HURON PERTH HEALTHCARE ALLIANCE

Clinton Public Hospital
St. Marys Memorial Hospital
Seaforth Community Hospital
Stratford General Hospital

Supporting People
Strengthening Partnerships
Improving Performance

Huron Perth Healthcare Alliance

ANNUAL REPORT 2015/2016

Clinton Public Hospital
St. Marys Memorial Hospital
Seaforth Community Hospital
Stratford General Hospital

ANNUAL GENERAL MEETING
Thursday June 23, 2016
Mitchell Golf & Country Club

Exceptional People, Exceptional Care!

Huron Perth Healthcare Alliance

ANNUAL REPORT

2015-2016

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2015/2016

HURON PERTH HEALTHCARE ALLIANCE

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For the fiscal year ending March 31, 2016, the Huron Perth Healthcare Alliance has incurred an operating surplus, with regard to day to day operations, of $0.5 million or 0.4% of its $130 million operating budget. The operating surplus is a result of a number of initiatives which occurred primarily in the 4th quarter of 2014/15 and were "annualized" into 2015/16, such as an enhanced focus on patient flow within and between the HPHA sites, ongoing process improvement initiatives, collaborative care staffing model and bed realignment between sites. These operational improvements have had a number of positive impacts including increasing the productivity at all four sites of the Alliance and positioning the HPHA to potentially access "new" funds through the funding formula for the 2016/17 fiscal year.

In 2015/16, the Alliance invested approximately $4.9 million in equipment and building related projects which allows the Alliance to continue to provide quality services in appropriate facilities. These projects included the ongoing site refreshes at Clinton, Seaforth and St Marys hospitals as well as cardiac monitor replacement and integration with HPHA's electronic health records. A good portion of the funds necessary for these initiatives is generated through the hard work and commitment of local hospital foundations and auxiliaries.

In looking forward to the 2016/2017 fiscal year, available provincial resources will continue to be tight, which in turn will impact all public sector organizations, including the Huron Perth Healthcare Alliance. The Alliance's operating plans for the 2016/17 fiscal year include a balanced operating position with approximately $13.1 million in capital investment for facilities and equipment. Once again the Alliance will look to the hospitals' foundations and their exceptional work in raising the funds necessary to assist in capital purchases.

In closing, I wish to express my appreciation to the Resources Committee, and Huron Perth Healthcare Alliance's healthcare team: Board, Local Advisory Committees; Foundations; Auxiliaries; Medical staff, Health Care Professionals and administration for their ongoing commitment to providing healthcare services to the communities which the Alliance serves.

Respectfully submitted,

Rena Spevack
Chair Resources Committee

AUDIT REPORT

2015/2016

HURON PERTH HEALTHCARE ALLIANCE

HURON PERTH HEALTHCARE ALLIANCE

Management's Report

The accompanying Financial Statements of Clinton Public Hospital, Seaforth Community Hospital, St. Marys Memorial Hospital, Stratford General Hospital, and the combined Huron Perth Healthcare Alliance have been prepared by management, and approved by the Board of Directors at their meeting of June 2, 2016.

Management works with the Board of Directors to carry out its responsibility for the financial statements principally through the Audit Committee. Voting membership of this committee is comprised of outside volunteers. The Audit Committee meets with management, and the external auditors to review any significant accounting matters, and discuss the results of audit examinations. The Audit Committee also reviews the financial statements and the auditor's reports and submits its findings to the Board of Directors for their consideration in approving the financial statements.

The Huron Perth Healthcare Alliance maintains a system of internal accounting controls that is continually reviewed and improved to provide assurance the financial information is relevant and reliable, and that assets are properly accounted for and safeguarded.

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards and public sector accounting standards.

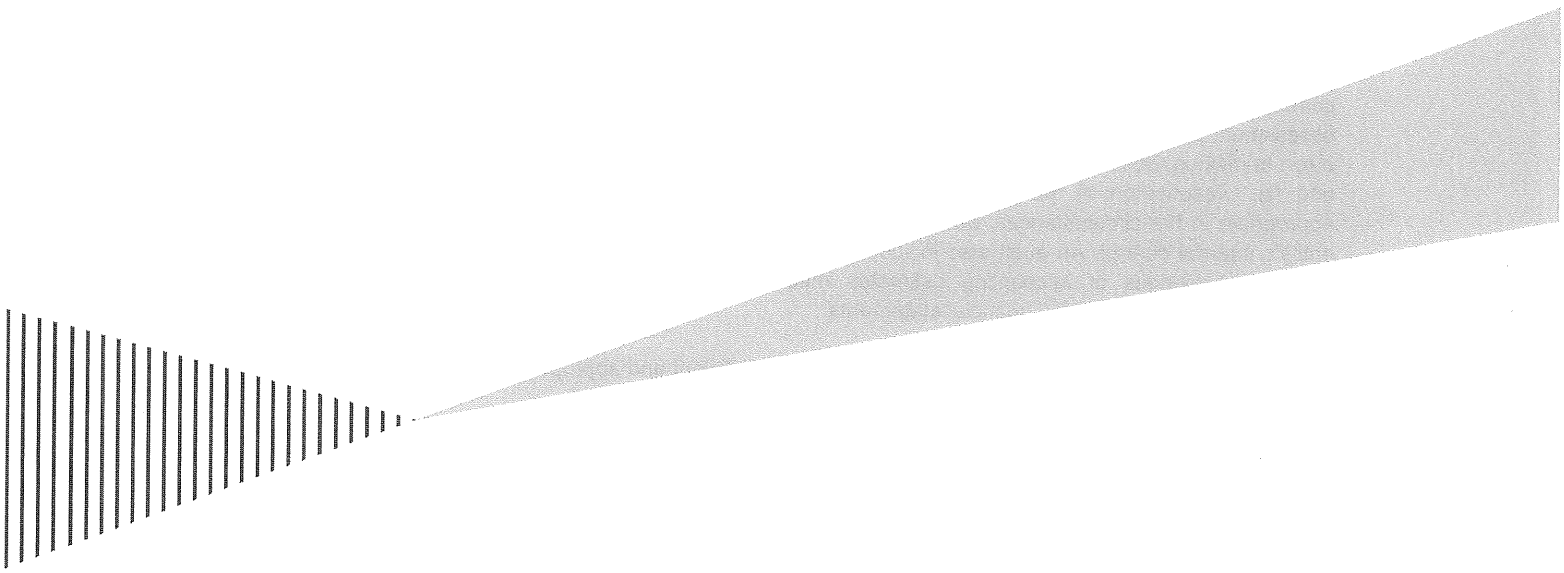
Andrew Williams BSc.(Hon), MHSA,CHE
Chief Executive Officer

Ken Haworth MBA CPA, CMA
Vice President and Chief Financial Officer

Combined financial statements

Huron Perth Healthcare Alliance

March 31, 2016



Building a better working world

Independent auditors' report

To the Board of Directors of
Huron Perth Healthcare Alliance

We have audited the accompanying combined financial statements of **Huron Perth Healthcare Alliance**, which comprise the combined statement of financial position as at March 31, 2016, and the combined statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of **Huron Perth Healthcare Alliance** as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 2, 2016

Huron Perth Healthcare Alliance

Combined statement of financial position

As at March 31

	2016	2015
	$	$
		[Restated – note 3]
Assets		
Current		
Cash	**2,407,178**	5,610,596
Accounts receivable *[note 4]*	**4,494,910**	3,440,533
Inventories *[note 5]*	**1,727,142**	1,899,216
Prepaid expenses	**999,786**	1,025,242
Total current assets	**9,629,016**	11,975,587
Long-term investments *[note 6]*	**284,267**	284,267
Grant receivable	**2,050,000**	2,050,000
Property and equipment, net *[note 7]*	**88,298,051**	92,005,493
	100,261,334	106,315,347
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[note 14]*	**7,913,823**	11,196,152
Accrued salaries and wages	**7,801,358**	6,534,846
Current portion of post-employment benefits *[note 9[b]]*	**735,000**	1,019,000
Deferred contributions, expenses of future periods *[note 11]*	**8,317**	146,870
Demand loans and current portion of term loans *[note 8]*	**3,224,274**	4,399,510
Total current liabilities	**19,682,772**	23,296,378
Term loan *[note 8]*	**1,493,884**	2,152,418
Post-employment benefits *[note 9[b]]*	**7,835,300**	7,225,800
Deferred contributions, capital *[note 10]*	**66,178,382**	67,774,442
Total liabilities	**95,190,338**	100,449,038
Contingencies *[note 13]*		
Net assets		
Endowments *[note 12]*	**119,719**	119,719
Unrestricted	**4,951,277**	5,746,590
Total net assets	**5,070,996**	5,866,309
	100,261,334	106,315,347

See accompanying notes

On behalf of the Board:

Mary Atkinson — Board Chair

Lena Sowack — Treasurer

Huron Perth Healthcare Alliance

Combined statement of changes in net assets

Year ended March 31

	2016			2015
	Endowments	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 12]			*[Restated – note 3]*
Balance, beginning of year	**119,719**	**5,746,590**	**5,866,309**	6,744,184
Restatement *[note 3]*	**—**	**—**	**—**	1,405,800
Net assets beginning of year as restated	**119,719**	**5,746,590**	**5,866,309**	8,149,984
Deficiency of revenue over expenses for the year	**—**	**(795,313)**	**(795,313)**	(2,283,675)
Balance, end of year	**119,719**	**4,951,277**	**5,070,996**	5,866,309

See accompanying notes

Huron Perth Healthcare Alliance

Combined statement of operations

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Revenue		
Provincial funding	**105,536,705**	104,697,452
In-patient services	**395,485**	645,270
Out-patient services	**12,300,319**	12,367,516
Preferred accommodation	**793,062**	845,002
Chronic co-payment	**135,443**	112,696
Other revenue *[note 6]*	**9,184,438**	8,574,059
Unrestricted donations and bequests	**88,285**	39,967
Amortization of deferred contributions, capital – equipment	**3,081,943**	2,577,552
	131,515,680	129,859,514
Expenses		
Salaries and wages	**63,669,730**	64,191,161
Medical staff remuneration	**15,735,798**	15,864,473
Employee benefits	**19,265,401**	18,460,992
Supplies and other expenses	**20,911,772**	20,111,269
Medical and surgical supplies	**4,527,562**	5,058,944
Drugs	**3,089,636**	3,331,548
Amortization of equipment	**3,760,090**	3,836,636
Interest – non-buildings *[note 8]*	**24,110**	26,393
Net loss on disposal of equipment	**16,115**	—
	131,000,214	130,881,416
Excess (deficiency) of revenue over expenses before the following	**515,466**	(1,021,902)
Amortization of deferred contributions, capital – buildings and land improvements	**3,662,917**	3,615,887
Amortization of buildings and land improvements	**(4,883,577)**	(4,741,397)
Interest expense *[note 8]*	**(90,119)**	(113,272)
Net loss on disposal of buildings and land improvements	**—**	(22,991)
	(1,310,779)	(1,261,773)
Deficiency of revenue over expenses for the year	**(795,313)**	(2,283,675)

See accompanying notes

Huron Perth Healthcare Alliance

Combined statement of cash flows

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Operating activities		
Deficiency of revenue over expenses for the year	**(795,313)**	(2,283,675)
Add (deduct) items not involving cash		
Amortization of equipment	**3,760,090**	3,836,636
Amortization of buildings and land improvements	**4,883,577**	4,741,397
Net loss on disposal of equipment	**16,115**	—
Net loss on disposal of buildings and land improvements	**—**	22,991
Amortization of deferred contributions, capital – equipment	**(3,081,943)**	(2,577,552)
Amortization of deferred contributions, capital – buildings and land improvements	**(3,662,917)**	(3,615,887)
Increase in post-employment benefits	**325,500**	462,500
	1,445,109	586,410
Net change in non-cash working capital balances related to operations *[note 15]*	**(3,011,217)**	(745,703)
Cash used in operating activities	**(1,566,108)**	(159,293)
Capital activities		
Purchase of property and equipment	**(4,964,953)**	(6,626,836)
Proceeds on disposal of property and equipment	**12,613**	42,814
Cash used in capital activities	**(4,952,340)**	(6,584,022)
Financing activities		
Proceeds of demand loan	**550,000**	2,170,651
Repayment of demand loan	**(1,453,910)**	(1,141,740)
Repayment of term loans	**(929,860)**	(457,036)
Contributions received related to capital	**5,148,800**	3,572,322
Cash provided by financing activities	**3,315,030**	4,144,197
Net decrease in cash during the year	**(3,203,418)**	(2,599,118)
Cash, beginning of year	**5,610,596**	8,209,714
Cash, end of year	**2,407,178**	5,610,596

See accompanying notes

Huron Perth Healthcare Alliance

Notes to combined financial statements

March 31, 2016

1. Purpose of the organization

On July 1, 2003, Clinton Public Hospital, Seaforth Community Hospital, St. Marys Memorial Hospital and Stratford General Hospital [the "Hospitals"] entered into an Alliance Agreement to form the Huron Perth Healthcare Alliance [the "Alliance"]. Under the Alliance Agreement, the four hospitals maintain their separate corporate status, but operate as one entity with regard to human resources, financial resources, clinical services, recruitment and governance. The Alliance was created to maintain and improve healthcare services primarily within the region of Huron and Perth counties.

The Alliance is funded primarily by the Southwest Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"]. Any excess of revenue over expenses earned during a fiscal year may be retained by the Alliance. There is no commitment that deficits incurred by the Alliance will be funded. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

The Hospitals operate under Hospital Service Accountability Agreements ["H-SAAs"] with the LHIN. Stratford General Hospital also operates under a Multi-Sector Accountability Agreement ["M-SAA"] with the LHIN. These agreements set out the rights and obligations of the two parties in respect of funding provided to the Hospitals by the LHIN. The H-SAAs and M-SAA set out the funding provided to the Hospitals together with performance standards and obligations of the Hospitals that establish acceptable results for the Hospitals' performance.

If any of the Hospitals in the Alliance do not meet certain performance standards and obligations, the LHIN has the right to adjust some funding streams received by the Hospitals. Given that the LHIN is not required to communicate funding adjustments until after the submission of the year-end data, the amount of revenue recognized in these combined financial statements represents management's best estimate of amounts earned during the year.

The Alliance's combined operating surplus/deficiency of revenue over expenses is shared based on the percentage interest identified in the Alliance Agreement. The MoHLTC and LHIN revenue is adjusted between the four Hospitals within the Alliance through a "Paymaster" account, to reflect the appropriate operating surplus/deficiency of revenue over expenses.

Property and equipment expenditures, which are not funded by the local Foundations, are shared by all four Hospitals based on the percentage interest identified in the Alliance Agreement.

Post-employment benefits are shared by all four Hospitals based on the percentage interest identified in the Alliance Agreement.

The Alliance liabilities are joint and several for all the Hospitals within the Alliance arrangement including the bank facilities as further explained in note 8.

Notes to combined financial statements

March 31, 2016

2. Summary of significant accounting policies

These combined financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector ["PS"] Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Alliance has chosen to use the standards specific to government not-for-profit organizations as set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

[a] Basis of presentation and use of estimates

The combined financial statements of the Alliance include the accounts of the Hospitals. All intercompany accounts and transactions have been eliminated in the accompanying combined financial statements. The combined financial statements represent the operations of the Alliance and do not include the assets, liabilities and activities of affiliated organizations such as Foundations and volunteer associations which, although affiliated with the Hospitals within the Alliance, are not operated or controlled by them.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The significant estimation processes relate to employee future benefits, revenue recognized from the MoHLTC and the LHIN, valuation of accounts receivable and grant receivable, and the useful life of property and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

[b] Revenue recognition

The Alliance 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 estimated and collection is reasonably assured. Externally restricted contributions other than endowment contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets. Contributions restricted for the purchase of property and equipment are initially deferred and amortized to revenue on the same basis as the amortization rate for the related property and equipment.

Revenue from patient services, non-patient services and preferred accommodation are recognized when the services have been provided or when the goods have been sold.

Investment income consists of interest earned on the Alliance's investments. Investment income on unspent deferred capital contributions, if restricted for future use, is deferred as a component of such contributions. Investment income earned on endowment funds is added to deferred capital contributions during the year. All other investment income is recognized as revenue when earned in the combined statement of operations.

Notes to combined financial statements

March 31, 2016

[c] Inventories

Inventories are valued at the lower of replacement cost and net realizable value on a weighted average basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

[d] Investments

Investments are recorded initially at fair value and subsequently at amortized cost and where there is a reduction in value that is considered other than temporary, the investment is written down. Investments in joint ventures are accounted for using the modified equity method and, as such, are stated at cost plus earnings since acquisition. Transactions are recorded on a trade-date basis.

[e] Property and equipment

Property and equipment are valued at the cost incurred by the Hospitals at the date of acquisition. All direct costs and interest related to building and equipment projects are capitalized during the period of construction until the project is complete.

Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Tangible	
Land improvements	10 - 40 years
Buildings	10 - 50 years
Furnishings and equipment	3 - 25 years
Computer hardware	3 - 5 years
Intangible	
Computer software	3 - 5 years

No amortization is recorded on construction in progress until the related assets are put into productive use.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the assets no longer have any long-term service potential for the Alliance. When property and equipment no longer contribute to the Alliance's ability to provide services, its carrying amount is written down to residual value.

[f] Contributed materials and services

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related notes. Contributed materials are recognized in the financial statements at their fair market value if the fair value can be reasonably estimated.

[g] Post-employment benefits

The Alliance accrues its obligations for post-employment benefits and the related costs, net of plan assets measured at fair value. The cost of post-employment benefits earned by employees is actuarially determined using the projected accrued benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Alliance's cost of borrowing rate. Differences arising from past service costs are expensed in the period of plan amendment. Differences arising from changes in assumptions and actuarial gains and losses are recognized in income on a straight-line basis over the expected average remaining service life of active employees which equal to 16.7 years.

[h] Multi-employer defined benefit plan

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Alliance has insufficient information to apply defined benefit plan accounting.

[i] Financial instruments

All financial instruments are initially recorded on the combined statement of financial position at fair value. They are subsequently valued at fair market value, cost or amortized cost as follows:

[i] Accounts receivable are carried at amortized cost, net of any provision for impairment.
[ii] Long-term investments and grant receivable are carried at amortized cost, net of any provision for impairment.
[iii] Accounts payable and accrued liabilities, accrued salaries and wages and demand loans are carried at cost.
[iv] Term debt is carried at amortized cost.

Transaction costs related to financial assets and financial liabilities measured using amortized cost are capitalized with the value of the instrument and amortized to income using the effective interest rate method. All other transaction costs are expensed as incurred.

[j] Remeasurement gains or losses

Remeasurement gains or losses are reported according to their nature, including changes in market value for derivatives, portfolio investments in equity instruments and financial instruments which have been designated to the fair value category. Also included are gains or losses in foreign exchange for items denominated in a foreign currency. As at March 31, 2016, there was no change in the accumulative deficiency of revenues over expenses for the fair value changes or foreign currency translation. Therefore, the statement of remeasurement gains and losses has not been disclosed.

Notes to combined financial statements

March 31, 2016

3. Change in accounting policy

During the preparation of the financial statements for the year ending March 31, 2016, the Alliance implemented a change in the accounting policy relating to the measurement of the post-employment benefit obligation. The change has been accounted for retroactively with a restatement of prior year financial statement for comparative purposes. The following summarizes the effect of the adjustments as at and for the year ended March 31, 2015:

	Previously reported $	Increase (decrease) $	Restated $
Combined statement of financial position			
Current portion of post-employment benefits	1,246,300	(227,300)	1,019,000
Post-employment benefits	8,494,100	(1,268,300)	7,225,800
Net assets – unrestricted	4,250,990	1,495,600	5,746,590
Combined statement of operations			
Employee benefits	18,550,792	(89,800)	18,460,992

4. Accounts receivable

Accounts receivable consist of the following:

	2016 $	2015 $
Provincial funding	**728,258**	396,044
Insurers and patients	**1,944,766**	1,399,296
Other	**2,090,686**	1,886,993
	4,763,710	3,682,333
Less allowance for doubtful accounts	**268,800**	241,800
	4,494,910	3,440,533

5. Inventories

During the year, the Alliance expensed $7,953,678 [2015 – $8,511,869] of inventories. There were no write-downs of inventories to net realizable value or any reversals of any write-downs during the year or prior year.

Notes to combined financial statements

March 31, 2016

6. Long-term investments

Long-term investments consist of the following:

	2016 $	2015 $
Guaranteed investment certificate	**119,719**	119,719
Horizon ProResp Inc.	**164,548**	164,548
	284,267	284,267

Horizon ProResp Inc.

Effective January 1, 1996, Horizon ProResp Inc. was incorporated as a joint venture between Stratford General Hospital and a third party for the purposes of providing home care services to patients in Huron and Perth counties. The Stratford General Hospital received 50 common shares, representing 50% of the voting equity of the joint venture, in exchange for equipment, inventories and supplies relating to the home oxygen program that were transferred to the joint venture. The investment is being accounted for according to the modified equity method and, as such, the investment in Horizon ProResp Inc. is stated at cost plus earnings since acquisition.

	2016 $	2015 $
Common share investment – 50% of common share capital	**55,657**	55,657
Share of income since incorporation	**108,891**	108,891
	164,548	164,548

Management fees in the amount of $355,000 [2015 – $326,000] from Horizon ProResp Inc. have been recorded as other revenue.

Notes to combined financial statements

March 31, 2016

7. Property and equipment

Property and equipment consist of the following:

	2016		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**345,841**	**—**	**345,841**
Other non-amortized assets	**147,010**	**—**	**147,010**
Land improvements	**1,851,160**	**1,318,470**	**532,690**
Buildings	**134,053,980**	**57,730,024**	**76,323,956**
Furnishings and equipment	**52,690,062**	**45,865,392**	**6,824,670**
Computer hardware	**5,106,298**	**3,394,663**	**1,711,635**
Construction in progress	**712,867**	**—**	**712,867**
	194,907,218	**108,308,549**	**86,598,669**
Intangible			
Computer software	**6,435,095**	**4,735,713**	**1,699,382**
	201,342,313	**113,044,262**	**88,298,051**

	2015		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	345,841	—	345,841
Other non-amortized assets	147,010	—	147,010
Land improvements	1,795,871	1,240,685	555,186
Buildings	131,862,437	52,924,233	78,938,204
Furnishings and equipment	51,915,016	43,970,225	7,944,791
Computer hardware	4,211,766	2,896,609	1,315,157
Construction in progress	1,113,256	—	1,113,256
	191,391,197	101,031,752	90,359,445
Intangible			
Computer software	5,561,696	3,915,648	1,646,048
	196,952,893	104,947,400	92,005,493

A donated portable x-ray machine with a fair value of $203,604 was contributed and recorded in property and equipment and deferred contributions – capital.

Notes to combined financial statements

March 31, 2016

8. Demand loans and term loans

The various facilities are presented as follows on the combined statement of financial position:

	2016 $	2015 $
Demand loans [a]	**2,565,740**	3,469,651
Current portion of term loans [b]	**658,534**	929,859
Total demand loans and current portion of term loans	**3,224,274**	4,399,510
Term loan [b]	**1,493,884**	2,152,418

[a] Demand loans

The Alliance has a $7,000,000 revolving demand facility [the "Facility"] with the Royal Bank of Canada ["RBC"] to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, nil [2015 – nil] has been drawn on the Facility.

The Alliance also has an $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%. As at March 31, 2016, $2,565,741 [2015 – $3,469,651] has been drawn on the Capital Facility.

[b] Term loans

The Alliance has a term facility with RBC that was used to finance the completion of the Stratford Site Redevelopment Project [the "SSRP Facility"]. The SSRP Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, $2,152,418 is outstanding on the SSRP Facility [2015 – $2,810,952]. Interest payments are made monthly on the 26th day of each month and annual principal payments are due March 31 of the respective year. The maturity date of this facility is March 31, 2019.

The Alliance also has a term instalment loan with the Canadian Imperial Bank of Commerce ["CIBC"] that was used to finance the Magnetic Resonance Imaging machine at the Stratford site, and the Automated Drug Cabinets at all four Alliance sites [the "MRI Facility"]. The MRI Facility bears interest at bank prime [2.70%] minus 0.55%. As at March 31, 2016, nil [2015 – $271,325] is outstanding. The MRI Facility has a maturity date of March 31, 2017 with interest due quarterly in arrears.

[c] Other facility

The Alliance also has access to a $9,000,000 revolving lease line of credit [the "Lease Facility"] with RBC, by way of lease agreements with RBC. The purpose of the Lease Facility is to fund the acquisition of capital assets, including equipment and software. The Lease Facility bears interest at the applicable rate contained in the respective lease agreement entered. As at March 31, 2016, nil [2015 – nil] has been drawn on the Lease Facility.

Loans that the lender can require to be repaid on demand are classified as current liabilities. Management does not believe that the demand features will be exercised in the current year. Assuming payment is not demanded, principal repayments required on term loans over the next three fiscal years are as follows:

	$
2017	658,534
2018	658,534
2019	835,350
	2,152,418

9. Post-employment benefits

[a] Pension plan

Substantially all of the full-time employees of the Alliance are members of the Hospitals of Ontario Pension Plan [the "HOOPP"]. The HOOPP is a multi-employer, defined benefit pension plan. HOOPP members will receive benefits based on their length of service and on the average of their annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings. Employer contributions made to the HOOPP during the year by the Alliance amounted to $5,224,926 [2015 – $5,157,475].

The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2015 disclosed net assets available for benefits of $63,924 million [2014 – $60,848 million] with pension obligations of $49,151 million [2014 – $46,923 million], resulting in a surplus of $14,773 million [2014 – $13,925 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2015, the HOOPP was 122% funded [2014 – 115%].

[b] Post-employment benefits

Retirees and surviving spouses of retirees are eligible for life insurance, drug, other medical, dental and hospital benefits covered under the non-pension, post-employment benefit plan [the "Plan"] after they turn 55. The Plan is funded on a pay-as-you-go basis and the Hospitals fund on a cash basis as benefits are paid. During the year, benefits paid totalled $253,267 [2015 – $226,145].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2014.

Notes to combined financial statements

March 31, 2016

The following table presents information related to the Alliance's post-employment benefits as at March 31, including the amounts recorded on the combined statement of financial position, and components of net periodic benefit cost:

	2016 $	2015 $ *[Restated – note 3]*
Accrued benefit obligation		
Balance, beginning of year	**8,036,000**	9,084,000
Current service cost	**434,400**	460,300
Interest cost	**283,500**	421,600
Benefits paid	**(409,500)**	(556,100)
Actuarial (gain) loss	**53,500**	(1,373,800)
Balance, end of year	**8,397,900**	8,036,000
Unamortized net actuarial gain	**172,400**	208,800
Post-employment benefits	**8,570,300**	8,244,800
Less: current portion	**735,000**	1,019,000
	7,835,300	7,225,800

The accrued benefit obligation for non-pension post-employment benefits is included in the long-term liabilities as post-employment benefits, with the current portion of post-employment benefits separately disclosed. Unamortized actuarial gains are amortized over the expected average remaining service life of employees of the Alliance.

The Alliance's benefit plan expense is as follows:

	2016 $	2015 $ *[Restated – note 3]*
Current service cost	**434,400**	460,300
Interest cost	**283,500**	421,600
Amortization of net actuarial loss	**17,100**	137,100
Post-employment benefits expense	**735,000**	1,019,000

Notes to combined financial statements

March 31, 2016

The significant actuarial assumptions adopted in measuring the Alliance's accrued benefit obligation and the expense for post-employment benefits is as follows:

	2016 %	2015 %
Discount rate – net accrued benefit expense	**3.43**	4.55
Discount rate – accrued benefit obligation	**3.37**	3.43
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service lifetime of active employees is 16.7 years.

10. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2016 $	2015 $
Balance, beginning of year	**67,774,442**	70,395,559
Additional contributions received		
MoHLTC and LHIN	**2,232,869**	1,957,313
Foundations *[note 14]*	**2,208,913**	1,615,009
Other	**707,018**	—
Less amounts amortized to revenue	**(6,744,860)**	(6,193,439)
Balance, end of year	**66,178,382**	67,774,442

The balance of unamortized capital contributions related to property and equipment consists of the following:

	2016 $	2015 $
Unamortized capital contributions used to purchase property and equipment	**66,109,090**	67,654,380
Unspent contributions	**69,292**	120,062
	66,178,382	67,774,442

Notes to combined financial statements

March 31, 2016

11. Deferred contributions, expenses of future periods

Deferred contributions, expenses of future periods, represent unspent externally restricted contributions, grants and donations. Changes in the deferred contributions, expenses of future periods balance, are as follows:

	2016 $	2015 $
Balance, beginning of year	**146,870**	41,878
Contributions, grants and donations	**—**	195,550
Amounts earned	**(138,553)**	(90,558)
Balance, end of year	**8,317**	146,870

The deferred contributions will be spent as follows:

	2016 $	2015 $
Mental health programs	**—**	118,114
Other	**8,317**	28,756
	8,317	146,870

12. Endowments

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact in perpetuity. Investment income on the assets restricted for endowment purposes is externally restricted for capital purposes. The total investment income earned on endowments during the year was $2,884 [2015 – $2,922] and was included in deferred contributions, capital during the year.

