

# Haliburton Highlands Health Services

## Financial Statements

For the year ended March 31, 2025

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To the Board of Directors of Haliburton Highlands Health Services:

### Opinion

We have audited the financial statements of Haliburton Highlands Health Services (the "Organization"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets, remeasurement gains and losses 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 the Organization as at March 31, 2025, and the results of its 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 Organization 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

The financial statement for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 14, 2024.

### 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Lindsay, Ontario

May 30, 2025

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Haliburton Highlands Health Services

## Statement of Financial Position

March 31 2025 2024

### Assets

#### Current assets

Cash (Note 4)	\$ 517,558	\$ 3,672,277
Investments (Note 5)	265,671	298,620
Accounts receivable (Note 6)	4,851,531	2,757,542
Inventories	190,363	198,803
Prepaid expenses	337,200	580,275

6,162,323 7,507,517

Investments (Note 5) - 155,782

Capital assets (Note 7) 21,812,381 19,985,946

\$ 27,974,704 \$ 27,649,245

### Liabilities and Net Assets

#### Current liabilities

Ontario Health advance (Note 4)	\$ -	\$ 6,600,000
Accounts payable and accrued liabilities (Note 8)	10,455,932	7,002,435
Current portion of long-term debt (Note 9)	385,978	401,614

10,841,910 14,004,049

Employee future benefits (Note 13) 1,413,100 1,338,400

Deferred capital contributions (Note 11) 16,748,328 15,413,770

Long-term debt (Note 9) 2,039,194 2,425,177

Asset retirement obligation (Note 10) 21,882 21,245

31,064,414 33,202,641

Unrestricted net debt (Note 12) (3,089,710) (5,553,396)

\$ 27,974,704 \$ 27,649,245

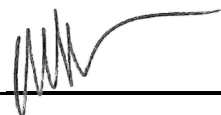
Contingencies and commitments (Note 16)

Subsequent events (Note 18)

Approved by:



Director



President and CEO

The accompanying notes are an integral part of these financial statements

# Haliburton Highlands Health Services

## Statement of Operations and Net Assets(Debt)

For the year ended March 31	2025	2024
<b>Revenues</b>		
Ministries of Health and Long-term Care	\$ 42,306,477	\$ 32,565,713
Long-Term Care residents fees	2,498,919	2,414,111
Other patient revenues	1,781,779	1,446,220
Other operating revenue	1,249,511	1,211,140
Amortization of deferred contributions related to equipment	644,755	400,229
	<u>48,481,441</u>	<u>38,037,413</u>
<b>Expenses</b>		
Wages and benefits	30,080,182	23,113,960
Medical compensation	4,393,449	4,312,534
Purchased services	1,769,446	3,100,834
Supplies and other expenses	7,921,023	7,850,004
Drugs and medical supplies	756,947	742,409
Interest on long-term debt	78,822	130,254
Equipment amortization	769,675	923,026
	<u>45,769,544</u>	<u>40,173,021</u>
<b>Surplus (deficit) before building amortization</b>	<u>2,711,897</u>	<u>(2,135,608)</u>
<b>Amortization of deferred contributions for buildings</b>	771,416	771,666
<b>Amortization for buildings</b>	<u>(1,019,627)</u>	<u>(926,797)</u>
	<u>(248,211)</u>	<u>(155,131)</u>
<b>Net surplus (deficit)</b>	2,463,686	(2,290,739)
<b>Unrestricted net assets (debt), beginning of year</b>	<u>(5,553,396)</u>	<u>(3,262,657)</u>
<b>Unrestricted net assets (debt), end of year (Note 12)</b>	<u>\$ (3,089,710)</u>	<u>\$ (5,553,396)</u>

