Huron Perth Healthcare Alliance

ANNUAL REPORT 2016/2017

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

2016/2017

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2016/2017

HURON PERTH HEALTHCARE ALLIANCE

REPORT OF THE HURON PERTH HEALTHCARE ALLIANCE RESOURCES & AUDIT COMMITTEE

For the fiscal year ending March 31, 2017, the Huron Perth Healthcare Alliance has incurred an operating surplus, with regard to day to day operations, of $2.4 million or 1.86% of its $132 million operating budget. The operating surplus is a result of increased MoH/LHIN funding for all four sites, which occurred primarily in midyear.

In 2016/17, the Alliance invested approximately $8.8 million in equipment and building related projects which allows the Alliance to continue to provide quality services in appropriate facilities. These projects include the ongoing Wellness Centre expansion, West building redevelopment, energy conservation initiatives as well as anesthetic machines for the operating rooms. Over $1.9 million in funding from the local hospitals foundations was received through their hard work and commitment to assist with capital expenditures.

In looking forward to the 2017/2018 fiscal year, The Province indicates that they have reached a balanced budget and has committed to all hospitals receiving a minimum 2% increase in cash flow from the 2016/17 year. The Alliance's operating plans for the 2017/18 fiscal year include a surplus operating position of $1.6 million and approximately $17.2 million in capital investment for facilities and equipment. This investment is required to refresh critical patient care equipment and ensure facilities meet the ongoing needs of serving our patients. 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,

Bob Gulliford (Signed)
Chair Resources & Audit Committee

Background

The HPHA entered into an amended one year Hospital Service Accountability Agreement (H-SAA) with the Southwest Local Health Integration Network (SWLHIN) in April 2016, which identifies the funding available to the Alliance in return for providing specific service volumes and meeting specific performance targets for the fiscal year.

The Alliance's combined 2016/17 year end operating surplus of revenues over expenses for day to day operations totalled $2.4 million or 1.86% of the Alliance's overall $132 million operating budget.

Financial Overview 2016/2017

The Alliance ended the year with an operating surplus of $2.4 million and $5.6 million in cash with an adjusted current ratio of 0.78

2016/17 was the first year in four, that hospitals in Ontario received new funding. The Alliance received $2.3 million in new funding and was this was the primary contributor to the operating surplus.

Capital investments in equipment and facilities totalled $8.8 million, of which, a substantial portion was funded by the hard work of local foundations and auxiliaries. Investments in medical and general equipment totalled $3.8 million, and investments in facilities totalled $5.0 million.

The Alliance had a number of ongoing and completed capital projects in 2016/17 including the implementation of the province's clinical data repository allowing physician offices and other providers to access information on patients served at other healthcare providers in the province. West building redevelopment continues with a completion date of September 2017. This project re configures outpatient services into space vacated by the new north wing project completed in 2010, making outpatient services easier and more convenient for patients to access.

Through 2016/17 fiscal year the HPHA focussed on renewing its strategic plan and creating multi year capital equipment and facility requirement listings to support maintaining patient services for the next 4 to 5 years.

Fiscal H-SAA Indicator Performance

The Alliance tracks several key performance indicators related to both our H-SAA and internally identified indicators.
The HPHA financial standards identified in our performance indicators for 2016/17:

- 1.86 % operating margin exceeded the 0.0% H-SAA target
- 0.78 adjusted current ratio exceeded the H-SAA standard

The Future

The Alliance is currently operating in a weak working capital and cash position and will be focussing efforts on improving these metrics, while at the same time, attempting to improve access to specific services such as hip and knee surgeries, and beginning the process of refreshing the HPHA's capital equipment and specific facility needs. The 4 year capital plan totals in excess of $44m and these expenditures will be funded through a combination of own use funds, foundation fund raising within the communities served, capital grants from funding bodies and credit facilities. Operationally, the Alliance will be focussing on creating operating surpluses of approximately 1.5% of its operating revenues to meet capital requirements, and to slowly grow working capital.
New funding was released in the 2017/18 fiscal year which has increased funding for all hospitals by a minimum 2%. This increase is welcomed to assist HPHA in generating that required operating surplus noted above. Future years funding after 2017/18 is unknown.

PRESIDENT &CHIEF EXECUTIVE OFFICER

VICE PRESIDENT & CHIEF FINANCIAL OFFICER

HURON PERTH HEALTHCARE ALLIANCE

Management's Report

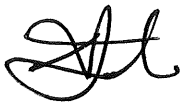
The accompanying Financial Statements of Clinton Public Hospital, Seaforth Community Hospital, St. Marys Memorial Hospital, Stratford General Hospital, and the combined Huron Perth Healthcare Alliance have been prepared by management, and approved by the Board of Directors at their meeting of June 1, 2017.

Management works with the Board of Directors to carry out its responsibility for the financial statements principally through the Resources & Audit Committee. Voting membership of this committee is comprised of outside volunteers. The Resources & Audit Committee meets with management, and the external auditors to review any significant accounting matters, and discuss the results of audit examinations. The 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
President & Chief Executive Officer

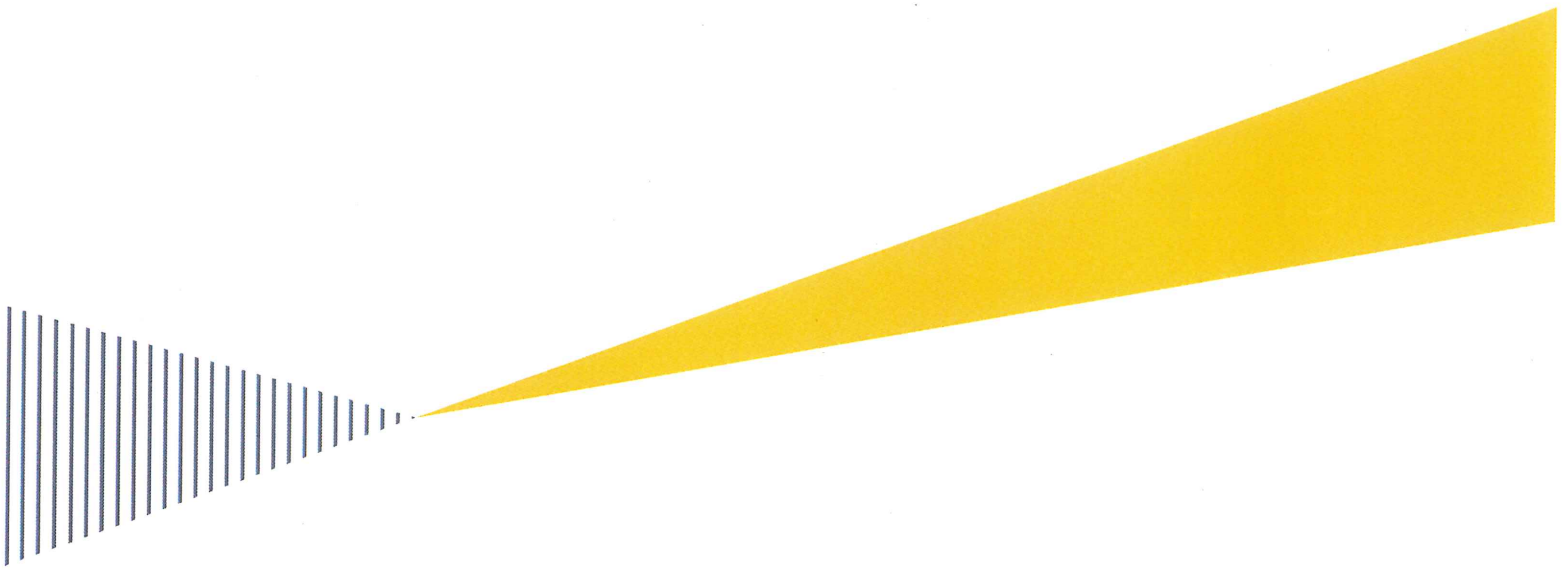


Ken Haworth MBA CPA, CMA
Vice President and Chief Financial Officer

Combined financial statements

Huron Perth Healthcare Alliance

March 31, 2017



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, 2017, 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, 2017, 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 1, 2017

Huron Perth Healthcare Alliance

Combined statement of financial position

As at March 31

	2017	2016
	$	$
Assets		
Current		
Cash	**5,552,564**	2,407,178
Accounts receivable *[note 3]*	**4,321,204**	4,494,910
Inventories *[note 4]*	**1,873,161**	1,727,142
Prepaid expenses	**988,417**	999,786
Total current assets	**12,735,346**	9,629,016
Long-term investments *[note 5]*	**460,233**	284,267
Grant receivable	**1,050,000**	2,050,000
Property and equipment, net *[note 6]*	**88,347,135**	88,298,051
	102,592,714	100,261,334
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[note 13]*	**10,142,221**	7,913,823
Accrued salaries and wages	**7,205,034**	7,801,358
Current portion of post-employment benefits *[note 8[b]]*	**513,200**	735,000
Deferred contributions, expenses of future periods *[note 10]*	**180,981**	8,317
Demand loans and current portion of term loans *[note 7]*	**4,870,501**	3,224,274
Total current liabilities	**22,911,937**	19,682,772
Term loan *[note 7]*	**1,864,418**	1,493,884
Post-employment benefits *[note 8[b]]*	**8,351,100**	7,835,300
Deferred contributions, capital *[note 9]*	**63,425,652**	66,178,382
Total liabilities	**96,553,107**	95,190,338
Commitments and contingencies *[note 12]*		
Net assets		
Endowments *[note 11]*	**119,719**	119,719
Unrestricted	**5,919,888**	4,951,277
Total net assets	**6,039,607**	5,070,996
	102,592,714	100,261,334

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

Huron Perth Healthcare Alliance

Combined statement of changes in net assets

Year ended March 31

	2017			2016
	Endowments	Unrestricted	Total	Total
	$	$	$	$
	[note 11]			
Net assets, beginning of year	**119,719**	**4,951,277**	**5,070,996**	5,866,309
Excess (deficiency) of revenue over expenses for the year	—	**968,611**	**968,611**	(795,313)
Net assets, end of year	**119,719**	**5,919,888**	**6,039,607**	5,070,996

See accompanying notes

Huron Perth Healthcare Alliance

Combined statement of operations

Year ended March 31

	2017	2016
	$	$
Revenue		
Provincial funding	**109,014,493**	105,536,705
In-patient services	**406,813**	395,485
Out-patient services	**12,592,050**	12,300,319
Preferred accommodation	**714,637**	793,062
Chronic co-payment	**81,321**	135,443
Other revenue *[note 5]*	**9,912,206**	9,184,438
Unrestricted donations and bequests	**161,369**	88,285
Amortization of deferred contributions, capital – equipment	**2,899,761**	3,081,943
	135,782,650	131,515,680
Expenses		
Salaries and wages	**64,020,639**	63,669,730
Medical staff remuneration	**16,080,731**	15,735,798
Employee benefits	**19,606,346**	19,265,401
Supplies and other expenses	**22,025,198**	20,911,772
Medical and surgical supplies	**4,642,844**	4,527,562
Drugs	**3,237,575**	3,089,636
Amortization of equipment	**3,787,531**	3,760,090
Interest – non-buildings *[note 7]*	**19,924**	24,110
Net loss on disposal of equipment	**—**	16,115
	133,420,788	131,000,214
Excess of revenue over expenses before the following	**2,361,862**	515,466
Amortization of deferred contributions, capital – buildings and land improvements	**3,689,200**	3,662,917
Amortization of buildings and land improvements	**(4,996,366)**	(4,883,577)
Interest expense *[note 7]*	**(86,085)**	(90,119)
	(1,393,251)	(1,310,779)
Excess (deficiency) of revenue over expenses for the year	**968,611**	(795,313)

See accompanying notes

Huron Perth Healthcare Alliance

Combined statement of cash flows

Year ended March 31

	2017 $	2016 $
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**968,611**	(795,313)
Add (deduct) items not involving cash		
Amortization of equipment	**3,787,531**	3,760,090
Amortization of buildings and land improvements	**4,996,366**	4,883,577
Net loss on disposal of equipment	**—**	16,115
Amortization of deferred contributions, capital – equipment	**(2,899,761)**	(3,081,943)
Amortization of deferred contributions, capital – buildings and land improvements	**(3,689,200)**	(3,662,917)
Deferred contributions – operating	**(60,256)**	—
Post-employment benefits	**294,000**	325,500
Increase in long term investment	**(175,966)**	—
	3,221,325	1,445,109
Net change in non-cash working capital balances related to operations *[note 14]*	**1,843,794**	(3,011,217)
Cash provided by (used in) operating activities	**5,065,119**	(1,566,108)
Capital activities		
Purchase of property and equipment	**(8,832,981)**	(4,964,953)
Proceeds on disposal of property and equipment	**—**	12,613
Cash used in capital activities	**(8,832,981)**	(4,952,340)
Financing activities		
Proceeds of demand loan	**3,132,500**	550,000
Repayment of demand loan	**(971,739)**	(1,453,910)
Repayment of term loans	**(144,000)**	(929,860)
Contributions received related to capital	**4,896,487**	5,148,800
Cash provided by financing activities	**6,913,248**	3,315,030
Net increase (decrease) in cash during the year	**3,145,386**	(3,203,418)
Cash, beginning of year	**2,407,178**	5,610,596
Cash, end of year	**5,552,564**	2,407,178

See accompanying notes

Huron Perth Healthcare Alliance

Notes to combined financial statements

March 31, 2017

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 7.

Notes to combined financial statements

March 31, 2017

2. Summary of significant accounting policies

These combined financial statements are prepared in accordance with the *CPA 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 that, 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 combined 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 is 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, 2017

[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 combined financial statements and related notes. Contributed materials are recognized in the combined financial statements at their fair market value if the fair value can be reasonably estimated.

Notes to combined financial statements

March 31, 2017

[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 is equal to 12.36 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 that 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, 2017, 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, 2017

3. Accounts receivable

Accounts receivable consist of the following:

	2017 $	2016 $
Provincial funding	**249,721**	728,258
Insurers and patients	**1,608,758**	1,944,766
Other	**2,757,425**	2,090,686
	4,615,904	4,763,710
Less allowance for doubtful accounts	**294,700**	268,800
	4,321,204	4,494,910

4. Inventories

During the year, the Alliance expensed $8,029,496 [2016 – $7,953,678] 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.

