highlands Health Services Corporation

Statement of Changes in Net Assets

Year ended March 31

2021

2020

	Invested in property, buildings and equipment	Unrestricted	Restricted for endowment purposes	Total	Total
Net assets (debt), beginning of year	\$ 1,751,778	\$ (939,266)	\$ 46,583	\$ 859,095	\$ 838,966
Excess of revenue over expenses (expenses over revenue)	(124,726)	107,255	(393)	(17,864)	20,129
Net additions to property, buildings, and equipment funded by operations	21,814	(21,814)	-	-	-
Net additions to property, buildings, and equipment to be financed by credit facilities described in Note 9	1,012,590	(1,012,590)	-	-	-
Issuance of long-term debt relating to additions to property, buildings and equipment	(1,012,590)	1,012,590	-	-	-
Principal repayments on long term debt funded by operations	334,148	(334,148)	-	-	-
Net assets (debt), end of year	\$ 1,983,014	\$ (1,187,973)	\$ 46,190	\$ 841,231	\$ 859,095

Haliburton Highlands Health Services Corporation

Statement of Cash Flows

Year ended March 31

2021

2020

Operating

(Deficiency) excess of revenue over expenses for the year	\$ (17,864)	\$ 20,129
Add (deduct) items not involving an outlay of cash and cash equivalents:		
Amortization of property, buildings and equipment	1,357,121	1,342,115
Amortization of capital grants and donations relating to property, buildings and equipment	(1,232,395)	(1,145,214)
Employee future benefits	<u>32,600</u>	<u>32,700</u>
	<u>139,462</u>	<u>249,730</u>
Changes in non-cash working capital items (Note 15)	<u>(1,201,542)</u>	<u>664,533</u>
	<u>(1,062,080)</u>	<u>914,263</u>

Financing

Net capital grants and donations received	2,061,799	1,480,030
Repayment of long-term debt	(334,148)	(180,409)
Proceeds on issuance of long-term debt	2,500,000	-
Restriction of cash for future capital projects	<u>(1,487,587)</u>	<u>-</u>
	<u>2,740,064</u>	<u>1,299,621</u>

Capital activities

Additions to property, buildings and equipment	<u>(3,099,027)</u>	<u>(2,416,495)</u>
Increase (decrease) in cash and cash equivalents	(1,421,043)	(202,611)
Cash and cash equivalents, beginning of year	<u>3,146,655</u>	<u>3,349,266</u>
Cash and cash equivalents, end of year	<u>\$ 1,725,612</u>	<u>\$ 3,146,655</u>

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

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 also operates two Long Term Care facilities and several community programs serving the residents of the County of Haliburton. 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:

Revenue recognition

The Haliburton Highlands Health Services Corporation follows the deferral method of accounting for contributions, which include donations and government grants. All contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions, other than capital contributions, 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 restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related asset.

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Corporation is funded primarily by the Ministry of Health and the Ministry of Long-Term Care ("the Ministries") 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 ongoing dependency on the Ministries as the primary funding source for the Corporation's operating activities. Operating grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements approved by the Ministries through the CE LHIN.

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

Long term care resident fees are recognized on a straight line basis over the term of the occupancy. Other revenue is recognized when the services are performed.

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and cash equivalents

Cash and cash equivalents are defined as cash on deposit less cheques issued and outstanding and other highly liquid items such as investments in guaranteed investment certificates. At March 31, 2021, cash and cash equivalents included investments in guaranteed investment certificates which have maturity dates ranging between April 2021 and January 2023 with effective yields between 2.2% and 3.05% per annum.

Property, buildings and equipment

Property, buildings and equipment are measured at cost less accumulated amortization and impairment, if any. Contributed tangible capital assets are initially measured at fair market value.

Construction in progress includes costs directly attributable to construction plus directly related interest charges. Included in construction in progress is \$61,680 (2020 - \$Nil) of interest incurred on credit facilities available to the Corporation. Amortization commences when the projects are substantially complete and ready for use.

When an asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual 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%

Inventories

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

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.

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 employee future benefits include non-pension post-employment benefits providing health, dental and life insurance benefits to employees.

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.

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.

Contributed services and materials

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

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 Ministries 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 of Health, and has entered into the Long-Term Care Home Service Accountability Agreement (the "L-SAA") with the Ministry of Long-Term Care. These agreements set out the rights and obligations of each party in respect of funding provided to the Corporation by the Ministries for fiscal 2021. The H-SAA, M-SAA and L-SAA set out certain performance standards and obligations that establish acceptable results for the Corporation's performance in a number of areas.