# Haliburton Highlands Health Services

## Statement of Cash Flows

For the year ended March 31

2025

2024

### Cash provided by (used in)

#### Operating

Net surplus (deficit)	\$ 2,463,686	\$ (2,290,739)
Items not involving cash		
Equipment amortization	769,675	923,026
Building amortization	1,019,627	926,797
Amortization of deferred contributions related to capital assets	(1,416,171)	(1,171,895)
Employee future benefits	74,700	36,400
Asset retirement obligation	637	566

	2,912,154	(1,575,845)
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#### Changes in non-cash working capital balances

Accounts receivable	(2,093,989)	206,595
Inventories	8,440	9,975
Prepaid expenses	243,075	(190,065)
Accounts payable and accrued liabilities	3,453,497	(368,751)

	4,523,177	(1,918,091)
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#### Capital

Additions to capital assets	(3,615,737)	(1,357,878)
Proceeds from grants and donations	2,750,729	924,230

	(865,008)	(433,648)
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#### Investing

Proceeds from investments	188,731	181,491
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#### Financing

Acquisition of short-term financing	-	6,600,000
Repayment of short-term financing	(6,600,000)	(577,963)
Repayment of long-term financing	(401,619)	(380,655)

	(7,001,619)	5,641,382
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#### Increase/(decrease) in cash

	(3,154,719)	3,471,134
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#### Cash, beginning of year

	3,672,277	201,143
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#### Cash, end of year

	\$ 517,558	\$ 3,672,277
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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 1. Nature of Operations and Funding

The Haliburton Highlands Health Services Corporation (the Organization) 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. HHHS also operates two Long-Term Care Homes and several community programs serving the residents of the County of Haliburton. HHHS is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

The Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health ("MOH"), the Ministry of Long-Term Care ("MLTC") and Ontario Health ("OH"). OH has the right to take on full responsibility for planning, funding and integrating health services in the OH area, which includes the Organization.

Management and the board of directors recognizes the Organization's ongoing dependency on the MOH, MLTC and OH as the primary funding source for the organization's operating activities. This funding is comprised of annual base amounts and, ongoing one-time funding grants.

The Organization has required emergency cash advances from the Ministries to avoid multiple high-risk cash failure events in the past. The Organization's current liabilities exceeded its current assets by \$4.7 million (2024 - \$6.5M million), representing a working capital deficit. Subsequent to year-end, HHHS received a \$2.5 million cash advance from the Ministry of Health to be repaid by March 31, 2026. The cash advances in fiscal 2024-25 have been repaid. The Organization is engaged with Ontario Health, Ministry of Health and Ministry of Long-Term Care to improve its funding.

The proposed long-term plan includes implementation of organizational efficiencies and a structural base funding correction to eliminate the working capital deficit and build the capital base needed for the major capital investments required to become a sustainable organization (160-bed single site Long-Term Care Home, 30-bed Hospital with expanded emergency department). It is anticipated that this journey will take 5-10 years.

The Organization is subject to performance standards and obligations under various Accountability Agreements. These agreements set out acceptable results for the Organization's performance in a number of areas. Should the performance standards or obligations not be met, the MOH and MLTC have the right to adjust funding received by the organization.

The MOH, MLTC and OH are not required to communicate certain funding adjustments, including base funding adjustments, one-time grants and performance 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 funding received by the organization with respect to the year may be increased or decreased subsequent to year-end.

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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 2. Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with Canadian public sector accounting standards, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

#### **Cash**

Cash consists of cash on hand, bank balances and other short term highly liquid instruments with maturities of three months or less.

#### **Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. Inventory consists of medical and general supplies that are used in the Organization's operations and not for resale purposes.

#### **Contributed Services**

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

#### **Retirement, Post-Employment Benefits and Compensated Absences**

These benefits include life, extended health and dental insurance to certain employee groups. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

The Organization is also an employer member of the Healthcare of Ontario Pension Plan (the "plan"), 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 Organization has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

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



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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 2. Significant Accounting Policies (continued)

#### Revenue Recognition

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

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

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

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Revenues from patient services, preferred accommodation, and marketed services are recognized when the goods are sold or services provided.