5. Long-term investments

Long-term investments consist of the following:

	2017 $	2016 $
Guaranteed investment certificate	**119,719**	119,719
Horizon ProResp Inc.	**340,514**	164,548
	460,233	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.

	2017 $	2016 $
Common share investment – 50% of common share capital	**55,657**	55,657
Share of income since incorporation	**284,857**	108,891
	340,514	164,548

Notes to combined financial statements

March 31, 2017

Management fees in the amount of $344,000 [2016 – $355,000] from Horizon ProResp Inc. have been recorded as other revenue.

6. Property and equipment

Property and equipment consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**345,841**	**—**	**345,841**
Other non-amortized assets	**147,010**	**—**	**147,010**
Land improvements	**1,851,158**	**1,395,753**	**455,405**
Buildings	**137,549,433**	**62,649,100**	**74,900,333**
Furnishings and equipment	**54,312,018**	**48,091,573**	**6,220,445**
Computer hardware	**5,414,495**	**3,957,562**	**1,456,933**
Construction in progress	**2,058,534**	**—**	**2,058,534**
	201,678,489	**116,093,988**	**85,584,501**
Intangible			
Computer software	**8,496,798**	**5,734,164**	**2,762,634**
	210,175,287	**121,828,152**	**88,347,135**

	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

In 2017, treatment tables with a fair value of $13,651 [2016 – portable x-ray machine with a fair value of $203,604] were contributed and recorded in property and equipment and deferred contributions – capital.

7. Demand loans and term loans

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

	2017 $	2016 $
Demand loans [a]	**4,726,501**	2,565,740
Current portion of term loans [b]	**144,000**	658,534
Total demand loans and current portion of term loans	**4,870,501**	3,224,274
Term loan [b]	**1,864,418**	1,493,884

[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, 2017, nil [2016 – nil] has been drawn on the Facility.

The Alliance has a $25,000,000 [2016 – $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 various rates depending on the term. As at March 31, 2017, $4,026,501 [2016 – $2,565,740] has been drawn on the Capital Facility.

The Alliance has a $4,500,000 committed revolving instalment loan with the Canadian Imperial Bank of Commerce ["CIBC"] that is being used to finance the Energy Co-Generation Project at the Stratford site [the "Co-Gen Facility"]. The Co-Gen Facility bears interest at bank prime minus 0.75%. As at March 31, 2017, $700,000 [2016 – nil] is outstanding. The Co-Gen Facility will convert to a term loan at the earlier of the date of the final advance and August 31, 2017. The commitment period of the Co-Gen Facility will expire on September 26, 2018.

[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, 2017, $2,008,418 is outstanding on the SSRP Facility [2016 – $2,152,418]. 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.

[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, 2017, nil [2016 – 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. Principal repayments required on term loans over the next five fiscal years and thereafter are as follows:

	$
2018	144,000
2019	1,864,418
	2,008,418

8. Post-employment benefits

[a] Pension plan

Substantially all of the full-time employees of the Alliance are members of the Healthcare of Ontario Pension Plan [the "HOOPP"]. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Alliance's financial statements. Employer contributions to HOOPP are expensed as contributions are due.

Employer contributions to HOOPP on behalf of employees amounted to $5,392,621 [2016 – $5,224,926]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2016 disclosed net assets available for benefits of $70,359 million [2015 – $63,294 million] with pension obligations of $54,461 million [2015 – $49,151 million], resulting in a surplus of $15,898 million [2015 – $14,773 million]. The cost of pension benefits is determined by HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2016, the HOOPP was 129% funded [2015 – 130%].

[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 $249,882 [2016 – $253,267].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2017.

Notes to combined financial statements

March 31, 2017

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:

	2017 $	2016 $
Accrued benefit obligation		
Balance, beginning of year	**8,397,900**	8,036,000
Current service cost	**436,700**	434,400
Interest cost	**289,600**	283,500
Benefits paid	**(468,200)**	(409,500)
Actuarial loss (gain)	**(1,885,200)**	53,500
Balance, end of year	**6,770,800**	8,397,900
Unamortized net actuarial gain	**2,093,500**	172,400
Post-employment benefits	**8,864,300**	8,570,300
Less: current portion	**513,200**	735,000
	8,351,100	7,835,300

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:

	2017 $	2016 $
Current service cost	**436,700**	434,400
Interest cost	**289,600**	283,500
Amortization of net actuarial loss	**35,900**	17,100
Post-employment benefits expense	**762,200**	735,000

Notes to combined financial statements

March 31, 2017

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

	2017 %	2016 %
Discount rate – net accrued benefit expense	**3.37**	3.43
Discount rate – accrued benefit obligation	**3.67**	3.37
Extended health care premium increases	**5.90**	5.70
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 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2017 $	2016 $
Balance, beginning of year	**66,178,382**	67,774,442
Additional contributions received		
MoHLTC and LHIN, net	**1,600,951**	2,232,869
Foundations *[note 13]*	**1,984,691**	2,208,913
Other	**310,845**	707,018
Less amounts amortized to revenue	**(6,588,961)**	(6,744,860)
Less amounts recognized in other revenue	**(60,256)**	—
Balance, end of year	**63,425,652**	66,178,382

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

	2017 $	2016 $
Unamortized capital contributions used to purchase property and equipment	**63,271,830**	66,109,090
Unspent contributions	**153,822**	69,292
	63,425,652	66,178,382

Notes to combined financial statements

March 31, 2017

10. 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:

	2017 $	2016 $
Balance, beginning of year	**8,317**	146,870
Contributions, grants and donations	**180,382**	—
Amounts earned	**(7,718)**	(138,553)
Balance, end of year	**180,981**	8,317

The deferred contributions will be spent as follows:

	2017 $	2016 $
Mental health programs	**80,382**	—
Change Foundation	**95,310**	—
Other	**5,289**	8,317
	180,981	8,317

11. 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 $2,314 [2016 – $2,884] and was included in deferred contributions, capital during the year

12. Commitments and contingencies

The Alliance from time to time enters into multi-year service contracts in the normal course of operations to facilitate proper maintenance and care of various capital assets. The amount committed to these service contracts for 2018 is $1,677,000 [2017 – $1,736,000].

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, 2017, management believes adequate provision for losses has been made in the accounts.

Notes to combined financial statements

March 31, 2017

13. 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 $1,984,691 [2016 – $2,208,913] 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, 2017, an amount of $54,278 [2016 – $44,560] 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 accounts payable and payroll distributions for all four Hospitals in the Alliance from its bank account.

14. Combined statement of cash flows

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

	2017 $	2016 $
Decrease (increase) in current assets		
Accounts receivable	**173,706**	(1,054,377)
Inventories	**(146,019)**	172,074
Prepaid expenses	**11,369**	25,456
	39,056	(856,847)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**2,228,398**	(3,282,329)
Accrued salaries and wages	**(596,324)**	1,266,512
Deferred contributions, expenses of future periods	**172,664**	(138,553)
	1,804,738	(2,154,370)
	1,843,794	(3,011,217)

Interest of $106,009 [2016 – $114,229] related to the demand and term facilities of the Alliance was paid during the year.

15. 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 $4,027,490 [2016 – $3,888,134] are included in the combined statement of operations. The excess of OMP funding over OMP allowed expenses for 2017 is $350,444 [2016 – $62,053], which is due to the MoHLTC's OMP and is included in accounts payable and accrued liabilities as at March 31, 2017.

16. 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 were no transfers between Levels 1 and 2 for the year ended March 31, 2017.

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 $4,366,183 [2016 – $4,035,452]. 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, 2017.

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 combined financial statements related to those liabilities.

Financial statements

Clinton Public Hospital

March 31, 2017

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, 2017, 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, 2017, 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 1, 2017

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

Statement of financial position

As at March 31

	2017 $	2016 $
Assets		
Current		
Cash	**1,623,441**	2,579,360
Accounts receivable *[note 3]*	**466,561**	111,919
Inventories *[note 5]*	**124,248**	125,608
Prepaid expenses	**54,695**	50,703
Total current assets	**2,268,945**	2,867,590
Property and equipment, net *[note 6]*	**5,421,371**	4,797,582
	7,690,316	7,665,172
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**40,806**	73,516
Due to other Alliance entity *[note 4]*	**250,569**	695,922
Accrued salaries and wages	**572,754**	591,456
Current portion of post-employment benefits *[note 8[b]]*	**71,850**	102,900
Demand loan *[note 7]*	**493,833**	511,913
Total current liabilities	**1,429,812**	1,975,707
Post-employment benefits *[note 8[b]]*	**1,169,200**	1,096,942
Deferred contributions, capital *[note 9]*	**2,829,963**	2,454,004
Total liabilities	**5,428,975**	5,526,653
Commitments and contingencies *[note 10]*		
Net assets	**2,261,341**	2,138,519
	7,690,316	7,665,172

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

Clinton Public Hospital

Statement of changes in net assets

Year ended March 31

	2017	2016
	$	$
Net assets, beginning of year	**2,138,519**	2,268,801
Excess (deficiency) of revenue over expenses for the year	**122,822**	(130,282)
Net assets, end of year	**2,261,341**	2,138,519

See accompanying notes

Clinton Public Hospital

Statement of operations

Year ended March 31

	2017 $	2016 $
Revenue		
Provincial funding *[note 4]*	**10,892,706**	10,771,524
In-patient services	**35,600**	5,280
Out-patient services	**1,595,126**	1,628,579
Preferred accommodation	**53,773**	68,995
Chronic co-payment	**32,412**	35,803
Other revenue	**545,958**	232,464
Unrestricted donation and bequests	**248**	—
Amortization of deferred contributions, capital – equipment	**239,531**	263,934
	13,395,354	13,006,579
Expenses		
Salaries and wages	**6,190,749**	6,193,628
Medical staff remuneration	**1,547,078**	1,593,504
Employee benefits	**1,925,894**	1,963,609
Supplies and other expenses	**2,328,684**	2,156,721
Medical and surgical supplies	**475,631**	459,386
Drugs	**212,942**	188,123
Amortization of equipment	**380,477**	358,895
Interest – non building *[note 7]*	**3,236**	2,488
Net loss on disposal of equipment	**—**	18,060
	13,064,691	12,934,414
Excess of revenue over expenses before the following	**330,663**	72,165
Amortization of deferred contributions, capital – buildings and land improvements	**102,015**	84,096
Amortization of buildings and land improvements	**(303,739)**	(280,214)
Interest on demand loan *[note 7]*	**(6,117)**	(6,329)
	(207,841)	(202,447)
Excess (deficiency) of revenue over expenses for the year	**122,822**	(130,282)

See accompanying notes

Clinton Public Hospital

Statement of cash flows

Year ended March 31

	2017 $	2016 $
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**122,822**	(130,282)
Add (deduct) items not involving cash		
Amortization of equipment	**380,477**	358,895
Amortization of buildings and land improvements	**303,739**	280,214
Net loss on disposal of property and equipment	**—**	18,060
Amortization of deferred contributions, capital – equipment	**(239,531)**	(263,934)
Amortization of deferred contributions, capital – buildings and land improvements	**(102,015)**	(84,096)
Post-employment benefits	**41,208**	45,570
	506,700	224,427
Net change in non-cash working capital balances related to operations *[note 12]*	**(854,039)**	525,568
Cash provided by (used in) operating activities	**(347,339)**	749,995
Capital activities		
Purchase of property and equipment	**(1,308,005)**	(805,515)
Proceeds on disposal of property and equipment	**—**	1,505
Cash used in capital activities	**(1,308,005)**	(804,010)
Financing activities		
Proceeds of demand loan	**—**	183,333
Repayment of demand loan	**(18,080)**	(254,587)
Contributions received related to capital	**717,505**	626,243
Cash provided by financing activities	**699,425**	554,989
Net increase (decrease) in cash during the year	**(955,919)**	500,974
Cash, beginning of year	**2,579,360**	2,078,386
Cash, end of year	**1,623,441**	2,579,360

See accompanying notes

Clinton Public Hospital

Notes to financial statements

March 31, 2017

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, is a member of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual hospitals' financial results are influenced by this membership *[note 4]*.

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 *CPA 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, 2017

[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 is 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, 2017

[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 12.36 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 that 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, 2017, 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, 2017

3. Accounts receivable

Accounts receivable consist of the following:

	2017 $	2016 $
Insurers and patients	**96,336**	114,718
Other	**395,225**	22,501
	491,561	137,219
Less allowance for doubtful accounts	**25,000**	25,300
	466,561	111,919

4. 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.

	2017 $	2016 $
Clinton Public Hospital provincial funding	**9,843,552**	9,836,132
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**893,974**	779,310
Transfer of cataract funding from Stratford General Hospital	**155,180**	156,082
Provincial funding adjusted revenue	**10,892,706**	10,771,524

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, 2017 is $250,569 [2016 – $695,922]. This amount is non-interest bearing with no set repayment terms.

5. Inventories

During the year, the Hospital expensed $506,922 [2016 – $446,644] 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, 2017

6. Property and equipment

Property and equipment consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**85,246**	**—**	**85,246**
Land improvements	**119,628**	**65,967**	**53,661**
Buildings	**8,219,122**	**4,785,235**	**3,433,887**
Furnishings and equipment	**6,374,859**	**5,617,653**	**757,206**
Computer hardware	**777,317**	**584,184**	**193,133**
Construction in progress	**502,753**	**—**	**502,753**
	16,078,925	**11,053,039**	**5,025,886**
Intangible			
Computer software	**1,102,082**	**706,597**	**395,485**
	17,181,007	**11,759,636**	**5,421,371**

	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

Notes to financial statements

March 31, 2017

7. 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 RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2017, nil [2016 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility of $25,000,000 [2015 - $8,000,000] with RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Capital Facility bears interest at various rates depending on the term. As at March 31, 2017, $4,026,500 [2016 – $2,565,741] has been drawn on the Capital Facility by the Alliance, of which $493,833 [$2016 – $511,913] is attributable to the Hospital.