13. Contingencies

The Alliance is involved from time to time as plaintiff or defendant in various legal actions that arise in the normal course of operations. Any contingent gains arising on such actions are included in income when they are assured. Provisions for contingent losses are provided at such time as management concludes that a loss is likely and can be estimated. As at March 31, 2016, management believes adequate provision for losses has been made in the accounts.

Notes to combined financial statements

March 31, 2016

14. Related party transactions

Related party transactions during the year not separately disclosed in the combined financial statements include the following:

[a] The Alliance receives donations from the member hospitals' Foundations [the "Foundations"]. Each Foundation has its own Board of Directors and is independent of the Alliance. The individual Foundations are incorporated under the laws of Ontario. They are registered as public foundations and, as such, are exempt from income taxes and able to issue donation receipts for income tax purposes. The assets, liabilities, revenue and expenses of the Foundations have not been included in these combined financial statements.

Donations of $2,208,913 [2015 – $1,615,009] were received from the Foundations for equipment purchases and capital projects. These amounts have been included in deferred contributions, capital.

During the year, the Alliance provided administrative services including payroll processing at no cost to three of the Foundations.

As at March 31, 2016, an amount of $44,560 [2015 – $40,386] was due from the Foundations. The amount is non-interest-bearing and due on demand.

[b] Alliance operations – Stratford General Hospital is acting as the central financial processing entity for the Alliance, processing all cheque and payroll distributions for all four Hospitals in the Alliance from its bank account.

15. Combined statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2016 $	2015 $
Decrease (increase) in current assets		
Accounts receivable	**(1,054,377)**	412,466
Inventories	**172,074**	47,953
Prepaid expenses	**25,456**	(147,739)
	(856,847)	312,680
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(3,282,329)**	(750,185)
Accrued salaries and wages	**1,266,512**	(413,190)
Deferred contributions, expenses of future periods	**(138,553)**	104,992
	(2,154,370)	(1,058,383)
	(3,011,217)	(745,703)

Interest of $114,229 [2015 $145,245] related to the demand and term facilities of the Alliance was paid during the year.

16. Midwifery programs

The Stratford General Hospital acts as a transfer payment agency for a midwifery program funded through the MoHLTC Community Health and Prevention Branch – Ontario Midwifery Program ["OMP"]. The gross revenue and expenses of the Midwifery Program of $3,888,134 [2015 – $3,883,121] are included in the combined statement of operations. The excess of OMP funding over OMP allowed expenses for 2016 is $62,053 [2015 – $287,545], which is due to the MoHLTC's OMP and is included in accounts payable and accrued liabilities as at March 31, 2016.

17. Financial instruments

Financial instrument classification

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value. The fair value hierarchy is made up of the following levels:

Level 1 – valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant input has been considered in measuring fair value.

The guaranteed investment certificate held by the Alliance is classified as Level 2 according to the fair value hierarchy described above. There have been no transfers between Levels 1 and 2 for the year ended March 31, 2016.

Risk management

The Alliance is exposed to a range of financial risks including market risk, interest rate risk, credit risk and liquidity risk. The Alliance manages these risks in accordance with its internal policies.

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 changes in market conditions, whether those changes are caused by factors specific to the individual instrument or factors affecting all securities traded in the market. The Alliance's exposure to market risk is limited as a result of the investment portfolio comprising only long-term, fixed-income securities.

Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of a financial instrument due to fluctuations in interest rates. The Alliance is exposed to financial risk that arises from fluctuations in the interest rate on its credit facilities because the interest rate is linked to the bank's prime rate and BA rate, which changes from time to time. Changes in variable interest rates could cause unanticipated fluctuations in the Alliance's operating results.

Credit risk

Credit risk arises from the possibility that the entities from which the Alliance receives funding may experience difficulty and be unable to fulfill their obligations. The majority of the Alliance's accounts receivable are owed by government agencies with good credit standing. At year-end, patient and other accounts receivable totalled $1,944,766 [2015 – $1,399,296]. As a result, the requirement for credit risk related reserves for accounts receivable is minimal. The Alliance has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2016.

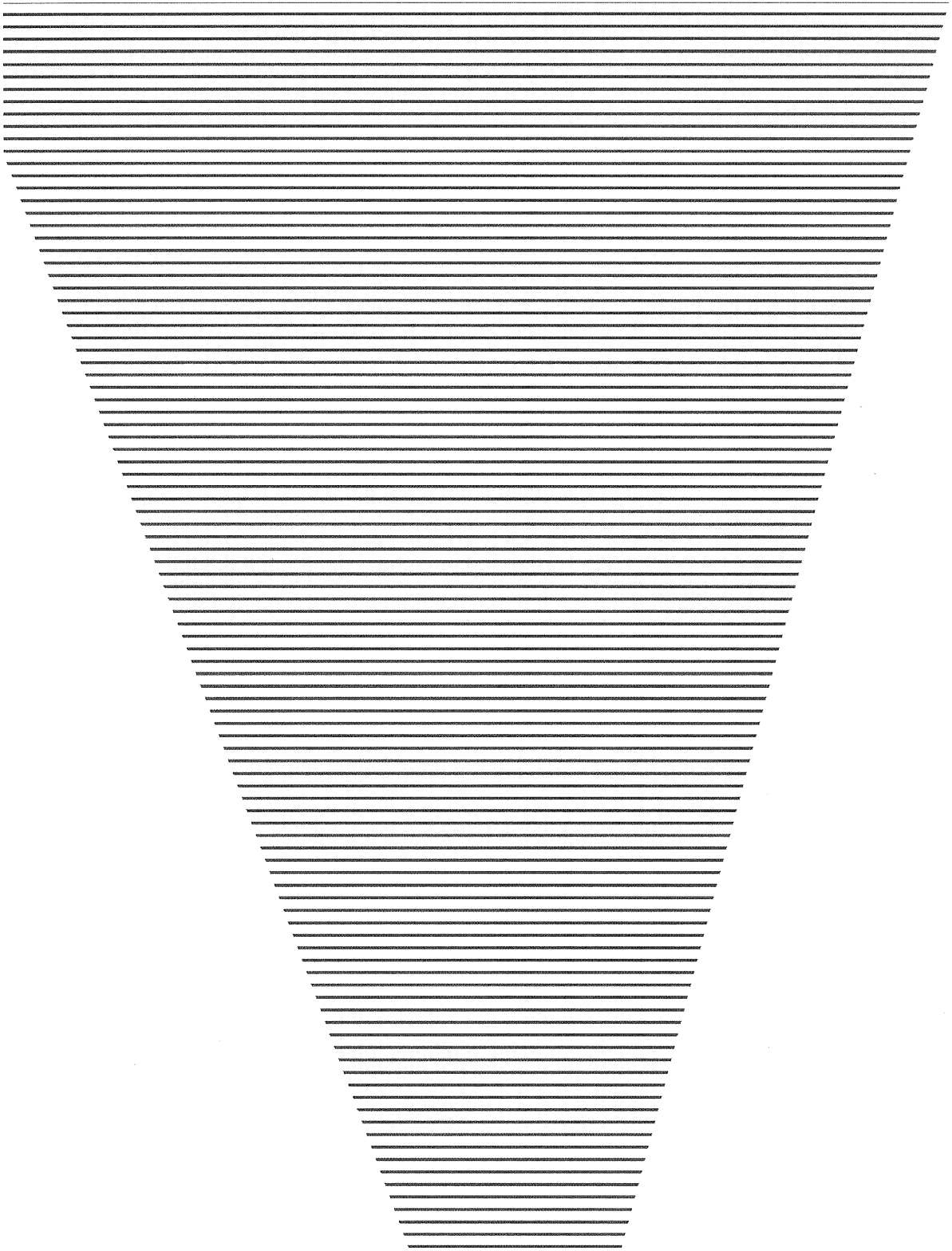
Liquidity risk

Liquidity risk is the risk of the Alliance being unable to meet its obligations as they fall due. The Alliance manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The majority of accounts payable, accrued charges and accrued salaries and wages are expected to be settled in the next fiscal year. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

18. Comparative financial statements

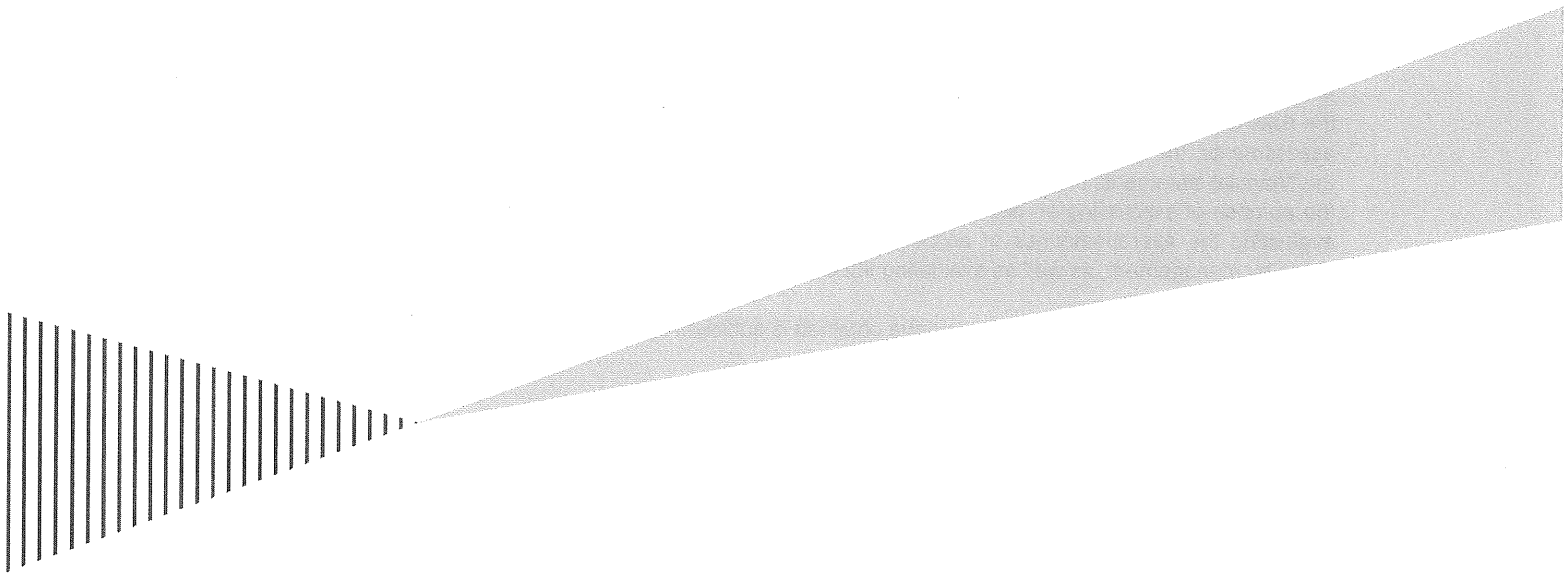
The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2016 financial statements.



Financial statements

Clinton Public Hospital

March 31, 2016



Building a better working world

Independent auditors' report

To the Board of Directors of
Clinton Public Hospital

Report on the financial statements

We have audited the accompanying financial statements of **Clinton Public Hospital**, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Clinton Public Hospital** as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a consistent basis with the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 2, 2016

Clinton Public Hospital
Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2016	2015
	$	$
Assets		*[Restated – Note 3]*
Current		
Cash	**2,579,360**	2,078,386
Accounts receivable *[note 4]*	**111,919**	116,565
Inventories *[note 6]*	**125,608**	129,552
Prepaid expenses	**50,703**	97,087
Total current assets	**2,867,590**	2,421,590
Property and equipment, net *[note 7]*	**4,797,582**	4,650,741
	7,665,172	7,072,331
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**73,516**	124,330
Due to other Alliance entity *[note 5]*	**695,922**	289,876
Accrued salaries and wages	**591,456**	476,094
Current portion of post-employment benefits *[note 9[b]]*	**102,900**	142,660
Demand loan *[note 8]*	**511,913**	583,167
Total current liabilities	**1,975,707**	1,616,127
Post-employment benefits *[note 9[b]]*	**1,096,942**	1,011,612
Deferred contributions, capital *[note 10]*	**2,454,004**	2,175,791
Total liabilities	**5,526,653**	4,803,530
Commitments and contingencies *[note 11]*		
Net assets	**2,138,519**	2,268,801
	7,665,172	7,072,331

See accompanying notes

On behalf of the Board: Mary Atkinson Board Chair Lena Sawack Treasurer

Clinton Public Hospital

Statement of changes in net assets

Year ended March 31

	2016	2015
	$	$
		[Restated – Note 3]
Net assets, beginning of year	**2,268,801**	2,391,617
Restatement *[note 3]*	**—**	196,812
Net assets beginning of year as restated	**2,268,801**	2,588,429
Deficiency of revenue over expenses for the year	**(130,282)**	(319,628)
Net assets, end of year	**2,138,519**	2,268,801

See accompanying notes

Clinton Public Hospital

Statement of operations

Year ended March 31, 2016

	2016	2015
	$	$
		[Restated – Note 3]
Revenue		
Provincial funding *[note 5]*	**10,771,524**	9,784,915
In-patient services	**5,280**	24,983
Out-patient services	**1,628,579**	1,657,230
Preferred accommodation	**68,995**	79,580
Chronic co-payment	**35,803**	15,224
Other revenue	**232,464**	165,468
Amortization of deferred contributions, capital – equipment	**263,934**	97,723
	13,006,579	11,825,123
Expenses		
Salaries and wages	**6,193,628**	5,970,639
Medical staff remuneration	**1,593,504**	1,595,720
Employee benefits	**1,963,609**	1,709,690
Supplies and other expenses	**2,156,721**	1,726,642
Medical and surgical supplies	**459,386**	480,881
Drugs	**188,123**	159,846
Amortization of equipment	**358,895**	302,978
Interest – non building *[note 8]*	**2,488**	—
Net loss on disposal of equipment	**18,060**	—
	12,934,414	11,946,396
Excess (deficiency) of revenue over expenses before the following	**72,165**	(121,273)
Amortization of deferred contributions, capital – buildings and land improvements	**84,096**	84,059
Amortization of buildings and land improvements	**(280,214)**	(272,863)
Interest on demand loan *[note 8]*	**(6,329)**	(3,588)
Net loss on disposal of buildings and land improvements	**—**	(5,963)
	(202,447)	(198,355)
Deficiency of revenue over expenses for the year	**(130,282)**	(319,628)

See accompanying notes

Clinton Public Hospital

Statement of cash flows

Year ended March 31

	2016	2015
	$	$
		[Restated – Note 3]
Operating activities		
Deficiency of revenue over expenses for the year	**(130,282)**	(319,628)
Add (deduct) non-cash items		
Amortization of equipment	**358,895**	302,978
Amortization of buildings and land improvements	**280,214**	272,863
Net loss on disposal of property and equipment	**18,060**	—
Net loss on disposal of buildings and land improvements	**—**	5,963
Amortization of deferred contributions, capital – equipment	**(263,934)**	(97,723)
Amortization of deferred contributions, capital – buildings and land improvements	**(84,096)**	(84,059)
Increase in post-employment benefits	**45,570**	294,454
	224,427	374,848
Net change in non-cash working capital balances related to operations *[note 13]*	**525,568**	(1,424,012)
Cash provided by (used in) operating activities	**749,995**	(1,049,164)
Capital activities		
Purchase of property and equipment	**(805,515)**	(934,650)
Proceeds on disposal of property and equipment	**1,505**	4,182
Cash used in capital activities	**(804,010)**	(930,468)
Financing activities		
Proceeds of demand loan	**183,333**	583,167
Repayment of demand loan	**(254,587)**	—
Contributions received related to capital	**626,243**	597,321
Cash provided by financing activities	**554,989**	1,180,488
Net increase (decrease) in cash during the year	**500,974**	(799,144)
Cash, beginning of year	**2,078,386**	2,877,530
Cash, end of year	**2,579,360**	2,078,386

See accompanying notes

Clinton Public Hospital

Notes to financial statements

March 31, 2016

1. Purpose of the organization

Clinton Public Hospital [the "Hospital"] is funded primarily by the Southwest Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"]. Any excess of revenue over expenses earned during a fiscal year may be retained by the Hospital. There is no commitment that deficits incurred by the Hospital will be funded. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

The Hospital, along with Seaforth Community Hospital, St. Marys Memorial Hospital and Stratford General Hospital are members of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual Hospitals' financial results are influenced by this membership *[note 5]*.

The Hospital operates under a Hospital Service Accountability Agreement ["H-SAA"] with the LHIN. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital by the LHIN. The H-SAA sets out the funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance.

If the Hospital does not meet certain performance standards and obligations, the LHIN has the right to adjust some funding streams received by the Hospital. Given that the LHIN is not required to communicate funding adjustments until after the submission of the year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector ["PS"] Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Hospital has chosen to use the standards specific to government not-for-profit organizations as set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

[a] Basis of presentation and use of estimates

The financial statements represent the operations of the Hospital and do not include the assets, liabilities and activities of affiliated organizations such as the Clinton Public Hospital Foundation [the "Foundation"] and volunteer associations, which, although affiliated to the Hospital, are not operated or controlled by it.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The significant estimation processes relate to employee future benefits, revenue recognized from the MoHLTC and the LHIN, valuation of accounts receivable, and the useful life of property and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

Notes to financial statements

March 31, 2016

[b] Revenue recognition

The Hospital 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 estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are initially deferred and amortized to revenue on the same basis as the amortization rate for the related property and equipment.

Revenue from patient services, non-patient services and preferred accommodation are recognized when the services have been provided or when the goods have been sold.

[c] Inventories

Inventories are valued at the lower of replacement cost and net realizable value on a weighted average basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

[d] Property and equipment

Property and equipment are valued at the cost incurred by the Hospital at the date of acquisition. All direct costs and interest related to building and equipment projects are capitalized during the period of construction until the project is complete.

Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Tangible	
Land improvements	10 – 40 years
Buildings	10 – 50 years
Furnishings and equipment	3 – 25 years
Computer hardware	3 – 5 years
Intangible	
Computer software	3 – 5 years

No amortization is recorded on construction in progress until the related assets are put into productive use.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Hospital. When an item of property and equipment no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to residual value.

Notes to financial statements

March 31, 2016

[e] Contributed materials and services

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related notes. Contributed materials are recognized in the financial statements at their fair market value if the fair value can be reasonably estimated.

[f] Post-employment benefits

The Hospital accrues its obligations for post-employment benefits and the related costs, net of plan assets measured at fair value. The cost of post-employment benefits earned by employees is actuarially determined using the projected accrued benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Hospital's cost of borrowing rate. Differences arising from past service costs are expensed in the period of plan amendment. Differences arising from changes in assumptions and actuarial gains and losses are recognized in income on a straight-line basis over the expected average remaining service life of active employees which equal to 16.7 years.

[g] Multi-employer defined benefit plan

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Hospital has insufficient information to apply defined benefit plan accounting.

[h] Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair market value, cost or amortized cost as follows:

[i] Accounts receivable are carried at amortized cost, net of any provision for impairment.
[ii] Accounts payable and accrued liabilities, accrued salaries and wages, and demand loans are carried at cost.

Transaction costs related to financial assets and financial liabilities measured using amortized cost are capitalized with the value of the instrument and amortized to income using the effective interest rate method. All other transaction costs are expensed as incurred.

[i] Remeasurement gains or losses

Remeasurement gains or losses are reported according to their nature, including changes in market value for derivatives, portfolio investments in equity instruments and financial instruments which have been designated to the fair value category. Also included are gains or losses in foreign exchange for items denominated in a foreign currency. As at March 31, 2016, there was no change in the accumulative deficiency of revenues over expenses for the fair value changes or foreign currency translation. Therefore, the statement of remeasurement gains and losses has not been disclosed.

Notes to financial statements

March 31, 2016

3. Change in accounting policy

During the preparation of the financial statements for the year ending March 31, 2016, the Alliance implemented a change in the accounting policy relating to the measurement of the post-employment benefit obligation. The change has been accounted for retroactively with a restatement of prior year financial statements for comparative purposes. The following summarizes the effect of the adjustments as at and for the year ended March 31, 2015:

	Previously reported $	Increase (decrease) $	Restated $
Statement of financial position			
Current portion of post-employment benefits	174,482	(31,822)	142,660
Post-employment benefits	1,189,174	(177,562)	1,011,612
Net assets	2,059,417	209,384	2,268,801
Statement of operations			
Employee benefits	1,722,262	(12,572)	1,709,690

4. Accounts receivable

Accounts receivable consist of the following:

	2016 $	2015 $
Insurers and patients	**114,718**	105,153
Other	**22,501**	31,512
	137,219	136,665
Less allowance for doubtful accounts	**25,300**	20,100
	111,919	116,565

Notes to financial statements

March 31, 2016

5. Huron Perth Healthcare Alliance

The combined operating surplus/deficit of the Alliance is shared based on the percent interest of each member Hospital in the Alliance. The MoHLTC and LHIN revenue is adjusted between the four Hospitals within the Alliance through a "Paymaster" account, to reflect the appropriate operating surplus/deficit.

	2016 $	2015 $
Clinton Public Hospital provincial funding	**9,836,132**	9,363,196
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**779,310**	302,919
Transfer of cataract funding from Stratford General Hospital	**156,082**	118,800
Provincial funding adjusted revenue	**10,771,524**	9,784,915

Effective December 1, 2014, the Board of Directors approved a change to the percent interest allocation to better reflect the associated revenues and costs of each member hospital due to bed realignment in the year. The percent interest changed from 11.5% to 14%. This impacts the adjustment for the Hospital's share of the Alliance operating surplus/deficit in the above table.

Property and equipment expenditures not funded by the local Foundations and post-employment benefits are shared by all four Hospitals based on their respective percent interest in the Alliance.

The amount owing to Stratford General Hospital as at March 31, 2016 is $695,922 [2015 – $289,876]. This amount is non-interest bearing with no set repayment terms.

6. Inventories

During the year, the Hospital expensed $446,644 [2015 – $505,314] of inventories. There were no write-downs of inventories to net realizable value or any write-down reversals during the year or prior year.

Notes to financial statements

March 31, 2016

7. Property and equipment

Property and equipment consist of the following:

	2016		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**85,246**	**—**	**85,246**
Land improvements	**119,628**	**57,384**	**62,244**
Buildings	**7,806,943**	**4,490,082**	**3,316,861**
Furnishings and equipment	**6,210,009**	**5,453,470**	**756,539**
Computer hardware	**734,171**	**513,301**	**220,870**
Construction in progress	**103,298**	**—**	**103,298**
	15,059,295	**10,514,237**	**4,545,058**
Intangible			
Computer software	**813,711**	**561,187**	**252,524**
	15,873,006	**11,075,424**	**4,797,582**

	2015		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	85,246	—	85,246
Land improvements	111,888	48,822	63,066
Buildings	7,347,013	4,218,431	3,128,582
Furnishings and equipment	6,164,624	5,338,757	825,867
Computer hardware	608,935	455,494	153,441
Construction in progress	144,323	—	144,323
	14,462,029	10,061,504	4,400,525
Intangible			
Computer software	694,422	444,206	250,216
	15,156,451	10,505,710	4,650,741

Notes to financial statements

March 31, 2016

8. Demand loans and term loans

The Hospital has a joint and several obligation for the borrowings of the Alliance under the following loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and Royal Bank of Canada ["RBC"].

[a] Revolving demand facility [the "Facility"] of $7,000,000 with the RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, nil [2015 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility of $8,000,000 with the RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%. As at March 31, 2016, $2,565,741 [2015 – $3,469,651] has been drawn on the Capital Facility by the Alliance.

[c] Term facility with RBC that was used to finance the completion of the Stratford Site Redevelopment Project [the "SSRP Facility"]. The SSRP Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, $2,152,418 [2015 – $2,810,952] is outstanding from the Alliance on the SSRP Facility. Interest payments are made monthly on the 26th day of each month and annual principal payments are due March 31 of the respective year. The maturity date of this facility is March 31, 2019.

[d] Term instalment loan with the CIBC that was used to finance the Magnetic Resonance Imaging machine at the Stratford site, and the Automated Drug Cabinets at all four Alliance sites [the "MRI Facility"]. The MRI Facility bears interest at bank prime [2.70%] minus 0.55%. As at March 31, 2016, nil [2015 – $271,325] is outstanding from the Alliance. The MRI Facility has a maturity date of March 31, 2017 with interest due quarterly in arrears.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 with the RBC, by way of lease agreements with RBC, to finance the acquisition of capital assets, including equipment and software. The Lease Facility bears interest at the applicable rate contained in the respective lease agreement entered. As at March 31, 2016, nil [2015 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has a $511,913 draw [2015 - $583,167] from the $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%.

9. Post-employment benefits

[a] Pension plan

Substantially all of the full-time employees of the Hospital are members of the Healthcare of Ontario Pension Plan [the "HOOPP"]. The HOOPP is a multi-employer, defined benefit pension plan. The HOOPP members will receive benefits based on their length of service and on the average of their annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings. Employer contributions made to the HOOPP during the year by the Hospital amounted to $517,511 [2015 – $483,830].

Notes to financial statements

March 31, 2016

The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2015 disclosed net assets available for benefits of $63,924 million [2014 – $60,848 million] with pension obligations of $49,151 million [2014 – $46,923 million], resulting in a surplus of $14,773 million [2014 – $13,925 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2015, the HOOPP was 122% funded [2014 – 115%].

[b] Post-employment benefits

Retirees and surviving spouses of retirees are eligible for life insurance, drug, other medical, dental and hospital benefits covered under the non-pension post-employment benefit plan [the "Plan"] after they turn 55. The Plan is funded on a pay-as-you-go basis and the Hospital funds on a cash basis as benefits are paid. During the year, benefits paid totalled $27,015 [2015 – $23,397].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2014.

The following table presents information related to the Hospital's post-employment benefits as at March 31, including the amounts recorded on the statement of financial position, and components of net periodic benefit cost:

	2016 $	**2015** $ *[Restated – note 3]*
Accrued benefit obligation		
Balance, beginning of year	**1,125,040**	1,271,760
Current service cost	**60,816**	64,442
Interest cost	**39,690**	59,024
Benefits paid	**(57,330)**	(77,854)
Actuarial (gain) loss	**7,490**	(192,332)
Balance, end of year	**1,175,706**	1,125,040
Unamortized net actuarial gain	**24,136**	29,232
Post-employment benefits	**1,199,842**	1,154,272
Less: current portion	**102,900**	142,660
	1,096,942	1,011,612

The accrued benefit obligation for non-pension post-employment benefits is included in long-term liabilities as post-employment benefits, with the current portion of post-employment benefits separately disclosed. Unamortized actuarial gains are amortized over the expected average remaining service life of employees of the Alliance.

Notes to financial statements

March 31, 2016

The Hospital's benefit plan expense is as follows:

	2016 $	2015 $
		[Restated – note 3]
Current service cost	**60,816**	64,442
Interest cost	**39,690**	59,024
Amortization of net actuarial loss	**2,394**	19,194
Post-employment benefits expense	**102,900**	142,660

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligation and the expense for post-employment benefits are as follows:

	2016 %	2015 %
Discount rate – net accrued benefit expense	**3.43**	4.55
Discount rate – accrued benefit obligation	**3.37**	3.43
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service lifetime of active employees is 16.7 years.

10. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2016 $	2015 $
Balance, beginning of year	**2,175,791**	1,760,252
Additional contributions received		
MoHLTC and LHIN	**322,975**	458,809
Foundation *[note 12]*	**223,450**	138,512
Other	**79,818**	—
Less amounts amortized to revenue	**(348,030)**	(181,782)
Balance, end of year	**2,454,004**	2,175,791

There were no unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2015 – nil].

Notes to financial statements

March 31, 2016

11. Commitments and contingencies

The Hospital is involved from time to time as plaintiff or defendant in various legal actions that arise in the normal course of operations. Any contingent gains arising on such actions are included in income when they are assured. Provisions for contingent losses are provided at such time as management concludes that a loss is likely and can be estimated. As at March 31, 2016, management believes adequate provision for losses has been made in the accounts.

The Hospital has a joint and several obligation for the borrowings of the Alliance under various loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and Royal Bank of Canada ["RBC"]. As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has a $511,913 draw [2015 - $583,167] from an $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%.

12. Related party transactions

Related party transactions during the year, not separately disclosed in the financial statements, include the following:

[a] The Hospital receives donations from the Foundation. The Foundation has its own Board of Directors and is independent of the Hospital. The Foundation is incorporated under the laws of Ontario. It is registered as a public foundation and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The assets, liabilities, revenue and expenses of the Foundation have not been included in these financial statements.

Donations of $223,450 [2015 – $138,512] were received from the Foundation for equipment purchases and capital projects. These amounts have been included in deferred contributions, capital.