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of estimates, continued

If the Corporation does not meet its performance standards or obligations, the Ministries have the right to adjust funding received by the Corporation. The Ministries are 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.

Pension agreement

The Corporation is an employer member of the Hospitals 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. The Corporation has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

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 cash equivalents
- Cash - capital projects
- Accounts receivable - Ontario Health Insurance Plan
- Other receivables
- Accounts payable
- Due from (to) Ministries of Health and Long-Term Care
- Due to Ross Memorial Hospital
- Long-term debt

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

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 cost. The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash and cash equivalents and cash - capital projects 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.

All fair value financial instruments are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price. No additional sensitivity analysis has been disclosed as the fair value is identical to the last bid price.

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 writedown being recognized in the statement of operations.

(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. Additional cash requirements could be met with the use of the available revolving demand facility as described in Note 8. The Corporation's borrowing arrangements are concentrated with a single Canadian financial institution.

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

3. FINANCIAL ASSETS AND LIABILITIES, CONTINUED

(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 other receivables and accounts receivable due from Ontario Health Insurance Plan. At year end, there was a provision for doubtful accounts in the amount of \$28,030 (2020 - \$51,270).

(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 exposed to interest rate risk on its interest bearing financial instruments, consisting of the credit facility described in Note 8 and the long-term debt described in Note 9.

Changes in the bank's prime interest rate can cause fluctuations in interest payments and future cash flows with respect to the credit facility described in Note 8. The long-term debt is at a fixed rate of interest and payments are based on the contractual requirements of the debt instruments and consequently the exposure to fluctuations in future cash flows as a result of changes in market interest rates is limited.

4. CASH - CAPITAL PROJECTS

Cash - capital projects is comprised of loan proceeds to be allocated to future capital projects.

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

5. DUE FROM (TO) MINISTRIES OF HEALTH AND LONG-TERM CARE

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

	<u>2021</u>	<u>2020</u>
Long-term care	\$ 132,958	\$ 301,597
Minden and Haliburton hospitals	2,715,849	163,333
Supportive housing program	<u>1,001</u>	<u>-</u>
Total recoverable	\$ 2,849,808	\$ 464,930
Minden and Haliburton hospitals	\$ (1,022,987)	\$ (222,350)
Mental health program/homelessness program	(10,531)	(665)
Supportive housing program	(21,000)	(21,000)
Long-term care	(889,980)	(830,148)
Community support services	<u>(62,665)</u>	<u>(11,690)</u>
Total refundable	\$ (2,007,163)	\$ (1,085,853)

6. GROUP BENEFITS DEPOSIT

The Corporation provides its employees with extended health, dental and semi-private benefits through a benefit carrier. The Corporation maintains a deposit with the benefit carrier to prepay for any claims in the plan. Any surplus amounts contributed to the plan are carried forward to future periods, while deficits reduce the amount of the deposit available in future periods. A summary of the transactions in the plan and the resulting deposit is as follows:

	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 37,686	\$ 80,873
Net contributions (withdrawals)	105,405	(44,930)
Interest	<u>293</u>	<u>1,743</u>
Balance - end of year	\$ 143,384	\$ 37,686

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

7. PROPERTY, BUILDINGS AND EQUIPMENT

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

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 322,660	\$ -	\$ 322,660	\$ -
Land Improvements	546,695	408,905	546,695	395,126
Buildings	28,310,587	12,936,553	26,969,586	12,097,061
Major equipment	9,185,820	6,722,405	8,468,741	6,218,555
Construction in progress	1,839,536	-	798,590	-
	<u>40,205,298</u>	<u>20,067,863</u>	<u>37,106,272</u>	<u>18,710,742</u>
Net book value		<u>\$ 20,137,435</u>		<u>\$ 18,395,530</u>

8. CREDIT FACILITY

The Corporation has available to it a revolving demand facility with a maximum limit of \$1,500,000 (2020 - \$800,000). As at March 31, 2021, \$Nil (2020 - \$Nil) was outstanding on this facility. Advances on this facility bear interest at the CIBC prime rate per annum, payable monthly, and are due on demand.

The Corporation was approved for a non-revolving demand instalment loan of \$1,500,000 to be used for capital infrastructure projects. This loan will bear interest at a fixed rate of 3.5% and will be repayable on demand in monthly payments of \$14,832 and will be due 120 months from the date of the first regular payment date. No amounts were drawn on the facility at March 31, 2021.