[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, 2017, $2,008,419 [2016 – $2,152,418] is outstanding from the Alliance on the SSRP Facility of which nil [2016 – nil] is 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. The maturity date of this facility is March 31, 2031.

[d] Committed revolving instalment Loan with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site [the "Co-Gen Facility"]. This facility bears interest at bank prime minus 0.75%. As at March 31, 2017, $700,000 [2016 – nil] is outstanding from the Alliance of which nil [2016 – nil] is attributable to the Hospital. The Co-Gen Facility will convert to a term loan at the earlier of the date of the final advance and August 31, 2017. The commitment period of this facility will expire on September 26, 2018.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 with 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, 2017, nil [2016 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has a $493,833 draw [2016 – $511,913] from the Capital Facility to finance the acquisition of capital assets.

8. 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"]. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Alliance's financial statements. Employer contributions to HOOPP are expensed as contributions are due.

Employer contributions to HOOPP during the year by the Hospital amounted to $514,019 [2016 – $517,511]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2016 disclosed net assets available for benefits of $70,359 million [2015 – $63,924 million] with pension obligations of $54,461 million [2015 – $49,151 million], resulting in a surplus of $15,898 million [2015 – $14,773 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2016, the HOOPP was 129% funded [2015 – 130%].

[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 $24,811 [2016 – $27,015].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2017.

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:

	2017 $	2016 $
Accrued benefit obligation		
Balance, beginning of year	**1,175,706**	1,125,040
Current service cost	**61,138**	60,816
Interest cost	**40,544**	39,690
Benefits paid	**(65,548)**	(57,330)
Actuarial (gain) loss	**(263,928)**	7,490
Balance, end of year	**947,972**	1,175,706
Unamortized net actuarial gain	**293,078**	24,136
Post-employment benefits	**1,241,050**	1,199,842
Less: current portion	**71,850**	102,900
	1,169,200	1,096,942

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, 2017

The Hospital's benefit plan expense is as follows:

	2017 $	2016 $
Current service cost	**61,138**	60,816
Interest cost	**40,544**	39,690
Amortization of net actuarial loss	**5,026**	2,394
Post-employment benefits expense	**106,708**	102,900

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

	2017 %	2016 %
Discount rate – net accrued benefit expense	**3.37**	3.43
Discount rate – accrued benefit obligation	**3.67**	3.37
Extended health care premium increases	**5.90**	5.70
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 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2017 $	2016 $
Balance, beginning of year	**2,454,004**	2,175,791
Additional contributions received		
MoHLTC and LHIN	**498,987**	322,975
Foundation *[note 11]*	**175,000**	223,450
Other	**43,518**	79,818
Less amounts amortized to revenue	**(341,546)**	(348,030)
Balance, end of year	**2,829,963**	2,454,004

There was $71,164 in unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2016 – nil].

Notes to financial statements

March 31, 2017

10. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations to facilitate proper maintenance and care of various capital assets. The amount committed to these service contracts for 2018 is $61,557 [2017 – $61,372].

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, 2017, 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 CIBC and RBC. As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has a $493,833 draw [2016 – $511,913] from a $25,000,000 revolving demand facility with the RBC to finance the acquisition of capital assets.

11. 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 $175,000 [2016 – $223,450] 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 accounts payable 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 4]*.

Notes to financial statements

March 31, 2017

12. Statement of cash flows

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

	2017 $	2016 $
Decrease (increase) in current assets		
Accounts receivable	**(354,642)**	4,646
Inventories	**1,360**	3,944
Prepaid expenses	**(3,992)**	46,384
	(357,274)	54,974
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(32,710)**	(50,814)
Due to other Alliance entity	**(445,353)**	406,046
Accrued salaries and wages	**(18,702)**	115,362
	(496,765)	470,594
	(854,039)	525,568

13. 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 $491,561 [2016 – $137,219]. 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, 2017.

Notes to financial statements

March 31, 2017

Liquidity risk

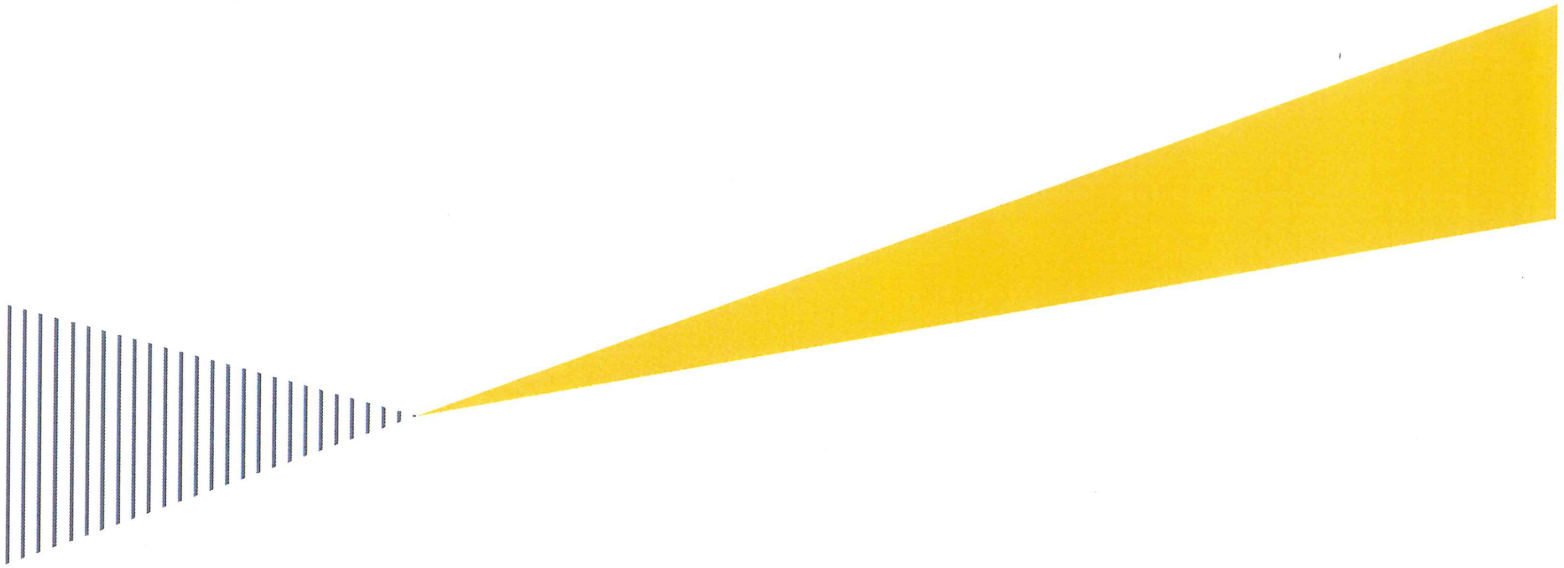
Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient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

The majority of accounts payable 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.

Financial statements

St. Marys Memorial Hospital

March 31, 2017



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, 2017, 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, 2017, 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 1, 2017

St. Marys Memorial Hospital

Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2017 $	2016 $
Assets		
Current		
Cash	**1,024,299**	939,612
Accounts receivable *[note 3]*	**178,120**	148,391
Due from other Alliance entity *[note 4]*	**948,144**	1,163,144
Inventories *[note 5]*	**58,062**	56,680
Prepaid expenses	**34,559**	24,136
Total current assets	**2,243,184**	2,331,963
Property and equipment, net *[note 6]*	**8,760,889**	8,426,648
	11,004,073	10,758,611
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**24,317**	34,996
Accrued salaries and wages	**521,784**	538,011
Current portion of post-employment benefits *[note 8[b]]*	**56,450**	80,850
Deferred contributions, expenses of future periods *[note 10]*	**5,289**	8,317
Demand loan *[note 7]*	**563,834**	651,914
Total current liabilities	**1,171,674**	1,314,088
Post-employment benefits *[note 8[b]]*	**918,600**	861,883
Deferred contributions, capital *[note 9]*	**6,477,559**	6,206,428
Total liabilities	**8,567,833**	8,382,399
Commitments and contingencies *[note 11]*		
Net assets	**2,436,240**	2,376,212
	11,004,073	10,758,611

See accompanying notes

On behalf of the Board:

Mary Atkinson

Board Chair

Treasurer

St. Marys Memorial Hospital

Statement of changes in net assets

Year ended March 31

	2017	2016
	$	$
Net assets, beginning of year	**2,376,212**	2,516,060
Excess (deficiency) of revenue over expenses for the year	**60,028**	(139,848)
Net assets, end of year	**2,436,240**	2,376,212

See accompanying notes

St. Marys Memorial Hospital

Statement of operations

Year ended March 31

	2017	2016
	$	$
Revenue		
Provincial funding *[note 4]*	**9,423,286**	9,697,006
In-patient services	**—**	12,545
Out-patient services	**1,636,572**	1,619,842
Preferred accommodation	**36,190**	25,520
Chronic co-payment	**38,789**	77,046
Other revenue	**304,634**	298,506
Unrestricted benefits and bequests	**62,309**	31,931
Amortization of deferred contributions, capital – equipment	**316,463**	236,654
	11,818,243	11,999,050
Expenses		
Salaries and wages	**5,896,160**	6,067,667
Medical staff remuneration	**1,526,779**	1,534,895
Employee benefits	**1,812,774**	1,790,706
Supplies and other expenses	**1,591,651**	1,854,360
Medical and surgical supplies	**147,945**	153,835
Drugs	**145,932**	152,714
Amortization of equipment	**432,793**	384,278
Interest – non-building *[note 7]*	**4,405**	4,760
Net gain on disposal of equipment	**—**	(867)
	11,558,439	11,942,348
Excess of revenue over expenses before the following	**259,804**	56,702
Amortization of deferred contributions, capital – buildings and land improvements	**259,157**	242,573
Amortization of buildings and land improvements	**(452,816)**	(431,881)
Interest on demand loan *[note 7]*	**(6,117)**	(7,242)
	(199,776)	(196,550)
Excess (deficiency) of revenue over expenses for the year	**60,028**	(139,848)

See accompanying notes

St. Marys Memorial Hospital

Statement of cash flows

Year ended March 31

	2017 $	2016 $
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**60,028**	(139,848)
Add (deduct) items not involving cash		
Amortization of equipment	**432,793**	384,278
Amortization of buildings and land improvements	**452,816**	431,881
Net gain on disposal of equipment	**—**	(867)
Amortization of deferred contributions, capital – equipment	**(316,463)**	(236,654)
Amortization of deferred contributions, capital – buildings and land improvements	**(259,157)**	(242,573)
Post-employment benefits	**32,317**	35,805
	402,334	232,022
Net change in non-cash working capital balances related to operations *[note 13]*	**143,532**	(1,539,149)
Cash provided by (used in) operating activities	**545,866**	(1,307,127)
Capital activities		
Purchase of property and equipment	**(1,219,850)**	(798,724)
Proceeds on disposal of property and equipment	**—**	1,194
Cash used in capital activities	**(1,219,850)**	(797,530)
Financing activities		
Proceeds of demand loan	**—**	183,333
Repayments of demand loan	**(88,080)**	(535,736)
Contributions received related to capital	**846,751**	1,449,542
Cash provided by financing activities	**758,671**	1,097,139
Net increase (decrease) in cash during the year	**84,687**	(1,007,518)
Cash, beginning of year	**939,612**	1,947,130
Cash, end of year	**1,024,299**	939,612

See accompanying notes

St. Marys Memorial Hospital

Notes to financial statements

March 31, 2017

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, is a member of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual hospitals' financial results are influenced by this membership *[note 4]*.

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 *CPA 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, 2017

[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 is 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, 2017

[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 is equal to 12.36 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 that 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, 2017, 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, 2017

3. Accounts receivable

Accounts receivable consist of the following:

	2017 $	2016 $
Insurers and patients	**118,735**	133,957
Other	**78,685**	34,934
	197,420	168,891
Less allowance for doubtful accounts	**19,300**	20,500
	178,120	148,391

4. 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.

	2017 $	2016 $
St. Marys Memorial Hospital provincial funding	**7,858,376**	7,742,016
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**1,564,910**	1,883,507
New grad funding from Seaforth Community Hospital	**—**	71,483
Provincial funding adjusted revenue	**9,423,286**	9,697,006

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 Stratford General Hospital as at March 31, 2017 is $948,144 [2016 – $1,163,144]. This amount is non-interest bearing with no set repayment terms.

5. Inventories

During the year, the Hospital expensed $351,105 [2016 – $351,273] 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, 2017

6. Property and equipment

Property and equipment consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**231,936**	**—**	**231,936**
Land improvements	**128,647**	**73,859**	**54,788**
Buildings	**14,005,819**	**7,238,163**	**6,767,656**
Furnishings and equipment	**5,544,896**	**4,614,024**	**930,872**
Computer hardware	**514,805**	**358,521**	**156,284**
Construction in progress	**293,651**	**—**	**293,651**
	20,719,754	**12,284,567**	**8,435,187**
Intangible			
Computer software	**760,395**	**434,693**	**325,702**
	21,480,149	**12,719,260**	**8,760,889**

	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

In 2017, treatment tables with a fair value of $13,651 [2016 – portable x-ray machine with a fair value of $203,604] were contributed and recorded in property and equipment and deferred contributions – capital

Notes to financial statements

March 31, 2017

7. 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 RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2017, nil [2016 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility of $25,000,000 [2015 - $8,000,000] with RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Capital Facility bears interest at various rates depending on the term. As at March 31, 2017, $4,026,500 [2016 – $2,565,741] has been drawn on the Capital Facility by the Alliance, of which $563,834 [2016 – $651,914] is attributable to the Hospital.

[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, 2017, $2,008,419 [2016 – $2,152,418] is outstanding from the Alliance on the SSRP Facility of which nil [2016 – nil] is 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. The maturity date of this facility is March 31, 2031.

[d] Committed revolving instalment loan with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site [the "Co-Gen Facility". The Co-Gen Facility bears interest at bank prime minus 0.75%. As at March 31, 2017, $700,000 [2016 – nil] is outstanding from the Alliance, of which nil [2016 – nil] is attributable to the Hospital. The Co-Gen Facility will convert to a term loan at the earlier of the date of the final advance and August 31, 2017. The Commitment period of this facility will expire on September 26, 2018.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 with 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, 2017, nil [2016 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has a $563,834 draw [2016 – $651,914] from the Capital Facility to finance the acquisition of capital assets.