[b] Alliance operations – Stratford General Hospital is acting as the central financial processing entity for the Alliance, processing all cheque and payroll distributions for all four Hospitals in the Alliance from its bank account. The Hospital reimburses Stratford General Hospital for its expenditures on a monthly basis *[note 5]*.

Notes to financial statements

March 31, 2016

13. Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2016 $	2015 $
Decrease (increase) in current assets		
Accounts receivable	**4,646**	(19,392)
Inventories	**3,944**	2,063
Prepaid expenses	**46,384**	(8,588)
	54,974	(25,917)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(50,814)**	49,050
Due to other Alliance entity	**406,046**	(1,350,503)
Accrued salaries and wages	**115,362**	(96,642)
	470,594	(1,398,095)
	525,568	(1,424,012)

14. Financial instruments

Risk management

The Hospital is exposed to a range of financial risks including interest rate risk, credit risk and liquidity risk. The Hospital manages these risks in accordance with the Hospital's internal policies.

Interest rate risk

Interest rate risk refers to the effect on the future cash flows of a financial instrument due to fluctuations in interest rates. The Hospital is exposed to financial risk that arises from fluctuations in the interest rate on its credit facilities because the interest rate is linked to the bank's BA rate, which changes from time to time. Changes in variable interest rates could cause unanticipated fluctuations in the Hospital's operating results.

Credit risk

Credit risk arises from the possibility that the entities from which the Hospital receives funding may experience difficulty and be unable to fulfill their obligations. The majority of the Hospital's accounts receivable are owed by government agencies with good credit standing. At year-end, patient and other accounts receivable totaled $114,718 [2015 – $105,153]. As a result, the requirement for credit risk related reserves for accounts receivable is minimal. The Hospital has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2016.

Liquidity risk

Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

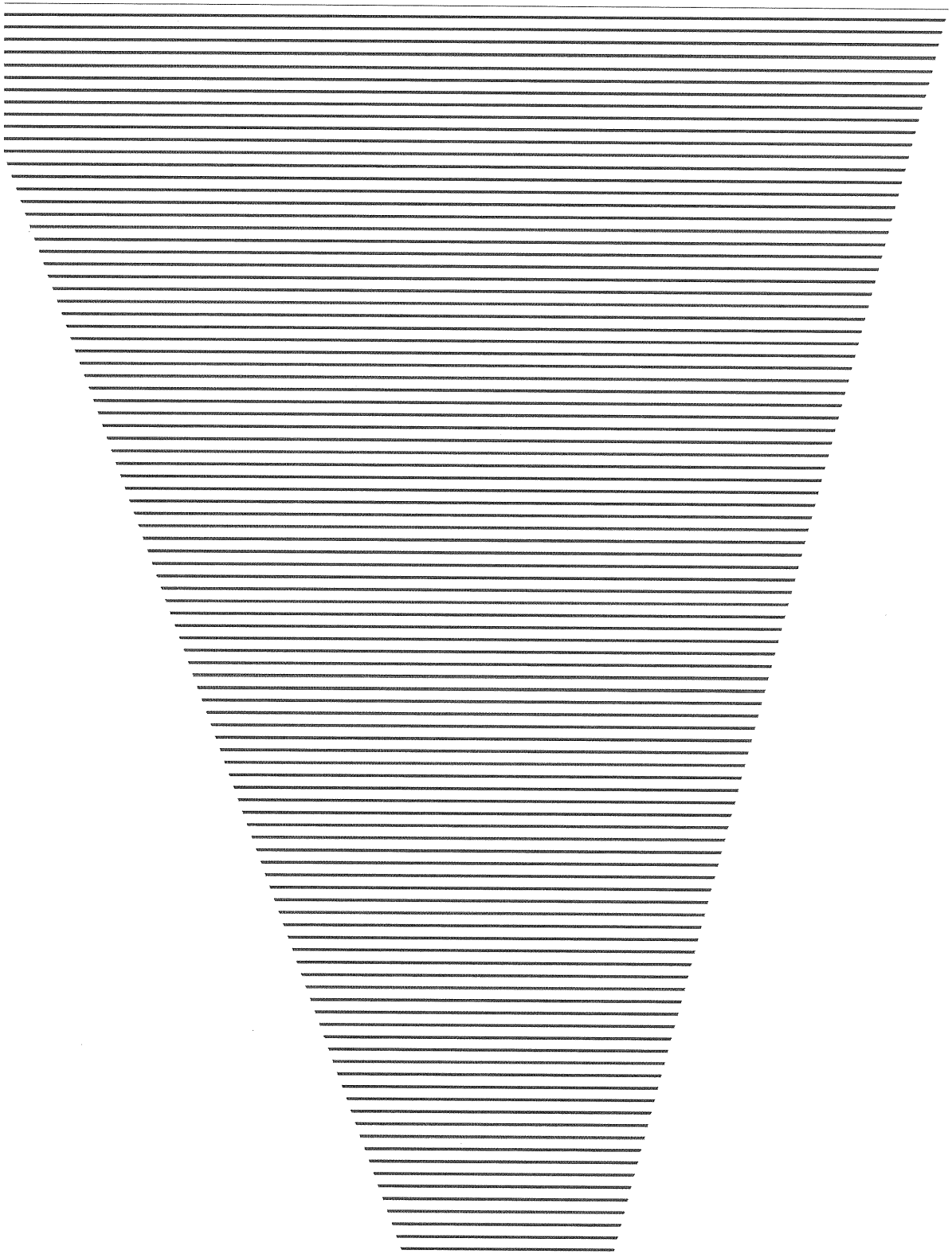
Notes to financial statements

March 31, 2016

The majority of accounts payable and accrued charges and accrued salaries and wages are expected to be settled in the next fiscal year. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

15. Comparative financial statements

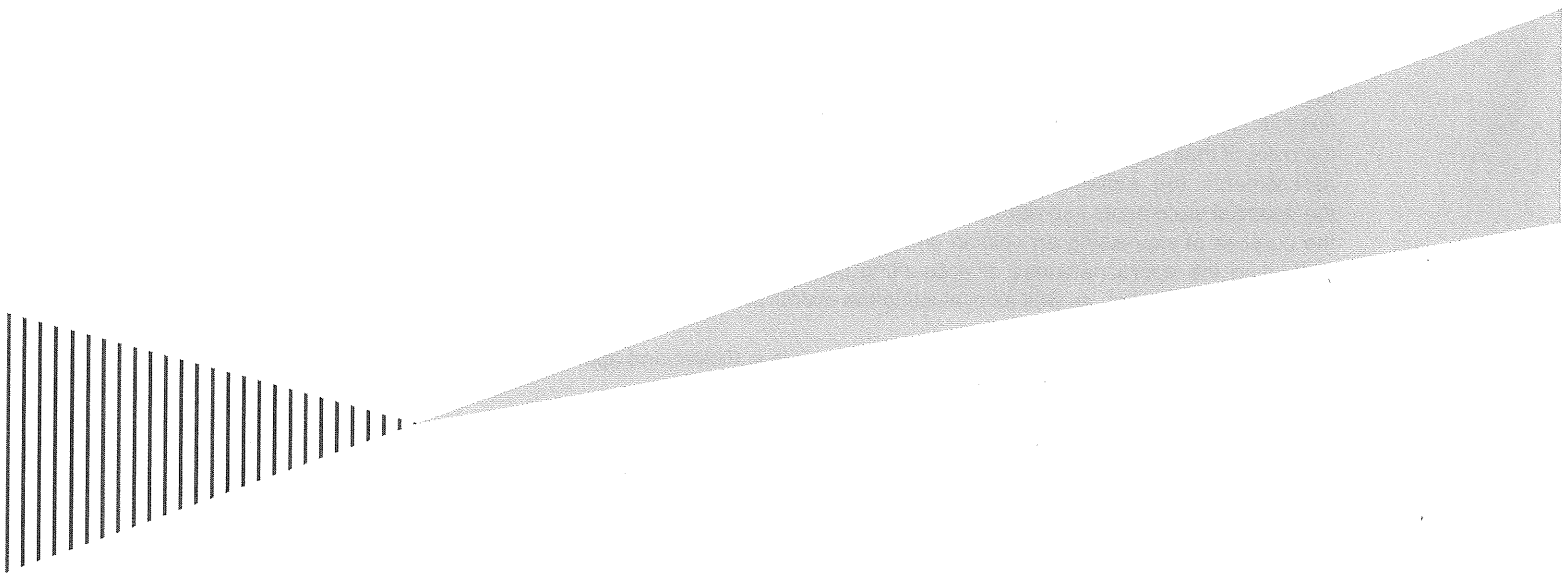
The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2016 financial statements.



Financial statements

St. Marys Memorial Hospital

March 31, 2016



Building a better working world

Independent auditors' report

To the Board of Directors of
St. Marys Memorial Hospital

Report on the financial statements

We have audited the accompanying financial statements of **St. Marys Memorial Hospital**, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **St. Marys Memorial Hospital** as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a consistent basis with the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 2, 2016

St. Marys Memorial Hospital
Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2016	2015
	$	$
		[Restated – note 3]
Assets		
Current		
Cash	**939,612**	1,947,130
Accounts receivable *[note 4]*	**148,391**	126,083
Due from other Alliance entity *[note 5]*	**1,163,144**	—
Inventories *[note 6]*	**56,680**	62,682
Prepaid expenses	**24,136**	39,050
Total current assets	**2,331,963**	2,174,945
Property and equipment, net *[note 7]*	**8,426,648**	8,444,410
	10,758,611	10,619,355
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**34,996**	30,223
Due to other Alliance entity *[note 5]*	**—**	493,224
Accrued salaries and wages	**538,011**	424,173
Current portion of post-employment benefits *[note 9[b]]*	**80,850**	112,090
Deferred contributions, expenses of future periods *[note 11]*	**8,317**	8,317
Demand loan *[note 8]*	**651,914**	1,004,317
Total current liabilities	**1,314,088**	2,072,344
Post-employment benefits *[note 9[b]]*	**861,883**	794,838
Deferred contributions, capital *[note 10]*	**6,206,428**	5,236,113
Total liabilities	**8,382,399**	8,103,295
Commitments and contingencies *[note 12]*		
Net assets	**2,376,212**	2,516,060
	10,758,611	10,619,355

See accompanying notes

On behalf of the Board:

Mary Atkinson — Board Chair

Lena Sawack — Treasurer

St. Marys Memorial Hospital

Statement of changes in net assets

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Net assets, beginning of year	**2,516,060**	2,650,213
Restatement *[note 3]*	**—**	154,638
Net assets beginning of year as restated	**2,516,060**	2,804,851
Deficiency of revenue over expenses for the year	**(139,848)**	(288,791)
Net assets, end of year	**2,376,212**	2,516,060

See accompanying notes

St. Marys Memorial Hospital

Statement of operations

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Revenue		
Provincial funding *[note 5]*	**9,697,006**	8,787,287
In-patient services	**12,545**	20,238
Out-patient services	**1,619,842**	1,626,969
Preferred accommodation	**25,520**	62,950
Chronic co-payment	**77,046**	25,134
Other revenue	**298,506**	280,774
Unrestricted benefits and bequests	**31,931**	1,209
Amortization of deferred contributions, capital – equipment	**236,654**	147,003
	11,999,050	10,951,564
Expenses		
Salaries and wages	**6,067,667**	5,736,826
Medical staff remuneration	**1,534,895**	1,518,259
Employee benefits	**1,790,706**	1,636,732
Supplies and other expenses	**1,854,360**	1,582,445
Medical and surgical supplies	**153,835**	163,547
Drugs	**152,714**	135,788
Amortization of equipment	**384,278**	272,915
Interest – non-building *[note 8]*	**4,760**	3,830
Net gain on disposal of equipment	**(867)**	—
	11,942,348	11,050,342
Excess (deficiency) of revenue over expenses before the following	**56,702**	(98,778)
Amortization of deferred contributions, capital – buildings and land improvements	**242,573**	202,569
Amortization of buildings and land improvements	**(431,881)**	(383,910)
Interest on demand loan *[note 8]*	**(7,242)**	(4,750)
Net loss on disposal of buildings and land improvements	**—**	(3,922)
	(196,550)	(190,013)
Deficiency of revenue over expenses for the year	**(139,848)**	(288,791)

See accompanying notes

St. Marys Memorial Hospital

Statement of cash flows

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Operating activities		
Deficiency of revenue over expenses for the year	**(139,848)**	(288,791)
Add (deduct) items not involving cash		
Amortization of equipment	**384,278**	272,915
Amortization of buildings and land improvements	**431,881**	383,910
Net gain on disposal of equipment	**(867)**	—
Net loss on disposal of buildings and land improvements	**—**	3,922
Amortization of deferred contributions, capital – equipment	**(236,654)**	(147,003)
Amortization of deferred contributions, capital – buildings and land improvements	**(242,573)**	(202,569)
Increase in post-employment benefits	**35,805**	197,881
	232,022	220,265
Net change in non-cash working capital balances related to operations *[note 14]*	**(1,539,149)**	(74,474)
Cash provided by (used in) operating activities	**(1,307,127)**	145,791
Capital activities		
Purchase of property and equipment	**(798,724)**	(1,887,754)
Proceeds on disposal of property and equipment	**1,194**	3,418
Cash used in capital activities	**(797,530)**	(1,884,336)
Financing activities		
Proceeds of demand loan	**183,333**	1,004,317
Repayments of demand loan	**(535,736)**	—
Contributions received related to capital	**1,449,542**	520,194
Cash provided by financing activities	**1,097,139**	1,524,511
Net decrease in cash during the year	**(1,007,518)**	(214,034)
Cash, beginning of year	**1,947,130**	2,161,164
Cash, end of year	**939,612**	1,947,130

See accompanying notes

St. Marys Memorial Hospital

Notes to financial statements

March 31, 2016

1. Purpose of the organization

St. Marys Memorial Hospital [the "Hospital"] is funded primarily by the Southwest Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"]. Any excess of revenue over expenses earned during a fiscal year may be retained by the Hospital. There is no commitment that deficits incurred by the Hospital will be funded. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

The Hospital, along with Clinton Public Hospital, Seaforth Community Hospital and Stratford General Hospital are members of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual Hospitals' financial results are influenced by this membership *[note 5]*.

The Hospital operates under a Hospital Service Accountability Agreement ["H-SAA"] with the LHIN. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital by the LHIN. The H-SAA sets out the funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance.

If the Hospital does not meet certain performance standards and obligations, the LHIN has the right to adjust some funding streams received by the Hospital. Given that the LHIN is not required to communicate funding adjustments until after the submission of the year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector ["PS"] Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Hospital has chosen to use the standards specific to government not-for-profit organizations as set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

[a] Basis of presentation and use of estimates

The financial statements represent the operations of the Hospital and do not include the assets, liabilities and activities of affiliated organizations such as the St. Marys Hospital Foundation [the "Foundation"] and volunteer associations, which, although affiliated to the Hospital, are not operated or controlled by it.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The significant estimation processes relate to employee future benefits, revenue recognized from the MoHLTC and the LHIN, valuation of accounts receivable, and the useful life of property and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

Notes to financial statements

March 31, 2016

[b] Revenue recognition

The Hospital 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 estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are initially deferred and amortized to revenue on the same basis as the amortization rate for the related property and equipment.

Revenue from patient services, non-patient services and preferred accommodation are recognized when the services have been provided or when the goods have been sold.

[c] Inventories

Inventories are valued at the lower of replacement cost and net realizable value on a weighted average basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

[d] Property and equipment

Property and equipment are valued at the cost incurred by the Hospital at the date of acquisition. All direct costs and interest related to building and equipment projects are capitalized during the period of construction until the project is complete.

Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Tangible	
Land improvements	10 – 40 years
Buildings	10 – 50 years
Furnishings and equipment	3 – 25 years
Computer hardware	3 – 5 years
Intangible	
Computer software	3 – 5 years

No amortization is recorded on construction in progress until the related assets are put into productive use.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Hospital. When an item of property and equipment no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to residual value.

Notes to financial statements

March 31, 2016

[e] Contributed materials and services

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related notes. Contributed materials are recognized in the financial statements at their fair market value if the fair value can be reasonably estimated.

[f] Post-employment benefits

The Hospital accrues its obligations for post-employment benefits and the related costs, net of plan assets measured at fair value. The cost of post-employment benefits earned by employees is actuarially determined using the projected accrued benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Hospital's cost of borrowing rate. Differences arising from past service costs are expensed in the period of plan amendment. Differences arising from changes in assumptions and actuarial gains and losses are recognized in income on a straight-line basis over the expected average remaining service life of active employees which equal to 16.7 years.

[g] Multi-employer defined benefit plan

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Hospital has insufficient information to apply defined benefit plan accounting.

[h] Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair market value, cost or amortized cost as follows:

[i] Accounts receivable are carried at amortized cost, net of any provision for impairment.
[ii] Accounts payable and accrued liabilities, accrued salaries and wages, and demand loans are carried at cost.

Transaction costs related to financial assets and financial liabilities measured using amortized cost are capitalized with the value of the instrument and amortized to income using the effective interest rate method. All other transaction costs are expensed as incurred.

[i] Remeasurement gains or losses

Remeasurement gains or losses are reported according to their nature, including changes in market value for derivatives, portfolio investments in equity instruments and financial instruments which have been designated to the fair value category. Also included are gains or losses in foreign exchange for items denominated in a foreign currency. As at March 31, 2016, there was no change in the accumulative deficiency of revenues over expenses for the fair value changes or foreign currency translation. Therefore, the statement of remeasurement gains and losses has not been disclosed.

Notes to financial statements

March 31, 2016

3. Change in accounting policy

During the preparation of the financial statements for the year ending March 31, 2016, he Alliance implemented a change in the accounting policy relating to the measurement of the post-employment benefit obligation. The change has been accounted for retroactively with a restatement of prior year financial statement for comparative purposes. The following summarizes the effect of the adjustments as at and for the year ended March 31, 2015:

	Previously reported $	Increase (decrease) $	Restated $
Statement of financial position			
Current portion of post-employment benefits	137,093	**(25,003)**	112,090
Post-employment benefits	934,351	**(139,513)**	794,838
Net assets	2,351,544	**164,516**	2,516,060
Statement of operations			
Employee benefits	1,646,610	**(9,878)**	1,636,732

4. Accounts receivable

Accounts receivable consist of the following:

	2016 $	2015 $
Insurers and patients	**133,957**	121,921
Other	**34,934**	24,262
	168,891	146,183
Less allowance for doubtful accounts	**20,500**	20,100
	148,391	126,083

Notes to financial statements

March 31, 2016

5. Huron Perth Healthcare Alliance

The combined operating surplus/deficit of the Alliance is shared based on the percent interest of each member Hospital in the Alliance. The MoHLTC and LHIN revenue is adjusted between the four Hospitals within the Alliance through a "Paymaster" account, to reflect the appropriate operating surplus/deficit.

	2016 $	2015 $
St. Marys Memorial Hospital provincial funding	**7,742,016**	7,643,008
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**1,883,507**	1,144,279
New grad funding from Seaforth Community Hospital	**71,483**	—
Provincial funding adjusted revenue	**9,697,006**	8,787,287

Effective December 1, 2014, the Board of Directors approved a change to the percent interest allocation to better reflect the associated revenues and costs of each member hospital due to bed realignment in the year. The percent interest changed from 9.4% to 11%. This impacts the adjustment for the Hospital's share of the Alliance operating surplus/deficit in the above table.

Property and equipment expenditures not funded by the local Foundations and post-employment benefits are shared by all four Hospitals based on their respective percent interest in the Alliance.

The amount owing from (to) Stratford General Hospital as at March 31, 2016 is $1,163,144 [2015 – ($493,224)] This amount is non-interest bearing with no set repayment terms.

6. Inventories

During the year, the Hospital expensed $351,273 [2015 – $352,874] of inventories. There were no write-downs of inventories to net realizable value or any write-down reversals during the year or prior year.

Notes to financial statements

March 31, 2016

7. Property and equipment

Property and equipment consist of the following:

	2016		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**231,936**	**—**	**231,936**
Land improvements	**128,647**	**65,200**	**63,447**
Buildings	**13,381,783**	**6,794,008**	**6,587,775**
Furnishings and equipment	**5,410,867**	**4,360,568**	**1,050,299**
Computer hardware	**480,902**	**301,644**	**179,258**
Construction in progress	**92,387**	**—**	**92,387**
	19,726,522	**11,521,420**	**8,205,102**
Intangible			
Computer software	**533,779**	**312,233**	**221,546**
	20,260,301	**11,833,653**	**8,426,648**

	2015		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	231,936	—	231,936
Land improvements	122,566	56,545	66,021
Buildings	13,131,823	6,370,782	6,761,041
Furnishings and equipment	5,177,281	4,273,981	903,300
Computer hardware	382,504	254,700	127,804
Construction in progress	125,400	—	125,400
	19,171,510	10,956,008	8,215,502
Intangible			
Computer software	439,617	210,709	228,908
	19,611,127	11,166,717	8,444,410

A donated portable x-ray machine with a fair value of $203,604 was contributed and recorded in property and equipment and deferred contributions – capital.

Notes to financial statements

March 31, 2016

8. Demand loans and term debt

The Hospital has a joint and several obligation for the borrowings of the Alliance under the following loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and Royal Bank of Canada ["RBC"].

[a] Revolving demand facility [the "Facility"] of $7,000,000 with the RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, nil [2015 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility of $8,000,000 with the RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%. As at March 31, 2016, $2,565,741 [2015 – $3,469,651] has been drawn on the Capital Facility by the Alliance.

[c] Term facility with RBC that was used to finance the completion of the Stratford Site Redevelopment Project [the "SSRP Facility"]. The SSRP Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, $2,152,418 [2015 – $2,810,952] is outstanding from the Alliance on the SSRP Facility. Interest payments are made monthly on the 26th day of each month and annual principal payments are due March 31 of the respective year. The maturity date of this facility is March 31, 2019.

[d] Term instalment loan with the CIBC that was used to finance the Magnetic Resonance Imaging machine at the Stratford site, and the Automated Drug Cabinets at all four Alliance sites [the "MRI Facility"]. The MRI Facility bears interest at bank prime [2.70%] minus 0.55%. As at March 31, 2016, nil [2015 – $271,325] is outstanding from the Alliance. The MRI Facility has a maturity date of March 31, 2017 with interest due quarterly in arrears.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 with the RBC, by way of lease agreements with RBC, to finance the acquisition of capital assets, including equipment and software. The Lease Facility bears interest at the applicable rate contained in the respective lease agreement entered. As at March 31, 2016, nil [2015 – nil] has been drawn on the Lease Facility from the Alliance.

As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has a $651,914 draw [2015 – $1,004,317] from the $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%.

9. Post-employment benefits

[a] Pension plan

Substantially all of the full-time employees of the Hospital are members of the Healthcare of Ontario Pension Plan [the "HOOPP"]. The HOOPP is a multi-employer, defined benefit pension plan. The HOOPP members will receive benefits based on their length of service and on the average of their annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings. Employer contributions made to the HOOPP during the year by the Hospital amounted to $502,957 [2015 – $480,831].

Notes to financial statements

March 31, 2016

The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2015 disclosed net assets available for benefits of $63,924 million [2014 – $60,848 million] with pension obligations of $49,151 million [2014 – $46,923 million], resulting in a surplus of $14,773 million [2014 – $13,925 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2015, the HOOPP was 122% funded [2014 – 115%].

[b] Post-employment benefits

Retirees and surviving spouses of retirees are eligible for life insurance, drug, other medical, dental and hospital benefits covered under the non-pension post-employment benefit plan [the "Plan"] after they turn 55. The Plan is funded on a pay-as-you-go basis and the Hospital funds on a cash basis as benefits are paid. During the year, benefits paid totalled $18,111 [2015 – $13,539].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2014.

The following table presents information related to the Hospital's post-employment benefits as at March 31, including the amounts recorded on the statement of financial position, and components of net periodic benefit cost:

	2016 $	2015 $
		[Restated – note 3]
Accrued benefit obligation		
Balance, beginning of year	**883,960**	999,240
Current service cost	**47,784**	50,633
Interest cost	**31,185**	46,376
Benefits paid	**(45,045)**	(61,171)
Actuarial (gain) loss	**5,885**	(151,118)
Balance, end of year	**923,769**	883,960
Unamortized net actuarial gain	**18,964**	22,968
Post-employment benefits	**942,733**	906,928
Less: current portion	**80,850**	112,090
	861,883	794,838

The accrued benefit obligation for non-pension post-employment benefits is included in long-term liabilities as post-employment benefits, with the current portion of post-employment benefits separately disclosed. Unamortized actuarial gains are amortized over the expected average remaining service life of employees of the Alliance.

Notes to financial statements

March 31, 2016

The Hospital's benefit plan expense is as follows:

	2016 $	2015 $
		[Restated – note 3]
Current service cost	**47,784**	50,633
Interest cost	**31,185**	46,376
Amortization of net actuarial loss	**1,881**	15,081
Post-employment benefits expense	**80,850**	112,090

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligation and the expense for post-employment benefits are as follows:

	2016 %	2015 %
Discount rate – net accrued benefit expense	**3.43**	4.55
Discount rate – accrued benefit obligation	**3.37**	3.43
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service lifetime of active employees is 16.7 years.

10. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2016 $	2015 $
Balance, beginning of year	**5,236,113**	5,065,491
Additional contributions received		
MoHLTC and LHIN	**223,045**	422,938
Foundation *[note 13]*	**1,069,478**	97,256
Other	**157,019**	—
Less amounts amortized to revenue	**(479,227)**	(349,572)
Balance, end of year	**6,206,428**	5,236,113

There were no unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2015 – nil].

Notes to financial statements

March 31, 2016

11. Deferred contributions, expenses of future periods

Deferred contributions, expenses of future periods, represent unspent externally restricted contributions, grants and donations. There has been no change in the balance for the year ended March 31, 2016 [2015 – $8,317].

12. Commitments and contingencies

The Hospital is involved from time to time as plaintiff or defendant in various legal actions that arise in the normal course of operations. Any contingent gains arising on such actions are included in income when they are assured. Provisions for contingent losses are provided at such time as management concludes that a loss is likely and can be estimated. As at March 31, 2016, management believes adequate provision for losses has been made in the accounts.

The Hospital has a joint and several obligation for the borrowings of the Alliance under various loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and Royal Bank of Canada ["RBC"]. As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has a $651,914 draw [2015 – $1,004,317] from an $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%.

13. Related party transactions

Related party transactions during the year, not separately disclosed in the financial statements, include the following:

[a] The Hospital receives donations from the Foundation. The Foundation has its own Board of Directors and is independent of the Hospital. The Foundation is incorporated under the laws of Ontario. It is registered as a public foundation and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The assets, liabilities, revenue and expenses of the Foundation have not been included in these financial statements.

Donations of $1,069,478 [2015 – $97,256] were received from the Foundation for equipment purchases and capital projects. These amounts have been included in deferred contributions, capital.

[b] Alliance operations – Stratford General Hospital is acting as the central financial processing entity for the Alliance, processing all cheque and payroll distributions for all four Hospitals in the Alliance from its bank account. The Hospital reimburses Stratford General Hospital for its expenditures on a monthly basis *[note 5]*.

Notes to financial statements

March 31, 2016

14. Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2016 $	2015 $
Decrease (increase) in current assets		
Accounts receivable	**(22,308)**	12,697
Due from other Alliance entity	**(1,163,144)**	—
Inventories	**6,002**	2,171
Prepaid expenses	**14,914**	4,174
	(1,164,536)	19,042
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**4,773**	(19,077)
Due to other Alliance entity	**(493,224)**	43,913
Accrued salaries and wages	**113,838**	(118,352)
	(374,613)	(93,516)
	(1,539,149)	(74,474)

15. Financial instruments

Risk management

The Hospital is exposed to a range of financial risks including interest rate risk, credit risk and liquidity risk. The Hospital manages these risks in accordance with the Hospital's internal policies.

Interest rate risk

Interest rate risk refers to the effect on the future cash flows of a financial instrument due to fluctuations in interest rates. The Hospital' is exposed to financial risk that arises from fluctuations in the interest rate on its credit facilities because the interest rate is linked to the bank's BA rate, which changes from time to time. Changes in variable interest rates could cause unanticipated fluctuations in the Hospital's operating results.

Credit risk

Credit risk arises from the possibility that the entities from which the Hospital receives funding may experience difficulty and be unable to fulfill their obligations. The majority of the Hospital's accounts receivable are owed by government agencies with good credit standing. At year-end, patient and other accounts receivable totalled $133,957 [2015 – $121,921]. As a result, the requirement for credit risk related reserves for accounts receivable is minimal. The Hospital has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2016.

