

Financial Statements**HALIBURTON HIGHLANDS HEALTH
SERVICES CORPORATION****March 31, 2020****Table of Contents**

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Combined Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 18
SCHEDULES TO THE FINANCIAL STATEMENTS	
Minden and Haliburton Hospitals	19
Mental Health Program/Homelessness Program	20
Supportive Housing Program	21
Alternative Funding for Emergency Services	22
Long-Term Care	23
Hospice Palliative Care	24
Community Support Services	25



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Independent auditor's report

To the Board of Directors of Haliburton Highlands Health Services Corporation

Opinion

We have audited the financial statements of Haliburton Highlands Health Services Corporation (“the Corporation”), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, combined operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Haliburton Highlands Health Services Corporation as at March 31, 2020, and its results of operations, its changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Peterborough, Canada
July 16, 2020

Chartered Professional Accountants
Licensed Public Accountants

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

1

STATEMENT OF FINANCIAL POSITION

As at March 31

	2020	2019
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and short term investments	3,146,639	3,349,250
Due from Ministries of Health and Long-Term Care (note 4)	464,930	33,547
Due from Ontario Health Insurance Plan	73,630	72,249
HST receivable	381,902	182,625
Other receivables	667,559	500,634
Inventories	168,092	162,255
Group benefits deposit (note 5)	37,686	80,873
Prepaid expenses	168,710	170,025
	5,109,148	4,551,458
PROPERTY, BUILDINGS AND EQUIPMENT (note 6)	18,395,530	17,321,150
	23,504,678	21,872,608
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	3,290,495	2,067,992
Due to Ministries of Health and Long-Term Care (note 4)	1,085,853	729,516
Due to Ross Memorial Hospital	139,057	160,274
Deferred revenue	217,326	350,115
Current portion of long term debt (note 9)	153,560	229,646
	4,886,291	3,537,543
LONG TERM DEBT (note 9)	41,718	146,041
EMPLOYEE FUTURE BENEFITS (note 10)	1,269,100	1,236,400
DEFERRED CAPITAL GRANTS AND DONATIONS (note 12)	16,448,474	16,113,658
	22,645,583	21,033,642
NET ASSETS		
Invested in property, buildings and equipment	1,751,778	831,805
Externally restricted	46,583	51,080
Unrestricted	(939,266)	(43,919)
	859,095	838,966
	23,504,678	21,872,608

COMMITMENTS AND CONTINGENCIES (note 16)*The accompanying notes and schedules are an integral part of these financial statements*

Approved on behalf of the board

Board Chair, ORIGINAL SIGNEDTreasurer, ORIGINAL SIGNED

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

2

STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31

	2020			2019	
	\$			\$	
	Invested in property, buildings and equipment	Externally restricted	Unrestricted	Total	Total
BALANCE - beginning of year	831,805	51,080	(43,919)	838,966	827,641
Excess of revenue over expenses (expenses over revenue)	(196,901)	(4,497)	221,527	20,129	11,325
Net additions to property, buildings, and equipment funded by operations	144,981	-	(144,981)	-	-
Net additions to property, buildings, and equipment to be financed by credit facilities described in note 16(i)	791,484	-	(791,484)	-	-
Principal repayments on long term debt funded by operations	180,409	-	(180,409)	-	-
BALANCE – end of year	1,751,778	46,583	(939,266)	859,095	838,966

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

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

3

STATEMENT OF COMBINED OPERATIONS

Year Ended March 31

	2020	2019
	\$	\$
REVENUES		
Ministries of Health and Long-Term Care	22,144,642	21,257,790
Patient services - other insurers and self pay	721,312	739,763
Long-term care - residents' fees and other	2,462,447	2,397,551
Other revenue	1,075,345	665,370
Amortization of capital grants and donations relating to property, buildings and equipment	1,145,214	1,091,685
	<u>27,548,960</u>	<u>26,152,159</u>
EXPENSES		
Salaries, wages and benefits	17,149,710	16,253,806
Medical compensation	3,232,305	3,081,776
Drugs and medical supplies	393,490	388,032
Supplies and other	5,397,608	5,101,288
Interest on long term debt	13,603	19,997
Amortization of property, buildings and equipment	1,342,115	1,295,935
	<u>27,528,831</u>	<u>26,140,834</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>20,129</u>	<u>11,325</u>