8. 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"]. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Alliance's financial statements. Employer contributions to HOOPP are expensed as contributions are due.

Notes to financial statements

March 31, 2017

Employer contributions to HOOPP during the year by the Hospital amounted to $509,035 [2016 – $502,957]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2016 disclosed net assets available for benefits of $70,359 million [2015 – $63,294 million] with pension obligations of $54,461 million [2015 – $49,151 million], resulting in a surplus of $15,898 million [2015 – $14,773 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2016, the HOOPP was 129% funded [2015 – 130%].

[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 $19,053 [2016 – $18,111].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2017.

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:

	2017 $	2016 $
Accrued benefit obligation		
Balance, beginning of year	**923,769**	883,960
Current service cost	**48,037**	47,784
Interest cost	**31,856**	31,185
Benefits paid	**(51,502)**	(45,045)
Actuarial (gain) loss	**(207,372)**	5,885
Balance, end of year	**744,788**	923,769
Unamortized net actuarial gain	**230,262**	18,964
Post-employment benefits	**975,050**	942,733
Less: current portion	**56,450**	80,850
	918,600	861,883

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, 2017

The Hospital's benefit plan expense is as follows:

	2017 $	2016 $
Current service cost	**48,037**	47,784
Interest cost	**31,856**	31,185
Amortization of net actuarial loss	**3,949**	1,881
Post-employment benefits expense	**83,842**	80,850

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

	2017 %	2016 %
Discount rate – net accrued benefit expense	**3.37**	3.43
Discount rate – accrued benefit obligation	**3.67**	3.37
Extended health care premium increases	**5.90**	5.70
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 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2017 $	2016 $
Balance, beginning of year	**6,206,428**	5,236,113
Additional contributions received		
MoHLTC and LHIN	**327,379**	223,045
Foundation *[note 12]*	**485,179**	1,069,478
Other	**34,193**	157,019
Less amounts amortized to revenue	**(575,620)**	(479,227)
Balance, end of year	**6,477,559**	6,206,428

There were no unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2016 – nil].

Notes to financial statements

March 31, 2017

10. Deferred contributions, expenses of future periods

Deferred contributions, expenses of future periods represent unspent externally restricted contributions, grants and donations. The balance for the year ended March 31, 2017 is $5,289 [2016 – $8,317].

11. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations to facilitate proper maintenance and care of various capital assets. The amount committed to these service contracts for 2018 is $71,752 [2017 – $71,442].

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, 2017, 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 CIBC and RBC. As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has a $563,834 draw [2016 – $651,914] from a $25,000,000 revolving demand facility with RBC to finance the acquisition of capital assets.

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 $485,179 [2016 – $1,069,478] 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 accounts payable 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 4]*.

Notes to financial statements

March 31, 2017

13. Statement of cash flows

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

	2017 $	2016 $
Decrease (increase) in current assets		
Accounts receivable	**(29,729)**	(22,308)
Due from other Alliance entity	**215,000**	(1,163,144)
Inventories	**(1,382)**	6,002
Prepaid expenses	**(10,423)**	14,914
	173,466	(1,164,536)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(10,679)**	4,773
Due to other Alliance entity	**—**	(493,224)
Accrued salaries and wages	**(16,227)**	113,838
Deferred contributions, expenses of future periods	**(3,028)**	—
	(29,934)	(374,613)
	143,532	(1,539,149)

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 totalled $197,420 [2016 – $168,891]. 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, 2017.

Notes to financial statements

March 31, 2017

Liquidity risk

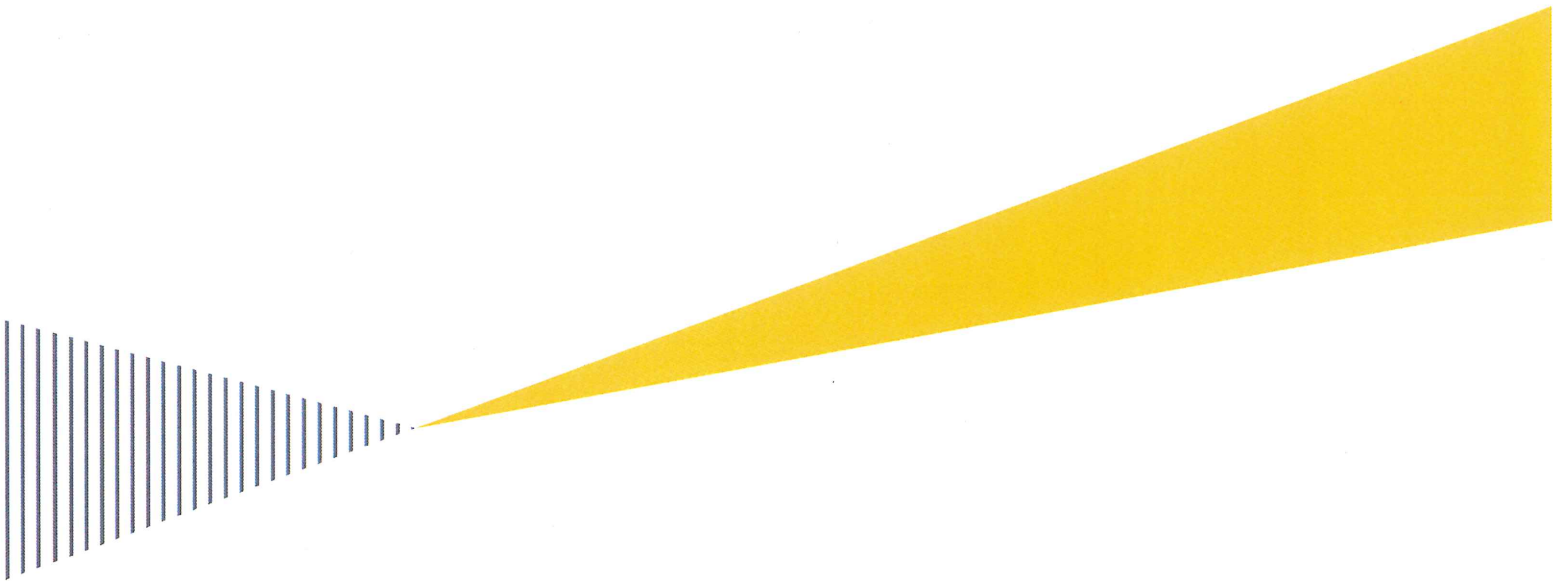
Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient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

Financial statements

Seaforth Community Hospital

March 31, 2017



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, 2017, 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, 2017, 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 1, 2017

Seaforth Community Hospital
Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2017 $	2016 $
Assets		
Current		
Accounts receivable *[note 3]*	**115,768**	113,933
Due from other Alliance entity *[note 4]*	**1,923,036**	2,068,856
Inventories *[note 5]*	**58,252**	54,969
Prepaid expenses	**36,463**	23,160
Total current assets	**2,133,519**	2,260,918
Property and equipment, net *[note 6]*	**3,921,109**	3,577,290
	6,054,628	5,838,208
Liabilities and net assets		
Current		
Bank indebtedness *[note 7]*	**1,451,234**	1,318,711
Accounts payable and accrued liabilities	**72,029**	301,655
Accrued salaries and wages	**629,703**	626,200
Current portion of post-employment benefits *[note 8[b]]*	**51,300**	73,500
Demand loan *[note 7]*	**493,834**	511,914
Total current liabilities	**2,698,100**	2,831,980
Post-employment benefits *[note 8[b]]*	**835,100**	783,530
Deferred contributions, capital *[note 9]*	**2,331,328**	2,164,966
Total liabilities	**5,864,528**	5,780,476
Commitments and contingencies *[note 11]*		
Net assets	**190,100**	57,732
	6,054,628	5,838,208

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

Seaforth Community Hospital

Statement of changes in net assets

Year ended March 31

	2017	2016
	$	$
Net assets, beginning of year	**57,732**	110,794
Excess (deficiency) of revenue over expenses for the year	**132,368**	(53,062)
Net assets, end of year	**190,100**	57,732

See accompanying notes

Seaforth Community Hospital

Statement of operations

Year ended March 31

	2017 $	2016 $
Revenue		
Provincial funding *[note 4]*	**9,534,688**	9,407,995
In-patient services	**36,400**	8,000
Out-patient services	**1,570,214**	1,590,979
Preferred accommodation	**66,965**	75,185
Chronic co-payment	**8,823**	8,557
Other revenue	**135,781**	148,047
Unrestricted donations and bequests	**5,636**	96
Amortization of deferred contributions, capital – equipment	**239,250**	230,746
	11,597,757	11,469,605
Expenses		
Salaries and wages	**5,774,013**	5,779,939
Medical staff remuneration	**1,540,439**	1,572,854
Employee benefits	**1,935,740**	1,860,547
Supplies and other expenses	**1,489,511**	1,652,190
Medical and surgical supplies	**119,511**	115,450
Drugs	**153,463**	134,461
Amortization of equipment	**346,069**	301,285
Interest – non-building *[note 7]*	**2,825**	2,119
Net gain on disposal of equipment	**—**	(787)
	11,361,571	11,418,058
Excess of revenue over expenses before the following	**236,186**	51,547
Amortization of deferred contributions, capital – buildings and land improvements	**102,793**	84,496
Amortization of buildings and land improvements	**(200,494)**	(182,776)
Interest on demand loan *[note 7]*	**(6,117)**	(6,329)
	(103,818)	(104,609)
Excess (deficiency) of revenue over expenses for the year	**132,368**	(53,062)

See accompanying notes

Seaforth Community Hospital

Statement of cash flows

Year ended March 31

	2017	2016
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**132,368**	(53,062)
Add (deduct) items not involving cash		
Amortization of equipment	**346,069**	301,285
Amortization of buildings and land improvements	**200,494**	182,776
Net gain on disposal of equipment	**—**	(787)
Amortization of deferred contributions, capital – equipment	**(239,250)**	(230,746)
Amortization of deferred contributions, capital – buildings and land improvements	**(102,793)**	(84,496)
Post-employment benefits	**29,370**	32,550
	366,258	147,520
Net change in non-cash working capital balances related to operations *[note 13]*	**(98,724)**	(2,578,301)
Cash provided by (used in) operating activities	**267,534**	(2,430,781)
Capital activities		
Purchase of property and equipment	**(890,382)**	(635,514)
Proceeds on disposal of property and equipment	**—**	1,093
Cash used in capital activities	**(890,382)**	(634,421)
Financing activities		
Proceeds of demand loan	**—**	183,334
Repayments of demand loan	**(18,080)**	(254,587)
Contributions received related to capital	**508,405**	517,319
Cash provided by financing activities	**490,325**	446,066
Net decrease in cash during the year	**(132,523)**	(2,619,136)
Cash (bank indebtedness), beginning of year	**(1,318,711)**	1,300,425
Bank indebtedness, end of year	**(1,451,234)**	(1,318,711)

See accompanying notes

Seaforth Community Hospital

Notes to financial statements

March 31, 2017

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, is a member of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual hospitals' financial results are influenced by this membership *[note 4]*.

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 *CPA 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, 2017

[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 is 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, 2017

[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 is equal to 12.36 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 that 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, 2017, 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, 2017

3. Accounts receivable

Accounts receivable consist of the following:

	2017 $	2016 $
Insurers and patients	**130,926**	112,541
Other	**6,242**	21,392
	137,168	133,933
Less allowance for doubtful accounts	**21,400**	20,000
	115,768	113,933

4. 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.

	2017 $	2016 $
Seaforth Community Hospital provincial funding	**7,269,334**	7,429,791
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**2,265,354**	2,228,644
New grad funding to Stratford General Hospital	**—**	(178,957)
New grad funding to St. Marys Memorial Hospital	**—**	(71,483)
Provincial funding adjusted revenue	**9,534,688**	9,407,995

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 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 Stratford General Hospital as at March 31, 2017 is $1,923,036 [2016 – $2,068,856]. This amount is non-interest bearing with no set repayment terms.

5. Inventories

During the year, the Hospital expensed $313,843 [2016 – $295,623] 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, 2017

6. Property and equipment

Property and equipment consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**16,240**	**—**	**16,240**
Land improvements	**248,826**	**201,845**	**46,981**
Buildings	**5,704,204**	**3,097,455**	**2,606,749**
Furnishings and equipment	**5,105,641**	**4,494,997**	**610,644**
Computer hardware	**485,572**	**342,461**	**143,111**
Construction in progress	**198,029**	**—**	**198,029**
	11,758,512	**8,136,758**	**3,621,754**
Intangible			
Computer software	**706,461**	**407,106**	**299,355**
	12,464,973	**8,543,864**	**3,921,109**

	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

Notes to financial statements

March 31, 2017

7. 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 RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2017, nil [2016 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility of $25,000,000 [2015 – $8,000,000] with RBC to finance the acquisition of capital assets, including equipment and property [the "Capital Facility"]. The Capital Facility bears interest at various rates depending on the term. As at March 31, 2017, $4,026,500 [2016 – $2,565,741] has been drawn on the Capital Facility by the Alliance, of which $493,834 [2016 – $511,914] is attributable to the Hospital.

[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, 2017, $2,008,419 [2016 – $2,152,418] is outstanding from the Alliance on the SSRP Facility of which nil [2016 – nil] is 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. The maturity date of this facility is March 31, 2019.

[d] Committed revolving instalment loan with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site [the "Co-Gen Facility". The Co-Gen Facility bears interest at bank prime minus 0.75%. As at March 31, 2017, $700,000 [2016 – nil] is outstanding from the Alliance, of which nil [2016 – nil] is attributable to the Hospital. The Co-Gen Facility will convert to a term loan at the earlier of the date of the final advance and August 31, 2017. The commitment period of this facility will expire on September 26, 2018.

[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, 2017, nil [2016 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has a $493,834 draw [2016 – $511,914] from the Capital Facility to finance the acquisition of capital assets. The Hospital also has a bank overdraft of $1,451,234 [2016 – $1,318,711].

Notes to financial statements

March 31, 2017

8. 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"]. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Alliance's financial statements. Employer contributions to HOOPP are expensed as contributions are due.