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

9. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Variable rate first mortgage loan bearing interest at 3.28% per annum, repayable in monthly principal and interest payments of \$752, due December 1, 2024, secured by certain property	\$ 41,718	\$ 49,237
Fixed rate non-revolving unsecured demand instalment loan bearing interest at 3.039% per annum, repayable in monthly principal and interest payments of \$24,185, due May 1, 2030, secured by cash and equivalents	2,319,412	-
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	-	146,041
	2,361,130	195,278
Less current portion of long term debt	<u>(230,591)</u>	<u>(153,560)</u>
	\$ 2,130,539	\$ 41,718

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

2022	\$ 230,591
2023	237,717
2024	245,061
2025	261,692
2026	251,585

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

10. EMPLOYEE FUTURE BENEFITS

The Corporation sponsors a defined benefit employee future benefit plan offering post-retirement non-pension benefits covering substantially all employees. The employee future benefits include non-pension post-employment benefits providing health, dental and life insurance benefits to employees.

The most recent actuarial valuation for the plan was performed as at March 31, 2021. The following actuarial assumptions were used to determine the post retirement plans expense and the accrued benefit obligations:

Discount rate – accrued benefit obligation	3.29% per annum
Discount rate – benefit cost	3.21% per annum
Dental cost trend rates	2.75% per annum
Extended health care trend rates	6% in 2020, decreasing by 0.25% per annum to an ultimate rate of 4.50% in 2026 and thereafter

	<u>2021</u>	<u>2020</u>
Expenses		
Current service cost	\$ 89,400	\$ 87,500
Interest	48,900	42,100
Amortization of actuarial gains and losses	13,500	14,700
Total employee future benefits expense	<u>\$ 151,800</u>	<u>\$ 144,300</u>
Accrued Benefit Liability		
Balance - beginning of year	\$ 1,269,100	\$ 1,236,400
Benefits expense for the year	152,200	144,300
Contributions/payments made during the year	(119,600)	(111,600)
Balance - end of year	<u>\$ 1,301,700</u>	<u>\$ 1,269,100</u>
Accrued Benefit Obligation		
Balance - beginning of year	\$ 1,295,300	\$ 1,293,000
Actuarial gain	(25,300)	(15,700)
Current service cost	89,400	87,500
Interest on accrued benefit obligation	48,900	42,100
Contributions/payments made during the year	(119,600)	(111,600)
	<u>\$ 1,288,700</u>	<u>\$ 1,295,300</u>
Reconciliation of Accrued Benefit Obligation to Accrued Benefit Liability		
Accrued benefit obligation, end of year	\$ 1,288,700	\$ 1,295,300
Add (deduct) unamortized actuarial gain (loss)	13,000	(26,200)
Accrued benefit liability - end of year	<u>\$ 1,301,700</u>	<u>\$ 1,269,100</u>

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

11. HOSPITALS OF ONTARIO PENSION PLAN

Substantially all of employees of the Corporation are members of the Hospitals of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory defined benefit pension plan. Employer contributions made to the plan by the Corporation during the year amounted to \$1,039,063 (2020 - \$941,952). 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, 2021 disclosed net assets available for benefits of \$103,983 million with pension obligations of \$79,852 million, resulting in a surplus of \$24,131 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.

12. DEFERRED CAPITAL GRANTS AND DONATIONS

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

	<u>2021</u>	<u>2020</u>
Deferred capital grants and donations - beginning of year	\$ 16,448,474	\$ 16,113,658
Net capital grants and donations received and receivable during the year	2,061,799	1,480,030
Revenue recognized on capital grants and donations	<u>(1,232,395)</u>	<u>(1,145,214)</u>
	17,277,878	16,448,474
Current portion of deferred capital grants and donations	<u>(1,230,000)</u>	<u>-</u>
Deferred capital grants and donations - end of year	<u>\$ 16,047,878</u>	<u>\$ 16,448,474</u>

13. 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:

	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 13,261	\$ 13,480
Add (deduct):		
Interest earned	74	267
Net contributions (withdrawals)	<u>2,711</u>	<u>(486)</u>
Balance - end of year	<u>\$ 16,046</u>	<u>\$ 13,261</u>

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

14. 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.

15. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

Changes in other non-cash working capital items during the year consist of the following:

	<u>2021</u>	<u>2020</u>
Due to (from) Ministries of Health and Long-Term Care	\$ (1,463,569)	\$ (75,046)
Accounts receivable - Ontario Health Insurance Plan	(28,104)	(1,381)
Other receivables	176,721	(366,202)
Inventory	(10,138)	(5,837)
Group benefits deposit	(105,698)	43,187
Prepaid expenses	(42,544)	1,315
Accounts payable and accrued liabilities	248,514	1,222,503
Due to Ross Memorial Hospital	20,452	(21,217)
Deferred revenue	2,824	(132,789)
	<u>\$ (1,201,542)</u>	<u>\$ 664,533</u>

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

16. COMMITMENTS AND CONTINGENCIES

- (a) 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.
- (b) In February 2019, the Corporation signed a Memorandum of Understanding with six other partner hospitals in the region for the implementation of a Clinical Information System ("CIS"). This will be a transformational project that will span multiple years and is being undertaken in collaboration with other hospitals in the CE LHIN. Following a Request for Proposal, a preferred vendor was selected and a contract signed. The project is planned to be implemented by October 2021. As at March 31, 2021, the Corporation has incurred \$1,222,821 (2019 - \$298,019) of costs related to the project, which has been capitalized in construction in progress as listed in Note 7. The Corporation's share of the commitment over the next 10 years is approximately \$3,500,000. To finance part of this commitment, the Corporation has secured financing from its bank, as described in Note 9.
- (c) 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.

17. 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, 2021 are approximately \$1,232,704. The Foundation also holds an adjacent property in Trust for the Corporation, which the Community Support Services program operates from. Related party transactions from the Foundation during the year not separately disclosed in the financial statements include capital contributions in the amount of \$464,141 (2019 - \$807,344). 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. At year end, the Corporation had recorded net receivables from the Foundation amounting to \$238,914 (2020 - \$403,419).

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

17. RELATED PARTY TRANSACTIONS, CONTINUED

(b) Hospital Auxiliaries

The Corporation has an economic interest in 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. Related party transactions during the year not separately disclosed in the financial statements include contributions in the amount of \$24,941 (2019 - \$99,779) from the Auxiliaries. The net assets and results from operations of the related parties are not included in the statements of the Corporation.

(c) Ross Memorial Hospital

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.

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.

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.

During the year, purchases for supplies from Ross Memorial Hospital totalled \$1,618,866 (2020 - \$1,484,700). Corresponding payments during the year to Ross Memorial Hospital totalled \$1,459,358 (2020 - \$1,345,643). At year-end, the Corporation had recorded net payables from Ross Memorial Hospital amounting to \$159,508 (2020 - \$139,057).

Haliburton Highlands Health Services Corporation

Notes to the Financial Statements

Year ended March 31, 2021

18. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Management immediately operationalized the Pandemic response plan and worked with the leadership team and staff to increase staff resources, modify the physical facilities and purchase supplies and equipment to support new Infection Control Protocols and standards, which includes:

- Daily screening at main entrances
- Added information and communication services and equipment to support patients and residents in isolation and lock down
- Enhanced housekeeping and cleaning and provide expanded hours of operation
- Expanded laundry services to provide 24/7 coverage
- Modified or constructed safety measures and space requirements to support Infection Control requirements and standards, and increase acute care bed capacity
- Participating in provincial, regional and local efforts in purchasing and maintaining personal protective equipment and cleaning supplies

Any of the incremental expenses above normal operating budget are anticipated to be reimbursed for by the Ministry of Health and the Ministry of Long-Term Care or other agencies. As at the date these financial statements were completed, the incremental costs are ongoing and the amount of anticipated reimbursement cannot be reasonably estimated.

It is not possible to reliably estimate the continued duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Corporation for future periods.

Haliburton Highlands Health Services Corporation**Minden and Haliburton Hospitals Schedule of Operations**

Year ended March 31

2021**2020**

Revenue

Patient services - Ministry of Health	\$ 15,479,595	\$ 10,934,310
Amortization of capital grants and donations	1,232,395	1,145,214
Other revenue	406,305	868,916
Other insurers and self-pay	183,541	322,130
	<u>17,301,836</u>	<u>13,270,570</u>

Expenses

Salaries, wages and benefits	10,621,950	8,008,284
Medical compensation	391,781	426,156
Drugs and medical supplies	461,525	393,490
Supplies	3,174,334	1,563,784
Equipment maintenance	411,845	391,194
Laboratory	211,781	214,900
Building and grounds	414,240	374,293
Professional fees	119,845	321,837
Interest on long-term debt	4,415	13,603
Other	34,064	46,828
Amortization of property, buildings and equipment	1,357,121	1,342,115
	<u>17,202,901</u>	<u>13,096,484</u>

Excess of revenue over expenses for the year	\$ 98,935	\$ 174,086
--	------------------	------------

Haliburton Highlands Health Services Corporation
Mental Health Program / Homelessness Program Schedule of Operations

Year ended March 31

20212020

Revenue

Ministry of Health		
Operating	\$ 1,017,499	\$ 990,578
Homelessness	122,106	113,750
Tenants' fees	77,088	74,078
Interest and other income	31,418	35,807
	<u>1,248,111</u>	<u>1,214,213</u>