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

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

4

STATEMENT OF CASH FLOWS

Year Ended March 31

	2020	2019
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	20,129	11,325
Add (deduct) items not involving an outlay of cash:		
Amortization of property, buildings and equipment	1,342,115	1,295,935
Amortization of capital grants and donations relating to property, buildings and equipment	(1,145,214)	(1,091,685)
Employee future benefits	32,700	38,000
	249,730	253,575
Changes in non-cash working capital items (note 15)	664,533	199,598
	914,263	453,173
FINANCING ACTIVITIES		
Net capital grants and donations received	1,480,030	971,738
Repayment of long term debt	(180,409)	(173,044)
	1,299,621	798,694
CAPITAL ACTIVITIES		
Additions to property, buildings and equipment	(2,416,495)	(891,998)
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS FOR THE YEAR	(202,611)	359,869
CASH AND SHORT TERM INVESTMENTS - beginning of year	3,349,250	2,989,381
CASH AND SHORT TERM INVESTMENTS - end of year	3,146,639	3,349,250

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

1. PURPOSE OF THE ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation has followed Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs") in the preparation of these financial statements. A summary of significant policies is presented below:

(a) Fund accounting

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

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

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

(b) Revenue recognition

The Haliburton Highlands Health Services Corporation follows the deferral method of accounting for contributions, which include donations and government grants. Restricted contributions other than capital grants and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions designated for the welfare of residents at Hyland Crest are recognized as revenue when received.

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

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Corporation is funded primarily by the Ministry of Health and 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 on-going 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. One-time funding is recognized when the terms and conditions of the grant are met. These financial statements reflect agreed funding arrangements approved by the Ministries through the CE LHIN.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash and short term investments

Cash and short term investments are defined as cash on deposit less cheques issued and outstanding and investments in guaranteed investment certificates, which have maturity dates ranging between April 2020 and January 2023 with effective yields between 2.16% and 3.05% per annum.

(d) Property, buildings and equipment

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

Construction in progress includes direct construction and other costs plus carrying costs such as interest. Included in construction in progress is \$Nil (2019 - \$Nil) of interest incurred on credit facilities available to the Corporation. Amortization commences when the projects are substantially complete and ready for use.

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%

(e) Inventories

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

(f) 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.

(g) Employee future benefits

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

The costs of certain retirement benefits earned by employees is actuarially determined, using the projected benefit method pro-rated on service and management's best estimate of retirement ages and expected health care costs.

Past service costs arising from plan amendments are immediately recognized.

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

(h) Contributed services

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*(i) 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 2020. 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.

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.

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

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

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

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

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

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash and short term investments which are subsequently measured at fair value.

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

Financial assets or liabilities obtained in related party transactions are measured at the exchange amount.

(b) Risks

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

(i) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. Cash flow from operations and government funding provide a substantial portion of the Corporation's cash requirements. 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.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The Corporation is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are non-interest bearing and generally due within 30 days. The Corporation measures its exposure to credit risk based on how long amounts have been outstanding. An impairment allowance is recorded based on a sliding scale percentage applied to the aged balances. At year end, there was a provision for doubtful accounts in the amount of \$51,270 (2019 - \$68,668).