Long-term care resident fees are recognized as revenue in the period for which they are earned at rates determined by the Ministry of Long-Term Care.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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

Restricted investment income is recognized as revenue in the year in which the related expenditures are recognized. Unrestricted investment income is recognized as revenue when earned.

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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 2. Significant Accounting Policies (continued)

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization and impairment, if any. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Construction in progress includes costs directly attributable to construction plus directly related interest charges. Construction in progress is not amortized until construction is substantially complete and assets are ready for use. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over their useful lives, which have been estimated as follows:

Land improvements	6.67% - 10%
Buildings	2.5% - 10%
Equipment	6.67% - 20%

#### Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible asset is unrecognized or no longer in productive use, the asset retirement cost are expensed.

#### Management Estimates

The preparation of financial statements in accordance with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, actuarial estimation of the liability for post-retirement benefits and compensated absences, estimated useful life of capital assets, asset retirement obligations, amortization of deferred capital contributions, accrued liabilities, pay equity accrual, ministry funding adjustments, contingencies and fair value disclosures. Actual results could differ from management's best estimates as additional information becomes available in the future.

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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 2. Significant Accounting Policies (continued)

#### Financial Instruments

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

##### Fair Value

This category includes cash. It is initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of operations and net assets. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

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

##### Amortized Cost

This category includes accounts receivable, accounts payable and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns 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 and net assets.

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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 3. Financial Instrument Classification

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

Cash and investments are included in Level 1. There were no transfers between Level 1 and Level 2 for the years ended March 31, 2025 and 2024. There were also no transfers in or out of level 3.

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### 4. Credit Facility

The Organization has available to it a revolving demand facility with a maximum limit of \$2,500,000 (2024 - \$2,500,000). Interest is charged on advances monthly at a rate of prime and the balance is due on demand. The line of credit is secured by a general security agreement. As at March 31, 2025, \$Nil (2024 - \$Nil) was outstanding on this facility.

Subsequent to year-end, the Organization received a \$2.5 million cash advance from the Ministry of Health. The advance is non-interest bearing and is due by March 31, 2026

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### 5. Investments

Investments are guaranteed investment certificates which have maturity dates ranging between May 2025 and August 2025 (2024 - April 2024 and August 2025) with effective yields between 2.80% and 4.38% (2024 - 1.41% and 4.38%).

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### 6. Accounts Receivable

	2025	2024
Ministry of Health and Ontario Health	\$ 3,301,193	\$ 1,242,581
Self-pay and other agencies	1,691,956	1,720,348
	4,993,149	2,962,929
Less: Allowance for doubtful accounts	(141,618)	(205,387)
	<u>\$ 4,851,531</u>	<u>\$ 2,757,542</u>

# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

### 7. Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 322,660	\$ -	\$ 322,660	\$ -
Land improvements	558,055	464,589	546,695	450,242
Buildings	31,667,137	16,706,154	29,599,660	15,700,873
Equipment	15,765,505	9,738,693	13,953,138	8,947,305
	48,313,357	26,909,436	44,422,153	25,098,420
Projects under construction	408,460	-	662,213	-
	<b>\$ 48,721,817</b>	<b>\$ 26,909,436</b>	<b>\$ 45,084,366</b>	<b>\$ 25,098,420</b>
Net book value		<b>\$ 21,812,381</b>		<b>\$ 19,985,946</b>

### 8. Accounts Payable

	2025	2024
Ministry of Health, Ministry of Long-Term Care and Ontario Health	\$ 2,329,900	\$ 1,533,661
Trade payables and accrued liabilities	6,294,393	3,575,032
Wages and other payroll accruals	1,831,639	1,893,742
	<b>\$ 10,455,932</b>	<b>\$ 7,002,435</b>

# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

### 9. Long-term debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	2025	2024
Variable rate first mortgage loan, repaid in the year	\$ -	\$ 17,628
Fixed rate non-revolving loan bearing interest at 3.04% per annum, repayable in monthly principal and interest payments of \$24,185, due May 1, 2030.	1,386,069	1,630,133
Fixed rate non-revolving loan bearing interest at 3.15% per annum, repayable in monthly principal and interest payments of \$14,588, due October 2031.	1,039,103	1,179,030
	2,425,172	2,826,791
Less current portion	385,978	401,614
	<b>\$ 2,039,194</b>	<b>\$ 2,425,177</b>

The annual payments required on long-term debt are as follows:

2026	\$ 385,978
2027	408,346
2028	421,101
2029	434,253
2030	447,823
Thereafter	327,671
	<b>\$ 2,425,172</b>

### 10. Asset Retirement Obligations

The Organization's financial statements include an asset retirement obligation for the waste disposal and recycling of various equipment owned by the Organization. The related asset retirement costs are being amortized on a straight line basis. The equipment have expected useful lives ranging from 5-7 years. Estimated costs have been discounted to the present value using a discount rate of 3.0%.

The carrying amount of the liability is as follows:

	2025	2024
Asset retirement obligation, beginning of year	\$ 21,245	\$ 20,679
Increase due to accretion expense	637	566
Asset retirement obligation, end of year	<b>\$ 21,882</b>	<b>\$ 21,245</b>

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## Haliburton Highlands Health Services

### Notes to Financial Statements

March 31, 2025

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#### 11. Deferred Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations and net assets.

	2025	2024
Balance, beginning of year	\$ 15,413,770	\$ 15,661,435
Additional funding received	2,750,729	924,230
Less: Amounts amortized to revenue	(1,416,171)	(1,171,895)
	<u>\$ 16,748,328</u>	<u>\$ 15,413,770</u>

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#### 12. Unrestricted Net Assets (Debt)

The Organization's unrestricted net asset deficiency of \$3,089,710 consists of \$2,616,999 invested in capital assets and a \$5,706,709 deficiency (2024 - \$7,277,536) in remaining net assets. The investment in capital assets is calculated as follows:

	2025	2024
Capital assets	\$ 21,812,381	\$ 19,985,946
Amounts financed by deferred contributions	(16,748,328)	(15,413,770)
Amounts financed by long term debt	(2,425,172)	(2,826,791)
Asset retirement obligations	(21,882)	(21,245)
	<u>\$ 2,616,999</u>	<u>\$ 1,724,140</u>

# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

### 13. Employee Future Benefits

The Organization 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 costs of employee future benefits are accrued over the periods in which employees earn the benefits.

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared as at March 31, 2024.

Accrued Benefit Obligation	2025	2024
Balance, beginning of year	\$ 1,475,100	\$ 1,165,400
Current service expense	101,100	73,300
Interest	60,000	50,300
Benefits paid during year	(116,500)	(99,700)
Actuarial (gain) loss	8,400	229,700
Change to plan	-	56,100
Balance, end of year	<u>\$ 1,528,100</u>	<u>\$ 1,475,100</u>

Post-employment Benefit Liability	2025	2024
Accrued benefit obligation	\$ 1,528,100	\$ 1,475,100
Unamortized experience gain/(loss)	(115,000)	(136,700)
	<u>\$ 1,413,100</u>	<u>\$ 1,338,400</u>

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, employee turnover, and mortality. The assumptions used reflecting the Organization's best estimates are:

- The discount rate used to determine the accrued benefit obligation is 3.89% (2024 - 3.95%)
- The discount rate used to determine the benefit cost is 3.95% (2024 - 4.04%)
- The dental cost trend rate used was 5.00% until 2028, decreasing by 0.13% per year to 3.59% in 2036 and decreasing thereafter to 3.57% in 2040
- Extended health care trend rate used was 5.97% until 2028 and decreasing thereafter to 3.57% by 2040.