Notes to financial statements

March 31, 2016

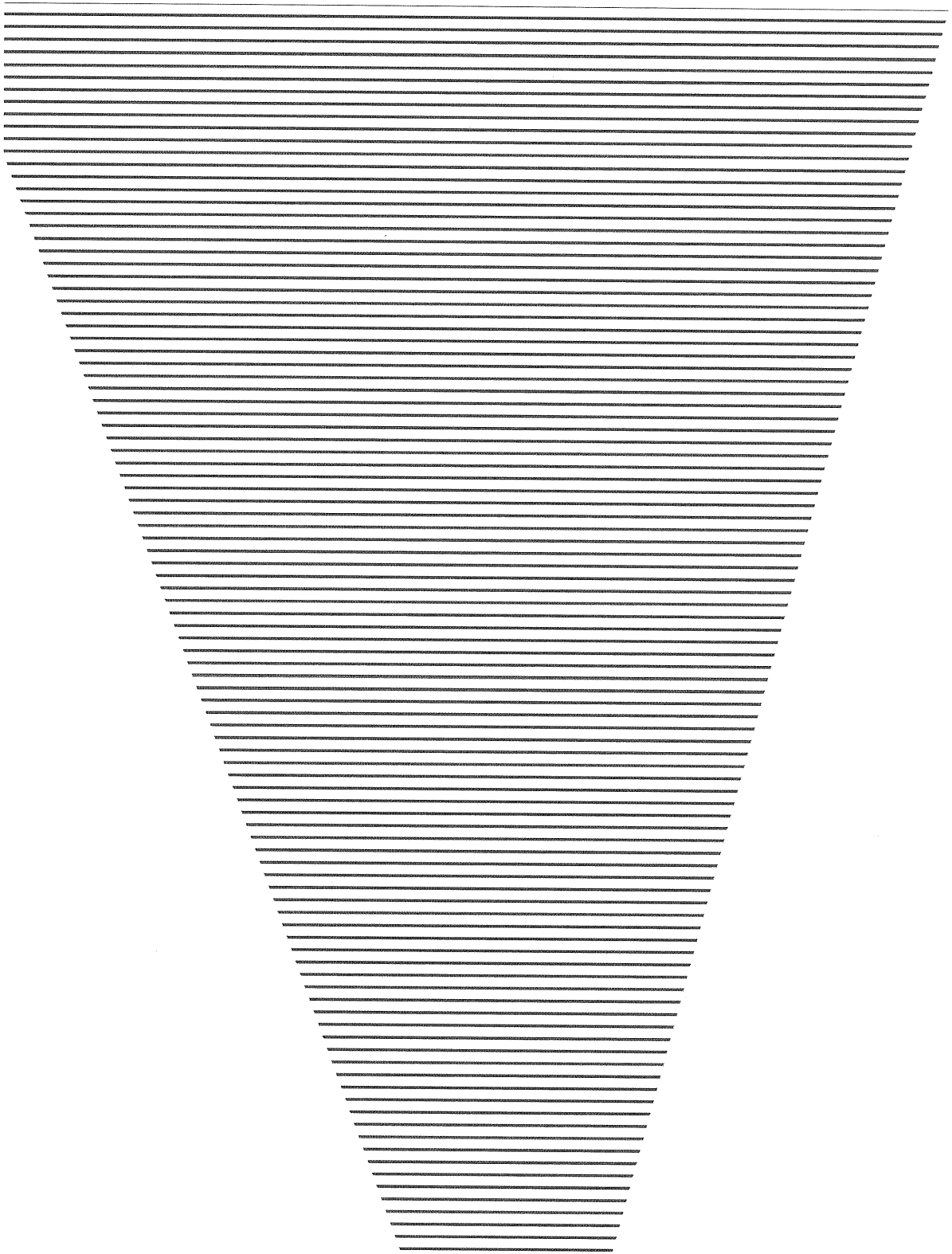
Liquidity risk

Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The majority of accounts payable, accrued charges and accrued salaries and wages are expected to be settled in the next fiscal year. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

16. Comparative financial statements

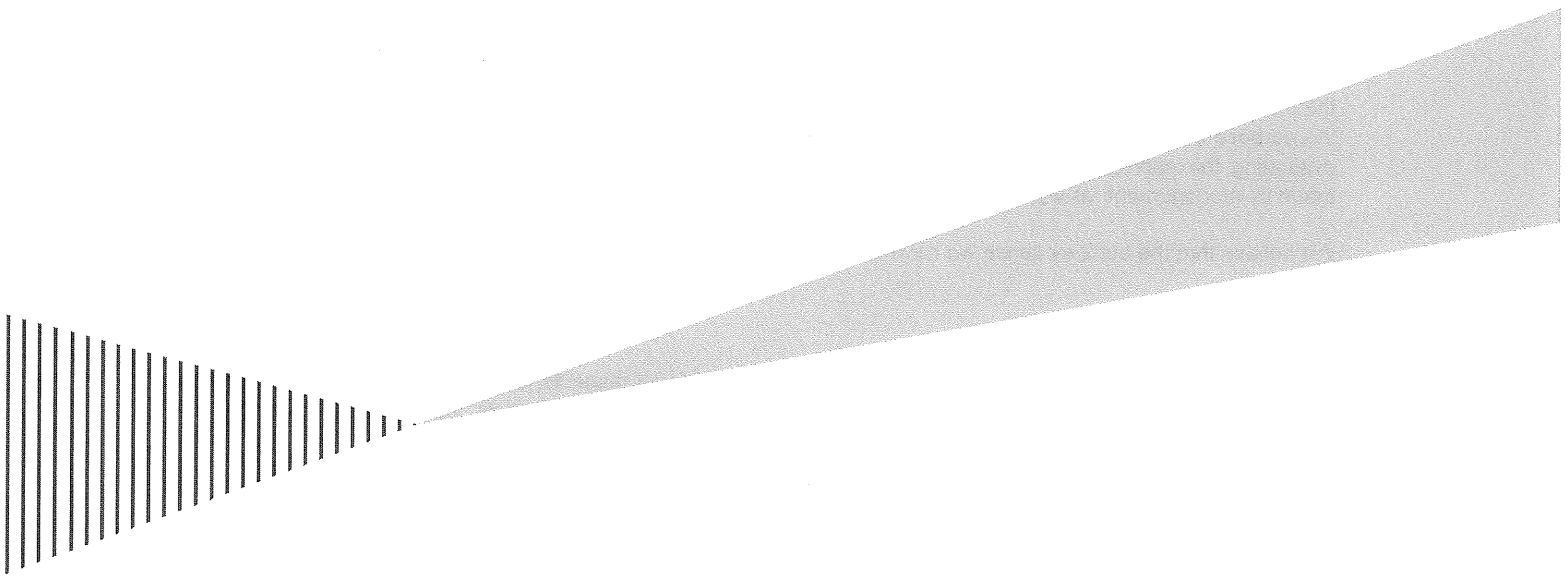
The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2016 financial statements.



Financial statements

Seaforth Community Hospital

March 31, 2016



Building a better working world

Independent auditors' report

To the Board of Directors of
Seaforth Community Hospital

Report on the financial statements

We have audited the accompanying financial statements of **Seaforth Community Hospital**, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Seaforth Community Hospital** as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a consistent basis with the preceding year.

Ernst & Young LLP

London, Canada
June 2, 2016

Chartered Professional Accountants
Licensed Public Accountants

Seaforth Community Hospital

Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2016	2015
	$	$
		[Restated – note 3]
Assets		
Current		
Cash	**—**	1,300,425
Accounts receivable *[note 4]*	**113,933**	62,946
Due from other Alliance entity *[note 5]*	**2,068,856**	—
Inventories *[note 6]*	**54,969**	62,875
Prepaid expenses	**23,160**	45,724
Total current assets	**2,260,918**	1,471,970
Property and equipment, net *[note 7]*	**3,577,290**	3,426,143
	5,838,208	4,898,113
Liabilities and net assets		
Current		
Bank indebtedness *[note 8]*	**1,318,711**	—
Accounts payable and accrued liabilities	**301,655**	400,219
Due to other Alliance entity *[note 5]*	**—**	482,316
Accrued salaries and wages	**626,200**	513,809
Current portion of post-employment benefits *[note 9[b]]*	**73,500**	101,900
Deferred contributions, expenses of future periods	**—**	20,439
Demand loan *[note 8]*	**511,914**	583,167
Total current liabilities	**2,831,980**	2,101,850
Post-employment benefits *[note 9[b]]*	**783,530**	722,580
Deferred contributions, capital *[note 10]*	**2,164,966**	1,962,889
Total liabilities	**5,780,476**	4,787,319
Commitments and contingencies *[note 12]*		
Net assets	**57,732**	110,794
	5,838,208	4,898,113

See accompanying notes

On behalf of the Board:

Mary Atkinson — Board Chair

Lena Spwack — Treasurer

Seaforth Community Hospital

Statement of changes in net assets

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Net assets, beginning of year	**110,794**	157,611
Restatement *[note 3]*	**—**	140,580
Net assets beginning of year as restated	**110,794**	298,191
Deficiency of revenue over expenses for the year	**(53,062)**	(187,397)
Net assets, end of year	**57,732**	110,794

See accompanying notes

Seaforth Community Hospital

Statement of operations

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Revenue		
Provincial funding *[note 5]*	**9,407,995**	8,269,797
In-patient services	**8,000**	4,482
Out-patient services	**1,590,979**	1,576,690
Preferred accommodation	**75,185**	22,160
Chronic co-payment	**8,557**	22,276
Other revenue	**148,047**	125,638
Unrestricted donations and bequests	**96**	1,088
Amortization of deferred contributions, capital – equipment	**230,746**	142,137
	11,469,605	10,164,268
Expenses		
Salaries and wages	**5,779,939**	5,263,370
Medical staff remuneration	**1,572,854**	1,552,342
Employee benefits	**1,860,547**	1,478,345
Supplies and other expenses	**1,652,190**	1,441,321
Medical and surgical supplies	**115,450**	120,209
Drugs	**134,461**	148,294
Amortization of equipment	**301,285**	257,289
Interest – non-building *[note 8]*	**2,119**	—
Net gain on disposal of equipment	**(787)**	—
	11,418,058	10,261,170
Excess (deficiency) of revenue over expenses before the following	**51,547**	(96,902)
Amortization of deferred contributions, capital – buildings and land improvements	**84,496**	67,970
Amortization of buildings and land improvements	**(182,776)**	(156,472)
Interest on demand loan *[note 8]*	**(6,329)**	(3,587)
Net gain on disposal of buildings and land improvements	—	1,594
	(104,609)	(90,495)
Deficiency of revenue over expenses for the year	**(53,062)**	(187,397)

See accompanying notes

Seaforth Community Hospital

Statement of cash flows

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Operating activities		
Deficiency of revenue over expenses for the year	**(53,062)**	(187,397)
Add (deduct) items not involving cash		
Amortization of equipment	**301,285**	257,289
Amortization of buildings and land improvements	**182,776**	156,472
Net gain on disposal of equipment	**(787)**	—
Net gain on disposal of buildings and land improvements	**—**	(1,594)
Amortization of deferred contributions, capital – equipment	**(230,746)**	(142,137)
Amortization of deferred contributions, capital – buildings and land improvements	**(84,496)**	(67,970)
Increase in post-employment benefits	**32,550**	156,510
	147,520	171,173
Net change in non-cash working capital balances related to operations *[note 14]*	**(2,578,301)**	420,552
Cash provided by (used in) operating activities	**(2,430,781)**	591,725
Capital activities		
Purchase of property and equipment	**(635,514)**	(981,003)
Proceeds on disposal of property and equipment	**1,093**	8,651
Cash used in capital activities	**(634,421)**	(972,352)
Financing activities		
Proceeds of demand loan	**183,334**	583,167
Repayments of demand loan	**(254,587)**	—
Contributions received related to capital	**517,319**	632,382
Cash provided by financing activities	**446,066**	1,215,549
Net increase (decrease) in cash during the year	**(2,619,136)**	834,922
Cash, beginning of year	**1,300,425**	465,503
Cash (bank indebtedness), end of year	**(1,318,711)**	1,300,425

See accompanying notes

Seaforth Community Hospital

Notes to financial statements

March 31, 2016

1. Purpose of the organization

Seaforth Community Hospital [the "Hospital"] is funded primarily by the Southwest Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"]. Any excess of revenue over expenses earned during a fiscal year may be retained by the Hospital. There is no commitment that deficits incurred by the Hospital will be funded. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

The Hospital, along with Clinton Public Hospital, St. Marys Memorial Hospital and Stratford General Hospital are members of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual Hospitals' financial results are influenced by this membership *[note 5]*.

The Hospital operates under a Hospital Service Accountability Agreement ["H-SAA"] with the LHIN. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital by the LHIN. The H-SAA sets out the funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance.

If the Hospital does not meet certain performance standards and obligations, the LHIN has the right to adjust some funding streams received by the Hospital. Given that the LHIN is not required to communicate funding adjustments until after the submission of the year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector ["PS"] Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Hospital has chosen to use the standards specific to government not-for-profit organizations as set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

[a] Basis of presentation and use of estimates

The financial statements represent the operations of the Hospital and do not include the assets, liabilities and activities of affiliated organizations such as the Seaforth Community Hospital Foundation [the "Foundation"] and volunteer associations, which, although affiliated to the Hospital, are not operated or controlled by it.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The significant estimation processes relate to employee future benefits, revenue recognized from the MoHLTC and the LHIN, valuation of accounts receivable, and the useful life of property and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

Notes to financial statements

March 31, 2016

[b] Revenue recognition

The Hospital 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 estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are initially deferred and amortized to revenue on the same basis as the amortization rate for the related property and equipment.

Revenue from patient services, non-patient services and preferred accommodation are recognized when the services have been provided or when the goods have been sold.

[c] Inventories

Inventories are valued at the lower of replacement cost and net realizable value on a weighted average basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

[d] Property and equipment

Property and equipment are valued at the cost incurred by the Hospital at the date of acquisition. All direct costs and interest related to building and equipment projects are capitalized during the period of construction until the project is complete.

Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Tangible	
Land improvements	10 – 40 years
Buildings	10 – 50 years
Furnishings and equipment	3 – 25 years
Computer hardware	3 – 5 years
Intangible	
Computer software	3 – 5 years

No amortization is recorded on construction in progress until the related assets are put into productive use.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Hospital. When an item of property and equipment no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to residual value.

Notes to financial statements

March 31, 2016

[e] Contributed materials and services

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related notes. Contributed materials are recognized in the financial statements at their fair market value if the fair value can be reasonably estimated.

[f] Post-employment benefits

The Hospital accrues its obligations for post-employment benefits and the related costs, net of plan assets measured at fair value. The cost of post-employment benefits earned by employees is actuarially determined using the projected accrued benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Hospital's cost of borrowing rate. Differences arising from past service costs are expensed in the period of plan amendment. Differences arising from changes in assumptions and actuarial gains and losses are recognized in income on a straight-line basis over the expected average remaining service life of active employees which equal to 16.7 years.

[g] Multi-employer defined benefit plan

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Hospital has insufficient information to apply defined benefit plan accounting.

[h] Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair market value, cost or amortized cost as follows:

[i] Accounts receivable are carried at amortized cost, net of any provision for impairment.
[ii] Accounts payable and accrued liabilities, accrued salaries and wages, and demand loans are carried at cost.

Transaction costs related to financial assets and financial liabilities measured using amortized cost are capitalized with the value of the instrument and amortized to income using the effective interest rate method. All other transaction costs are expensed as incurred.

[i] Remeasurement gains or losses

Remeasurement gains or losses are reported according to their nature, including changes in market value for derivatives, portfolio investments in equity instruments and financial instruments which have been designated to the fair value category. Also included are gains or losses in foreign exchange for items denominated in a foreign currency. As at March 31, 2016, there was no change in the accumulative deficiency of revenues over expenses for the fair value changes or foreign currency translation. Therefore, the statement of remeasurement gains and losses has not been disclosed.

Notes to financial statements

March 31, 2016

3. Change in accounting policy

During the preparation of the financial statements for the year ending March 31, 2016, the Alliance implemented a change in the accounting policy relating to the measurement of the post-employment benefit obligation. The change has been accounted for retroactively with a restatement of prior year financial statement for comparative purposes. The following summarizes the effect of the adjustments as at and for the year ended March 31, 2015:

	Previously reported $	Increase (decrease) $	Restated $
Statement of financial position			
Current portion of post-employment benefits	124,630	(22,730)	101,900
Post-employment benefits	849,410	(126,830)	722,580
Net assets	(38,766)	149,560	110,794
Statement of operations			
Employee benefits	1,487,325	(8,980)	1,478,345

4. Accounts receivable

Accounts receivable consist of the following:

	2016 $	2015 $
Insurers and patients	**112,541**	76,118
Other	**21,392**	3,028
	133,933	79,146
Less allowance for doubtful accounts	**20,000**	16,200
	113,933	62,946

Notes to financial statements

March 31, 2016

5. Huron Perth Healthcare Alliance

The combined operating surplus/deficit of the Alliance is shared based on the percent interest of each member Hospital in the Alliance. The MoHLTC and LHIN revenue is adjusted between the four Hospitals within the Alliance through a "Paymaster" account, to reflect the appropriate operating surplus/deficit.

	2016 $	2015 $
Seaforth Community Hospital provincial funding	**7,429,791**	7,064,071
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**2,228,644**	1,205,726
New grad funding to Stratford General Hospital	**(178,957)**	—
New grad funding to St. Marys Memorial Hospital	**(71,483)**	—
Provincial funding adjusted revenue	**9,407,995**	8,269,797

Effective December 1, 2014, the Board of Directors approved a change to the percent interest allocation to better reflect the associated revenues and costs of each member hospital due to bed realignment in the year. The percent interest changed from 8.8% to 10%. This impacts the adjustment for the Hospital's share of the Alliance operating surpluse/deficit in the above table.

Property and equipment expenditures not funded by the local Foundations and post-employment benefits are shared by all four Hospitals based on their respective percent interest in the Alliance.

The amount owing from (to) Stratford General Hospital as at March 31, 2016 is $2,068,856 [2015 – ($482,316)]. This amount is non-interest bearing with no set repayment terms.

6. Inventories

During the year, the Hospital expensed $295,623 [2015 – $283,578] of inventories. There were no write-downs of inventories to net realizable value or any write-down reversals during the year or prior year.

Notes to financial statements

March 31, 2016

7. Property and equipment

Property and equipment consist of the following:

	2016		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**16,240**	**—**	**16,240**
Land improvements	**248,826**	**189,534**	**59,292**
Buildings	**5,304,463**	**2,909,273**	**2,395,190**
Furnishings and equipment	**4,999,037**	**4,316,746**	**682,291**
Computer hardware	**454,753**	**289,929**	**164,824**
Construction in progress	**50,854**	**—**	**50,854**
	11,074,173	**7,705,482**	**3,368,691**
Intangible			
Computer software	**500,419**	**291,820**	**208,599**
	11,574,592	**7,997,302**	**3,577,290**

	2015		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	16,240	—	16,240
Land improvements	243,297	177,216	66,081
Buildings	4,918,927	2,738,815	2,180,112
Furnishings and equipment	4,923,018	4,233,151	689,867
Computer hardware	365,300	246,187	119,113
Construction in progress	136,279	—	136,279
	10,603,061	7,395,369	3,207,692
Intangible			
Computer software	414,513	196,062	218,451
	11,017,574	7,591,431	3,426,143

Notes to financial statements

March 31, 2016

8. Demand loans and term debt

The Hospital has a joint and several obligation for the borrowings of the Alliance under the following loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and the Royal Bank of Canada ["RBC"].

[a] Revolving demand facility [the "Facility"] of $7,000,000 with the RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, nil [2015 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility of $8,000,000 with the RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%. As at March 31, 2016, $2,565,741 [2015 – $3,469,651] has been drawn on the Capital Facility by the Alliance.

[c] Term facility with RBC that was used to finance the completion of the Stratford Site Redevelopment Project [the "SSRP Facility"]. The SSRP Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, $2,152,418 [2015 – $2,810,952] is outstanding from the Alliance on the SSRP Facility. Interest payments are made monthly on the 26th day of each month and annual principal payments are due March 31 of the respective year. The maturity date of this facility is March 31, 2019.

[d] Term instalment loan with the CIBC that was used to finance the Magnetic Resonance Imaging machine at the Stratford site, and the Automated Drug Cabinets at all four Alliance sites [the "MRI Facility"]. The MRI Facility bears interest at bank prime [2.70%] minus 0.55%. As at March 31, 2016, nil [2015 – $271,325] is outstanding from the Alliance. The MRI Facility has a maturity date of March 31, 2017 with interest due quarterly in arrears.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 with the RBC, by way of lease agreements with RBC, to finance the acquisition of capital assets, including equipment and software. The Lease Facility bears interest at the applicable rate contained in the respective lease agreement entered. As at March 31, 2016, nil [2015 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has a $511,914 draw [2015 – $583,167] from the $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%. The Hospital also has a bank overdraft of $1,318,711 [2015 – nil].

9. Post-employment benefits

[a] Pension plan

Substantially all of the full-time employees of the Hospital are members of the Healthcare of Ontario Pension Plan [the "HOOPP"]. The HOOPP is a multi-employer, defined benefit pension plan. The HOOPP members will receive benefits based on their length of service and on the average of their annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings. Employer contributions made to the HOOPP during the year by the Hospital amounted to $480,647 [2015 – $413,633].

Notes to financial statements

March 31, 2016

The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2015 disclosed net assets available for benefits of $63,924 million [2014 – $60,848 million] with pension obligations of $49,151 million [2014 – $46,923 million], resulting in a surplus of $14,773 million [2014 – $13,925 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2015, the HOOPP was 122% funded [2014 – 115%].

[b] Post-employment benefits

Retirees and surviving spouses of retirees are eligible for life insurance, drug, other medical, dental and hospital benefits covered under the non-pension post-employment benefit plan [the "Plan"] after they turn 55. The Plan is funded on a pay-as-you-go basis and the Hospital funds on a cash basis as benefits are paid. During the year, benefits paid totalled $27,463 [2015 – $27,287].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2014.

The following table presents information related to the Hospital's post-employment benefits as at March 31 including the amounts recorded on the statement of financial position, and components of net periodic benefit cost:

	2016 $	**2015** $ *[Restated – note 3]*
Accrued benefit obligation		
Balance, beginning of year	**803,600**	908,400
Current service cost	**43,440**	46,030
Interest cost	**28,350**	42,160
Benefits paid	**(40,950)**	(55,610)
Actuarial (gain) loss	**5,350**	(137,380)
Balance, end of year	**839,790**	803,600
Unamortized net actuarial loss	**17,240**	20,880
Post-employment benefits	**857,030**	824,480
Less: current portion	**73,500**	101,900
	783,530	722,580

The accrued benefit obligation for non-pension post-employment benefits is included in long-term liabilities as post-employment benefits, with the current portion of post-employment benefits separately disclosed. Unamortized actuarial gains are amortized over the expected average remaining service life of employees of the Alliance.

Notes to financial statements

March 31, 2016

The Hospital's benefit plan expense is as follows:

	2016 $	2015 $
		[Restated – note 3]
Current service cost	**43,440**	46,030
Interest cost	**28,350**	42,160
Amortization of net actuarial loss	**1,710**	13,710
Post-employment benefits expense	**73,500**	101,900

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligation and the expense for post-employment benefits are as follows:

	2016 %	2015 %
Discount rate – net accrued benefit expense	**3.43**	4.55
Discount rate – accrued benefit obligation	**3.37**	3.43
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service lifetime of active employees is 16.7 years.

10. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2016 $	2015 $
Balance, beginning of year	**1,962,889**	1,540,614
Additional contributions received		
MoHLTC and LHIN	**323,171**	543,406
Foundation *[note 13]*	**123,448**	88,976
Other	**70,700**	—
Less amounts amortized to revenue	**(315,242)**	(210,107)
Balance, end of year	**2,164,966**	1,962,889

There were no unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2015 – nil].

Notes to financial statements

March 31, 2016

11. Deferred contributions, expenses of future periods

Deferred contributions, expenses of future periods, represent unspent externally restricted contributions, grants and donations. As at March 31, 2016, no deferred contributions were outstanding [2015 – $20,439].

12. Commitments and contingencies

The Hospital is involved from time to time as plaintiff or defendant in various legal actions that arise in the normal course of operations. Any contingent gains arising on such actions are included in income when they are assured. Provisions for contingent losses are provided at such time as management concludes that a loss is likely and can be estimated. As at March 31, 2016, management believes adequate provision for losses has been made in the accounts.

The Hospital has a joint and several obligation for the borrowings of the Alliance under various loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and Royal Bank of Canada ["RBC"]. As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has a $511,914 draw [2015 – $583,167] from an $8,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets. The Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%.

13. Related party transactions

Related party transactions during the year, not separately disclosed in the financial statements, include the following:

[a] The Hospital receives donations from the Foundation. The Foundation has its own Board of Directors and is independent of the Hospital. The Foundation is incorporated under the laws of Ontario. It is registered as a public foundation and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The assets, liabilities, revenue and expenses of the Foundation have not been included in these financial statements.

Donations of $123,448 [2015 – $88,976] were received from the Foundation for equipment purchases and capital projects. These amounts have been included in deferred contributions, capital.

[b] Alliance operations – Stratford General Hospital is acting as the central financial processing entity for the Alliance, processing all cheque and payroll distributions for all four Hospitals in the Alliance from its bank account. The Hospital reimburses Stratford General Hospital for its expenditures on a monthly basis *[note 5]*.

Notes to financial statements

March 31, 2016

14. Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2016 $	2015 $
Decrease (increase) in current assets		
Accounts receivable	**(50,987)**	91,966
Due from other Alliance entity	**(2,068,856)**	—
Inventories	**7,906**	3,862
Prepaid expenses	**22,564**	5,103
	(2,089,373)	100,931
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(98,564)**	(8,726)
Due to other Alliance entity	**(482,316)**	379,911
Accrued salaries and wages	**112,391**	(72,003)
Deferred contributions, expenses of future periods	**(20,439)**	20,439
	(488,928)	319,621
	(2,578,301)	420,552

15. Financial instruments

Risk management

The Hospital is exposed to a range of financial risks including interest rate risk, credit risk and liquidity risk. The Hospital manages these risks in accordance with the Hospital's internal policies.

Interest rate risk

Interest rate risk refers to the effect on the future cash flows of a financial instrument due to fluctuations in interest rates. The Hospital is exposed to financial risk that arises from fluctuations in the interest rate on its credit facilities because the interest rate is linked to the bank's BA rate, which changes from time to time. Changes in variable interest rates could cause unanticipated fluctuations in the Hospital's operating results.

Credit risk

Credit risk arises from the possibility that the entities from which the Hospital receives funding may experience difficulty and be unable to fulfill their obligations. The majority of the Hospital's accounts receivable are owed by government agencies with good credit standing. At year-end, patient and other accounts receivable totalled $112,541 [2015 – $76,118]. As a result, the requirement for credit risk related reserves for accounts receivable is minimal. The Hospital has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2016.