3. FINANCIAL ASSETS AND LIABILITIES (continued)

(b) *Risks* (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is 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. 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:

	2020	2019
	\$	\$
Long-term care	301,597	33,547
Minden and Haliburton hospitals	163,333	-
Total recoverable	464,930	33,547

	2020	2019
	\$	\$
Minden and Haliburton hospitals	(222,350)	(283,690)
Mental health program/homelessness program	(665)	(665)
Supportive housing program	(21,000)	(21,000)
Long-term care	(830,148)	(397,471)
Community support services	(11,690)	(26,690)
Total refundable	(1,085,853)	(729,516)

5. GROUP BENEFITS DEPOSIT

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

	2020	2019
	\$	\$
Balance – beginning of year	80,873	168,306
Net contributions (withdrawals)	(44,930)	(89,709)
Interest	1,743	2,276
Balance – end of year	37,686	80,873

6. PROPERTY, BUILDINGS AND EQUIPMENT

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

	March 31, 2020		March 31, 2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	322,660	-	322,660	-
Land improvements	546,695	395,126	546,695	381,348
Buildings	26,969,587	12,097,062	26,028,948	11,259,128
Major equipment	8,468,741	6,218,555	7,594,657	5,728,152
Construction in progress	798,590	-	196,818	-
	37,106,273	18,710,743	34,689,778	17,368,628
Net book value		18,395,530		17,321,150

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances of \$425,585 (2019 - \$212,026).

8. CREDIT FACILITY

The corporation has available to it a revolving demand facility with a maximum limit of \$800,000. As at March 31, 2020, \$Nil (2019 - \$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.

9. LONG TERM DEBT

Long term debt consists of the following:

	2020	2019
	\$	\$
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	49,237	56,045
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	319,642
	195,278	375,687
Less principal payments due within one year classified as a current liability	153,560	229,646
	41,718	146,041

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

	\$
2021	153,560
2022	7,769
2023	8,028
2024	8,293
2025	17,628

10. EMPLOYEE FUTURE BENEFITS

The Corporation sponsors a defined benefit employee future benefit plan covering substantially all employees. Costs for employee future benefits are accrued over the periods in which employees earn the benefits.

The post retirement benefit costs have been actuarially determined using the projected benefit method prorated on service and management’s best estimates of salary increases and ages of employees upon retirement.

The most recent actuarial valuation for the plan was performed as at March 31, 2018. The following actuarial assumptions were used to determine the post retirement plans expense and the accrued benefit obligations:

Discount rate – accrued benefit obligation	3.18% per annum
Discount rate – benefit cost	3.29% per annum
Dental cost trend rates	2.75% per annum
Extended health care trend rates	6% in 2019, decreasing by 0.25% per annum to an ultimate rate of 4.50% in 2025 and thereafter

10. EMPLOYEE FUTURE BENEFITS (continued)

The employee future benefits expense for fiscal 2020 and the accrued employee future benefit liability as at March 31, 2020 are as follows:

	2020	2019
	\$	\$
Expenses		
Current service cost	87,500	82,900
Interest	42,100	42,900
Past service costs arising from plan amendments	14,700	12,700
Total employee future benefits expense	144,300	138,500
Accrued Benefit Liability		
Balance - beginning of year	1,236,400	1,198,400
Benefits expense for the year	144,300	138,500
Contributions/payments made during the year	(111,600)	(100,500)
Balance - end of year	1,269,100	1,236,400
Accrued Benefit Obligation		
Balance - beginning of year	1,293,000	1,241,600
Actuarial loss (gain)	(15,700)	26,100
Current service cost	87,500	82,900
Interest on accrued benefit obligation	42,100	42,900
Contributions/payments made during the year	(111,600)	(100,500)
Balance - end of year	1,295,300	1,293,000
Reconciliation of Accrued Benefit Obligation to Accrued Benefit Liability		
Accrued benefit obligation, end of year	1,295,300	1,293,000
Deduct unamortized actuarial loss	(26,200)	(56,600)
Accrued benefit liability - end of year	1,269,100	1,236,400

11. HOSPITALS OF ONTARIO PENSION PLAN

Substantially all of the employees of the Corporation are members of the Hospitals of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan by the Corporation during the year amounted to \$941,952 (2019 - \$884,954). 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, 2019 disclosed net assets available for benefits of \$94,102 million with pension obligations of \$73,547 million, resulting in a surplus of \$20,555 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

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

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

	2020	2019
	\$	\$
Balance - beginning of year	16,113,658	16,233,605
Net capital grants and donations received and receivable during the year	1,480,030	971,738
Amortization of capital grants and donations	(1,145,214)	(1,091,685)
Balance - end of year	16,448,474	16,113,658

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:

	2020	2019
	\$	\$
Balance - beginning of year	13,480	13,974
Add (deduct):		
Interest earned	267	203
Net withdrawals	(486)	(697)
Balance - end of year	13,261	13,480

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. These funds have been included in externally restricted funds on the statement of financial position.