Expenses

Salaries, wages and benefits	910,197	865,798
Rent	70,583	67,379
Sessional fees	39,600	29,700
Other	31,992	32,999
Staff travel	14,136	24,221
Equipment	12,205	15,423
Administration fee	2,400	2,963
Homelessness		
Rent	149,629	145,091
Hydro	17,369	33,290
	<u>1,248,111</u>	<u>1,216,864</u>

Deficiency of revenue over expenses for the year	<u>\$ -</u>	<u>\$ (2,651)</u>
--	-------------	-------------------

Haliburton Highlands Health Services Corporation**Supportive Housing Program Schedule of Operations**

Year ended March 31

2021**2020**

Revenue

Ministry of Health	\$ 1,032,306	\$ 921,793
Other revenue	<u>-</u>	<u>204</u>
	<u>1,032,306</u>	<u>921,997</u>

Expenses

Salaries, wages and benefits	965,214	839,458
Staff travel	19,534	20,893
Administration fee	19,390	28,800
Office expenses	15,097	16,486
Other	13,034	15,537
Resources	<u>35</u>	<u>854</u>
	<u>1,032,304</u>	<u>922,028</u>

Excess (deficiency) of revenue over expenses for the year	<u>\$ 2</u>	<u>\$ (31)</u>
---	--------------------	-----------------------

Haliburton Highlands Health Services Corporation
Alternative Funding for Emergency Services Schedule of Operations

Year ended March 31	Haliburton	Minden	2021 Total	2020 Total
Revenue				
Ministry of Health	<u>\$ 1,544,891</u>	<u>\$ 1,839,756</u>	<u>\$ 3,384,647</u>	<u>\$ 2,789,141</u>
Expenses				
Participating physicians - AFA	1,519,137	1,813,429	3,332,566	2,739,141
Shadow billing - AFA	24,754	25,327	50,081	48,000
Administration - AFA	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>1,544,891</u>	<u>1,839,756</u>	<u>3,384,647</u>	<u>2,789,141</u>
Excess of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Haliburton Highlands Health Services Corporation

Long-Term Care Schedule of Operations

Year ended March 31	Highland Wood	Hyland Crest	2021 Total	2020 Total
Revenue				
Ministry of Long-Term Care	\$ 2,482,114	\$ 4,897,219	\$ 7,379,333	\$ 4,399,353
Residents' fees and other	<u>762,737</u>	<u>1,400,149</u>	<u>2,162,886</u>	<u>2,462,447</u>
	<u>3,244,851</u>	<u>6,297,368</u>	<u>9,542,219</u>	<u>6,861,800</u>
Expenses				
Nursing services	1,929,222	3,303,576	5,232,798	3,981,132
Dietary services	389,983	845,537	1,235,520	1,003,582
Housekeeping services	211,510	574,407	785,917	392,069
Building and property	233,672	569,908	803,580	829,220
General administration	107,881	209,294	317,175	249,197
Laundry and linen services	67,581	176,520	244,101	138,641
Activities	<u>357,194</u>	<u>685,295</u>	<u>1,042,489</u>	<u>419,150</u>
	<u>3,297,043</u>	<u>6,364,537</u>	<u>9,661,580</u>	<u>7,012,991</u>
Deficiency of revenue over expenses for the year	<u>\$ (52,192)</u>	<u>\$ (67,169)</u>	<u>\$ (119,361)</u>	<u>\$ (151,191)</u>

Haliburton Highlands Health Services Corporation

Hospice Palliative Care Schedule of Operations

Year ended March 31

2021

2020

Revenue

Ministry of Health

\$ 287,005 \$ 282,060

Expenses

Salaries, wages and benefits

267,972 254,309

Supplies and sundry

19,034 27,415

Minor equipment

- 475

287,006 282,199

Deficiency of revenue over expenses for the year

\$ (1) \$ (139)

Haliburton Highlands Health Services Corporation**Community Support Services Schedule of Operations**

Year ended March 31

2021**2020**

Revenue

Ministry of Health	\$ 1,810,212	\$ 1,713,657
Client service fees	253,654	399,182
Donations and grants	65,989	96,340
	<hr/> 2,129,855	<hr/> 2,209,179

Expenses

Salaries, wages and benefits	1,540,432	1,495,154
Supplies and sundry	375,939	398,978
Transportation	197,529	299,891
Minor equipment	7,308	7,410
Building and grounds	6,086	5,901
One time costs	-	1,790
	<hr/> 2,127,294	<hr/> 2,209,124

Excess of revenue over expenses for the year	\$ 2,561	\$ 55
--	-----------------	-------