Notes to financial statements

March 31, 2016

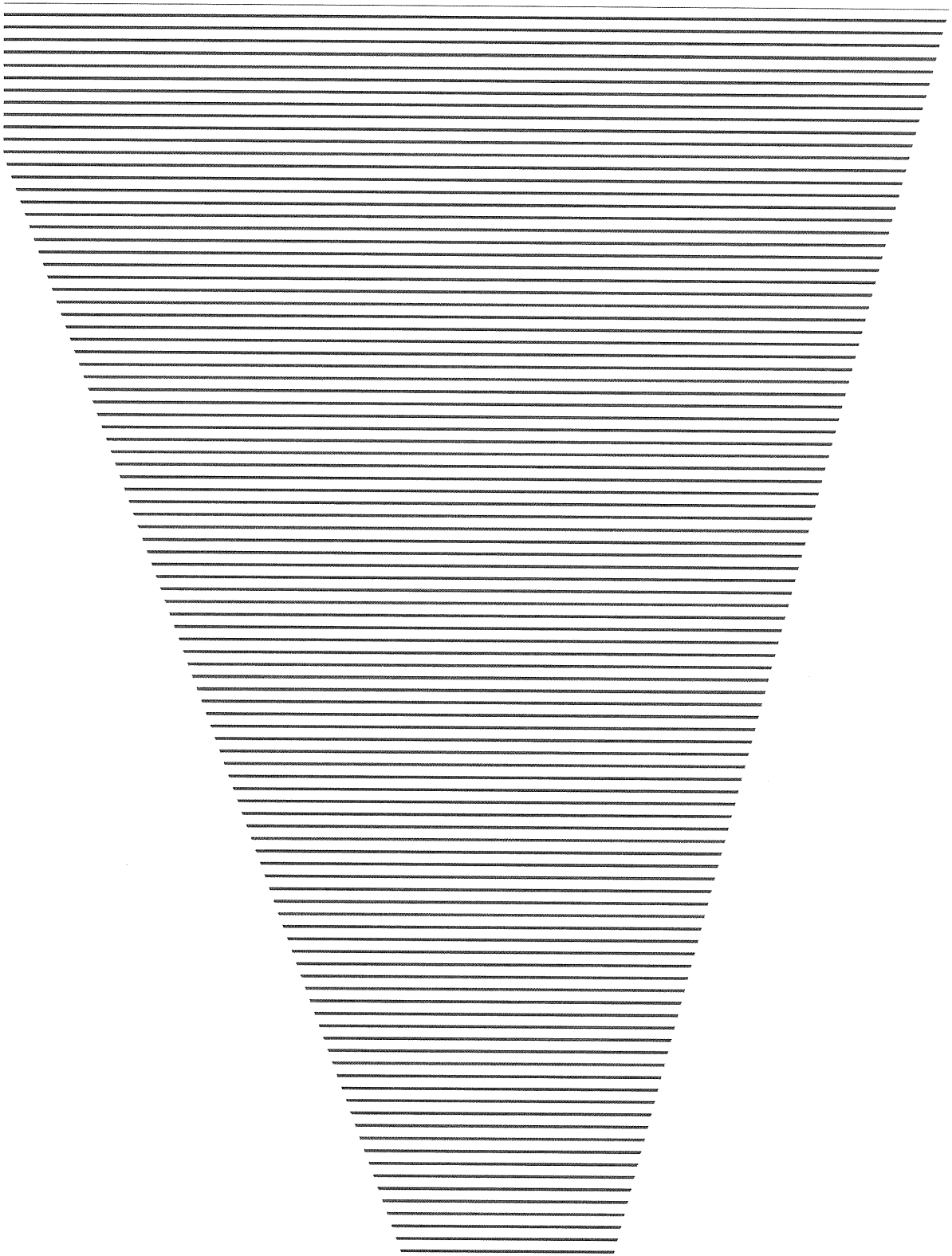
Liquidity risk

Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The majority of accounts payable, accrued charges and accrued salaries and wages are expected to be settled in the next fiscal year. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

16. Comparative financial statements

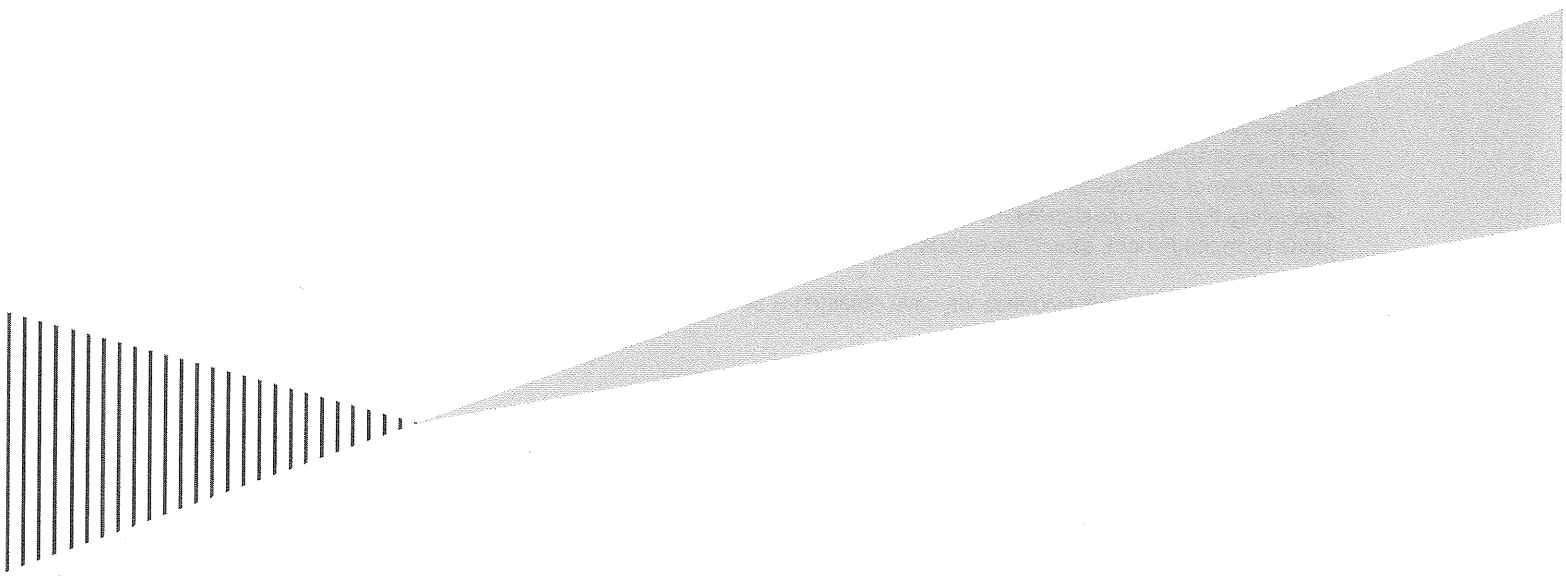
The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2016 financial statements.



Financial statements

Stratford General Hospital

March 31, 2016



Building a better working world

Independent auditors' report

To the Board of Directors of
Stratford General Hospital

Report on the financial statements

We have audited the accompanying financial statements of **Stratford General Hospital**, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Stratford General Hospital** as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a consistent basis with the preceding year.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 2, 2016

Stratford General Hospital
Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2016	2015
	$	$
		[Restated – note 3]
Assets		
Current		
Cash	**206,916**	284,655
Accounts receivable *[note 4]*	**4,120,665**	3,134,939
Due from other Alliance entities *[note 5]*	**695,922**	1,265,416
Inventories *[note 6]*	**1,489,886**	1,644,107
Prepaid expenses	**901,788**	843,381
Total current assets	**7,415,177**	7,172,498
Long-term investments *[note 7]*	**284,267**	284,267
Grant receivable	**2,050,000**	2,050,000
Property and equipment, net *[note 8]*	**71,496,532**	75,484,199
	81,245,976	84,990,964
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**7,503,656**	10,641,380
Due to other Alliance entitites *[note 5]*	**3,232,000**	—
Accrued salaries and wages	**6,045,692**	5,120,770
Current portion of post-employment benefits *[note 10[b]]*	**477,750**	662,350
Deferred contributions, expenses of future periods *[note 12]*	**—**	118,114
Demand loans and current portion of term debt *[note 9]*	**1,548,534**	2,228,859
Total current liabilities	**18,807,632**	18,771,473
Term debt *[note 9]*	**1,493,884**	2,152,418
Post-employment benefits *[note 10[b]]*	**5,092,945**	4,696,770
Deferred contributions, capital *[note 11]*	**55,352,982**	58,399,649
Total liabilities	**80,747,443**	84,020,310
Commitments and contingencies *[note 14]*		
Net assets		
Endowments *[note 13]*	**119,719**	119,719
Unrestricted	**378,814**	850,935
Total net assets	**498,533**	970,654
	81,245,976	84,990,964

See accompanying notes

On behalf of the Board: Mary Atkinson Lena Sawack

Board Chair Treasurer

Stratford General Hospital

Statement of changes in net assets

Year ended March 31

	2016			2015
	Endowments	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 13]			*[Restated – note 3]*
Balance, beginning of year	**119,719**	**850,935**	**970,654**	1,544,743
Restatement *[note 3]*	**—**	**—**	**—**	913,770
Net assets beginning of year as restated	**119,719**	**850,935**	**970,654**	2,458,513
Deficiency of revenue over expenses for the year	**—**	**(472,121)**	**(472,121)**	(1,487,859)
Balance, end of year	**119,719**	**378,814**	**498,533**	970,654

See accompanying notes

Stratford General Hospital

Statement of operations

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Revenue		
Provincial funding *[note 5]*	**75,660,180**	77,855,453
In-patient services	**369,660**	595,567
Out-patient services	**7,460,919**	7,506,627
Preferred accommodation	**623,362**	680,312
Chronic co-payment	**14,037**	50,062
Other revenue *[note 7]*	**8,505,421**	8,002,251
Unrestricted donations and bequests	**56,258**	37,670
Amortization of deferred contributions, capital – equipment	**2,350,609**	2,190,689
	95,040,446	96,918,631
Expenses		
Salaries and wages	**45,628,495**	47,220,326
Medical staff remuneration	**11,034,545**	11,198,152
Employee benefits	**13,650,539**	13,636,225
Supplies and other expenses	**15,248,502**	15,360,933
Medical and surgical supplies	**3,798,891**	4,294,307
Drugs	**2,614,338**	2,887,620
Amortization of equipment	**2,715,632**	3,003,454
Interest – non-buildings *[note 9]*	**14,743**	22,563
Net gain on disposal of equipment	**(291)**	—
	94,705,394	97,623,580
Excess (deficiency) of revenue over expenses before the following	**335,052**	(704,949)
Amortization of deferred contributions, capital – buildings and land improvements	**3,251,752**	3,261,289
Amortization of buildings and land improvements	**(3,988,706)**	(3,928,152)
Interest expense *[note 9]*	**(70,219)**	(101,347)
Net loss on disposal of buildings and land improvements	**—**	(14,700)
	(807,173)	(782,910)
Deficiency of revenue over expenses for the year	**(472,121)**	(1,487,859)

See accompanying notes

Stratford General Hospital

Statement of cash flows

Year ended March 31

	2016	2015
	$	$
		[Restated – note 3]
Operating activities		
Deficiency of revenue over expenses for the year	**(472,121)**	(1,487,859)
Add (deduct) non-cash items		
Amortization of equipment	**2,715,632**	3,003,454
Amortization of buildings and land improvements	**3,988,706**	3,928,152
Net gain on disposal of equipment	**(291)**	—
Net loss on disposal of buildings and land improvements	**—**	14,700
Amortization of deferred contributions, capital – equipment	**(2,350,609)**	(2,190,689)
Amortization of deferred contributions, capital – buildings and land improvements	**(3,251,752)**	(3,261,289)
Increase (decrease) in post-employment benefits	**211,575**	(186,345)
	841,140	(179,876)
Net change in non-cash working capital balances related to operations *[note 16]*	**580,666**	332,231
Cash provided by operating activities	**1,421,806**	152,355
Capital activities		
Purchase of property and equipment	**(2,725,200)**	(2,823,429)
Proceeds on disposal of property and equipment	**8,820**	26,563
Cash used in capital activities	**(2,716,380)**	(2,796,866)
Financing activities		
Repayment of demand loans	**(680,325)**	(1,141,740)
Repayment of term debt	**(658,534)**	(457,036)
Contributions received related to capital	**2,555,694**	1,822,425
Cash provided by financing activities	**1,216,835**	223,649
Net decrease in cash during the year	**(77,739)**	(2,420,862)
Cash, beginning of year	**284,655**	2,705,517
Cash, end of year	**206,916**	284,655

See accompanying notes

Stratford General Hospital

Notes to financial statements

March 31, 2016

1. Purpose of the organization

Stratford General Hospital [the "Hospital"] is funded primarily by the Southwest Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"]. Any excess of revenue over expenses earned during a fiscal year may be retained by the Hospital. There is no commitment that deficits incurred by the Hospital will be funded. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

The Hospital, along with Clinton Public Hospital, St. Marys Memorial Hospital and Seaforth Community Hospital are members of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual Hospitals' financial results are influenced by this membership *[note 5]*.

The Hospital operates under a Hospital Service Accountability Agreement ["H-SAA"] and a Multi-Sector Service Accountability Agreement ["M-SAA"] with the LHIN. These agreements set out the rights and obligations of the two parties in respect of funding provided to the Hospital by the LHIN. The H-SAA and M-SAA sets out the funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance.

If the Hospital does not meet certain performance standards and obligations, the LHIN has the right to adjust some funding streams received by the Hospital. Given that the LHIN is not required to communicate funding adjustments until after the submission of the year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector ["PS"] Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Hospital has chosen to use the standards specific to government not-for-profit organizations as set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

[a] Basis of presentation and use of estimates

The financial statements represent the operations of the Hospital and do not include the assets, liabilities and activities of affiliated organizations such as the Stratford General Hospital Foundation [the "Foundation"] and volunteer associations, which, although affiliated to the Hospital, are not operated or controlled by it.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The significant estimation processes relate to employee future benefits, revenue recognized from the MoHLTC and the LHIN, valuation of accounts receivable and grant receivable, and the useful life of property and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

Notes to financial statements

March 31, 2016

[b] Revenue recognition

The Hospital 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 estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets. Contributions restricted for the purchase of property and equipment are initially deferred and amortized to revenue on the same basis as the amortization rate for the related property and equipment.

Revenue from patient services, non-patient services and preferred accommodation are recognized when the services have been provided or when the goods have been sold.

Investment income consists of interest earned on the Hospital's investments. Investment income on unspent deferred capital contributions, if restricted for future use, is deferred as a component of such contributions. Interest income earned on endowment funds is added to deferred contributions, capital during the year. All other investment income is recognized as revenue when earned in the statement of operations.

[c] Inventories

Inventories are valued at the lower of replacement cost and net realizable value on a weighted average basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

[d] Investments

Investments are recorded initially at fair value and subsequently at amortized cost and where there is a reduction in value that is considered other than temporary, the investment is written down. Investments in joint ventures are accounted for using the modified equity method and as such are stated at cost plus earnings since acquisition. Transactions are recorded on a trade-date basis.

[e] Property and equipment

Property and equipment are valued at the cost incurred by the Hospital at the date of acquisition. All direct costs and interest related to building and equipment projects are capitalized during the period of construction until the project is complete.

Notes to financial statements

March 31, 2016

Amortization is provided on a straight-line basis over the following estimated useful lives of the assets:

Tangible	
Land improvements	10 – 40 years
Buildings	10 – 50 years
Furnishings and equipment	3 – 25 years
Computer hardware	3 – 5 years
Intangible	
Computer software	3 – 5 years

No amortization is recorded on construction in progress until the related assets are put into productive use.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Hospital. When an item of property and equipment no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to residual value.

[f] Contributed materials and services

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related notes. Contributed materials are recognized in the financial statements at their fair market value if the fair value can be reasonably estimated.

[g] Post-employment benefits

The Hospital accrues its obligations for post-employment benefits and the related costs, net of plan assets measured at fair value. The cost of post-employment benefits earned by employees is actuarially determined using the projected accrued benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Hospital's cost of borrowing rate. Differences arising from past service costs are expensed in the period of plan amendment. Differences arising from changes in assumptions and actuarial gains and losses are recognized in income on a straight-line basis over the expected average remaining service life of active employees which equal to 16.7 years.

[h] Multi-employer defined benefit plan

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Hospital has insufficient information to apply defined benefit plan accounting.

Notes to financial statements

March 31, 2016

[i] Financial instruments

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair market value, cost or amortized cost as follows:

[i] Accounts receivable are carried at amortized cost, net of any provision for impairment.
[ii] Long-term investments and grants receivable are carried at amortized cost, net of any provision for impairment.
[iii] Accounts payable and accrued liabilities, accrued salaries and wages, and demand loans are carried at cost.
[iv] Term debt is carried at amortized cost.

Transaction costs related to financial assets and financial liabilities measured using amortized cost are capitalized with the value of the instrument and amortized to income using the effective interest rate method. All other transaction costs are expensed as incurred.

[j] Remeasurement gains or losses

Remeasurement gains or losses are reported according to their nature, including changes in market value for derivatives, portfolio investments in equity instruments and financial instruments which have been designated to the fair value category. Also included are gains or losses in foreign exchange for items denominated in a foreign currency. As at March 31, 2016, there was no change in the accumulative deficiency of revenues over expenses for the fair value changes or foreign currency translation. Therefore, the statement of remeasurement gains and losses has not been disclosed.

3. Change in accounting policy

During the preparation of the financial statements for the year ending March 31, 2016, the Alliance implemented a change in the accounting policy relating to the measurement of the post-employment benefit obligation. The change has been accounted for retroactively with a restatement of prior year financial statements for comparative purposes. The following summarizes the effect of the adjustments as at and for the year ended March 31, 2015:

	Previously reported $	Increase (decrease) $	Restated $
Statement of financial position			
Current portion of post-employment benefits	810,095	(147,745)	662,350
Post-employment benefits	5,521,165	(824,395)	4,696,770
Net assets –- unrestricted	(121,205)	972,140	850,935
Statement of operations			
Employee benefits	13,694,595	(58,370)	13,636,225

Notes to financial statements

March 31, 2016

4. Accounts receivable

Accounts receivable consist of the following:

	2016 $	2015 $
Provincial funding	**728,256**	396,044
Insurers and patients	**1,583,550**	1,096,104
Other	**2,011,859**	1,828,191
	4,323,665	3,320,339
Less allowance for doubtful accounts	**203,000**	185,400
	4,120,665	3,134,939

5. Huron Perth Healthcare Alliance

The combined operating surplus/deficit of the Alliance is shared based on the percent interest of each member Hospital in the Alliance. The MoHLTC and LHIN revenue is adjusted between the four Hospitals within the Alliance through a "Paymaster" account, to reflect the appropriate operating surplus/deficit.

	2016 $	2015 $
Stratford General Hospital provincial funding	**80,528,766**	80,627,177
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**(4,891,461)**	(2,652,924)
Transfer of new grad funding from Seaforth Community Hospital	**178,957**	—
Transfer of cataract funding to Clinton Public Hospital	**(156,082)**	(118,800)
Provincial funding adjusted revenue	**75,660,180**	77,855,453

Effective December 1, 2014, the Board of Directors approved a change to the percent interest allocation to better reflect the associated revenues and costs of each member hospital due to bed realignment in the year. The percent interest changed from 70.3% to 65%. This impacts the adjustment for the Hospital's share of the Alliance operating surplus/deficit in the above table.

Property and equipment expenditures not funded by the local Foundations and post-employment benefits are shared by all four Hospitals based on their respective percent interest in the Alliance.

Notes to financial statements

March 31, 2016

Amounts due from other Alliance Hospitals per the Alliance agreement are non-interest bearing with no set repayment terms and are as follows:

	2016 $	2015 $
Clinton Public Hospital	**695,922**	289,876
Seaforth Community Hospital	**—**	482,316
St. Marys Memorial Hospital	**—**	493,224
	695,922	1,265,416

Amounts owing to other Alliance Hospitals per the Alliance agreement are non-interest bearing with no set repayment terms and are as follows:

	2016 $	2015 $
Seaforth Community Hospital	**2,068,856**	—
St. Marys Memorial Hospital	**1,163,144**	—
	3,232,000	—

6. Inventories

During the year, the Hospital expensed $6,860,138 [2015 – $7,370,103] of inventories. There were no write-downs of inventories to net realizable value or any write-down reversals during the year or prior year.

7. Long-term investments

Long-term investments consist of the following:

	2016 $	2015 $
Guaranteed investment certificate	**119,719**	119,719
Horizon ProResp Inc.	**164,548**	164,548
	284,267	284,267

Notes to financial statements

March 31, 2016

Horizon ProResp Inc.

Effective January 1, 1996, Horizon ProResp Inc. was incorporated as a joint venture between the Hospital and a third party for the purposes of providing home care services to patients in Huron and Perth counties. The Hospital received 50 common shares, representing 50% of the voting equity of the joint venture, in exchange for equipment, inventories and supplies relating to the home oxygen program that were transferred to the joint venture. The investment is being accounted for according to the modified equity method and, as such, the investment in Horizon ProResp Inc. is stated at cost plus earnings since acquisition.

	2016 $	2015 $
Common share investment – 50% of common share capital	**55,657**	55,657
Share of income since incorporation	**108,891**	108,891
	164,548	164,548

Management fees of $355,000 [2015 – $326,000] from Horizon ProResp Inc. have been recorded as other revenue.

8. Property and equipment

Property and equipment consist of the following:

	2016		
	Cost $	Accumulated amortization $	Net book value $
Tangible			
Land	**12,419**	**—**	**12,419**
Other non-amortized assets	**147,010**	**—**	**147,010**
Land improvements	**1,354,059**	**1,006,352**	**347,707**
Buildings	**107,560,791**	**43,536,661**	**64,024,130**
Furnishings and equipment	**36,070,150**	**31,734,608**	**4,335,542**
Computer hardware	**3,436,471**	**2,289,789**	**1,146,682**
Construction in progress	**466,328**	**—**	**466,328**
	149,047,228	**78,567,410**	**70,479,818**
Intangible			
Computer software	**4,587,187**	**3,570,473**	**1,016,714**
	153,634,415	**82,137,883**	**71,496,532**

Notes to financial statements

March 31, 2016

	2015		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	12,419	—	12,419
Other non-amortized assets	147,010	—	147,010
Land improvements	1,318,121	958,102	360,019
Buildings	106,464,674	39,596,205	66,868,469
Furnishings and equipment	35,650,093	30,124,335	5,525,758
Computer hardware	2,855,025	1,940,227	914,798
Construction in progress	707,253	—	707,253
	147,154,595	72,618,869	74,535,726
Intangible			
Computer software	4,013,143	3,064,670	948,473
	151,167,738	75,683,539	75,484,199

9. Demand loans and term debt

The Hospital has a joint and several obligation for the borrowings of the Alliance under the following loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and the Royal Bank of Canada ["RBC"].

[a] Revolving demand facility [the "Facility"] of $7,000,000 with the RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, nil [2015 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility [the "Capital Facility"] of $8,000,000 with the RBC to finance the acquisition of capital assets including equipment and property. The Capital Facility bears interest at the Bankers' Acceptance ["BA"] rate plus 0.30%. As at March 31, 2016, $2,565,741 [2015 – $3,469,651] has been drawn on the Capital Facility by the Alliance, of which $890,000 [2015 – $1,299,000] is attributable to the Hospital.

[c] Term facility [the "SSRP Facility"] with the RBC that was used to finance the completion of the Stratford Site Redevelopment Project. The SSRP Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2016, $2,152,418 [2015 – $2,810,952] is outstanding from the Alliance on the SSRP Facility, of which is fully attributable [2015 – fully attributable] to the Hospital. Interest payments are made monthly on the 26th day of each month and annual principal payments are due March 31 of the respective year. SSRP Facility has a maturity date of March 31, 2019.

[d] Term instalment loan [the "MRI Facility"] with the CIBC that was used to finance the Magnetic Resonance Imaging machine at the Stratford site, and the Automated Drug Cabinets at all four Alliance sites. The MRI Facility bears interest at bank prime ["2.70%"] minus 0.55%. As at March 31, 2016, nil [2015 – $271,325] is outstanding from the Alliance, of which nil [2015 – $271,325] is attributable to the Hospital. The MRI Facility has a maturity date of March 31, 2017 with interest due quarterly in arrears.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 with the RBC, by way of lease agreements with RBC. The purpose of the Lease Facility is to fund the acquisition of capital assets, including equipment and software. The Lease Facility bears interest at the applicable rate contained in the respective lease agreement entered. As at March 31, 2016, the Hospital has a nil [2015 – nil] draw on the Lease Facility.

As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has the following borrowings outstanding:

	2016 $	2015 $
Demand loans	**890,000**	1,299,000
Current portion of term loans	**658,534**	929,859
Total demand loans and current portion of term loans	**1,548,534**	2,228,859
Term loans	**1,493,884**	2,152,418

Loans that the lender can require to be repaid on demand are classified as current liabilities. Management does not believe that the demand features will be exercised in the current year. Assuming payment is not demanded; principal repayments required by the Hospital on term loans over the next three fiscal years are as follows:

	$
2017	658,534
2018	658,534
2019	835,350
	2,152,418

10. Post-employment benefits

[a] Pension plan

Substantially all of the full-time employees of the Hospital are members of the Healthcare of Ontario Pension Plan [the "HOOPP"]. The HOOPP is a multi-employer, defined benefit pension plan. The HOOPP members will receive benefits based on their length of service and on the average of their annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings. Employer contributions made to the HOOPP during the year by the Hospital amounted to $3,723,812 [2015 – $3,779,181].

The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2015 disclosed net assets available for benefits of $63,924 million [2014 – $60,848 million] with pension obligations of $49,151 million [2014 – $46,923 million], resulting in a surplus of $14,773 million [2014 – $13,925 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2015, the HOOPP was 122% funded [2014 – 115%].

Notes to financial statements

March 31, 2016

[b] Post-employment benefits

Retirees and surviving spouses of retirees are eligible for life insurance, drug, other medical, dental and hospital benefits covered under the non-pension post-employment benefit plan [the "Plan"] after they turn 55. The Plan is funded on a pay-as-you-go basis and the Hospital funds on a cash basis as benefits are paid. During the year, benefits paid totaled $180,678 [2015 – $161,921].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2014.

The following table presents information related to the Hospital's post-employment benefits as at March 31, including the amounts recorded on the statement of financial position, and components of net periodic benefit cost:

	2016 $	2015 $ *[Restated – note 3]*
Accrued benefit obligation		
Balance, beginning of year	**5,223,400**	5,904,600
Current service cost	**282,360**	299,195
Interest cost	**184,275**	274,040
Benefits paid	**(266,175)**	(361,465)
Actuarial (gain) loss	**34,775**	(892,970)
Balance, end of year	**5,458,635**	5,223,400
Unamortized net actuarial gain	**112,060**	135,720
Post-employment benefits	**5,570,695**	5,359,120
Less: current portion	**477,750**	662,350
	5,092,945	4,696,770

The accrued benefit obligation, for non-pension post-employment benefits is included in long-term liabilities as post-employment benefits, with the current portion of post-employment benefits separately disclosed. Unamortized actuarial gains are amortized over the expected average remaining service life of employees of the Alliance.

The Hospital's benefit plan expense is as follows:

	2016 $	2015 $ *[Restated – note 3]*
Current service cost	**282,360**	299,195
Interest cost	**184,275**	274,040
Amortization of net actuarial loss	**11,115**	89,115
Post-employment benefits expense	**477,750**	662,350

The significant actuarial assumptions adopted in measuring the Hospital's accrued benefit obligation and the expense for post-employment benefits are as follows:

	2016 %	2015 %
Discount rate – net accrued benefit expense	**3.43**	4.55
Discount rate – accrued benefit obligation	**3.37**	3.43
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service lifetime of active employees is 16.7 years.

11. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2016 $	2015 $
Balance, beginning of year	**58,399,649**	62,029,202
Additional contributions received		
MoHLTC and LHIN	**1,363,678**	532,160
Foundation *[note 15]*	**792,538**	1,290,265
Other	**399,478**	—
Less amounts amortized to revenue	**(5,602,361)**	(5,451,978)
Balance, end of year	**55,352,982**	58,399,649

The balance of unamortized capital contributions related to property and equipment consists of the following:

	2016 $	2015 $
Unamortized capital contributions used to purchase property and equipment	**55,283,690**	58,279,587
Unspent contributions	**69,292**	120,062
	55,352,982	58,399,649

Notes to financial statements

March 31, 2016

12. Deferred contributions, expenses of future periods

Deferred contributions, expenses of future periods, represent unspent externally restricted contributions, grants and donations. Changes in the deferred contributions, expenses of future periods balance, are as follows:

	2016 $	2015 $
Balance, beginning of year	**118,114**	33,561
Contributions, grants and donations	**—**	175,111
Amounts earned	**(118,114)**	(90,558)
Balance, end of year	**—**	118,114

The deferred contributions will be spent as follows:

	2016 $	2015 $
Mental health programs	**—**	118,114
	—	118,114

13. Endowments

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact in perpetuity. Investment income on the assets restricted for endowment purposes is externally restricted for capital purposes. The total investment income earned on endowments during the year was $2,884 [2015 – $2,922] and was included in deferred contributions, capital during the year.

14. Commitments and contingencies

The Hospital is involved from time to time as plaintiff or defendant in various legal actions that arise in the normal course of operations. Any contingent gains arising on such actions are included in income when they are assured. Provisions for contingent losses are provided at such time as management concludes that a loss is likely and can be estimated. As at March 31, 2016, management believes adequate provision for losses has been made in the accounts.

The Hospital has a joint and several obligation for the borrowings of the Alliance under various loan facilities with the Canadian Imperial Bank of Commerce ["CIBC"] and Royal Bank of Canada ["RBC"]. As at March 31, 2016, the total outstanding borrowings of the Alliance amounted to $4,718,159 [2015 – $6,551,928]. Of this amount, the Hospital has drawn $3,042,418 [note 9].

Notes to financial statements

March 31, 2016

15. Related party transactions

Related party transactions during the year, not separately disclosed in the financial statements, include the following:

[a] The Hospital receives donations from the Foundation. The Foundation has its own Board of Directors and is independent of the Hospital. The Foundation is incorporated under the laws of Ontario. It is registered as a public foundation and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The assets, liabilities, revenue and expenses of the Foundation have not been included in these financial statements.

Donations of $792,538 [2015 – $1,290,265] were received from the Foundation for equipment purchases and capital projects. These amounts have been included in deferred contributions, capital.

During the year, the Hospital provided administrative services including payroll processing at no cost to the Foundation.

As at March 31, 2016, an amount of $44,560 [2015 – $35,731] was due from the Foundation. The amount is non-interest-bearing and due on demand.

[b] Alliance operations – Stratford General Hospital is acting as the central financial processing entity for the Alliance, processing all cheque and payroll distributions for all four Hospitals in the Alliance from its bank account. The Hospital is reimbursed for the expenditures relating to the other three Hospitals on a monthly basis *[note 5]*.