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

	2020	2019
	\$	\$
Balance – beginning of year	51,080	52,367
Add (deduct):		
Interest earned	922	878
Net withdrawals	(5,419)	(2,165)
Balance – end of year	46,583	51,080

15. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

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

	2020	2019
	\$	\$
Due to (from) Ministries of Health and Long-Term Care	(75,046)	30,279
Due from Ontario Health Insurance Plan	(1,381)	1,365
HST receivable	(199,277)	67,295
Other receivables	(166,925)	7,685
Inventories	(5,837)	14,981
Group benefits deposit	43,187	87,433
Prepaid expenses	1,315	(11,413)
Accounts payable and accrued liabilities	1,222,503	(155,635)
Due to Ross Memorial Hospital	(21,217)	34,182
Deferred revenue	(132,789)	123,426
	664,533	199,598

16. COMMITMENTS AND CONTINGENCIES

- (a) The Corporation has a Strategic Alliance Agreement with Ross Memorial Hospital in Lindsay ("Ross") as a result of an integration process facilitated by the CE LHIN. Ross provides the Corporation with support services in the following functional areas: integration project manager, combined information technology department, regional CIO, diagnostic imaging leadership, mental health leadership, sterile reprocessing, laboratory, procurement and pharmacy services. Annual aggregate fees for these services are approximately \$480,000 plus transactional costs and overhead charges where applicable.
- (b) The Corporation has a Service Agreement with Peterborough Regional Health Centre for the provision of laboratory services. The fees vary depending on volume and utilization and are invoiced monthly as incurred.
- (c) The Corporation is part of a group purchasing arrangement with Plexxus to obtain medical and surgical supplies and certain contract services. The arrangement with Plexxus is managed under the procurement services with Ross.
- (d) The Corporation has allied with a consortium of hospitals in a project to update radiology images to digital technology and centralize the storage and retrieval of digital radiology images. The Corporation has been added as a party and a purchaser to the Services Agreement with Ross Memorial Hospital and Agfa Healthcare Inc.
- (e) As part of its mandate to provide integrated health care services to the County, the Corporation operates long-term care programs at both the Haliburton (Highland Wood) and Minden (Hyland Crest) sites. The Corporation assumed sole responsibility for governance of Hyland Crest through the passage of a private members bill, which exempts the County of Haliburton from responsibility for governance as long as the Corporation maintains and operates the home.
- (f) A group of hospitals, including the Corporation, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2020.
- (g) During the year, the Corporation entered into an Energy Performance Contract to develop an all-inclusive project with guaranteed costs and energy consumption savings. The project includes selected Facility Improvement Measures (FIMs) that incorporate the Corporation's critical facility equipment needs, while also addressing long-term operational cost predictability. The contract requires a capital investment of \$2,371,250 by the Corporation, of which \$602,896 has been incurred by March 31, 2020 and is included in construction in progress (\$493,465) and buildings (\$109,431) as listed in note 6. To finance this contract, the Corporation has secured financing from its bank, as described in (i) below.

The portfolio of FIMs will contribute to reducing the Corporation's greenhouse gas emissions and is guaranteed to reduce costs within a targeted period of 12 years. It is expected that this project will be fully implemented within the next fiscal year. Upon completion, annual energy savings are expected in the amount of \$132,327 per year. Should the savings be less than anticipated, such shortfall may be applied to any unpaid balance, applied to any additional products or services or may be paid to the Corporation. Should the energy savings be in excess of the expected amount, such excess may be applied to a subsequent shortfall during the term of the agreement or may be payable to the supplier.