Employer contributions to HOOPP during the year by the Hospital amounted to $510,345 [2016 – $480,647]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2016 disclosed net assets available for benefits of $70,359 million [2015 – $63,924 million] with pension obligations of $54,461 million [2015 – $49,151 million], resulting in a surplus of $15,898 [2015 – $14,773 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2016, the HOOPP was 129% funded [2015 – 130%].

[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 $30,337 [2016 – $27,463].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2017.

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:

	2017 $	2016 $
Accrued benefit obligation		
Balance, beginning of year	**839,790**	803,600
Current service cost	**43,670**	43,440
Interest cost	**28,960**	28,350
Benefits paid	**(46,820)**	(40,950)
Actuarial (gain) loss	**(188,520)**	5,350
Balance, end of year	**677,080**	839,790
Unamortized net actuarial gain	**209,320**	17,240
Post-employment benefits	**886,400**	857,030
Less: current portion	**51,300**	73,500
	835,100	783,530

Notes to financial statements

March 31, 2017

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:

	2017 $	2016 $
Current service cost	**43,670**	43,440
Interest cost	**28,960**	28,350
Amortization of net actuarial loss	**3,590**	1,710
Post-employment benefits expense	**76,220**	73,500

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

	2017 %	2016 %
Discount rate – net accrued benefit expense	**3.37**	3.43
Discount rate – accrued benefit obligation	**3.67**	3.37
Extended health care premium increases	**5.90**	5.70
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 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2017 $	2016 $
Balance, beginning of year	**2,164,966**	1,962,889
Additional contributions received		
MoHLTC and LHIN	**344,928**	323,171
Foundation *[note 12]*	**132,392**	123,448
Other	**31,085**	70,700
Less amounts amortized to revenue	**(342,043)**	(315,242)
Balance, end of year	**2,331,328**	2,164,966

Notes to financial statements

March 31, 2017

There were no unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2016 – nil].

10. Deferred contributions, expenses of future periods

Deferred contributions, expenses of future periods represent unspent externally restricted contributions, grants and donations. As at March 31, 2017, no deferred contributions were outstanding [2016 – nil].

11. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations to facilitate proper maintenance and care of various capital assets. The amount committed to these service contracts for 2018 is $14,545 [2017 – $14,545].

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, 2017, 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 CIBC and RBC. As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has a $493,834 draw [2016 – $511,914] from a $25,000,000 revolving demand facility with RBC to finance the acquisition of capital assets.

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 $132,392 [2016 – $123,448] 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 4]*.

Notes to financial statements

March 31, 2017

13. Statement of cash flows

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

	2017 $	2016 $
Decrease (increase) in current assets		
Accounts receivable	**(1,835)**	(50,987)
Due from other Alliance entity	**145,820**	(2,068,856)
Inventories	**(3,283)**	7,906
Prepaid expenses	**(13,303)**	22,564
	127,399	(2,089,373)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(229,626)**	(98,564)
Due to other Alliance entity	**—**	(482,316)
Accrued salaries and wages	**3,503**	112,391
Deferred contributions, expenses of future periods	**—**	(20,439)
	(226,123)	(488,928)
	(98,724)	(2,578,301)

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 totalled $137,168 [2016 – $133,933]. 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, 2017.

Notes to financial statements

March 31, 2017

Liquidity risk

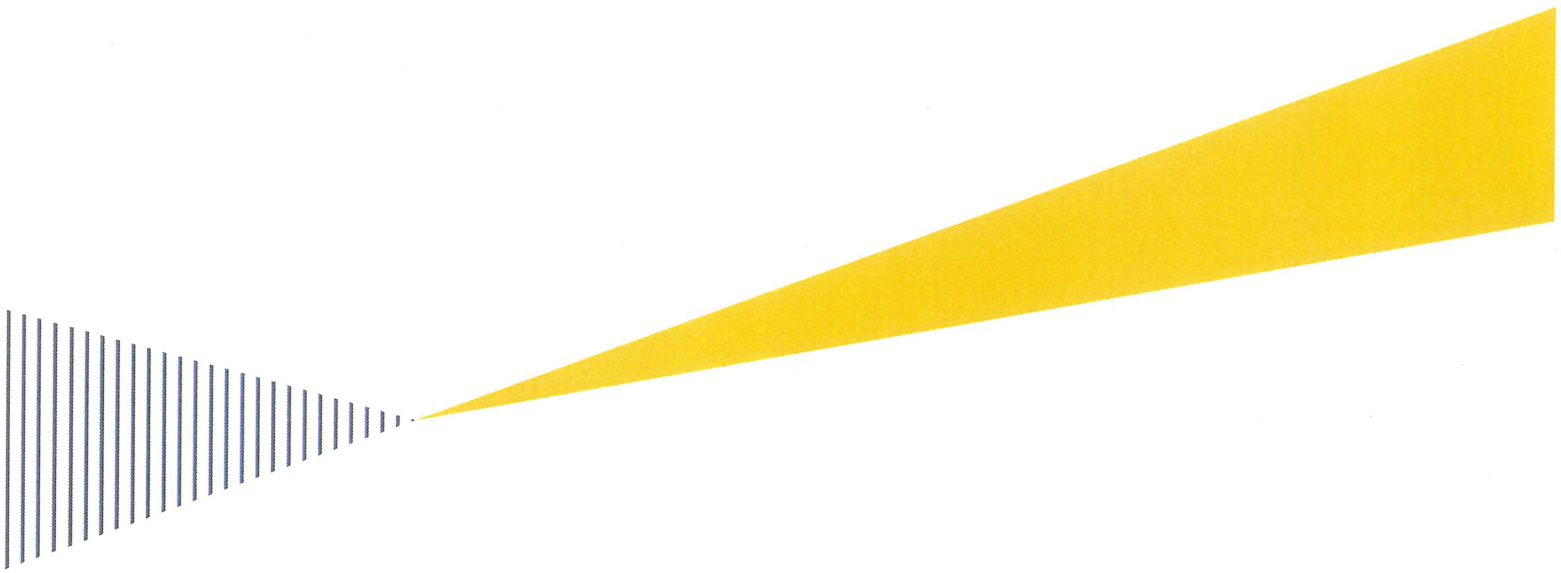
Liquidity risk is the risk of the Hospital being unable to meet its obligations as they fall due. The Hospital manages its liquidity risk by forecasting cash flows from operations and anticipated investing, capital and financing activities, and maintaining credit facilities to ensure it has sufficient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

Financial statements

Stratford General Hospital

March 31, 2017



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, 2017, 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, 2017, 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 1, 2017

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

Statement of financial position

As at March 31

	2017 $	2016 $
Assets		
Current		
Cash	**4,356,058**	206,916
Accounts receivable *[note 3]*	**3,560,755**	4,120,665
Due from other Alliance entity *[note 4]*	**250,569**	695,922
Inventories *[note 5]*	**1,632,599**	1,489,886
Prepaid expenses	**862,702**	901,788
Total current assets	**10,662,683**	7,415,177
Long-term investments *[note 6]*	**460,233**	284,267
Grant receivable	**1,050,000**	2,050,000
Property and equipment, net *[note 7]*	**70,243,766**	71,496,532
	82,416,682	81,245,976
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**10,005,069**	7,503,656
Due to other Alliance entities *[note 4]*	**2,871,180**	3,232,000
Accrued salaries and wages	**5,480,793**	6,045,692
Current portion of post-employment benefits *[note 9[b]]*	**333,600**	477,750
Deferred contributions, expenses of future periods *[note 11]*	**175,692**	—
Demand loans and current portion of term debt *[note 8]*	**3,319,000**	1,548,534
Total current liabilities	**22,185,334**	18,807,632
Term debt *[note 8]*	**1,864,418**	1,493,884
Post-employment benefits *[note 9[b]]*	**5,428,200**	5,092,945
Deferred contributions, capital *[note 10]*	**51,786,802**	55,352,982
Total liabilities	**81,264,754**	80,747,443
Commitments and contingencies *[note 13]*		
Net assets		
Endowments *[note 12]*	**119,719**	119,719
Unrestricted	**1,032,209**	378,814
Total net assets	**1,151,928**	498,533
	82,416,682	81,245,976

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

Stratford General Hospital

Statement of changes in net assets

Year ended March 31

	2017			2016
	Endowments	Unrestricted	Total	Total
	$	$	$	$
	[note 12]			
Balance, beginning of year	**119,719**	**378,814**	**498,533**	970,654
Excess (deficiency) of revenue over expenses for the year	**—**	**653,395**	**653,395**	(472,121)
Balance, end of year	**119,719**	**1,032,209**	**1,151,928**	498,533

See accompanying notes

Stratford General Hospital

Statement of operations

Year ended March 31

	2017	2016
	$	$
Revenue		
Provincial funding *[note 4]*	**79,163,813**	75,660,180
In-patient services	**334,813**	369,660
Out-patient services	**7,790,138**	7,460,919
Preferred accommodation	**557,709**	623,362
Chronic co-payment	**1,297**	14,037
Other revenue *[note 6]*	**8,925,833**	8,505,421
Unrestricted donations and bequests	**93,176**	56,258
Amortization of deferred contributions, capital – equipment	**2,104,517**	2,350,609
	98,971,296	95,040,446
Expenses		
Salaries and wages	**46,159,717**	45,628,495
Medical staff remuneration	**11,466,435**	11,034,545
Employee benefits	**13,931,937**	13,650,539
Supplies and other expenses	**16,615,351**	15,248,502
Medical and surgical supplies	**3,899,757**	3,798,891
Drugs	**2,725,238**	2,614,338
Amortization of equipment	**2,628,192**	2,715,632
Interest – non-buildings *[note 8]*	**9,458**	14,743
Net gain on disposal of equipment	**—**	(291)
	97,436,085	94,705,394
Excess of revenue over expenses before the following	**1,535,211**	335,052
Amortization of deferred contributions, capital – buildings and land improvements	**3,225,235**	3,251,752
Amortization of buildings and land improvements	**(4,039,317)**	(3,988,706)
Interest expense *[note 8]*	**(67,734)**	(70,219)
	(881,816)	(807,173)
Excess (deficiency) of revenue over expenses for the year	**653,395**	(472,121)

See accompanying notes

Stratford General Hospital

Statement of cash flows

Year ended March 31

	2017 $	2016 $
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**653,395**	(472,121)
Add (deduct) items not involving cash		
Amortization of equipment	**2,628,192**	2,715,632
Amortization of buildings and land improvements	**4,039,317**	3,988,706
Net gain on disposal of equipment	**—**	(291)
Amortization of deferred contributions, capital – equipment	**(2,104,517)**	(2,350,609)
Amortization of deferred contributions, capital – buildings and land improvements	**(3,225,235)**	(3,251,752)
Deferred contributions – operating	**(60,256)**	—
Post-employment benefits	**191,105**	211,575
Increase in long-term investments	**(175,966)**	—
	1,946,035	841,140
Net change in non-cash working capital balances related to operations *[note 15]*	**2,653,022**	580,666
Cash provided by operating activities	**4,599,057**	1,421,806
Capital activities		
Purchase of property and equipment	**(5,414,743)**	(2,725,200)
Proceeds on disposal of property and equipment	**—**	8,820
Cash used in capital activities	**(5,414,743)**	(2,716,380)
Financing activities		
Repayment of demand loans	**(847,500)**	(680,325)
Proceeds of demand loans	**3,132,500**	—
Repayment of term debt	**(144,000)**	(658,534)
Contributions received related to capital	**2,823,828**	2,555,694
Cash provided by financing activities	**4,964,828**	1,216,835
Net increase (decrease) in cash during the year	**4,149,142**	(77,739)
Cash, beginning of year	**206,916**	284,655
Cash, end of year	**4,356,058**	206,916

See accompanying notes

Stratford General Hospital

Notes to financial statements

March 31, 2017

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 is a member of the Huron Perth Healthcare Alliance [the "Alliance"] and the individual hospitals' financial results are influenced by this membership *[note 4]*.

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 *CPA 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 grants 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, 2017

[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 is 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.

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

Notes to financial statements

March 31, 2017

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 is equal to 12.36 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.

[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.

Notes to financial statements

March 31, 2017

[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 that 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, 2017, 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. Accounts receivable

Accounts receivable consist of the following:

	2017 $	2016 $
Provincial funding	**249,721**	728,256
Insurers and patients	**1,262,761**	1,583,550
Other	**2,277,273**	2,011,859
	3,789,755	4,323,665
Less allowance for doubtful accounts	**229,000**	203,000
	3,560,755	4,120,665

4. 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.

	2017 $	2016 $
Stratford General Hospital provincial funding	**84,043,231**	80,528,766
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**(4,724,238)**	(4,891,461)
Transfer of new grad funding from Seaforth Community Hospital	**—**	178,957
Transfer of cataract funding to Clinton Public Hospital	**(155,180)**	(156,082)
Provincial funding adjusted revenue	**79,163,813**	75,660,180

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, 2017

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

	2017 $	2016 $
Clinton Public Hospital	**250,569**	695,922
	250,569	695,922

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

	2017 $	2016 $
Seaforth Community Hospital	**1,923,036**	2,068,856
St. Marys Memorial Hospital	**948,144**	1,163,144
	2,871,180	3,232,000

5. Inventories

During the year, the Hospital expensed $6,857,626 [2016 – $6,860,138] of inventories. There were no write-downs of inventories to net realizable value or any write-down reversals during the year or prior year.

6. Long-term investments

Long-term investments consist of the following:

	2017 $	2016 $
Guaranteed investment certificate	**119,719**	119,719
Horizon ProResp Inc.	**340,514**	164,548
	460,233	284,267

Notes to financial statements

March 31, 2017

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.

	2017 $	2016 $
Common share investment – 50% of common share capital	**55,657**	55,657
Share of income since incorporation	**284,857**	108,891
	340,514	164,548

Management fees of $344,000 [2016 – $355,000] from Horizon ProResp Inc. have been recorded as other revenue.