Notes to financial statements

March 31, 2016

16. Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2016 $	2015 $
Decrease (increase) in current assets		
Accounts receivable	**(985,726)**	389,573
Due from other Alliance entities	**569,494**	926,679
Inventories	**154,221**	39,857
Prepaid expenses	**(58,407)**	(148,428)
	(320,418)	1,207,681
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(3,137,724)**	(833,810)
Due to other Alliance entities	**3,232,000**	—
Accrued salaries and wages	**924,922**	(126,193)
Deferred contributions, expenses of future periods	**(118,114)**	84,553
	901,084	(875,450)
	580,666	332,231

17. Midwifery program

The Hospital acts as a transfer payment agency for a midwifery program funded through the MoHLTC Community Health and Prevention Branch – Ontario Midwifery Program ["OMP"]. The gross revenue and expenses of the Midwifery Program of $3,888,134 [2015 – $3,883,121] are included in the statement of operations. The excess of OMP funding over OMP allowed expenses for 2016 is $62,053 [2015 – $287,545], which is due to the MoHLTC OMP and is included in accounts payable and accrued liabilities as at March 31, 2016.

Notes to financial statements

March 31, 2016

18. Financial instruments

Financial instrument classification

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value. The fair value hierarchy is made up of the following levels:

Level 1 – valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant input has been considered in measuring fair value.

The guaranteed investment certificate held by the Hospital is classified as Level 2 according to the fair value hierarchy described above. There have been no material transfers between Levels 1 and 2 for the year ended March 31, 2016.

Risk management

The Hospital is exposed to a range of financial risks including market risk, interest rate risk, credit risk and liquidity risk. The Hospital manages these risks in accordance with the Hospital's internal policies.

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 changes in market conditions, whether those changes are caused by factors specific to the individual instrument or factors affecting all securities traded in the market. The Hospital's exposure to market risk is limited as a result of the investment portfolio comprising only long-term, fixed income securities.

Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of a financial instrument due to fluctuations in interest rates. The Hospital is exposed to financial risk that arises from fluctuations in the interest rate on its credit facilities because the interest rate is linked to the bank's prime rate and BA rate, which changes from time to time. Changes in variable interest rates could cause unanticipated fluctuations in the Hospital's operating results.

Credit risk

Credit risk arises from the possibility that the entities from which the Hospital receives funding may experience difficulty and be unable to fulfill their obligations. The majority of the Hospital's accounts receivable are owed by government agencies with good credit standing. At year-end, patient and other accounts receivable totaled $1,583,550 [2015 – $1,096,104]. As a result, the requirement for credit risk related reserves for accounts receivable is minimal. The Hospital has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2016.

Notes to financial statements

March 31, 2016

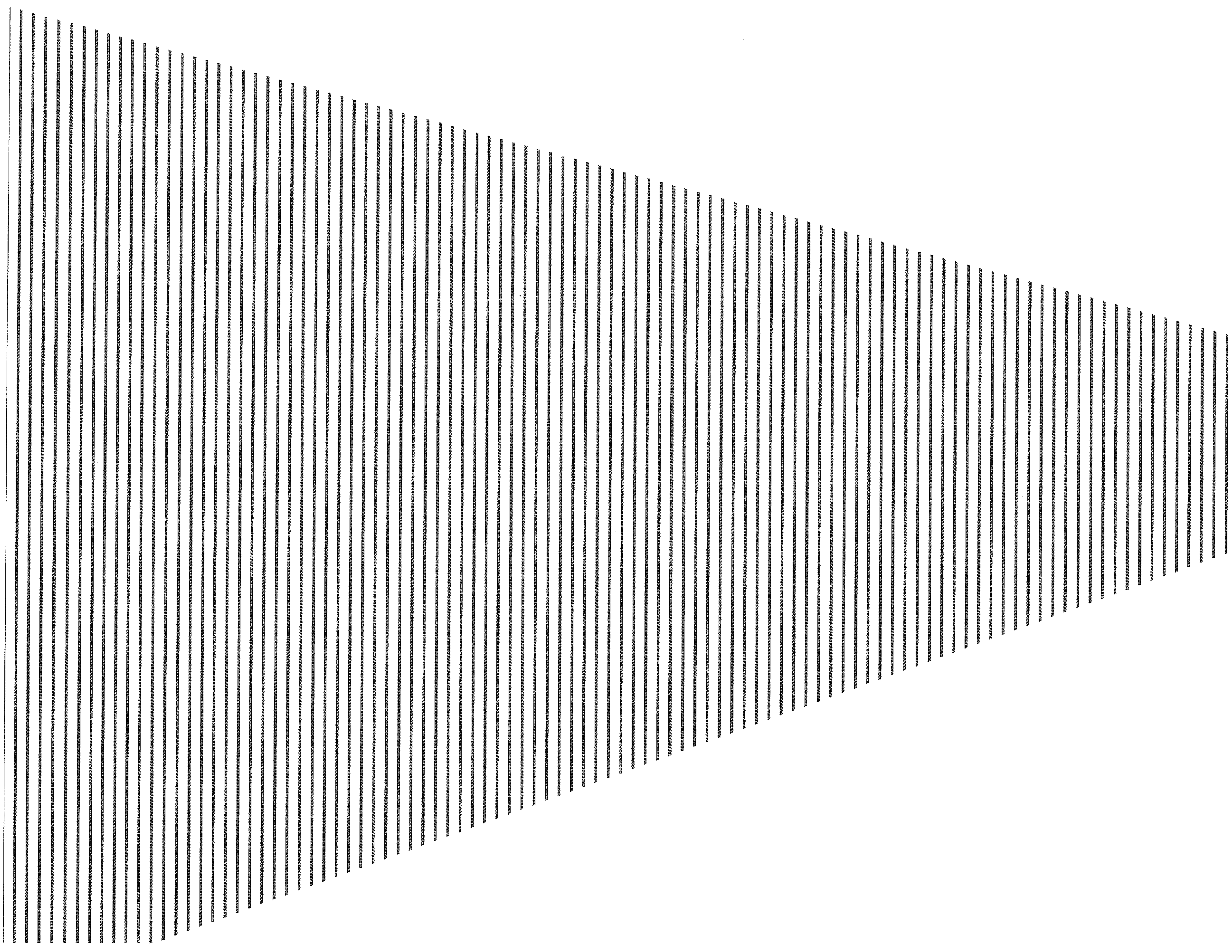
Liquidity risk

Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The majority of accounts payable, accrued charges and accrued salaries and wages are expected to be settled in the next fiscal year. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

19. Comparative financial statements

The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2016 financial statements.



NOMINATING REPORT

2015/2016

HURON PERTH HEALTHCARE ALLIANCE

Huron Perth Healthcare Alliance

Nominating Committee Report

The Governance Committee, acting as the Nominating Committee, recommends the following slate of candidates for appointments/reappointments to the Huron Perth Healthcare Alliance Board of Directors:

For three-year term appointments:

- *Appointment of Kim Ross Jones, representing the catchment area served by the St. Marys Memorial Hospital*
- *Appointment of Ron Lavoie, representing the catchment area served by the Seaforth Community Hospital*
- *Reappointment of John Wolfe, representing the City of Stratford*

For two-year term appointments:

- *Appointment of Stephen Hearn, representing the catchment area served by the St. Marys Memorial Hospital*
- *Reappointment of Olga Palmer, representing the catchment area served by Clinton Public Hospital*

The Board of Directors endorsed the recommended slate at its June 2nd, 2016 Board of Directors Meeting. As the slate fills all existing vacancies and there are no other candidates before the members of the Hospital Corporations, the above-named candidates are acclaimed as Directors of the Alliance as of the end of the Annual Meeting.

AUXILIARY & VOLUNTEER REPORTS

2015/2016

Clinton Public Hospital
Auxiliary Report
2015/2016

The Clinton Public Hospital (CPH) Auxiliary held 10 regular meetings from April 1, 2015 to March 31, 2016, with an average of 33 members attending each meeting.

Our members, including 4 new members, continue their volunteer commitment as each one shares their time, talents and abilities. Our volunteer hours for the year totalled 7,873.

At our Annual Meeting in April, the CPH Auxiliary donated $15,000 to the CPH Foundation to be used for selected items for the hospital. An extra $6,000 was donated later on for overages on the invoices. We also made donations to the foundation in memory of the loss of Auxiliary members, and their immediate family members.

The CPH Auxiliary donated two $500.00 scholarships to a student from each of St. Anne's Secondary School, and Central Huron Secondary School for their continuing education in the medical field.

Our fundraising events throughout the year have included:

- March: Irish Stew Lunch held at Clinton United Church
- March/April: Card Cavalcade held at several local sites
- May: Tag Days with stations set up at various locations
- May: Yard & Bake Sale held at one members yard in Clinton
- June: Hot Dog Days at local grocery store
- July: Hospital Day at the Clinton Race Track, helping with catering and silent auction
- September: Penny Sale held at St Pauls' Anglican Church in Clinton
- November: 'Gift of Light' sale of lights on a tree to honour loved ones
- December: Christmas Silent Auction held at CPH Conference Room

Our in-hospital volunteer work includes Gift Shop Sales, decorating the hospital for Christmas, Portering Service for patients following cataract surgery as well as other surgical procedures, providing information and directions to patients, and assisting with Outpatient Clinics.

Many attended Volunteer Appreciation Events and we attended the HAAO South Central Region Spring Conference in April in Mount Forest, as well as a Presidents Day in September. Two of our members attended the November HAAO Conference in Toronto. It was a very worthwhile event and an opportunity to share knowledge and experiences. It is indeed a privilege to work among this group of energetic and dedicated volunteers who wish to continue assisting staff to provide the best possible care to the patients at Clinton Public Hospital.

Respectfully submitted,

Dianne Stevenson, President

Seaforth Community Hospital
Auxiliary Report
2015/2016

Since 1933 the Hospital Auxiliary has been providing volunteer support to the Seaforth Community Hospital (SCH) to enhance patient care.

Throughout the year approximately 36 volunteer members committed their time and talent in support of the Seaforth Community Hospital. Members meet monthly throughout the year (except July & August).

This year the SCH Auxiliary donated $1,087.76 to the Seaforth Community hospital to be used for the purchase of much needed patient care equipment.

The SCH Auxiliary also presented a $1,000.00 bursary to Sadie Berard and Robyn Reeves at the Central Huron Secondary School Commencement held October 2015.

The Hospital Auxiliaries Association of Ontario (HAAO) held a Spring Regional Conference and Annual Conference during the year.

Our fundraising initiatives and events throughout the calendar year included:

- 31 day fundraiser
- Fall fair 50/50 raffle
- Bake Sale
- Bakeless Bake sale
- Tree of Lights
- Tray favours for patients

This year's fundraising success is a testimonial to the ongoing support received from our community and commitment from our volunteers in support of our local hospital.

With this Annual Report we are pleased to communicate our continued support of patient care at the Huron Perth Healthcare Alliance - Seaforth Community Hospital.

Respectfully submitted,

Sheila Lavoie
Director, SCH Auxiliary

Frances Teatero
Director, SCH Auxiliary

St. Marys Memorial Hospital
Auxiliary Report
2015/2016

The St. Marys Memorial Hospital Auxiliary had another great year in the Gift Shop plus additional activities (two Bake Sales and three Bingos) that have raised money to support the St. Marys Memorial Hospital.

Our annual bursary to a student entering a medical related field was a one-time $500.00 payout to a DCVI student in June.

We have purchased a Baxter Triple Pump for $8,500.00 for the hospital.

In addition to the above we have purchase $406.80 worth of Posy Socks for the Unit Action Council of St Marys based on their recommendation to make the “Patient Care” experience better.

We have recruited 12 new members this year as we try to expand the hours the gift shop is open.

We are to be the host for the 2016 H.A.A.O. South Central Regional Spring Conference.

Respectfully submitted,

Larry R S Beattie, President

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2015 – March 31, 2016

General Account

Bank Balance as of April1,1 2015		$ 3,721.88
Receipts:		
Membership Dues	225.00	
Bake Sales	2,359.50	
Independent	215.00	
Bingo	1,644.00	
Transfer from Gift Shop	4,000.00	
Artwork Sales	812.38	
McCully Farm Pancake Days	188.65	
Conference fee Wingham	120.00	
Bank Interest	2.03	
Total Receipts		$ 5,691.56
Disbursements		
Bake Sales Expenses	138.43	
Bingo Expenses	672.11	
Anniversary Ads	141.25	
Capital Equipment for the Hospital	3,500.00	
HAAO Fees	232.00	
Bursaries	500.00	
Total Disbursements		$ 5,183.79
Bank Balance as of March 31, 2016		$ 4,229.65

Treasurer Joanne Pickering

Audit review

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2015– March 31, 2016

Gift Shop

Ledger Balance as of April1, 2015		$ 6,443.57
Revenues:		
Sales at Gift Shop	$ 10,142.70	
Kingsway Lodge Sales	415.00	
Heritage Days	671.00	
Grocery Tape Revenue	210.00	
Other	7.55	
Total Revenues		$11,446.25
Disbursements		
Purchase of Merchandise	$6,635.58	
Gift Show Expenses	157.50	
Bank Charges	6.92	
Supplies	27.51	
65th Celebration Expenses	53.20	
Capital Equipment for the Hospital	5,000.00	
Equipment for the Happy Valley Clinic	143.95	
Total Disbursements		$12,024.66
Ledger Balance as of March 31, 2016		$ 5,855.16

Treasurer Gayle Pounder Beattie

Reviewed By

Ledger Balance	**$ 5,855.16**
Less Outstanding Deposit	(212.85)
Plus Outstanding Cheques (not cashed)	794.46
Bank Statement Balance as of March 31, 2016	**$ 6,436.77**

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2015 – March 31, 2016
In Memoriam Account

Bank Balance as of April1,1 2015	$ 730.44
Receipts:	
Interest	.73
Total Receipts	.73

Disbursements nil

Bank Balance as of March 31, 2016	$ 731.17

Treasurer Joanne Pickering

Audit review

Motion made and passed to use all the funds to buy TV for front waiting room of St Marys Memorial Hospital

Annual Report 2015/2016

Through unfailing dedication, our Volunteers continue to devote their time, talent and treasure to strengthen our program within the Stratford General Hospital. In review 2015/16 is no exception.

We are happy to report that 39 new members have joined the Volunteers of SGH, increasing the volunteer group of 243.

The locations where we give of our time include:

Cancer Clinic, Chemo Therapy Clinic, Coffee Shop, Concierge, Emergency Department , Gift Shop, HELPP Lottery, ICU/Telemetry , Information Desk, Medicine/Stroke/ Continuing Care , Mental Health , Mammography, Orthopedic Clinic, Patient Registration, Pre-Admit Clinic , Special Events, Surgical Services, Surgical Ambulatory Clinic, and Surgical Recovery and the Volunteer Council..

A total of 32,699 volunteer hours were contributed to the Stratford site. These hours are recorded through the volunteer database, and do not take into account the endless hours spent outside of the hospital walls committed to the planning and implementation of off –site special events. The true number would be so much higher.

A fun Fact: In terms of dollar value, if were to pay our volunteers $20.00 per hour, these hours translate into a contribution of $653,980. That is impressive!

As well as our commitment to Patient Services, fund-raising continues to be an important aspect in support of our hospital with the retail shops as our primary source of revenue.

Let us highlight our year for you:

Supporting our patients while they are with us at the Stratford General Hospital, the volunteers have taken up sewing comfort pillows. Every holiday, a group of Volunteers create the pillows and accompany them with a little note. The Volunteers then take the personally to each patient and present them with the comfort pillow. It is a wonderful program that comes right from the heart!

Comfort Pillow distribution

In June 2015, the Volunteers of SGH hosted a garden party. Amongst the great music, light sandwiches and fresh strawberry shortcake, the volunteers cast their vote of support for the next volunteer pledge.

The VSGH Pledge is:
$150,000.00 for new lab equipment
supported by the SGH Foundation with a first ever
"Match my Gift" Campaign.

This project partnership was a first ever for the Volunteers of SGH – a joint fundraiser with the Foundation of SGH. The "Match my Gift" campaign went out into our local communities seeking support. For every dollar donated by the community, the Volunteers of SGH will match their donation.

Garden Party

Volunteers of Stratford General Hospital

Annual Report 2015/2016

A description of the equipment is as follows:

MALDI-TOF (Matrix-Assisted Laser Desorption/Ionization – Time of Flight – Microorganism Identification Analyzer)

When seconds count---Maldi-TOF technology has been called a *"game changer"*

Infection is the presence of harmful bacteria and their toxins in tissues including the blood stream. Widespread infections (eg sepsis), one of the leading causes of death, are often diagnosed late. Sepsis can be life-threatening if the offending microorganism is not identified quickly and if inappropriate antibiotics are used in treatment.

Rapid identification of bacteria means the right antibiotics fast---saving lives. This technology meets the increasing demands for rapid testing of increasingly resistant bacterial pathogens. Within minutes, the identity of an offending microorganism can be known: a process that typically takes 24-48 hours or longer.

Blood Gas Analyzer

A Blood Gas analyzer, which detects acid-base balance from a blood specimen, is an important component in the clinical support of patients in the Emergency room, Critical Care, and Special Care Nursery. Disorders of acid-base balance complicate many medical conditions that need to be treated promptly.

Stratford General Hospital as the hub lab for the 12 IHLP hospitals **serving 230,000 people over 5 counties** is home to some select highly-specialized analyzers that serve the regional lab system. One such analyzer is the Blood Gas Instrument that must be able to perform a high volume of specimens with fast, precise test results. One of the analyses on this instrument is not available at any of the other 11 laboratories; this is the **testing for carbon monoxide poisoning.**

The Volunteers of SGH look forward to sponsoring this new piece of Lab Equipment to support our patients and our neighboring communities' patients as well.

Our **Gift Shop** volunteer group continues to provide retail therapy to many who visit our shop. It truly is our hidden gem right within our lobby. The Gift shop this past year fiscal year provided a net profit of $33,332.64.

The **Coffee Shop** continues to provide that needed boost to our patients and family members as well as staff. The warm and welcoming environment has been successful in raising $29,858.75 this past year.

H.E.L.P.P. Lottery continues to raise funds in support of our hospital's equipment needs. As well as supplementing our pledge towards the "Match my Gift" Campaign contributing $10,531.27 towards the Volunteers of SGH pledge.

Volunteers of Stratford General Hospital

Annual Report 2015/2016

The **Raffle** this year was for $1,000.00 Cash – sponsored by Chartwell Anne Hathaway Retirement Residence, I-Pad mini and a Toronto Harbor Cruse plus $200.00 in cash. This is one of our main fundraisers and this year nets us a $4,453.67 profit. This fundraiser is made possible with the support of the SGH Foundation.

Raffle of 2016

Other fund-raising events held throughout the year were BINGO, Gift Basket auction, coin canisters, E-recycling and the Vendor program. All these activities were highly successful thanks to the many Volunteer hands they raised $13,438.12.

This year the Volunteers of Stratford General Hospital raised $98,000 PROFIT

Respectfully submitted,

Terry Aitcheson
Chair, Volunteers of SGH

FOUNDATION REPORTS

2015/2016

HURON PERTH HEALTHCARE ALLIANCE

Clinton Public Hospital Foundation
98 Shipley Street
Clinton, ON N0M 1L0
Phone: 519-482-3440 Ext. 6297
Fax: 519-482-8762
Email: cph.foundation@hpha.ca

Clinton Public Hospital Foundation

Annual Report
2015/2016

The Clinton Public Hospital Foundation is happy to announce that we had another successful year due to the generous support of our caring community and dedicated volunteers.

The Lions Club of Clinton held the biennial Golf Tournament on Saturday June 20th. They presented the Foundation with a cheque for $3900.00 from this fundraising event.

Our biennial Legends Day was held on Saturday June 14th. Our sincere thanks go to Ian Fleming and the raceway staff for hosting this awesome event. This event raised $30,040.00 and many enjoyed the races and a delicious chicken BBQ.

The Annual CKNX Healthcare Heroes Radiothon was held in Wingham on Saturday October 17th. Our fundraising goal for this event was to help fund the Nurse Call System with Wireless Phone Integration for the 1st Floor In-patient Unit. Once again our Clinton Kinsmen hosted a delicious breakfast the morning of Radiothon at the Central Huron Community Complex and our community did a great job of supporting them while enjoying a hearty breakfast. The support of our local service clubs is appreciated, their hard work does not go unnoticed. The breakfast and pledges called in the day of the 2015 Radiothon totaled $23,527.30. We have participated in the CKNX Healthcare Heroes Radiothon since its inception in 2002 and have raised an accumulated total of $451,796.30 in that 13 year time frame.

Each year we end the calendar year with our annual Christmas Campaign. And each year our community displays their Christmas Spirit generously with donations during the Holiday Season. This year was no exception; we received $27,900.00 in donations.

We have also received bequests and many memorial donations, we are so thankful of families who name the Clinton Public Hospital Foundation as the charity to receive donations in memory of their loved one.

We are so blessed to be part of a small caring generous community and we wish to extend our deep appreciation to each individual who contributed to making a difference at the Clinton Public Hospital.

Kindest regards,

Janice Cosgrove, Chair
Clinton Public Hospital

Clinton Public Hospital Foundation
Board of Directors
2015/2016

Janice Cosgrove, Chair

Una Roy, Vice Chair

Steve Brown, Treasurer

Dr. Daniel Ooi, Medical Liaison

Tim Collyer

Linda Dunford

Bert Dykstra

Jane Groves

Gerry Hiltz

Fred Lobb

Darren Stevenson

St. Marys Memorial Hospital
Foundation Annual Report
2015/2016

I am pleased to present the Chair's Report for the fiscal year ending March 31, 2016. I am honoured to have been nominated as Board Chair in June 2015 and have been a board member for 12 years.

In February of 2015, we launched our "Someone I Know" capital campaign with a goal of $5 million. All of which will stay in St. Marys, and be utilized to update equipment, technology, patient spaces, as well as expand the Tradition Mutual Centre for Wellness.

As of March 31st, 2016, we celebrate over $3.65 Million raised. Events brought in over $100,000.00.
We couldn't do it without all of your support. Thank you, thank you!

A very special thank you to Rob & Cathy Taylor, our honourary fundraisers. Also, to our board member Ken McCutcheon who works tirelessly to solicit donors.

Disbursements for this fiscal year totalled: $ 1,064,267.00
This transfer of funds went to Hospital equipment/upgrades, Physician retention & recruitment as well as honouring our Objects to support external initiatives for a healthy, active community. (See Financial Report for further details)

Our Investment portfolio has done relatively well given the downturn of the Canadian dollar. Our closing balance as of March 31, 2016 was as follows:

- Total Canadian Portfolio - $ 3,249,012.72
- Total U.S. Portfolio - $ 306,0256.34

A process audit of our Donation Processing, Financial processing, tracking, reporting and communications as well as a Risk Management and Governance assessment was conducted and executed by the Stratford General Hospital Foundation.

We have taken action based on the recommendations of the audit, and made significant investments in our Foundation operations so that we set ourselves up for success with fundraising, governance, transparency and impact moving forward. This has resulted in an increase of Expenditures in 2016.

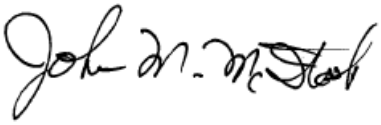
The immediate actions taken based on outcomes from this audit were to:

- Bring all Donation & Finance processing in the control of the Foundation
- Purchase Software to manage Accounts Payables, create Financial Statements and create reports for the Board
- Hire Sargent Solutions to implement and train the new software and processes
- Hire Database Manager to input all data, manage accounts payable, and create reports for analytics

I would like to thank Andrew and Marie, and all the HPHA staff for the support and encouragement as we transition to new business processes.

I've saved the best for last, and that is my heartfelt gratitude to our volunteer Board of Directors who has worked tirelessly at fundraising, and our restructuring process. And to Krista Linklater, our Executive Director (formerly Fundraising Coordinator) for going above and beyond her responsibilities to make our Foundation truly "Someone Everyone Knows".

Sincerely,



John McIntosh, Board Chair
St. Marys Memorial Hospital Foundation Board

St. Marys Memorial Hospital Foundation
Board of Directors
2015/2016

John McIntosh, Chair

Larry Beattie

Pat Craigmile

Dr. Bob Davis

Terry Fadelle

Lois Felkar

Jo-Anne Lounds

Andrea Macko

Ken McCutcheon

Laurie McCutcheon

Mike Richardson

Carolyn Wood

Seaforth Community Hospital Foundation
Annual Report
2015/2016

Since incorporation in 1994 the Seaforth Community Hospital Foundation has invested over $1.5 million dollars in support of crucial medical equipment, redevelopment and new technology (NOT adequately covered by Government funding) for the HPHA - Seaforth Community Hospital.

This year a cheque was presented to the Huron Perth Healthcare Alliance (HPHA), Seaforth Community Hospital site in the amount of ***$123,447.50***. These funds were used to purchase essential medical equipment, including: an ECG Machine, Two Therapy Surface Mattresses, Vital Signs Monitor, Bariatric Chair, Electronic Phlebotomy Chair, Blood Bank Refrigerator, Coagulation Analyzer and Bedpan Washer. The lower level conference room was also renovated.

This year's fundraising success is a testimonial to the ongoing support received from our community, for our local hospital. The Seaforth Community Hospital is a place where people know and trust their caregivers, to provide quality care "close to home".

Our fundraising initiatives operated throughout the year, highlighting the critical needs:

- 14th Annual CKNX Health Care Heroes Radiothon
- Summer Campaign Appeal letter and Annual Newsletter
- Walton TransCan Motocross
- Christmas/Winter Campaign Appeal letter

Throughout the year the Foundation received regular reporting including audited financial statements from the Seaforth Community Hospital Trust (Chair, Sheila Morton). The Seaforth Community Hospital and Foundation boards established the Hospital Trust in June 2003, to ensure local control of property and support the Seaforth Community Hospital. The Hospital Trustees manage the Health Centre and lands in accordance with the written objects of the Trust and to that end work cooperatively with other community healthcare organizations.

With this Annual Report we are pleased to communicate how the community's financial investment has helped support the identified critical needs of the HPHA - Seaforth Community Hospital to provide healthcare "close to home".

Working together with the HPHA management team our volunteer foundation board of directors continues to provide tremendous community leadership and governance.

If we all give a little… we all get a lot!

Ron Lavoie
SCH Foundation Chairman

Bill Scott
SCH Foundation Vice Chairman

Seaforth Community Hospital Foundation
Board of Directors
2015/2016

Ron Lavoie, Chairman

Bill Scott, Vice-Chairman

Andrew Williams, Secretary-Treasurer

Dick Burgess

Liz Cardno

Sheila Morton

Kerri Ann O'Rourke

Mike Hak

Alf Ross

Robert I. Norris

Sherry McCall

Wendy Hutton

Greg O'Reilly

2015/2016 Chair's Message

American President Abraham Lincoln – a fascinating and highly quotable president even by today's standards – once said that if he had six hours to chop down a tree, he would spend the first four hours sharpening his axe.

It's a valuable observation on the importance of planning and preparation in achieving success, and it's a lesson that we've embraced at the Stratford General Hospital Foundation.

In the past year, we've spent a great deal of time and effort creating, implementing and incorporating our strategic plan. While that may not sound exciting to everyone, we see our strategic plan as a living, breathing document that's indispensable to our organization.

To use a nautical analogy, a strategic plan helps ensure you're headed in the right direction and able to make speedy course corrections when needed; it ensures you have the right people on board for a successful voyage, and the right tools to measure your progress towards your ultimate destination.

No charity or non-profit should leave port without a strategic plan – especially one that must navigate the changing and often challenging seas of healthcare.

We sought and received tremendous feedback from various key stakeholders, including physicians, volunteers, and donors. We were buoyed up by their positive feedback, ideas, and suggestions, which played a key role in fashioning our plan.

We aligned our Foundation's Strategic Plan with that of the Huron Perth Healthcare Alliance, utilizing the Alliance's three strategic pillars – people, partnerships and performance – and reinterpreting these to enable us to chart a course towards our vision: To be a healthcare charity of choice and a recognized leader in healthcare philanthropy in our region.

The process of planning was invaluable. We learned a great deal: how our donors like to be communicated with; how to define and measure success; what we're doing right and how we can improve, as well as the importance of exploring potential new partnerships and working relationships in a constantly evolving environment.

With all this focus on Strategic Planning, you may be a tempted to think that's all we've accomplished of late. Nothing could be further from the truth!

In the past year, the Foundation has continued to pay off its commitment to fund the Hospital's new North Wing, and has almost completed our funding commitment to the MRI. The Foundation, with the enthusiastic support of our donors, has also entered the "quiet phase" of an $18 million plus fundraising campaign for capital equipment, new technology, and replacement equipment.