16. COMMITMENTS AND CONTINGENCIES (continued)

- (h) 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, 2020, the corporation has incurred \$298,019 of costs related to the project, which has been capitalized in construction in progress as listed in note 6. 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 (i) below).
- (i) During the year, the Corporation was approved for two non-revolving demand instalment loans of \$1,500,000 and \$2,500,000 to be used for capital infrastructure projects as described in notes (g) and (h) above. These loans will bear interest at fixed rates of 3.5% and 3.039% and will be repayable on demand in monthly payments of \$14,832 and \$24,185 and will be due 120 months from the date of the first regular payment date. No amounts were drawn on these facilities at March 31, 2020 as the terms of the credit facility agreement were finalized and the agreement was executed with the Corporation's bank subsequent to year-end.
- (j) 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, 2020 are approximately \$1,075,000. At year end, the Corporation had recorded net receivables from the Foundation amounting to \$403,419 (2019 - \$137,667).

(b) Hospital Auxiliaries

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

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

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

Related party transactions during the year not separately disclosed in the financial statements include an amount of \$807,344 (2019 - \$387,968) from the Foundation and \$99,779 (2019 - \$82,138) from the Haliburton and Minden Auxiliaries, the majority of which have been recorded as deferred capital contributions, with the remainder of transactions being recorded at the exchange amount. The Foundation occupies an office in each of the Haliburton and Minden facilities. This space, together with the use of office furniture, computer equipment, and various office and payroll services, is provided to the Foundation at no charge by the Corporation.

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

18. IMPACTS OF COVID-19

Since January 2020, when the first case of COVID-19 was identified in Canada, 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. Global stock markets have also experienced great volatility and a significant weakening. 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 our 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. There were incremental expenses incurred and recognized in March 2020, but the majority of the incremental expenses were incurred subsequent to year-end and are considered non-adjusting subsequent events. As at the date these financial statements were completed, the incremental costs are ongoing and the amount of anticipated reimbursement cannot be reasonably estimated.

18. IMPACTS OF COVID-19 (continued)

Although some of the events related to the COVID-19 pandemic occurred during the Corporation's fiscal period or were determined to be adjusting subsequent events, certain other events are considered non-adjusting subsequent events.

Effective and retroactive to April 24, 2020, it was announced that the Corporation will be required to pay "temporary pandemic pay" to certain staff. It is anticipated that the temporary pandemic pay will be funded by the Ministry of Health and the Ministry of Long-Term Care. At the date these financial statements were completed, the final details of the requirements were not yet complete, and the amount of the funding anticipated cannot be reasonably estimated.

As the events described above are considered non-adjusting subsequent events, the financial position and results of operations as of and for the year ended March 31, 2020 were not adjusted to reflect their impact. It is not possible to reliably estimate the 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

19

	2020	2019
	\$	\$
REVENUE		
Patient services		
Ministry of Health	10,934,310	10,333,564
Other insurers and self-pay	322,130	316,681
Other revenue	868,916	537,566
Amortization of capital grants and donations relating to property, buildings and equipment	1,145,214	1,091,685
	<u>13,270,570</u>	<u>12,279,496</u>
EXPENSES		
Salaries, wages and benefits	8,008,284	7,501,537
Medical compensation	426,156	382,507
Drugs and medical supplies	393,490	388,032
Supplies	1,563,785	1,297,142
Equipment maintenance	391,194	359,488
Laboratory	214,900	211,065
Building and grounds	374,293	315,028
Professional fees	321,837	193,471
Interest on long term debt	13,603	19,997
Other	46,828	27,052
Amortization of property, buildings and equipment	1,342,115	1,295,935
	<u>13,096,485</u>	<u>11,991,254</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>174,085</u>	<u>288,242</u>