7. Property and equipment

Property and equipment consist of the following:

	2017		
	Cost $	Accumulated amortization $	Net book value $
Tangible			
Land	**12,419**	—	**12,419**
Other non-amortized assets	**147,010**	—	**147,010**
Land improvements	**1,354,058**	**1,054,083**	**299,975**
Buildings	**109,620,288**	**47,528,247**	**62,092,041**
Furnishings and equipment	**37,286,622**	**33,364,899**	**3,921,723**
Computer hardware	**3,636,801**	**2,672,396**	**964,405**
Construction in progress	**1,064,101**	—	**1,064,101**
	153,121,299	**84,619,625**	**68,501,674**
Intangible			
Computer software	**5,927,860**	**4,185,768**	**1,742,092**
	159,049,159	**88,805,393**	**70,243,766**

Notes to financial statements

March 31, 2017

	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

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 RBC to finance general operating requirements. The Facility bears interest at bank prime [2.70%] minus 0.65%. As at March 31, 2017, nil [2016 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility [the "Capital Facility"] of $25,000,000 [$8,000,000] with RBC to finance the acquisition of capital assets including equipment and property. The Capital Facility bears interest at various rates depending on the term. As at March 31, 2017, $4,026,501 [2016 – $2,565,740] has been drawn on the Capital Facility by the Alliance, of which $2,475,000 [2016 – $890,000] 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, 2017, $2,008,419 [2016 – $2,152,418] is outstanding from the Alliance on the SSRP Facility, of which is fully attributable [2016 – 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. The SSRP Facility has a maturity date of March 31, 2019.

[d] Committed revolving instalment loan with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site [the "Co-Gen Facility"]. The Co-Gen Facility bears interest at bank prime minus 0.75%. As at March 31, 2017, $700,000 [2016 – nil] is outstanding from the Alliance, of which $700,000 [2016 – nil] is attributable to the Hospital. The Co-Gen Facility will convert to a term loan at the earlier of the date of the final advance and August 31, 2017. The commitment period of this facility will expire on September 26, 2018.

[e] Revolving lease line of credit [the "Lease Facility"] of $9,000,000 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, 2017, the Hospital has a nil [2016 – nil] draw on the Lease Facility.

As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has the following borrowings outstanding:

	2017 $	2016 $
Demand loans	**3,175,000**	890,000
Current portion of term loans	**144,000**	658,534
Total demand loans and current portion of term loans	**3,319,000**	1,548,534
Term loans	**1,864,418**	1,493,884

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. Principal repayments required on term loans over the next five fiscal years and thereafter are as follows:

	$
2018	144,000
2019	1,864,418
	2,008,418

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"]. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Alliance's financial statements. Employer contributions to HOOPP are expensed as contributions are due.

Employer contributions to HOOPP during the year by the Hospital amounted to $3,859,222 [2016 – $3,723,812]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2016 disclosed net assets available for benefits of $70,359 million [2015 – $63,294 million] with pension obligations of $54,461 million [2015 – $49,151 million], resulting in a surplus of $15,898 million [2015 – $14,773 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2016, the HOOPP was 129% funded [2015 – 130%].

Notes to financial statements

March 31, 2017

[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 $175,681 [2016 – $180,678].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2017.

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:

	2017 $	2016 $
Accrued benefit obligation		
Balance, beginning of year	**5,458,635**	5,223,400
Current service cost	**283,855**	282,360
Interest cost	**188,240**	184,275
Benefits paid	**(304,330)**	(266,175)
Actuarial (gain) loss	**(1,225,380)**	34,775
Balance, end of year	**4,401,020**	5,458,635
Unamortized net actuarial gain	**1,360,780**	112,060
Post-employment benefits	**5,761,800**	5,570,695
Less: current portion	**333,600**	477,750
	5,428,200	5,092,945

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:

	2017 $	2016 $
Current service cost	**283,855**	282,360
Interest cost	**188,240**	184,275
Amortization of net actuarial loss	**23,335**	11,115
Post-employment benefits expense	**495,430**	477,750

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

Notes to financial statements

March 31, 2017

	2017 %	2016 %
Discount rate – net accrued benefit expense	**3.37**	3.43
Discount rate – accrued benefit obligation	**3.67**	3.37
Extended health care premium increases	**5.90**	5.70
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 12.36 years.

10. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2017 $	2016 $
Balance, beginning of year	**55,352,982**	58,399,649
Additional contributions received		
MoHLTC and LHIN, net	**429,659**	1,363,678
Foundation [note 14]	**1,192,120**	792,538
Other	**202,049**	399,478
Less amounts amortized to revenue	**(5,329,752)**	(5,602,361)
Less amounts recognized in other revenue	**(60,256)**	—
Balance, end of year	**51,786,802**	55,352,982

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

	2017 $	2016 $
Unamortized capital contributions used to purchase property and equipment	**51,704,144**	55,283,690
Unspent contributions	**82,658**	69,292
	51,786,802	55,352,982

Notes to financial statements

March 31, 2017

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:

	2017 $	2016 $
Balance, beginning of year	**—**	118,114
Contributions, grants and donations	**180,382**	—
Amounts earned	**(4,690)**	(118,114)
Balance, end of year	**175,692**	—

The deferred contributions will be spent as follows:

	2017 $	2016 $
Mental health programs	**80,382**	—
Change Foundation	**95,310**	—
	175,692	—

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 $2,314 [2016 – $2,884] and was included in deferred contributions, capital during the year.

13. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations to facilitate proper maintenance and care of various capital assets. The amount committed to these service contracts for 2018 is $1,528,718 [2017 – $1,588,261].

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, 2017, 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 CIBC and RBC. As at March 31, 2017, the total outstanding borrowings of the Alliance amounted to $6,734,919 [2016 – $4,718,159]. Of this amount, the Hospital has drawn $5,183,418 *[note 8]*.

Notes to financial statements

March 31, 2017

14. 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 $1,192,120 [2016 – $792,538] 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, 2017, an amount of $36,090 [2016 – $44,560] was due from the Foundation. The amount is non-interest-bearing and due on demand.

[b] Alliance operations – The 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 4]*.

Notes to financial statements

March 31, 2017

15. Statement of cash flows

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

	2017 $	2016 $
Decrease (increase) in current assets		
Accounts receivable	**559,910**	(985,726)
Due from other Alliance entity	**445,353**	569,494
Inventories	**(142,713)**	154,221
Prepaid expenses	**39,086**	(58,407)
	901,636	(320,418)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**2,501,413**	(3,137,724)
Due to other Alliance entities	**(360,820)**	3,232,000
Accrued salaries and wages	**(564,899)**	924,922
Deferred contributions, expenses of future periods	**175,692**	(118,114)
	1,751,386	901,084
	2,653,022	580,666

16. 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 $4,027,490 [2016 – $3,888,134] are included in the statement of operations. The excess of OMP funding over OMP allowed expenses for 2017 is $350,444 [2016 – $62,053], which is due to the MoHLTC OMP and is included in accounts payable and accrued liabilities as at March 31, 2017.

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.

Notes to financial statements

March 31, 2017

The guaranteed investment certificate held by the Hospital is classified as Level 2 according to the fair value hierarchy described above. There were no material transfers between Levels 1 and 2 for the year ended March 31, 2017.

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 $3,540,034 [2016 – $3,595,409]. 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, 2017.

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.

NOMINATING REPORT

2016/2017

Huron Perth Healthcare Alliance

Nominating Committee Report

The Huron Perth Healthcare Alliance Board of Directors received and approved the following recommendations from the Governance Committee, acting as the Nominating Committee, at their June 1st, 2017 meeting.

The Board of Directors is pleased to present the following slate for acclamation:

For three-year term appointments:

- *Appointment of Kerri Ann O'Rourke representing the catchment area served by the Seaforth Community Hospital*
- *Appointment of Jack Alblas representing the City of Stratford*

For two-year term appointments:

- *Reappointment of Mary Atkinson as a Regional Representative*
- *Reappointment of Lynn Girard representing the catchment area served by Clinton Public Hospital*

Since this slate fills all existing vacancies, these candidates are acclaimed as Directors of the Alliance as of the end of the Annual General Meeting.

AUXILIARY & VOLUNTEER REPORTS

2016/2017

Clinton Public Hospital
Auxiliary Report
2016/2017

The Clinton Public Hospital (CPH) Auxiliary held 10 regular meetings from April 1, 2016 to March 31, 2017, with an average of 28 members attending each meeting.

Our members, including 5 new members, continue their volunteer commitment as each one shares their time, talents and abilities. Our volunteer hours for the year totalled 9,867.

At our Annual Meeting in April, the CPH Auxiliary donated $15,000 to the CPH Foundation to be used, in combination with last years' donation of $15,000, towards the purchase of 3 hospital beds with mattresses. 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:

- May: Tag Days with stations set up at various locations in Clinton
- June: Hot Dog Days at a local grocery store
- September: Penny Sale held at St Pauls' Anglican Church in Clinton
- November: 'Gift of Lights' sale for lights on a tree to honour loved ones
- December: Christmas Silent Auction & Bake Sale held in CPH Conference Room
- February: 50/50 Draw tickets were printed with the draw to be held at our next Gift of Lights function in November
- March: Irish Stew Luncheon held at Clinton United Church
- Gift Shop Sales

Our in-hospital volunteer work includes the Gift Shop, decorating the hospital for Christmas, Surgical Services for patients following cataract surgery and other surgical procedures, supplying outpatients with sockettes as required, providing information and directions to patients when entering the hospital, and assisting with Outpatient Clinics. We also assisted the CPH Foundation with their bi-annual gala in June entitled "The Kentucky Derby".

Many attended Volunteer Appreciation Events as well as the HAAO South Central Region Spring Conference in April in St. Marys. The President's Day workshop in September was attended by our Vice President, Elizabeth Cloran, and myself. A new member, Truce Ten Hag, and myself 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

St. Marys Memorial Hospital
Auxiliary Report
2016/2017

The Hospital Auxiliary had another successful year in the Gift Shop with a number of other activities, two Bake Sales held in the Thames Valley Recreation Centre, two Bingos, a raffle for a Quilt and Stained Glass Angel and a Christmas open house at Mrs. Jackie Cousins home. The Gift shop and the Activities again 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.

This year the Auxiliary was able to make multiple capital purchases for the hospital. Three HD TVs were purchased, one in the front foyer, one in the open space across from the new nursing station plus a TV for the new Foundation renovated Quiet Room, a cost of $2,766.82. We also purchased a new Ultra Sound Probe for the Emergency Department to enhance the doctor's ability to assess the patients at a cost of $7,030.41 plus 3 portable trolley cabinets that are portable and can move from one examining room to another to better care for the patients at a cost of $2,146.97. In total, we have donated $11,944.20.

In addition to the above we have agreed to cover the annual cost to supply to the hospital "Posie Socks" that has been proven to make the patient experience better (cost for 9 months $180.07). In addition to the "Socks" we have agreed to cover the cable costs for all three TV on an annual basis.

We have started to supply a package containing a colouring book, pencil crayons along with puzzle and sudoku books that the volunteers and nurses are giving to the patients especially those who are staying longer than expected in an attempt to enhance their experience in our hospital.

We hosted the 2016 Hospital Auxiliaries Association of Ontario (H.A.A.O.) South Central Regional Spring Conference where we had 85 participants coming from 8 different hospitals in the Huron Perth Area.

We have had 5 new members join the Auxiliary.

As of our April 11, 2017 Annual Meeting a new executive has been selected for the next two upcoming years. All positions except one have been filled. Our new President will be Cathie Szmon with Gayle Beattie as Vice President.

Respectfully submitted,

Larry R S Beattie
Past President

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2016 – March 31, 2017

General Account

Bank Balance as of April1,1 2016		$ 4,229.65
Receipts:		
Membership Dues	$ 140.00	
Bake Sales	$ 20.00	
HAAO Conference	$ 1,823.50	
Art Sales	$ 1,150.50	
Mc Donalds food receipts	$ 577.50	
In Memorium transferred funds	$ 731.71	
Bank Interest	$ 1.73	
Total Receipts		$ 4,444.94
Disbursements		
Advertising Expenses	$ 197.75	
Transfer to Lottery Fund	$ 200.00	
SMMH Capital Equipment donations	$ 3,657.10	
Flowers Open House	$ 33.90	
H.A.A.O. fees	$ 236.00	
H.A.A.O. Conference Expenses	$2,444.01	
HAAO Fees	$ 290.00	
Bursaries	$ 500.00	
Total Disbursements		$ 7,668.76
Bank Balance as of March 31, 2017		$ 1,005.83

Treasurer: Joanne Pickering

Reviewed this May 1, 2017 by Larry Beattie

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2016– March 31, 2017

Gift Shop

Ledger Balance as of April1, 2016		$5,861.20
Revenues		
Gift Shop Sales	$ 6,751.05	
Heritage Day Sales	$ 320.00	
Christmas Open House	$ 440.00	
Christmas Bake Sale	$ 813.25	
Bingo	$ 233.65	
Community Players	$ 75.90	
Trunk Sales	$ 726.00	
Total Revenues		$15,658.20
Disbursements		
Bank Charges	$ 11.57	
Sock Program	$180.07	
Patient Care	$ 46.00	
HAAO Conference Hall Cost	$ 140.00	
Advertising	$ 113.00	
SMMH Capital Equipment Donations	$7,193.83	
Gift Show Travel Expense	$1,081.77	
Purchase of merchandise for Shop	6,762.33	
Total Disbursements		$ 15,528.57
Ledger Balance as of March 31 2017		$5,990.83
Less Outstanding Deposits		$ 302.45
Add Outstanding Cheques		$ 394.52
Bank Balance as of March 31, 2017		$ 6,082.90

Gift Shop Treasurer: Gayle Beattie

Reviewed May 1, 2017 by Larry Beattie

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2016 – March 31, 2017
In Memoriam Account

Bank Balance as of April1,1 2016		$ 731.17
Receipts:		
Interest	$ 0.54	
Disbursements		
Closed Account to General	$731.71	
Bank Balance as of August 12, 2017		$ 0.00

Treasurer: Joanne Pickering

Reviewed this 1st May 2017 by Larry Beattie

St Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2016 – March 31, 2017
Lottery Account

Bank Balance as of April1, 2016		$ .00
Receipts:		
Transfer from General	$ 200.00	
Bingo deposits	$ 1,953.55	
Quilt draw deposits	$ 1,560.00	
Total Receipts		$ 3,713.55
Disbursements		
Bank Fees	$ 26.36	
Bingo Expenses	$ 601.47	
Quilt Draw Expenses	$ 28.55	
Cheques	$ 72.14	
SMMH Capital Equipment Donation	$ 2,500.00	
Total Disbursements		$ 3,228.52
Bank Balance as of March 31, 2017		$ 485.03

Treasurer: Joanne Pickering

Reviewed this 1st May 2017 by Larry Beattie

Seaforth Community Hospital
Auxiliary Report
2016/2017

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

Throughout the year approximately 24 volunteer members (12 life, nine active and three associate) commit their time and talent in support of the Seaforth Community Hospital. Members participate in eight meetings throughout the year, monthly except for January, February, July and August. Fundraising committee members meet more frequently to execute plans for each fundraiser.