Already, significant impact is being made. With donor support, we've purchased the first three of 7 anesthetic machines used in some 10,000 surgical procedures carried out at Stratford General Hospital each year. Through the support of a "matching gift" initiative, backed by the Stratford General Hospital Volunteers, we're also purchasing critical lab equipment including a Blood Gas Analyzer and a Microorganism Analyzer to help identify and battle life-threatening bacterial infections like sepsis.

Of course, as Board Chairman, I receive a great deal of encouraging feedback from patients and other community members on our positive impact. But this truly is a team effort. Our Foundation Board is made up of dedicated and talented volunteers who draw upon a wealth of experience and expertise to help steer our organization. They have my thanks.

And no organization can reach its destination without people to operate the vessel. Our very talented Executive Director Andrea Page, and her knowledgeable and motivated staff – Susan, Melissa and Christy, provide the energy and fundraising expertise that is crucial to our success. I have nothing but admiration for them.

But what about the donors and what about the patients you might ask? While I've left them to last, these are the two most important groups on our voyage to success. Without the patients who we seek to help, there wouldn't be any reason to set sail in the first place. May we always be guided by their needs first and foremost.

And to our donors…you are the force that propels us on our journey. Without you, none of what we work towards would be possible. You have our heartfelt gratitude. May you always be the wind in our sails.

Rick Orr
Board Chairman

Governance & Stewardship Volunteer Board

Stratford General Hospital Board of Trustees 2015-2016

Rick Orr, *Board Chair*
Hugh McDonald, *Vice Chairman*
Debbie Reece, *Treasurer*
Andrea Page, *Secretary and Executive Director*
Phil Buxton
Dave Carter
Bob Gulliford
Brent Hiller
Lisa Hyde
Dr. Keith Sparrow
Andrew Williams
Colleen Misener, *Honorary Life Member*

A Year to Remember . . . Highlights!

■ Our community continues to respond generously to our Christmas mailing reaching $ 240,113 to date with a total of 1203 donors with the average gift of $199.60

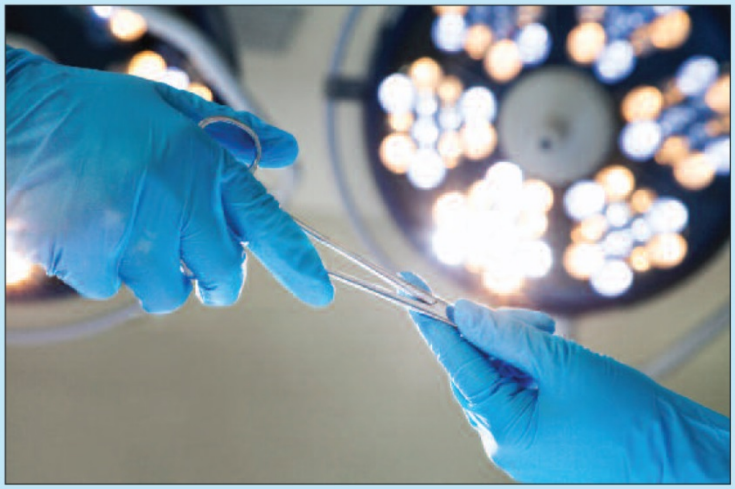
■ Volunteers of Stratford General are a committed core of some 230 members who play an essential role in patient care and in fundraising. This year their matching gift pledge of $150,000 helped double funds for lab equipment.

■ $303,592 raised in new Matching gift mailout for specialized Lab equipment used to detect sepsis. A salute to the Volunteers of Stratford General who matched every donation dollar for dollar.

■ Over the past few years the Foundation has disbursed over $18 million to the redevelopment project including this fiscal year's $600,000 towards construction. To date $3.5 million has been disbursed to MRI with the $3.8 million MRI project to be completely paid for by next year.

■ Nuclear Medicine Specialist Dr. Alhrbi demonstrated the benefits of Stratford General Hospital's new SPECT-CT Camera through the review of a number of case studies. SPECT-CT enables the direct correlation of anatomic information and functional information resulting in greater detail and accuracy. SGH is one of a few sites utilizing this technology. The SPECT-CT Nuclear Medicine Camera is now "paid in full" thanks to the generosity of our donors! L to R: SGHF Board members Dave Carter and Brent Hiller, Interim Manager Medical Imaging Louanne Plain, SGHF Board chair Rick Orr, SGHF Board member Debbie Reece, Nuclear Medicine Specialist Dr. Mashael Alhrbi, Nuclear Medicine Technologists Jenn Muir and Alysha Wagoner.

■ Dollars are coming in for our Spring , Instrumental In Saving Lives mailer for the purchase of Anaesthetic machines – 5 of the 7 needed are on order expected to be on site by end of June.



STRATFORD GENERAL HOSPITAL Foundation

"People Caring for People"

We Can Never Say Thank You Enough to Our Donors

RNs Jane Moore and Karen Wilson give thanks to donors who helped purchase a cardiac monitor, 3 specialized air mattresses and a bariatric bed for the Intensive Care Unit.

The team on the Medicine Floor are grateful for their new bariatric bed specialized for larger patients. Front : Natalie Weber RPN, Colette Bondy PT. Rear: Bonnie Thompson Manager Med/ISU, Whitney Shore RN, Amy Cressman RN, Crystal Mace PSW, Candace Ngungu RN.

Bonnie Thompson, Manager; Shannon Clark Dialysis Unit Assistant; Karen VanRyswyck RN; Jennifer Brown RN say thank you for their New wheelchair accessible scale which has digital weight memory and is used 2X a day for every patient.

The unsung heroes of the lab add their thanks for their new technology.

Lab Upright Fridge – Loriana Wszolek, Medical Lab Technician.

Lab Cassette Printer – Terri Natywary, Medical Laboratory Technician.

Benchtop Centrifuge – Kathleen Grogan, MLA/T Core Lab.

2015/2016 EQUIPMENT PURCHASES

The Stratford General Hospital Foundation disbursed **$839,099.75**. The items sponsored through our donors' generosity include:

- 2 Symphony Breast Pumps
- 4 Power Recliners
- 2 Video Ureteroscopes with Sterlization Trays
- Ultramed Ureteroscope
- Ultrasound Transducer
- 2 Bariatric Beds
- 3 Air Supply Mattresses
- Cardiac Monitor
- Sonosite Ultrasound Stand
- Wheelchair Digital Ramp Scale
- Cassette Printer
- Upright Lab Refrigerator
- Benchtop Centrifuge
- MRI – $30,000 – towards MRI
- Building Redevelopment construction – $600,000
- Hospital Staff Education

Please visit our website **www.sghfoundation.org** for a complete list.

STRATFORD GENERAL HOSPITAL Foundation

CLINICAL QUALITY REPORT

2015/2016

HURON PERTH HEALTHCARE ALLIANCE

Huron Perth Healthcare Alliance

Clinical Quality Report

2015 - 2016

HPHA

HURON PERTH HEALTHCARE ALLIANCE

Clinton Public Hospital
St. Marys Memorial Hospital
Seaforth Community Hospital
Stratford General Hospital

Supporting people Strengthening partnerships Improving performance

Executive Summary

The Huron Perth Healthcare Alliance (HPHA) is committed to safe quality patient care, an excellent patient and family experience and person centered care. Our Operating Priorities: **Quality and Safety, Patient Access, Fiscal Health** and **Workplace Health** drive our organizational goals and objectives. Our Guiding Principles: Supporting **People, Strengthening Partnerships and Improving Performance** define the work we do, the care we provide, and the contribution we make to ensuring our healthcare system is the best that it can be.

This commitment to quality is embodied in HPHA's Vision Statement: *We will improve the health and well-being of the people we serve by leading the development of a sustainable fully integrated rural health system.*

HPHA is similarly committed to integration and partnership as fundamental driving forces.

While the focus of this report is clinical quality, none of these initiatives is possible without the partnership and support of all HPHA departments such as Infection Control, Human Resources, Information Technology, Environmental Services, Patient Registration, Finance and Facilities Management.

CONTENTS

HPHA CLINICAL QUALITY INITIATIVES

Antimicrobial Stewardship
Antimicrobial stewardship (ASP) is a Required Organizational Practice of Accreditation Canada. HPHA and Alexandra Marine and General Hospital (Goderich) have a regional ASP initiative that is focused on improving the quality of patient care by decreasing the use of unnecessary antibiotics.

Bed Realignment
Several initiatives have supported the HPHA Bed Realignment of December 2014. HPHA's Bed Management Algorithm has resulted in a significant reduction in the number of "off-service" patients on the Telemetry and Surgery units ("off-service" patients are most often acute medicine patients for whom a bed is not available on the medical unit). In July 2015, HPHA's Organizational Chart was restructured to provide a site nursing manager for the Clinton, St. Marys and Seaforth sites for the Emergency Department and Inpatient Unit to provide a consistent level of leadership.

Bedside Transfer of Accountability
HPHA's Transfer of Accountability (TOA) project, funded by the Canadian Foundation for Healthcare Improvement, is focused on improving quality and safety of patient care and the patient experience by engaging patients and family in the exchange of information at change of shift at the bedside. Pilot projects have been conducted with the Surgery/Complex Continuing Care Unit (Stratford) and the St. Marys Inpatient Unit. Patient partners have been members of both project teams. Achievements through this project include implementation of procedures for bedside TOA, decreased time required for the exchange of information at shift change, participation of sixty-one staff in training sessions, production of education videos for both staff and patients and families, increased patient satisfaction, and increased staff satisfaction (SMMH site). Bedside TOA will be introduced to all of HPHA's inpatient units in 2016. Results from the bedside TOA study were recently presented at the Nursing Leadership Network of Ontario Conference and will be presented at the 8th International Conference of the Institute for Patient and Family Centred Care in New York in July of 2016.

Collaborative Care Model
A new Collaborative Care Model (CCM) was introduced with HPHA's Bed Realignment in December 2014. A new category of care provider, the Personal Support Worker (PSW), was introduced to all HPHA hospitals. The PSW provides care that meets basic patient care needs, allowing nursing staff to focus on the more complex assessments and care provisions. The PSW's have been well received by staff in HPHA and are considered valuable members of the care teams.

The Team Leader role was also introduced with Bed Realignment. All Team Leaders participated in an Emerging Leadership course and have monthly meetings to share and discuss opportunities for problem solving and role development. The Team Leader position provides an opportunity for these nurses to develop leadership skills in areas such as conflict resolution, Lean methodology and change management, and helps prepare Team Leaders who would like to move into managerial roles. HPHA has recently had two of its Team Leaders accept Managerial positions. The Team Leader role also expanded to include review of and response to patient safety incident reports to facilitate timely assessment and improvement opportunities.

In the CCM, the patient is a key partner in decision making. It is imperative that patients receive essential information and knowledge to help them make informed decisions regarding their health needs. To assist with information sharing and knowledge transfer, HPHA has introduced communication

tools such as bedside whiteboards, daily discharge rounds, unit/program huddles and daily bed management meetings.

In October 2015, HPHA introduced standardized uniforms for staff providing care and having interaction at the bedside. HPHA is one of the first hospital organizations in Ontario to implement such a program organization-wide. The goal of this initiative was to improve the patient experience through ready identification of care providers.

Crash Cart Standardization
The standardization of cardiac crash carts at the Stratford Hospital site in 2015/16 completes the project to ensure this equipment is standardized across HPHA's four sites.

Educators
The model and role of HPHA Educators were revised in autumn 2014 to provide a more corporate–wide focus and ensure that all clinical nursing areas were able to benefit from this organizational resource. The Educators have provided quality resources and injected energy in learning resources such as:

- 2015 Nursing Skills Day featured 20 skills stations (11 manned by HPHA staff, 9 by HPHA vendor partners); 84 attendees.
- "Toilet Talk" (one page resource notices placed strategically in staff washrooms)
- "DOC talks": Spearheaded by Internal Medicine in August 2015 when they identified a need to support nursing staff with education focused on specific clinic information post-Bed Realignment. All physician specialities are represented in this unique education which tailors learning needs specifically to front line staff. The Educators partnered with a core group of 13 HPHA physicians to offer DOC talks every two weeks. Information from the sessions is also available electronically. From August 2015-March 2016, 14 sessions were provided with an average attendance of 22.
- Support for mock Code Blues (response to cardiac and medical emergencies) at all sites and introduction of training pads for defibrillators to assist in effective chest compressions.
- Training sessions for Ultrasound Guided IV insertion, feeding tube insertion, new features for upgraded infusion pumps, to name but a few!
- Introduction of Nurse Champions on each unit to support peers with new initiatives and skill practice.

Emergency Response
Code Blue and Code Pink were revised to ensure timely, effective response to cardiac event or medical emergency in adults and children both inside and outside the hospital buildings.

Ethics
An overview of the principles of ethics and the HPHA Framework to Support Ethical Practice is presented to new hires at the monthly HPHA orientation.

Falls Prevention Program
The refreshed HPHA Falls Prevention Program became effective March 2016 with a number of enhanced measures to promote patient safety and also consider the individual's need for dignity, independence and freedom. Such measures include:

- Identification of patients at risk for falls through the use of standardized assessments and implementation of appropriate prevention and risk-reduction measures

- Involvement of patients and family members in the prevention of falls
- Education and resource material for staff, patients and families
- Medical Imaging reported incidents of Emergency Department (ED) patients falling within Imaging department during diagnostic procedures. With implementation of refreshed policy in March 2016, ED triage will screen patients and indicate those at risk of falls. Imaging is stocking non-slip socks as a safety measure when indicated.

Huddles

Daily huddles and huddle boards were initiated at HPHA several years ago to support linking Patient and Family-Centered Care with Process Optimization (Lean philosophy). Huddles serve to engage staff of a unit or department to own and resolve issues, implement improvement ideas, track meaningful metrics and sustain long-term solutions. In a project to refresh the standard for daily Huddles and boards, a team of HPHA staff, a patient/family partner, volunteer and physician met with a focus on performance and continuous quality improvement. Pilots were conducted in Materials Management, the Seaforth Inpatient Unit and Imaging with the intent to implement across all sites and units.

Medication Safety

- HPHA promotes a "Reporting Culture" and "Culture of Safety" (i.e. open reporting, full disclosure and identifying areas for system improvement and safeguards). Medication Safety is an ongoing area of focus at HPHA. Several initiatives of note occurred in 2015/16:
- Insulin Pen Project– A collaborative effort between Pharmacy, the Educators, Nursing and the Diabetes Education Program which involved the successful introduction of insulin pens at all sites in March 2016. This initiative will enhance safety of insulin use and facilitate patients using insulin with an easier transition home.
- Changing display in Medication order entry to ensure the prescribed dose of insulin is entered as opposed to formerly defaulting to a setting that a nurse is required to change if necessary. This was in response to a mediation error and will prevent a recurrence.
- Medication Reconciliation forms were revised based on feedback from nursing and pharmacy staff as well as physicians; the changes are expected to enhance the medication reconciliation process at HPHA.
- Revisions were made to the Automatic Stop Order Policy with the goal of reducing the chance of medication omissions if a medication stop date was applied to a medication order when it should not be.
- An improvement process was launched in 2012-13 at the Stratford site initiated by Nutrition and Food Services, and supported by Housekeeping, regarding medications left on meal trays or found in a patient's room. A significant improvement has been demonstrated: From July-September 2012, 13 incidents were reported and from January – March 2016, one incident was reported.
- Pharmacy reports the following metrics:
    - Number of Medication Events / Number of Medication Doses Dispensed = less than 1%
    - Medication Event Severity - % of Medication Events Reported Resulting in No Harm to Patient = 93.5%

Order Sets

An Order Set is an established set of pre-printed interventions developed in accordance with HPHA policies and procedures and evidence based practice and is used to provide treatment to effectively manage patients with a common/similar disease state or clinical scenario.

In 2015/16, HPHA made a concerted effort to review all existing Order Sets and revise as necessary or archive ones that were no longer necessary. This was a daunting exercise made somewhat easier through standardized formats and processes and the efforts of an administrative assistant who initiated an Order Set Boot Camp in which team members are efficiently and effectively accomplishing this task.

Palliative Care

Hospice palliative care is ideally a comprehensive, integrated and coordinated system to support people with life-limiting illnesses and their families, and improve individuals' and families' comfort, dignity and quality of life preceding death. Within HPHA, the Unit Action Councils of the Medicine/Integrated Stroke Unit (Stratford site) and St. Marys are developing an enhanced model of hospice palliative care for patients with a life-limiting illness and their families. Results of their efforts to date are listed in the UAC table of this document. In addition, HPHA is represented on the Huron Perth Hospice Palliative Care Collaborative that is developing both an Outreach Team and Huron Perth Residential Hospice model. In the last five years, 15 HPHA physicians have participated in LEAP (**L**earning **E**ssential **A**pproaches to **P**alliative and End-of-Life Care) certification and our roster of CAPCE (**C**omprehensive **A**dvanced **P**alliative **C**are **E**ducation) trained Registered Nurses is growing. Pain and Symptom Management sessions occurred in 2015/16 or are planned for early 2016/17 for nursing staff at all sites with the Southwest Palliative Pain and Symptom Management Consultant. Physician-specific sessions were also provided.

Patient Flow

HPHA continues to focus on patient access and flow. Physician representatives from all four sites have worked diligently with the Management Team over the past 12 months to achieve consensus on a flow algorithm for the Medical patient population. The algorithm details steps taken by the Inpatient Units at various occupancy rates to ensure that each patient receives the level of care required in an appropriate care setting. The algorithm ensures that all acute Medical beds across the sites are utilized. This flow management strategy also supports the Surgery Unit and Critical Care Unit by facilitating patient flow from those units to Medical beds.

Work also continues on the Head in Bed initiative that involves a pull mentality to expedite transfer of admitted patients from the Emergency Department to the appropriate inpatient bed. Within the Stratford site, a two hour target has been in place for the past few years; in recent months, the average Head in Bed time was under two hours when open beds were available. Effective May 1 2016, this target will be reduced to 1.5 hours. The same Head in Bed target will be implemented at the Clinton, Seaforth and St. Marys sites over the next year.

Appropriate use of Alternate Level of Care (ALC) designation was reinforced through training of 51 nursing, unit clerk and rehabilitation therapy staff. A pre and post comparison of ALC orders demonstrated improvement rates across the four sites.

A second initiative regarding ALC orders was a revised process to ensure all possible discharge options were considered prior to a patient receiving ALC-Long Term Care status. In keeping with our philosophy to return patients to their pre-hospital home upon discharge whenever possible with appropriate supports, Managers and Program Directors of HPHA and CCAC are required to sign off authorization that long term care is the best discharge option and the patient will remain in hospital.

Patient and Family Experience
Continuing efforts initiated under HPHA's 2014-15 Quality Improvement Plan (QIP), the 2015/16 QIP Patient Experience improvement initiative builds upon HPHA's commitment to foster a positive patient experience by further advancing the HPHA Patient and Family Experience Framework. HPHA's 2016/17 objective is to increase the number of patient feedback opportunities by 30% in all areas. This feedback will be analyzed with respect to identifying what it important to the patient and how HPHA can collaborate with our patient partners to achieve these mutual goals.

In July 2015, HPHA implemented free WiFi service throughout our four sites. This is of significant benefit to patients and families throughout the hospital experience.

Physicians
Grand Rounds is offered weekly at the Stratford site and broadcast to the other HPHA sites for physicians, and staff. A core group of physicians, with support from Medical Services, partner to plan, organize, and evaluate educational opportunities based on the identified needs of the professional staff. Physicians are granted educational credits through their respective Colleges for their attendance at Rounds.

In 2015, HPHA implemented a mandatory 360 degree review process for physicians to support career planning, inform professional development and facilitate quality improvement by providing physicians with broad-based quality feedback from peers, consultants and other staff such as administrative, nursing and allied health.

Department Specific:

- Emergency Medicine
    - Journal Club is organized for HPHA emergency physicians six times per year. The 2 hour sessions provide an opportunity for physicians to share best practices on evidence based clinical medicine. Educational credits are provided.
- Family Medicine/Emergency Medicine
    - Consultant Round Table is an educational event organized for the family and emergency medicine physicians and offered to each group a minimum of four times per year . Each session invites a specialist physician to review and discuss management of clinical cases and referral processes. Educational credits are provided.
- Paediatrics/Emergency Medicine
    - Educational forum for physicians of the Departments of Paediatrics and Emergency, and the associated nursing and respiratory therapy staff, for a day of clinical based simulation designed to support skills improvement and effective communication, teamwork, leadership and role assignment.
- Paediatrics/Family Medicine
    - In 2014, HPHA's Departments of Paediatrics and Family Medicine hosted the 23rd Annual Paediatric Day for physicians, nursing and allied professionals involved in the primary care of children to receive education regarding current changes in and management of paediatric conditions.

Pressure Ulcer Prevention and Management Protocol
This protocol, introduced in 2014/15, promotes maintenance of intact skin integrity and reduces the severity of pressure ulcers. During 2015/16, the role of the Wound Care Champion was enhanced though formalization of the referral procedures and provision of additional education.

Significant improvement was noted in the incidence of facility-acquired pressures ulcers:

HPHA Site	2015 incidence	2016 incidence
Clinton	**0 (0%)**	**0 (0%)**
St. Marys	**2 (11.1%)**	0 (0%)
Seaforth	**5 (26.3%)**	0 (0%)
Stratford	**10 (12.7%)**	**3 (4.1%)**

Process Optimization
Introduced to HPHA in 2010, the organization conducted five large scale projects. Smaller scale issue-specific projects and continuous quality improvement exercises continue to ensure efficient and effective processes. HPHA's Corporate Planning Department continues to offer training sessions and provide support and guidance to departments to build capacity regarding process optimization and problem solving. In 2015-16 sixty-five individuals were trained in the five sessions provided.

Project Management
Principles of Project Management were introduced to HPHA in 2010. HPHA's Corporate Planning Department continues to offer beginner and applications level training to build organizational capacity regarding the principles of project management and the key concepts of project delivery. In 2015/16, forty individuals were trained in the five sessions provided.

Quality Based Procedures (QBP)
These specific groups of patient services focus on best practices that will allow the system to advance quality and achieve system efficiencies. The proportion of hospital funding associated with QBPs will increase over time.

HPHA has implemented QBPs for hip and knee replacements, cataracts, tonsillectomy, Stroke Care, chronic obstructive pulmonary disease (COPD), congestive heart failure (CHF), hip fracture, jaundice and most recently, pneumonia. Implementation of a QBP involves development of an Order Set, care plans and care pathways, education resources and audit procedures.

Senior Friendly Hospital and Assess and Restore
The Senior Friendly Hospital (SFH) Strategy is a province-wide initiative that began in 2010 and is led by the Regional Geriatric Programs (RGPs) and LHINs. The focus is to enable seniors to maintain optimal health and function while they are hospitalized so they can be safely transitioned to home or the next appropriate level of care when acute care is no longer required.

The provincial Assess and Restore initiative is also focused on older adults with the expected outcomes to extend the functional independence of frail seniors and other people who live in the community for as long as possible; reduce the burden on caregivers by improving psychosocial and health outcomes for community dwelling frail seniors; and help LHINs, providers and health care professionals adopt evidence-based clinical processes and interventions that are effective in improving the functional independence of community-dwelling seniors.

In the spirit of these two initiatives, HPHA has engaged in:

- The Senior Friendly ACTION team (**A**ccelerating **C**hange **T**ogether **In** Ontario) focusing on the development and implementation of standardized screening and management strategies for Delirium with patients 65 years and older.
- Providing three day-long education sessions on the Principles of Geriatric Rehabilitation to 39 staff
- Funded purchases of additional rehabilitation equipment and enhanced signage for the Medicine/Integrated Stroke Unit and the ambulatory care area of the Stratford site.
- An Assessment Urgency Algorithm (AUA) pilot through the Nurse Practitioner program, Seniors Mental Health Program and outpatient physiotherapy program at the Seaforth and St. Marys sites. Implementation of this standardized assessment to proactively screen and identify community dwelling 'at-risk' seniors, develop direct access pathways to appropriate community resources and strengthen the link to primary care will support community dwelling frail seniors.
- Using D/G/H (Dentures/Glasses/Hearing Aid) magnets on patient bedside whiteboards on the Surgery/Complex Continuing Care Unit with the intent of improving the patient experience, outcomes and participation in care by ensuring appropriate aids are available and decreasing the risk of lost aids

Stroke

The Medicine /Integrated Stroke Unit at the Stratford Hospital site was nominated for a 2016 Huron Perth HealthCare Inspiration Team Awards for their demonstrated creativity and innovation as a team.

Unit Action Councils

HPHA has 14 Unit Action Councils (UACs); each with a patient and family partner as members. UACs provide a forum for staff, leaders, physicians, patients and family members of a patient care unit to address patient care/process issues. The primary goal is to achieve improvements in access to services and patient processes, patient outcomes and the quality of work life on the unit.

A process measure of HPHA's 2015/16 Quality Improvement Plan regarding Patient Satisfaction was that each UAC would have one process improvement that improves patient experience. Process Improvements accomplished in 2015/16 include:

Unit Action Council	Process Improvement
Chemotherapy	Chemotherapy Patient Information Booklet
Clinton site	Patient stimulation activities with an emphasis on patients with dementia
Critical Care	Sleep Promotion: 33% of patients surveyed indicated that noise (35%) and light (15%) were contributing to poor sleep. Strategies implemented to reduce light and sound with goal of 10% improvement in sleep quality. Evaluation will occur through post-implementation survey.
Dialysis	Implementation of an iPAD to link satellite Dialysis patients with LHSC allied health for "face to face" virtual consultations (e.g. Social Work and Dietician)
Emergency (Stratford)	Expanding ED volunteer role to check on patients in waiting room Focus on completion of ED bedside white boards; completion rate improved from 0% to 90%.
Lab	100% blood work for stroke patients called to ED when ready

Maternal Child	Realignment of clerical duties to release nurses for patient care Quick reference posters developed to build staff capacity
Medicine/ Integrated Stroke Unit	Bathing project in which patient preference for bath was asked on admission and documented on electronic chart and bedside whiteboard. Thirty patients were interviewed for feedback: with 100% of patients that remembered giving a preference on admission, received their bath at their preferred time of day and 100% positive feedback from patients who were given a choice felt they are being included in their decisions of care. The daily compliance rate ranged from 50-80% for staff asking patients on admission their bathing choice and 17% of staff respondents felt they had reduced workload pressure (based on 30% response to 40 staff surveys).
	Implemented the use of suction toothbrushes for stroke patient oral care. Increased patient and family satisfaction reported regarding oral care; easier and more thorough oral care and improved oral intake
	Created a dedicated dining room for stroke patients recognizing that meal time provides opportunity for independence as well as functional recovery of skills learned in therapy (stroke best practice guideline). Results include: • Patient nutrition improved as full meals are consumed. Early audit with two stroke patients before and after the dining room opened, for a 14 day period (7 days before and 7 days after) demonstrated more patient meal intake post shared dining room experience. "Minimal/small" amounts were charted at 22 meals before the dining room opened and 8 meals afterward. In contrast, "larger" meal intake was charted at 21 meals before and at 35 meals after shared dining experience. • Increased patient satisfaction (patient/caregiver satisfaction surveys) • More efficient service delivery (decreased delays in time from tray delivery to patient meal consumption.) • Expected reduction in Length of Stay within 6 months tracked by time to return to functional independence for meal intake
	Team photo board: All multidisciplinary roles represented to improve recognition and communication between all team members; positive physician feedback when polled at Medicine Care Team meeting
Medical Imaging	Enhance patient access by offering walk-in exams at Stratford site one hour prior to scheduled orthopedic clinic appointments as opposed to prior condition of day before or lengthy wait; also decreases bottlenecks in Ortho Clinic. In infrequent cases when patient is delayed for scheduled orthopedic clinic appointment, clinic is notified. Signage created for all Imaging waiting areas/sub waiting areas at all sites providing explanation to patients that they may be called out of order of arrival.
Mental Health	Sleep kits developed for patients
Operating Room	Patient satisfaction survey developed and implemented for endoscopy patients; all scores above 90%
St. Marys	Process for morning medications developed: improved patient preparation for breakfast ensuring warm meals consistently; reduced medication delivery time
Seaforth	Letter for all Rehab and Complex Continuing Care patients orienting them to program (e.g. what to bring and what to expect) Group therapy to support patients with adjustment to changes in health

Surgery	•Patient Hand Book for Hip Surgery in progress •Surgical Tip Cards for staff to increase capacity for care completed •Orientation and Welcome to the Unit package for Complex Continuing Care patient and their families •Revised nightly duties checklist (more comprehensive) •Revised Ortho Post-Op Instruction Sheet and process for booking follow-up appointments that is more patient focused and streamlined. •Safety Crosses for Hospital acquired wounds, employee injuries, falls, medication errors for use on huddle boards
Joint UAC – Medicine/ Integrated Stroke Unit and St. Marys inpatient unit	Enhance the approach to palliative and end of life care: • Increase number of nurses educated in Palliative Pan Scale (PPS) and Edmonton Symptom Assessment System (ESAS) • increase current numbers of patients assessed with PPS and ESAS • increase percentage of palliative patients with documented PPS and ESAS scores • documented improvement in pain and symptom management • improved patient and family experience as collected through patient /family feedback survey education for palliative patients and their families;
Medicine/ Integrated Stroke and Surgery Units	Reviewing tools to assist staff when being assigned to work on another unit

PARTNERSHIPS

Cancer Care –
HPHA received recognition in 2015/16 from the Cancer Performance Steering Committee for meeting Ontario Breast Screening Program Wait Times for abnormal screens to diagnosis for cases with a tissue biopsy in 2014/15, and for meeting targets for Cancer Surgery Wait Times for time from decision to treat to treatment. HPHA was also recognized as the province's top performer in pathology post-surgery turn-around time for all disease sites.