The accompanying notes are an integral part of the financial statements

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

20

	2020	2019
	\$	\$
REVENUE		
Ministry of Health		
Operating	990,578	991,692
Homelessness	113,750	118,370
Small and Rural Hospital Transformation Funding	-	13,500
Tenants' fees	74,078	60,681
Interest and other income	35,807	12,692
	1,214,213	1,196,935
EXPENSES		
Salaries, wages and benefits	865,798	831,374
Staff travel	24,221	25,939
Sessional fees	29,700	31,200
Rent	67,379	70,322
Administration fee	2,963	2,400
Equipment	15,423	14,588
Other	32,999	47,868
Homelessness		
Rent	145,091	146,364
Hydro	33,290	26,880
	1,216,864	1,196,935
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(2,651)	-

The accompanying notes are an integral part of the financial statements

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

21

	2020	2019
	\$	\$
REVENUE		
Ministry of Health	921,793	915,739
Other revenue	204	-
	<u>921,997</u>	<u>915,739</u>
EXPENSES		
Salaries, wages and benefits	839,458	846,391
Office expenses	16,486	15,506
Staff travel	20,893	16,047
Resources	854	874
Administration fee	28,800	21,900
Other	15,537	15,021
	<u>922,028</u>	<u>915,739</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(31)	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

22

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

Year Ended March 31

	Haliburton	Minden	2020	2019
	\$	\$	Total	Total
			\$	\$
REVENUE				
Ministry of Health	1,274,197	1,514,944	2,789,141	2,681,175
EXPENSES				
Participating physicians	1,249,197	1,489,944	2,739,141	2,631,175
Shadow billing	24,000	24,000	48,000	48,000
Administration	1,000	1,000	2,000	2,000
	1,274,197	1,514,944	2,789,141	2,681,175
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	-	-	-	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

23

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

	Highland Wood \$	Hyland Crest \$	2020 Total \$	2019 Total \$
REVENUE				
Ministry of Long-Term Care	1,298,641	3,100,712	4,399,353	4,293,087
Residents' fees and other	849,714	1,612,733	2,462,447	2,397,551
	<u>2,148,355</u>	<u>4,713,445</u>	<u>6,861,800</u>	<u>6,690,638</u>
EXPENSES				
Nursing services	1,314,885	2,666,247	3,981,132	3,979,657
Dietary services	285,542	718,040	1,003,582	981,379
Housekeeping services	110,756	281,313	392,069	388,391
Building and property	291,973	537,247	829,220	879,194
General administration	96,184	153,013	249,197	195,375
Laundry and linen services	33,610	105,031	138,641	147,256
Activities	126,098	293,052	419,150	396,148
	<u>2,259,048</u>	<u>4,753,943</u>	<u>7,012,991</u>	<u>6,967,400</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	<u>(110,693)</u>	<u>(40,498)</u>	<u>(151,191)</u>	<u>(276,762)</u>

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION

24

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

	2020	2019
	\$	\$
REVENUE		
Ministry of Health	282,060	265,230
EXPENSES		
Salaries, wages and benefits	254,309	234,578
Supplies and sundry	27,415	30,261
Minor equipment	475	391
	282,199	265,230
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(139)	-

The accompanying notes are an integral part of the financial statements

HALIBURTON HIGHLANDS HEALTH SERVICES CORPORATION
COMMUNITY SUPPORT SERVICES
SCHEDULE OF OPERATIONS
Year Ended March 31

25

	2020	2019
	\$	\$
REVENUE		
Ministry of Health	1,713,657	1,645,433
Donations and grants	96,340	54,411
Client service fees	399,182	423,082
Other revenue	-	20
	<u>2,209,179</u>	<u>2,122,946</u>
EXPENSES		
Salaries, wages and benefits	1,495,154	1,340,583
Drugs and medical supplies	-	297
Supplies and sundry	398,978	440,338
One time costs	1,790	406
Minor equipment	7,409	5,732
Transportation	299,891	328,072
Building and grounds	5,901	7,673
	<u>2,209,123</u>	<u>2,123,101</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR	<u>56</u>	<u>(155)</u>

The accompanying notes are an integral part of the financial statements