In April 2016, the SCH Auxiliary donated $10,000 to the hospital's 'Give a little, get a lot' campaign. This money was used for the purchase of much needed patient care equipment.

We feel that the youth are an asset to our community and the future of the healthcare system at SCH. We feel that commitment to the bursary and its funding encourages local youth and lets them know that we as an Auxiliary support them. The SCH Auxiliary presented two bursaries of $500 each to Laureen Williamson and Allison Braecher at the Central Huron Secondary School commencement held October 2016.

The Hospital Auxiliaries Association of Ontario (HAAO) held their annual South Central Regional Conference in Wingham on April 24, 2017. Four members, plus Joan Chesney, who was the South Central Regional (SCR) President attended. The new SCR president is Larry Beattie, who is a member of the St. Marys Memorial Hospital Auxiliary. The SCH Auxiliary will be hosting the SCR conference in April 2019.

The SCH Auxiliary fundraising and events throughout the year include:

- Gift Shop
- 31 day fundraiser
- Bake Sale
- Autumn 50/50 Draw
- Bakeless Bake sale
- Tree of Lights
- Tray favours for patients

Our success in fundraising 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,

Margaret Marian Lee & Frances Teatero
Co-Directors, SCH Auxiliary

Annual Report 2016/2017

Through unfailing dedication, our Volunteers continue to devote their time, talent and treasure to strengthen our program within the Stratford General Hospital. In review 2016/17 is no exception.

We are happy to report that 43 new members have joined the Volunteers of SGH, we are now at 223 active volunteers.

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, Surgical Unit and the Volunteer of SGH Council.

Surgical Services Volunteer, Karel supporting a patient with his hospital experience.

Volunteers can also be seen knitting blankets, sewing comfort pillows and shopping for the New Year baby basket. All these items are happily given to patients to help brighten their day.

A total of 23,367 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.

Over this past year the Volunteers of SGH in partnership with the SGH Foundation, supported the Falls Prevention program by providing the funds to purchase no-slip socks that are provided to every patient who may be at risk of falls. The Volunteers were more than happy to support such an amazing initiative.

Educational opportunities are a new initiative over this past year and have been a great success. Volunteers have been encouraged to participate in on-going sessions provided by the HPHA as well as organizing educational sessions specific to the volunteer program.

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 $467,340. 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:

The Volunteers of SGH continue to raise dollars in support of their “Match my Gift” Campaign, a $150,000.00 commitment to our Lab Department. The Volunteers partnered with the SGH Foundation to kick off the “Match my Gift” Campaign. Within a short period of time, our community raised 150,000.00! The Volunteers were impressed with the outpour of support from our communities. This left the Volunteers of SGH passionate and committed to raising their portion of the pledge as quickly as possible. At the end of our fiscal year, the Volunteers of SGH are happy to report the pledge is soon to be paid in full!
A description of the equipment purchased during this campaign 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,

Annual Report 2016/2017

are often diagnosed late. 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..
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.**

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 $30,814.92.

Gift Shop Volunteer, Joyce is always happy to help.

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 $35,978.09 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 $8,972.95 towards the Volunteers of SGH pledge.

The **Raffle** this year was for $1,000.00 Cash – sponsored by Chartwell Anne Hathaway Retirement Residence, I-Pad mini and $200.00 worth of Presidents Choice Gift Cards. This is one of our main fundraisers and this year nets us a $4,815.33 profit. This fundraiser is made possible with the support of the SGH Foundation.

Coffee Shop Volunteer, Christina ready to serve our visitors with a smile.

Other fund-raising events held throughout the year were BINGO, Gift Basket auction, coin canisters, Gift Basket Auction, Gift Shop Holiday Baskets, Picture Auction Program, Used Book Sale and

the Vendor program. All these activities were highly successful thanks to the many Volunteer hands they raised $15,898.19.

This year the Volunteers of Stratford General Hospital donated $33,500.00 towards the current pledge for the lab equipment.

Respectfully submitted,

Cheryl Elgie & Joan Maloney
Co-Chair, Volunteers of SGH

FOUNDATION

REPORTS

2016/2017

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
www.cphfoundation.ca

Clinton Public Hospital Foundation

Annual Report
2016/2017

The Clinton Public Hospital Foundation is pleased to report that we've had another successful year, which has been made possible with the generous support of our wonderful community and the commitment of our volunteers.

In past years, the CKNX Healthcare Heroes Radiothon has typically been held on a Saturday in October; however, this year the annual CKNX Radiothon was held in Wingham on Thursday, May 12th. Our fundraising goal for the event was to raise $50,000 for the Operating Room Refresh project. While we did not meet our goal for the event, the generosity of our donors did raise $12,561.63 to put towards this project. In October, the Clinton Kinsmen once again hosted their annual breakfast, at the Central Huron Community Complex. We had wonderful support from our community and the breakfast was delicious. The time, talent and dedication of the Clinton Kinsmen are greatly appreciated and they were able to raise an additional $1595.63 from the breakfast, bringing our total donations for the Radiothon campaign to $14,157.26. We have participated in the CKNX Radiothon since its inception in 2002 and throughout those years we have received donations for an accumulated total of $461,353.64.

Our biennial Gala was held on Saturday, June 11th, with this year's theme being the "Kentucky Derby". We wish to extend our gratitude to each sponsor, donor and volunteer for making the event such a success. The event consisted of a cocktail hour, dinner, live and silent auctions, and live entertainment. This year's Gala event raised more than $130,000 and we would like to thank our generous community for making this possible. The funds raised from this year's Gala were used to purchase the Anesthetic Machine in the Operating Room and the remaining funds have been committed to the Operating Room Refresh project. The event was a great success and we hope that all in attendance thoroughly enjoyed themselves.

In December each year, we launch our annual Christmas Campaign. We send out a general letter giving thanks to our supportive community and wishing them well throughout the holiday season. We are thankful that the students at St Anne's Catholic Secondary School were able to volunteer their time again this year, to assist us with the campaign by stuffing envelopes for us. The letters, along with donation forms, are mailed out to our local community and each year we receive generous donations from our wonderful donors, throughout the holiday season. This year the campaign was very successful and raised more than $28,000.

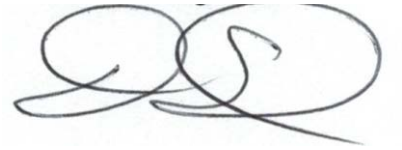
Throughout the 2016-2017 fiscal-year, we also received several bequests and many memorial donations. We are so grateful to those who plan ahead to make give a financial gift to the Clinton Public Hospital Foundation upon their passing and also to the families who name the Foundation as the charity to receive donations in memory of their loved one.

In addition to our fundraising efforts, the Clinton Public Hospital Foundation Board of Directors and Staff have continued to share the Foundation's various activities on our website and on social media. The Foundation also continues to move forward with enhancing their public communication and social networking presence. To assist with these efforts, upon Administrative Assistant Virginia Steckle's announcement to retire at the end of 2016, the Board of Directors reviewed the Administrative Assistant role and decided to replace it with the position of Foundation Coordinator.

Virginia retired at the end of December and the Board of Directors extended well wishes for her retirement. Prior to her retirement, at the beginning of November, the Foundation welcomed Darlene McCowan as the successful candidate to fulfil the Coordinator role. Darlene spent the months of November and December in the Foundation Office with Virginia, for administrative training purposes. Along with the operational management, Darlene will be focusing on donor relations, fund development, community relations, marketing, financial planning and financial management. Darlene has already shown great initiative and dedication in her position with the Foundation. The Board of Directors is very pleased to have her join the Foundation as Coordinator and will continue to support her throughout the development of this new role.

We truly are honoured to be a part of such a caring and generous community. We wish to extend our appreciation to each individual, business and service group who has contributed to making a difference at the Clinton Public Hospital!

Kindest Regards,



Darren Stevenson, Chair
Clinton Public Hospital Foundation

Clinton Public Hospital Foundation
Board of Directors
2016-2017

Darren Stevenson, Chair

Una Roy, Vice-Chair

Steve Brown, Treasurer

Tim Collyer, Director

Janice Cosgrove, Past Chair & Director

Linda Dunford, Director

Jane Groves, Director

Gerry Hiltz, Director

Fred Lobb, Director

Dr. Daniel Ooi, Medical Liaison

St. Marys Memorial Hospital
Foundation Annual Report
2016/2017

I am pleased to present the Chair's Report for the fiscal year ending March 31, 2017. I am honoured to have been nominated as Board Chair in June 2015 and have been a board member for 13 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, 2017, we celebrate over $4.7 Million raised. We feel so very fortunate to have such an incredibly supportive and passionate community.
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 continuously solicit donors.

Disbursements for this fiscal year totalled: $ 643,840.00
This transfer of funds went to Hospital equipment/upgrades, Wellness Centre Renovations, 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, 2017 was as follows:

- Short-term Investments - $1,013,907
- Long-Term Investments - $3,842,973

Since our process audit executed by the Stratford General Hospital Foundation, we have taken action based on the recommendations and implemented new software, policies and processes for donations, finances, reporting, communications, risk management and governance.
This is an on-going process as we look to have more transparency, stewardship and accountability with our donors.

I would like to thank Andrew Williams, Francesco Sabatini, Marie Ormerod and Trina Cooper, and all the HPHA staff for the support and encouragement as we continue to transform as a Foundation.

My heartfelt gratitude to our volunteer Board of Directors who have worked tirelessly at fundraising, executing incredible events and supporting our restructuring process. Again 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
2016/2017

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
2016/2017

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 Seaforth Community Hospital site of the Huron Perth Healthcare Alliance (HPHA).

This year a cheque was presented to the Seaforth Community Hospital site of HPHA, in the amount of ***$158,298.74***. These funds supported the purchase of a new ultrasound unit, costs associated with suction and oxygen therapy equipment for patient rooms and the recruitment of Dr. Bradley Ross. Dr. Ross is working at the Huron Community Family Health Team's Brussels Medical Centre and providing coverage in the SCH Emergency Department.

The Patient Lounge/Dining Room was also renovated thanks to a generous memorial donation.

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
- Christmas/Winter Campaign Appeal Letter

Throughout the year the Foundation received regular reports, 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.

In 2016, the Trust finalized a land sale agreement with JL Retirement Living for development west of the hospital. Construction is anticipated to start in the spring of 2017, including a secondary road access to SCH.

The Trust was also successful with an application to the Southwest LHIN, received a grant of $25,000 for lobby renovations at the Health Centre. The project was completed in March 2017, with assistance from the HPHA Facilities Management department.

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 2016/2017

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*

Sherry McCall

Wendy Hutton

Greg O'Reilly

** In 2016-17 the Seaforth Community Hospital Foundation Board lost two longstanding members. The board commends Alf Ross and Mike Hak for their many years of dedication to the Seaforth Community Hospital. They will be greatly missed.*

STRATFORD GENERAL HOSPITAL Foundation
"People Caring for People"

Making a Real Impact...

2016/2017 Chair's Message

The Journey Continues…

First comes thought; then organization of that thought into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination.

Napoleon Hill, author.

A year ago, my Chairman's message concentrated largely on the activities our Foundation was undergoing in preparation for the journey that lay ahead. That included a significant focus on Strategic Planning – gathering input, creating, implementing and incorporating a plan that would help us navigate our way to success.

In the past year we've truly set sail. We're starting to see the fruits of our labors, turning our ideas and plans into reality. We've been putting our house in order for our next major effort, a $20-25 million capital campaign that will renew a large percentage of the equipment in our hospital including the CT Scanner – vital equipment that is aging and in need of replacement.

As you can imagine, such lofty goals require considerable organization and effort. Like a military operation, such campaigns are most often won on paper before they're launched. And as is typical in most successful fundraising campaigns, ours won't be officially launched until we're half way to our goal.

But that day is coming. In fact, we've already raised some $4.5 million in what's called the "quiet phase" of the campaign…so please don't tell anyone! Even in this quiet phase, our donors' generosity continues to reach its intended target. In this past year alone, the Foundation disbursed over $1.3 million to our hospital. Imagine the impact of that generosity on our community…on the people we know and love.

As always, we continue to have great faith in the community groups and organizations, businesses and individual donors who are responsible for our success. We deeply appreciate and value your ongoing support. That's especially true for groups like the Volunteers of Stratford General Hospital who never waiver in their generosity.

Like the Foundation, the SGH Volunteers are totally dedicated to helping our Hospital and patients. They raise their money the old fashioned way, through hard work, and they give it to our hospital without reservation. They are always first in line to help set the pace in even the most ambitious fundraising campaigns. They're already planning a $150,000 matching gift mail piece for the fall, and have green lighted a whopping pledge of $1 million towards our Equipment Campaign. They are amazing!

Donors of all stripes are our Foundation's life's blood. There are many reasons why donors choose to support our hospital; many individual motivators which move people to become involved.

Some appreciate our Foundation's dedication to excellence, ability to direct donations where they're needed most, and keep our costs significantly lower than virtually all similar organizations. Simply put, they trust us.

But that trust doesn't just happen; we work hard to earn and keep it. In 2013, SGH Foundation was rated in the top 55 performers in North America by the Association for Healthcare Philanthropy, exceeding its benchmark for efficiency and effectiveness as related to bottom line returns.

In the past year, we've also appointed new auditors, established a new endowment fund to focus on long term goals, and have started working with a new investment advisor for that endowment to ensure that every long term dollar – dollars that do not go immediately to the hospital – is invested safely and wisely.