HealthLINKs - Coordinated Care Plans
Health Links is a provincial initiative to provide coordinated, efficient and effective care to patients with complex needs. In 2015/16 several HPHA leaders have been involved with the "FLO Team" initiative increasing capacity for leading change regarding initiation of Coordinated Care Plans (CCP) in hospital environments or supporting patients who are admitted and have a coordinated care plan. Staff across have participated in education sessions regarding CCPs with the intent to increase the opportunity to identify inpatients who have or would benefit from a CCP.

Partnerships with Police
The Mental Health Response Protocol between HPHA, Perth EMS and Stratford Police to provide safety and support to individuals requiring mental health and addictions care was introduced in 2014/15. Prior to the Protocol, Stratford police had an average 120 minute wait in the Emergency Department and the post protocol average wait time is 20 minutes.

HPHA partnered with the Stratford Police and Huron County OPP to provide an education session regarding Conductive Energy Weapons, aka Tasers. This session provided accurate information regarding deployment, indications for use, and potential after-effects that might be expected with respect to healthcare.

Tripartite Study
2015/16 was the second year of a Tripartite Study between HPHA, Knollcrest Lodge and Ritz Lutheran Villa/Mitchell Nursing Home to explore partnership opportunities and collaborative service delivery models to improve care and services to the residents of Huron and Perth Counties. In 2015/16, specific opportunities related to Human Resources, Pharmacy, Materials Management, Finance and Information Technology were reviewed in greater depth with several areas targeted for action in 2016/17.

DEPARTMENT-SPECIFIC INITIATIVES

Interhospital Laboratory Partnership/HPHA Laboratories
The Interhospital Laboratory Partnership (IHLP)/HPHA Laboratories were recognized by Cancer Care Ontario's (CCO) Pathology Team in the 2015/16 review for exemplary performance in pathology turn-around times, achieving 100% compliance. Only a few hospitals in the province achieved that result.

Hospitals continue to be key partners in fulfilling Ontario's blood utilization strategy to ensure better patient outcomes, appropriate use and decreased wastage of blood and blood products. Representatives from the Ontario Regional Blood Coordinating Network and Canadian Blood Services met with representatives of IHLP and transfusion service for the annual review of blood utilization and inventory management. Highlights from the 2015/16 visit include:

- Appropriate utilization of IVIG (intravenous immunoglobulin) and implementation of the Ontario IVIG utilization guidelines.
- Redistribution of Red Blood Cells to reduce outdating within IHLP sites and external sites of precious blood resources; platelet outdating is also minimized.
- Facilitating transfusion education sessions with physicians
- Tracking and reporting physicians' transfusion practices

Maternal Child

- Dr Nascu, Obstetrician, spearheaded a research study to determine the incidence of infections after a Caesarean Section procedure. Although the National Institute of Health has established benchmark data, individual hospitals rarely collect and report this information. The Unit is taking steps to identify infection rates to ensure compliance with the best standards for patient care. It is anticipated that 125 women will participate in this study over a period of 6 months.
- Work continues toward implementing standards, protocols and process with the objective to achieve BFI (Baby Friendly Initiative) status; the BFI policy is in development phase.
- Simulation educational support (e.g. Skills Days regarding specific equipment and hands-on practice sessions; Paediatric/Emergency physicians Simulation Days in cooperation with LHSC) were provided in the 2015/16 year.

Medical Imaging
In preparation for Echocardiography program accreditation through the provincial Cardiac Care Network, process improvements included measures to ensure confidentiality, patient safety, patient education, physician ordering criteria, consent, stricter reporting timelines and quality assurance. The Accreditation site visit March 29, 2016 resulted in accreditation with only a minor formal Quality Assurance issue.

Mental Health
Indigenous cultural competency training is designed to improve health outcomes for Ontario's Aboriginal people by building culturally competent and safe health care environments that will increase the likelihood that Aboriginal people will seek care and engage in treatment. As of March 31, 2016, 83 HPHA mental health staff have completed the required training.

Primary Care Nurse Practitioners, instituted at HPHA in July 2014, have registered more than 120 individuals who are in need of primary health care for issues related to the frail elderly population, mental health and addiction issues. This program provides primary care to individuals who do not have a family physician.

Police Training –Twenty-three area police officers were graduated from the 5th annual three day training event provided by Mental Health Services to the Stratford Police, Huron and Perth OPP and Wingham Police to support involvement with and support to individuals with mental health needs; a total of 223 officers have been trained.

smallTALK (Pediatric Speech and Language Program)

- 495 referrals to the smallTALK program of which 53% were directed to HPHA (5% decrease in referrals from 2014/15)
- 48% of referrals were for children under 30 months of age (slightly above Ministry's required deliverable)
- Of the 61 18 month olds referred to HPHA sites from their Enhanced Well Baby visit, 90% of those assessed had some type of intervention recommended.
- 58% of children directly referred through Calling All Three Year Olds were referred to HPHA 30% fewer children were referred by Junior Kindergarten teachers suggesting that fewer children are arriving at school with speech and language delays
- smallTALK, in collaboration with other Kids First partners, initiated the Read to Baby book bundles. The bundle, provided to every baby born in Perth and Huron counties, includes a board book, nursery rhymes and finger play activities, information regarding communication milestones and children's services all contained in a reusable bag. Board books are also provided to children at their 18 month Enhanced Well Baby visit in Huron County.
- The average wait between referral and assessment is seven weeks which is considered an excellent response time when compared to other PSL programs
- There were 30% more infant hearing screens referred to our three community screeners within the Infant Hearing Program compared to 2014/15. In-hospital screens are no longer provided at Alexandra Marine and General Hospital and a considerable increase in demand for community screens is anticipated. Efforts to improve adherence to protocol for screens conducted at Stratford General Hospital is underway.

Pharmacy

- Bluewater Health representatives were hosted to review HPHA's Electronic Mediation Administration Record and Medication Reconciliation Systems in March 2016
- Cambridge Memorial Hospital representatives were hosted to review HPHA's Controlled Substances Management system, cold packaging system and formulary function in Meditech in March 2016
- The ongoing management of medication shortages that have impacted hospitals and healthcare settings across Canada in recent years have been effectively managed for minimal impact on or disruption to service.
- Ontario College of Pharmacists completed hospital inspections at the Clinton, St. Marys and Seaforth sites in May 2015. All sites "passed"; College standards are under development and this is as specific an outcome as is currently awarded. Both HPHA and Alexandra Marine and General Hospital (our regional Pharmacy partner) were featured in "Hospital Pharmacies Benefit from Practice Advisor Visits", Ontario College of Pharmacists, Pharmacy Connection Summer 2015 publication.
- Alicia Stevens, Regional Pharmacy Informatics Coordinator, presented "EMPOWER – A Canadian Hospital Experience with Implementation of an Electronic Medication System" at the 2015 Medical Users Software Exchange International Conference in Nashville, USA. This presentation was recognized as a finalist in the International Education Exchange program.
- Lara DiMambro, Pharmacy Technician, presented on how communication can enhance medication safety at the Canadian Patient Safety Institute Conference in Edmonton in October 2015
- Ryan Itterman elected as President Elect (External Portfolio) , Ontario Branch, Canadian Society of Hospital Pharmacists in November 2015

Automatic Dispensing Cabinets – Medication Doses Dispensed

	Total for 2015/16	**% Change from 2014/15**	**Target**
Number of Medication Orders	192,960	Increase of 0.4%	N/A
Number of Medication Doses Dispensed	746,862	Decrease of 0.5%	N/A
% of Medication Doses Dispensed from Automated Dispensing Cabinets	87.1%	Increase of 0.8%	Greater than 85% (2015/16 target = 80%; 2016/17 target = 87%

Quality Improvement Initiatives

Often simple modifications involving such measures as communication, education, development of standard procedures and quality assurance checks result in improved processes, enhanced patient care, more efficient procedures and less rework. Examples of department-specific initiatives follow:

DEPARTMENT	INITIATIVE	RESULTS (to date or on completion)
Chemotherapy	Process improvements regarding use of space and work flow to accommodate chemotherapy patients and non-chemotherapy patients for medical procedures have included: • Phone call forwarding pilot to decrease interruptions to nursing team while caring for patients • Access to patient information through use of Clinical Connect (ePortal) • Addition of Fax Line to Communication Station in main treatment room • Discontinuation of 2:00 p.m. printed Lab Result Report; results available electronically thus unnecessary printing and filing discontinued • Implementation of Outpatient Referral Form to help guide medical outpatient triage and scheduling • Addition of Triple Infusion Pump to facilitate patient care • Ensure all patients receiving treatment have a patient identification armband	
Clinical Nutrition	Developed seven training modules for Nutrition and Food Services to support staff to work to scope of practice and better meet needs of patient with respect to nutrition	
	Malnutrition education to interprofessional leaders and staff.	
	Developed a procedure checklist related to staff roles regarding enteral feeds/TPN discharge plans and set up of TPN supplies, pumps and services at home.	
	Facilitated education to Registered Dietitians regarding nutrition and pro-inflammatory markers and oxidative stress.	
	"Take the 100 Meal Journey" – education provided to staff supporting healthy changes in eating patterns	
	Clinical Nutrition provided information regarding nutrition guidelines for Congestive Health Failure patient education handout	
Huron Perth Diabetes Education Program	Collaboration within eight Huron Perth hospital programs to ensure all referrals screened and triaged to appropriate level of care, close to home, with the shortest wait times using a standardized referral form. Goal to increase access to diabetes education services and improve coordination and integration of diabetes services across the continuum.	Total Clients for 2015/16: 7% increase in volume compared to 2014/15 (98% of target). Client Interactions for 2015/16: 3% increase from 2014/15 and 3% above target

	Evaluate and improve effectiveness of partnerships with Huron community Family Health Team (Seaforth) and Clinton Family Health Team to increase access to diabetes education services and improve communication, coordination, and integration of diabetes services	Communicating and sharing lab results, progress notes and other information via FHT electronic medical record. 33% increase in client interactions from 2014/15.
	Attendance at SW Self-Management conference on "Effective Workshop Design". Developed comprehensive evaluation forms to gain feedback regarding diabetes information content and delivery.	Adaptation of presentation skills to meet audiences needs in both group and clinic settings
Laboratory	Vendor conducted full diagnostic test to assess discrepancies between Lab ECG machine and Stratford Emergency Department. monitoring system	No further discrepancies
	Mismatch between ECG label and Stratford Emergency Department patients. Provided standardized process; communication and education to nursing staff.	2016 compliance = 99%
	Formalized reporting procedures developed to comply with Stroke Protocol that lab results be directly called to Emergency Department to expedite care of patient.	2016 compliance = 100%
	Most Responsible Lab staff assigned daily to complete checklist at end of outpatient lab hours with respect to lab specimens.	2016 compliance 100%
	Outpatient Lab at Stratford site relocated from 5th floor of West Building to first floor.	Delay in installation of pneumatic tube to convey lab samples to Core Lab on 5th floor resulted in turn-around time increasing from 30 minute target to 55 minute average. With installation of pneumatic tube, average turn-around time = 20 minutes.
	Knowledge transfer project to produce training video and competency package to ensure standardized method of education and skill for health care practitioners (other than Lab staff) performing point of care testing across the Interhospital Laboratory Partnership (IHLP)	Enhanced patient care due to increased quality of results in testing and reporting. Project completed March 31, 2016. Results not yet available.
	Standardized Consent Form and process regarding Blood Products developed and implemented for the 12 labs of the IHLP	Ensures informed consent regarding a patient receiving any blood products.
Maternal Child	Enhanced protocol regarding cord venous pH to ensure testing for newborns is aligned with regional and national Best Practice Guidelines	
	Enhanced hypoglycemia protocol for premature infants and newborns at risk	

	Implementation of decanting station to track utilization of artificial nutrition (as opposed to breast milk); moving towards discontinuing use of artificial milk supplementation	
	Addressing specific patient needs through lunch and learn education sessions for nurses (e.g. hypoglycemia, thalassemia)	
	Medical Directive for 24% glucose (pain relief) implemented to ensure babies receive solution as necessary	
Medical Imaging	Expand ultrasound services and coverage at the Stratford site to meet anticipated annual increase of 1,000 cases and improve wait times	Purchase of additional ultrasound unit, adjusted ultrasound technologist and clerical staff schedule
	Meet stroke protocol standards to perform CT Angiogram carotid/cerebral perfusion studies within 25 minutes of patient arriving in Emergency Department	Orient and train all CT technologists in new protocol
	Change in Intravenous Contrast for CT exams	Lower volume of contrast injected; improved image quality. Anticipated annual savings of up to $3000.
	Physician Report Audit indicated that approximately 10% of Imaging reports were being sent to incorrect physicians	Corrective action includes processes to ensure selection of correct physician from Meditech provider dictionary; provider dictionary updated with address changes; locum physician information current; complete physician information on requisitions.
	Inventory/Stock refresh initiated by Materials Management in response to inventory greater than needs, duplication of inventory in separate areas, running out of stock of "special order" items.	Par level of supplies adjusted; special order supplies consolidated as possible for access; supplies shared as possible
	Adjusting CT bookings during early morning and late afternoon while maintaining volumes	Improved patient access and flow, enhanced patient experience, significantly reduced late afternoon bottleneck and anticipated positive impact on overtime
	Equipment Kaizen to assess and evaluate equipment and space with the intent to maximize flow supporting patient care.	Consistent locations designated; Equipment Inventory audit implemented.
	Given the incidence of malnutrition for admitted patients and nutrition being regarded as a treatment, Medical Imaging has introduced “protected” meal times effective March 2016 (not scheduling procedures during meal times for inpatients).	

Mental Health	Change in process for Transfer of Responsibility at shift change on inpatient unit to reduce time required to complete.	Pre = 40 minutes Post = 20 minutes
	Standard Work created for admissions to unit	
	Transfer of Responsibility between Crisis Program and Stratford ED to ensure appropriate information is relayed to care providers to support continuing care of patient	
	Establishment of Neurofeedback Therapy provided by psychiatrist, Sexual Assault Treatment Program and Nurse Practitioner to support individuals with trauma and chronic pain.	Training and equipment acquisition
	Eating Disorder Program: increased volumes related to presence with the Methadone clinic in Seaforth, co-facilitation of group with Seniors Mental Health Program, increased presence on the inpatient unit, reaching out to psychiatrists and community and collaboration with HPHA dieticians. New Referrals: Goal: 80 patients: Visits: Goal: 252 patients	 Total: 100 patients (125%) Total: 293 (116%)
	Implementation of open group therapy in Psychiatric Day and Evening Program to support patients who had been in individual counseling for over 2 years and where it was felt that their continued recovery could be supported by group therapy.	12 patients have consistently attended the group. Capacity created to admit new patients for individual therapy.
Nutrition and Food Services	Kaizen Team in Stratford Nutrition and Food Services to decrease waste, decrease inventory and increase efficiency	
	Diet orders required for all patients for patient safety with respect to dietary restrictions, food allergies and special diets effective January 2016. Provided education and revised order entry process.	Averted potential patient safety incidents with respect to allergic reactions
Pharmacy	Rx-M Dictionary is used by nursing staff to generate the Best Possible Medication History for medication reconciliation. In October 2015, a significant cleansing of this resource occurred (from 32,000 items to 3,000) ensuring a more efficient system and enhanced safety with respect to patient medication histories	
	In January 2016, as part of the Infusion Pump upgrade initiative, the existing drug libraries were standardized to enhance safety of administration of medication infusions	
Rehab Therapy Staff	Relocation of gym in Clinton to inpatient unit to improve patient flow, access and utilization of therapy equipment and space	
	Development of a documentation audit tool for monthly audits	2 staff trained
	Implementation of intervention to track wait time in Hand Therapy	
	Progress towards on line documentation in Hand Therapy clinic	
	Implementation of discharge follow-up calls. Goal is to track quality of discharge planning completed in hospital	
	Standard work processes established for Occupational Therapy/Physiotherapy/Speech Language Pathology/Nursing for patients transferred between HPHA sites and for new admissions	
	Implementation of intervention in outpatient Physiotherapy to track wait time for admissions to program	

Seaforth	Introduction of Discharge Checklist	
	Bedside white board and electronic patient chart to enhance communication between therapy and nursing staff to support patients on a dressing program to be as independent as possible	
St. Marys Emergency Department	Rapid Assessment Zone was implemented for less acute patients (who do not require a stretcher) to improve patient flow, decrease wait times, enhance patent experience and decrease number of patients leaving the Emergency Department without being seen.	
Telemetry	Implementation of electronic report to track telemetry packs (when applied to patient and when discontinued).	Lost 3 telemetry packs in pre-implemented and none since implementation.

PATIENT VOLUMES

Department/Program	Service	2015/16 Volume	2014/15 Volume
Cancer Care/Chemotherapy	Oncology Visits	1,104	1,083
CCC/Rehab	Complex Continuing Care Patient Days	9,479	9,766
	Rehabilitation Patient Days	4,020	4,588
	Occupational Therapy Attendance Days	11,558	9,610
	Physiotherapy Attendance Days	26,731	23,979
Emergency	Emergency Department Visits	58,403	56,615
Imaging	Bone Density Scans	1,409	1,164
	CT Scans	11,702	11,202
	Mammography Exams	6,308	5,971
	MRI Scans	4,870	4,690
	Nuclear Medicine Exams	2,935	2,677
	Ultrasound Exams	23,287	16,216
	X-Rays	46,705	44,594
Laboratory	Biochemistry Tests	594,671	615,150
	Blood Bank Tests	16,210	18,327
	Cytology Tests	Included in Biochemistry	Included in Biochemistry
	Hematology Tests	73,552	74,504
	Histology Tests	61,950	61,813
	Microbiology Tests	86,230	86,186
Maternal/Child	Babies Delivered	1,161	1,127
Inpatients	All Acute Inpatients	8,016	8,107
Medicine Inpatients	Acute Medicine Inpatients (3,318 inpatients in 2011/12)	2,096	2,097
Mental Health	Community Mental Health Services Contacts (Outpatient)	25,617	23,845
	Mental Health Patient Days (Inpatient)	4,466	4,462
Stroke Prevention	Community Stroke Rehab Team Clients	248	270
	Secondary Prevention Clinic for Transient Ischemic Attack (TIA) /non-disabling stroke clients	265	259
Surgery	Inpatient Surgeries	1,997	2,150
	Day Surgeries (13,404 visits in 2011/12)	12,681	11,530
Renal Program	Dialysis visits	3,878	4,262

Huron Perth Healthcare Alliance

About Us

Huron Perth Healthcare Alliance

Governance

2015/2016

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President, Medical Staff – Stratford Site

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Site Chief, Clinton Public Hospital

Dr. Chuck Gatfield
Site Chief, St. Marys Memorial Hospital

Dr. Heather Percival
Site Chief, Seaforth Community Hospital

Donnalene Tuer-Hodes
Chief Nursing Officer

Andrew Williams
President & Chief Executive Officer

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Mary-Lynn Priestap
Richard Seip

Huron Perth Healthcare Alliance

Medical Leadership

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Chief of Staff

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Chief, Paediatrics

Dr. Malcolm Carlson
Medical Program Director, Laboratory Medicine

Dr. Ramandeep Chahal
Medical Program Director, Mental Health

Dr. Shawn Edwards
Chief, Family Medicine

Dr. Chuck Gatfield
Site Chief, St. Marys Memorial Hospital

Dr. Gregg Hancock
Medical Program Director, Maternal/Child

Dr. Lynda Harker
Medical Program Director, Medical Imaging

Dr. Graham Heaton
President, Medical Staff - Stratford Site

Dr. Erin Heisz
Physician Lead, Health & Wellness

Dr. Peter Hodes
Medical Program Director, Continuing Care/Rehab

Dr. Kevin Lefebvre
Medical Program Director, Surgery

Dr. Miriam Mann
Medical Program Director, Emergency Medicine

Dr. Daniel Ooi
Site Chief, Clinton Public Hospital

Dr. Heather Percival
Site Chief, Seaforth Community Hospital

Dr. Phil Schieldrop
Chief, Stratford General Hospital Emergency Department

Dr. Collan Simmons
Chief, Anaesthesia

Vacant
Medical Program Director, Medicine

Professional Staff 2015-2016

Abdullah	Dr. Rukhsana	**Fuss**	Dr. Jeffrey	**Longfield**	Danielle	**Salsbury**	Dr. Peter
Abushawish	Dr. Ghassan	**Gatfield**	Dr. Chuck	**Lussier**	Dr. Paul	**Sawka**	Dr. Barry
Ahmed	Dr. M. Sayeed	**Gavsie**	Dr. Adam	**Lynes**	Beth	**Schiedel**	Dr. Jon
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Aitken	Dr. Terry	**Gillett**	Dr. Michael	**Maciver**	Dr. Angus	**Schmitz**	Dr. Carmen
Anand	Dr. Parvesh	**Gilmour**	Dr. Kim	**Maciver**	Dr. Allison	**Seevaratnam**	Dr. Loretta
Andros	Dr. Phil	**Glass**	Dr. Erin	**MacNaughton**	Dr. Janis	**Shah**	Dr. Keyur
Anstett	Dr. Danielle	**Gobburu**	Dr. Ram	**Malak**	Dr. Mohammed	**Shepherd**	Dr. Carolin
Appavoo	Dr. Sam	**Goela**	Dr. Aashish	**Mann**	Dr. Miriam	**Sidhu**	Dr. Amneet
Asuncion	Evelyn	**Gonser**	Dr. Randy	**Mansour****	Dr. Ben	**Simmons**	Dr. Collan
Baici	Charlotte	**Gorodzinsky**	Dr. Fabian	**Marshall**	Dr. Marilyn	**Sischek**	Dr. Stephanie
Bains	Dr. Richard	**Gott**	Dr. William	**Marshall**	Dr. Shaun	**Sjaarda**	Amy
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Beattie	Dr. Sean	**Gushulak**	Dr. Katherine	**Mather**	Dr. James	**Snider**	Dr. Stacey
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Biswas	Dr. Robert	**Hancock**	Dr. Gregg	**McCune**	Dr. Marcie	**Spacek**	Dr. Zdenek Stan
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Bloch	Dr. Christine	**Hasegawa**	Dr. Brian	**Minnis**	Dr. Shantel	**Squires**	Dr. Philip
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Bukala	Dr. Bernard	**Hodes**	Dr. Peter	**Mott**	Dr. Dan	**Tamblyn**	Dr. Susan
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Carlson	Dr. Malcolm	**Hussey**	Dr. Andrew	**Narayan**	Dr. Shanil	**Thompson**	Dr. Caitlin
Carrier	Dr. (Heather) Noelle	**Hwang**	Dr. Christine	**Nascu**	Dr. Patricia	**Thornton**	Dr. Tanya

Carstensen	Dr. H. Michael	**Inegbu**	Dr. Ernest	**Neilsen**	Dr. Philip	**Tinits**	Dr. Peter
Chahal	Dr. Ramandeep	**Janzen**	Dr. Dennis	**Nguyen**	Dr. Hankie	**Tokarewicz**	Dr. Alexander
Chakrabarty	Dr. Lina	**Jewson**	Dr. Fred	**Nguyen**	Dr. Scott	**Tomlinson**	Dr. Bruce
Chakrabarty	Dr. Lina	**Johnson**	Kari	**Nichols**	Dr. Bruce	**Tomlinson**	Dr. Donna
Chehadi	Dr. Waleed	**Johnston**	Dr. Bill	**Nicholson**	Dr. Janis	**Trevail**	Dr. Michael
Chen	Dr. Kuan-Chin (Jean)	**Kahn**	Dr. Michael	**Nizami**	Dr. Tariq	**Troster**	Dr. Michael
Cho	Dr. Stephen	**Kalos**	Dr. Tibor	**Noël**	Dr. Daniel	**Tsafnat**	Dr. Tamar
Chopra	Dr. Anurag	**Kara**	Dr. Alnoor	**O'Brien**	Dr. Christopher	**Turner**	Dr. Dawn
Chung	Dr. Sing	**Karaul**	Dr. Ameet	**O'Neill**	Dr. Craig	**Ubaidat**	Dr. Manaf
Ciavarro	Dr. Cesare	**Keelan**	Caitlin	**Ooi**	Dr. Daniel	**Uniac**	Dr. Patricia
Cleto	Dr. Luis	**Kelly**	Dr. Emily	**Pabani**	Dr. Wahid	**Urbain**	Dr. Jean-Luc Claude
Clifford	Dr. John	**Kelly**	Dr. Erin	**Pankarican**	Dr. Josif	**Van**	Dr. Ngoc Binh
Clin	Madeleine	**Kenyon**	Dr. Greg	**Papastergiou**	Dr. Thanos	**Van Boekel**	Dr. Trish
Colgate	Mhairi	**Kim**	Dr. Harold	**Parratt**	Dr. David	**VanDam**	Dr. Darren
Conlon	Dr. Patrick	**Kipp**	Catherine	**Parsons**	Dr. G. Wayne	**Vartija**	Dr. Larissa
Connor	Sabrina	**Kittmer**	Dr. Tiffaney	**Partridge**	Dr. Lindsay	**Verberne**	Cate
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Cruz	Dr. Norman	**Kluz**	Dr. Agnieszka	**Patel**	Dr. Amit	**Waanders**	Agnes
Curtis	Dr. Michael	**Kluz**	Dr. Andrzej	**Pellizzari**	Dr. Michael	**Walker**	Dr. J. Roberts
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Davis	Dr. Robert	**Kurtz**	Dr. Veronika	**Pierce**	Laura	**Wells**	Dr. Malcolm
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Dhillon	Dr. Yadwinder	**Langford**	Dr. Grace	**Poss**	Dr. Christopher	**Wilkinson**	Dr. Mark
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Diotallevi	Dr. Mark	**Lappano**	Dr. Sergio	**Powell**	Dr. Mark	**Wilson**	Dr. Tania
Drake	Dr. David	**Lau**	Dr. Amy	**Preston**	Dr. Stephen	**Wilts**	Susan
Drake	Dr. Thomas	**Lawrence**	Julie Ann	**Prout**	Dr. Andrew	**Wong**	Dr. Jorge
Edwards	Dr. Shawn	**Leddy**	Sue	**Purushotham**	Dr. Hemavathy	**Wood**	Dr. Jacqueline
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Eickmeier	Dr. Dan	**Lefebvre**	Dr. Kevin	**Riesberry**	Dr. Martha	**Xiao**	Dr. Chaowen
Ennett	Dr. Joseph	**Leung**	Dr. Andrew	**Rooyakkers**	Dr. Dan	**Yeung**	Dr. Alison
Eshaghian	Dr. Farhang	**Levencrown**	Amanda	**Rouse**	Dr. Tyler	**Yi**	Dr. James
Espinet	Natalie	**Li**	Dr. Yu	**Rowe-Mahon**	Dr. P. Elaine	**Yohanna**	Dr. Seychelle
Feltham	Dr. Matt	**Liu**	Dr. Cindy	**Rustad**	Dr. Clare	**Zawahir**	Dr. Mohamed
Furst	Dr. Ian	**Lohmann**	Dr. Reinhard	**Salo**	Dr. Rosaline		

****Deceased Sept 2015**

Updated – June 2016

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Quality & Clinical Services
Mary Cardinal

Vice President
Performance & Fiscal Health
Ken Haworth

Vice President
People & Workplace Health
Marie Ormerod

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VACANT

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Michelle Scime-Summers

Manager, Maternal Child
Laurie Bolden

Program Director, Surgical Services & Maternal Child
Donnalene Tuer Hodes

Manager, ER & Inpatient Services (CPH)
Laura Brown *(Interim)*

Manager, ER & Inpatient Services (SMMH)
Jane Rundle

Manager, ER, CCU & Cardiorespiratory (SGH)
VACANT

Manager, Medicine/ISU, Dialysis & Medical Clinics (SGH)
Kerri Hannon *(Interim)*

Manager, District Stroke Centre
Bonita Thompson *(Interim)*

Program Director, ER, CCU, Cardiorespiratory, Medicine & Stroke
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Manager, Patient Flow
Leslie Brown

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Dianne Gaffney

Manager, Corporate Planning
Brenda Straus

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Ann Watt

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Graeme Johnston

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Jane Graul

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Michelle Wick

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Michele Pardo *(Interim)*

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Manager, Patient Registration
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Manager, Health Information
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Director, Information Technology
John Brennan

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Supervisor, Payroll
Luann Strasser

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