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## Haliburton Highlands Health Services

### Notes to Financial Statements

March 31, 2025

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#### 13. Employee Future Benefits (continued)

The post-employment benefit expense is reported as a component of current expenditures on the statement of operations and net assets. Composition of the amount is as follows:

	2025	2024
Current service costs	\$ 101,100	\$ 73,300
Interest on post-employment benefit liability	60,000	50,300
Plan amendments	-	56,100
Net actuarial (gain) loss amortized in the year	30,100	12,500
Total expense related to post-employment benefits	\$ 191,200	\$ 192,200

The above amounts exclude pension contributions to the Organization's of Ontario Pension Plan (HOOPP), a multi-employer plan, described in Note 14.

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#### 14. Pension Plan

The Healthcare of Ontario Pension Plan (HOOPP) provides pension services to more than 478,879 active and retired members and approximately 709 employers. Substantially all of the full-time employees and some of the part-time employees are members of HOOPP. The plan is a multi-employer plan and therefore the Organization's contributions are accounted for as if the plan were a defined contribution plan with the Organization's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2024 disclosed a surplus of \$10 billion. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$230 billion in respect of benefits accrued for service with actuarial assets at that date of \$240 billion.

Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Organization does not recognize any share of the HOOPP surplus or deficit. Contributions made to the plan during the year by the Organization and employees amounted to \$1,129,773 (2024 - \$1,168,580) and \$1,079,309 (2024 - \$927,443) respectively.

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## Haliburton Highlands Health Services Notes to Financial Statements

March 31, 2025

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### 15. Related Party Transactions

#### Haliburton Highlands Health Services Foundation

The Organization 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 Organization. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act (Canada). The Foundation also holds an adjacent property in Trust for the Organization, which the Organization's Human Resources department operates out of. Related party transactions from the Foundation during the year not separately disclosed in the financial statements include contributions in the amount of \$2,862,439 (2024 - \$598,909). 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 Organization. At March 31, 2025, the Organization had recorded net receivables from the Foundation amounting to \$576,280 (2024 - \$80,405). Subsequent to year end a memorandum of understanding between the Organization and the Foundation was approved.

Net resources of the Foundation amount to approximately \$3,151,000 as at March 31, 2025 with the balance being available to the Organization for uses consistent with the intent of the donors and the objects of the foundation at the discretion of the Foundation's Board of Directors. The net assets and results from operations of the Foundation are not included in the statements of the Organization. Separate financial statements of the Foundation are available upon request.

#### Hospital Auxiliaries

The Organization has an economic interest in the Minden Health Care Auxiliary, which was established to raise funds for the Organization. The Auxiliary was incorporated and is registered charity under the Income Tax Act (Canada). Related party transactions during the year not separately disclosed in the financial statements include contributions in the amount of \$2,044 (2024 - \$2,044) from the Auxiliary which the Organization uses as designated by the Auxiliary. The net assets and results from operations of the Auxiliary is not included in the statements of the Organization.

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# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

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### 16. Contingencies and Commitments

#### Litigation

The nature of the Organization's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2025 management believes the Organization has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Organization's financial position.

#### Contractual Obligations

The Organization has a Strategic Alliance Agreement with Ross Memorial Hospital in Lindsay ('Ross') as a result of an integration process facilitated by the Central East Region of Ontario Health. Ross provides the Organization with support services in the following functional areas: combined information technology department, regional CIO, diagnostic imaging 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 Organization 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.

The Organization is a partner in a comprehensive regional services agreement for a clinical information system (Enhance Ontario). As additional features are added over the years, they will be added to the cost of the infrastructure project. Under the agreement the Organization is responsible for specific annual costs relating to a proportionate share of the infrastructure's regional costs. The Organization's share of the commitment over the next eight years is approximately \$2 million.

The Organization participates in the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a provider of healthcare liability insurance which provides for the pooling of 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 are members. Members are also entitled to a refund, should a surplus exist. No negative reassessments have been made to March 31, 2025.

# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

### 17. Financial Instrument Risk Management

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

#### Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due. The Organization mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

2025				
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Accounts payable	\$ 6,743,921	\$ -	\$ 3,712,011	\$ -
Long-term debt	192,989	192,989	1,711,523	327,671
	<b>\$ 6,936,910</b>	<b>\$ 192,989</b>	<b>\$ 5,423,534</b>	<b>\$ 327,671</b>

2024				
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Short-term borrowing	\$ 6,600,000	\$ -	\$ -	\$ -
Accounts payable	7,002,435	-	-	-
Long-term debt	200,807	200,807	1,649,678	775,499
	<b>\$ 13,803,242</b>	<b>\$ 200,807</b>	<b>\$ 1,649,678</b>	<b>\$ 775,499</b>

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## Haliburton Highlands Health Services

### Notes to Financial Statements

March 31, 2025

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#### 17. Financial Instrument Risk Management (continued)

##### Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Organization is exposed to this risk on its interest bearing financial instruments consisting of the investments (Note 5), credit facility (Note 4), and the long-term debt (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. The long-term debt and investments are at fixed rates of interest and payments are based on contractual requirements therefore the exposure to fluctuations in future cash flows as a result of changes in interest rates is limited until maturity of the instruments.

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Organization's investment portfolio is exposed to market risk and the portfolio is monitored by management and the board of directors.

# Haliburton Highlands Health Services

## Notes to Financial Statements

March 31, 2025

### 17. Financial Instrument Risk Management (continued)

#### Credit risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due. The Organization is exposed to this risk relating to its cash, investments, grants receivable and accounts receivable. The Organization holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Organization's cash accounts are insured up to \$100,000.

Accounts receivable are primarily due from OHIP, the Ministry of Health, Ministry of Long-Term Care, patients and long term care residents. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Organization measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Organization's historical experience regarding collections. The amounts outstanding at year end were as follows:

As at March 31, 2025	Past Due				
	Total	Current	31-60 Days	61-90 Days	91+ Days
MOH/OH	\$ 3,301,193	\$ 3,045,133	\$ 110,417	\$ -	\$ 145,643
Patient services	385,661	174,341	84,626	89,069	37,625
Other	1,306,295	1,306,295	-	-	-
Gross receivables	4,993,149	4,525,769	195,043	89,069	183,268
Impairment allowance	(141,618)	-	-	-	(141,618)
Net receivables	\$ 4,851,531	\$ 4,525,769	\$ 195,043	\$ 89,069	\$ 41,650

As at March 31, 2024	Past Due				
	Total	Current	31-60 Days	61-90 Days	91+ Days
MOH/OH	\$ 1,240,931	\$ 1,882	\$ -	\$ 48,449	\$ 1,190,600
Patient services	169,154	(108,883)	137,715	-	140,322
Other	1,552,844	1,552,844	-	-	-
Gross receivables	2,962,929	1,445,843	137,715	48,449	1,330,922
Impairment allowance	(205,387)	(205,387)	-	-	-
Net receivables	\$ 2,757,542	\$ 1,240,456	\$ 137,715	\$ 48,449	\$ 1,330,922

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Organization's past experience. Management has reviewed the individual balances and based on the their past history of payment believes that these balances will be collected.

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## Haliburton Highlands Health Services

### Notes to Financial Statements

March 31, 2025

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#### 18. Subsequent Events

On April 1, 2025, the Organization, along with other Central East Hospitals, entered into a comprehensive services agreement with Enabling Healthcare Across Networks of Central East Ontario (Enhance Ontario). Enhance Ontario is a not-for-profit corporation created to own and operate the Central East computer information systems (CIS). Subsequent to year end, the CIS assets of the Organization of \$1,217,639 were transferred to this new company in exchange for 0.88% ownership in Enhance Ontario.

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