And right now the Foundation is going through Imagine Canada's 24-month Accreditation process, to ensure the highest standards of governance, transparency, efficiency and ethical standards.

These are all factors that enhance our donors' trust in our Foundation. And yet, trust isn't the whole of the equation. Motivation is also key. I think one thing that unites most donors is a recognition of the impact and importance of the hospital in our lives. While there are many worthy causes, I believe that none has more direct impact on you and your family than our hospital.

It is an honor to belong to such a group and a privilege to have served as Board Chairman for the last 3 years. While I will remain active with the Foundation during the next two years as Past Chair – it's time for new Board leadership. Truly progressive organizations have an ability to attract and harness the talents and enthusiasm of new Board Members while retaining the experience and expertise of existing members. SGH Foundation is in good hands and heading in the right direction.

But of course, the reasons for our success extend beyond the Board. Our staff members are exemplary. Led by Andrea Page, one of the most talented and experienced fundraisers in Ontario hospitals today, our staff – Susan, Melissa and Christy – provide the energy and determination to reach our goals. I thank them all for their continued efforts.

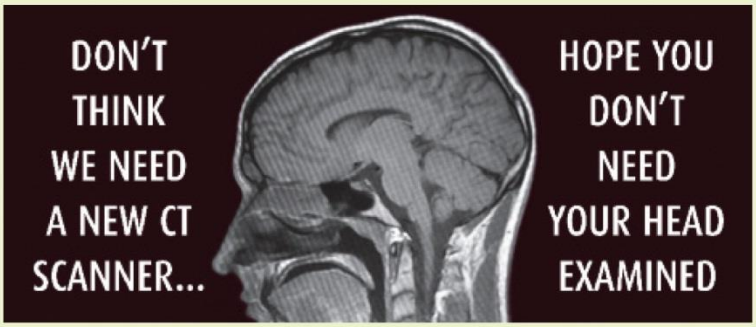
And you, the donors, have my heartfelt gratitude. Without you, none of what we work towards would be possible. Your generosity turns good ideas and thoughts into something concrete and transforms caring into a force that heals. Our thanks always to you.

Rick Orr, Board Chairman

STRATFORD GENERAL HOSPITAL Foundation
"People Caring for People"

A Year to Remember . . . Highlights!

■ Our community continues to respond generously to our Christmas mailing reaching $278,713 to date with a total of 1,410 donors with the average gift of $197.67. The appeal was focused on raising funds towards Digital Imaging needs including x-ray machines at $450,000 each and towards a CT Scanner.



■ Dollars are coming in for our Spring "Don't think we need a CT Scanner" mailer focused on raising dollars towards a replacement CT at the cost of $1.3 million. According to Dr. Sparrow, our CT is the gateway into our hospital and is the most important piece of diagnostic equipment in our "toolbox". Stay tuned and watch the mail this Fall for our "Matching Gift" mailing in which the Volunteers of Stratford General will match every donation to the CT through the mailer up to the total of $150,000... which could help us raise over $300,000!!

■ Over the last few years the Foundation has disbursed over $19 million to the redevelopment project which helped build the North Wing, renovate ICU/Telemetry, Mat Child and Mental Health, purchase essential equipment and technology like PACS and the Surgical Suites. This year we completely paid for the MRI project through the $3.8 million Make a Real Impact campaign. It is only through donor generosity and their continued support through pledge payments that all these improvements to patient care have been possible. This year's gift from generous donor dollars from the Foundation to the hospital totalled $1,299,739.

■ Volunteers of Stratford General Hospital and the SGH Foundation join together to help prevent patient falls. Non-slip socks are offered to all patients who arrive at the hospital and do not have non-slip socks or footwear, ensuring their safety and making a difference in decreasing slip and falls. The commitment is $2,340 yearly for 2 years – the result is priceless, preventing injury and breaks.

■ 5 Anaesthetic Machines PAID IN FULL thanks to 100% community support. Support for one more is needed to bring the total funded up to six machines with 5 located in the Operating Rooms and the sixth in the specialized operating room in Maternal Child Unit used, for c-sections and emergency surgery. Each year surgeons at Stratford General Hospital perform more than 10,000 day surgeries and inpatient procedures. The new machines made possible by donor support are having a genuine impact on our ability to care for and monitor our patients, reduce pain, and even minimize our impact on the environment! All the machines in the Operating rooms were brought on line at once to ensure patient safety, equipment standardization and to provide hands-on equipment training for the anesthesiologists. L-R: Andrew Williams, HPHA CEO; Andrea Page, SGHF Executive Director; Dr. Peter Tinits, Anesthesiologist; Rick Orr, SGHF Board Chair; Todd Hartsburg, Manager Peri-Operative Services; John Wolfe, HPHA Board member.

Tribute to SERVICE & COMMITMENT

Brent Hiller

When people support the Foundation, they know the money is going to the right place for the right reasons and with minimal expense says Brent Hiller, when he joined the Stratford General Hospital Foundation Board as the "next generation" of Hillers to step up to the tee.

The Hiller family has long been involved with Stratford General Hospital Foundation through its Board, but also through its longest running and highly successful special event, the Royal LePage Hiller Realty Golf Tournament which was retired after 16 years.

"My high regard for both the Hospital and the Foundation led me to getting involved," explains Brent. "It's amazing that we have a facility like our hospital in a city the size of Stratford, and the Foundation's efforts-coupled with a very supportive community-have helped make that happen."

While Brent's term on the Board was shortened due to changing work commitments, he continues to spread the word through business and personal contacts to make sure people know we have something special in Stratford – and that their generosity can have an impact.

Foundation Board Trustee, Brent Hiller receives a plaque in appreciation and recognition of his outstanding 4 1/2 years of commitment and service to the Stratford General Hospital Foundation and as a thank you for his contribution as Vice Chair. Board Chair Rick Orr presented the plaque at December's Board luncheon.

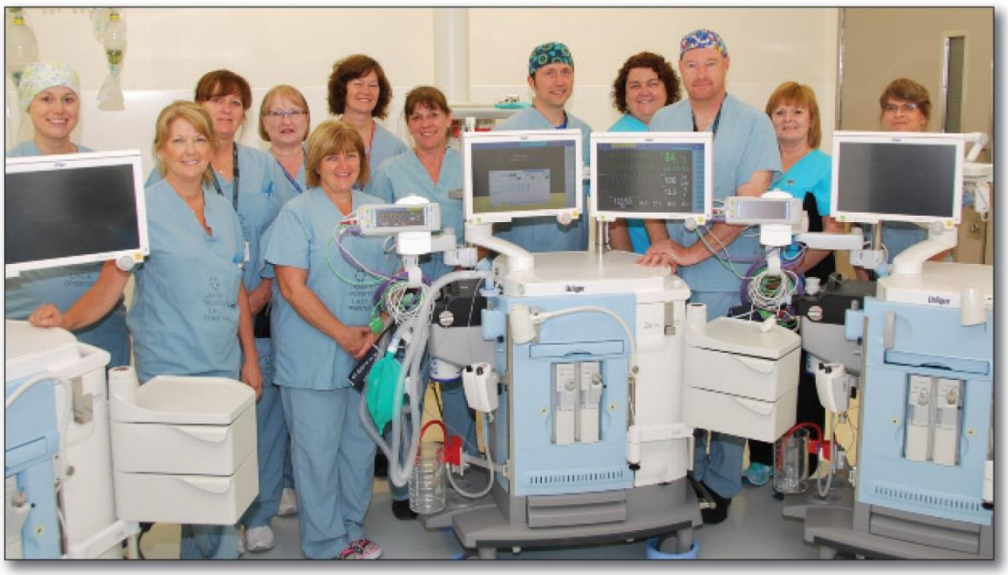
L to R: SGHF Board Chair Rick Orr, Board member Brent Hiller.

Governance, Stewardship, Guidance and Impact!

Stratford General Hospital Foundation Board of Trustees 2016 – 2017

A Salute to our Stratford General Hospital Foundation Board of Trustees who provide governance & stewardship with impact! Seated L to R: Rick Orr - Chair, Lori Ripley, Phil Buxton - Treasurer, Lisa Hyde. Standing L to R: Andrew Williams, Hugh McDonald - Vice Chair, Paul Roulston, Dr. K. Sparrow, Bob Gulliford, Andrea Page - Executive Director. Abs. Honorary Life Member Colleen Misener.

We Can Never Say Thank You Enough to Our Donors



2016/2017 EQUIPMENT PURCHASES

The Stratford General Hospital Foundation disbursed **$1,299,739** to the hospital. The items sponsored through our donors' generosity include:

- Bariatric Wheelchair $3,952
- Vital Signs Monitor & Stand $2,120
- Harness for Neonatal Transport
- Adaptor Deck for Neonatal Transport $9,945
- 3 Holter Recorders
- Ultrasound Machine $81,507 (Mammography)
- Ice/Water Machine $6,162 (medical unit)
- Centrifuge
- Harmonic Scalpel Hand Piece $10,698
- Histology Cassette Printer $39,529
- Analyzer $39,228
- 3 Dialysis Recliners
- Chart Rack
- Pulse Oximeter
- Addressograph
- Lap Top Computers
- 5 Anesthesia Machines $512,492
- MRI – $35,273.00 – towards MRI
- Building Redevelopment - $432,312.86
  - PACS Monitors $110,238
  - OR power equipment $40,980
- Hospital Staff Education
- Non-slip socks for Falls Prevention

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

STRATFORD GENERAL HOSPITAL Foundation

Clinical Quality Report

2016/2017

Huron Perth Healthcare Alliance

Clinical Quality Report

2016-2017

Supporting people Strengthening partnerships Improving performance

Executive Summary

The Huron Perth Healthcare Alliance (HPHA) is committed to safe quality patient care, an excellent patient, family and staff 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 ensure our healthcare system is the best that it can be.

HPHA's commitment to quality is embodied in our 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. Similarly, the quality improvement initiatives noted in this report is not an exhaustive list although a robust representation of the significant work to advance HPHA's commitment to safe, quality care in support of person centred care.

CONTENTS

HPHA CLINICAL QUALITY INITIATIVES

Antimicrobial Stewardship

Antimicrobial stewardship (ASP) is a Required Organizational Practice of Accreditation Canada and is focused on improving the quality of patient care by decreasing the use of unnecessary antibiotics.

A 2016/17 pilot project dedicated the equivalent of one day per week of pharmacist time to the Intensive Care Unit and allowed the pharmacist and physicians to determine which antibiotics are most effective in certain scenarios and to educate the pharmacy staff to ensure patients are receiving the optimal drug for their condition. The analysis of this pilot project confirmed that Intensive Care Unit (ICU) patients received the antibiotics that they needed with the least side effects.

The ASP team developed an order set to help guide evidence based treatment for Clostridium Difficile, an infection that can cause significant health consequences.

A savings of $1,200 was realized in 2016/17 from intravenous to oral conversion of several frequently used antibiotics. Positive trends in prescribing patterns of medications that can lead to development of resistance have been demonstrated. In addition, there were 226 cases where a pharmacist provided renal dosing of antibiotics to ensure patients receive an optimal dose of medication.

The ASP Team developed an ASP Dashboard on the IT Start Hub to facilitate sharing of ASP information and data with clinical team members.

Clinical Communication

In 2014/15 HPHA and Alexandra Marine and General Hospital (Goderich) received $1.3 million from the South West Local Health Integration Network (SWLHIN) to support the Electronic Patient Integration Connectivity (EPIC) project. Initially this allowed replacement of central cardiac monitoring, ECG carts and nurse call equipment at the Clinton, St. Marys and Seaforth hospitals; and Stress Testing equipment at the Stratford Hospital. In 2016/17, Wi-Fi nurse call integration was implemented at the Clinton, St. Marys and Seaforth hospitals and Wi-Fi was enabled on all ECG carts.

In December 2016, HPHA introduced the Cardiovascular Information System (CVIS), a web-based, user-friendly application that receives, manages and exports diagnostic test data to electronic health records. Physicians and other users are able to view, edit and print diagnostic test data from anywhere in the hospital, or from their offices or homes using a standard web browser; ECG's are accessible from iPad, iPhone, or Android devices. The benefits of this system are that a physician is able to read and interpret the results on line electronically from any site; faxing illegible ECGs to physicians has been eliminated as has printing routine ECGs for the patient's chart; and the end user is able to view the image or test result of all ECG's, Stress Tests and Holters in Meditech or PatientKeeper.

In 2016/17 Drs. Bob Davis (HPHA) and Paul Gill (AMGH) became the Regional Physician Technology Leads for HPHA's and AMGH's PATH (Providers Advancing Technology in Healthcare) Project which continues our regional efforts regarding the Electronic Health Record. Dr. Davis, working closely with the physicians of the St. Marys and Stratford hospitals, and Dr. Gill working closely with the physicians of Alexandra Marine and General Hospital and the Clinton and Seaforth hospitals, are identifying improvement opportunities for streamlined access and quality of clinical information in this initiative that will span several years. Drs. Davis and Gill will provide leadership on the development and

deployment of new computer technology across the hospital facilities and spearhead physician IT and informatics strategies.

In 2016/17 an extensive refresh of the Meditech documentation was undertaken to optimize the features of the system, ensure compliance with standards of regulated Colleges and streamline documentation practices. Each nurse and allied staff member was provided with two 4 hour training sessions to update their knowledge with Meditech and learn the new revised system.

Clinical Education Resources

Elsevier, an on-line resource of over 1,000 clinical evidence based skills in the areas of general nursing, emergency, perioperative, respiratory therapy, mental health, oncology, adult and pediatric acute care, neonatal, and maternal-newborn was implemented in 2016/17. Each skill includes detailed step-by-step processes, checklists, illustrations, demonstrations and self-tests. The skills are peer reviewed and updated annually. The Elsevier system provides standardized information that is readily accessible.

HPHA's "eTRAIN" system was implemented in 2016/17 as an enhanced online e-Learning system that allows HPHA to standardize content and format and optimize staff learning opportunities. The system also alerts staff to required learning and has enhanced reporting capability regarding completion of required learning.

Educators

HPHA Educators are an organization-wide resource focusing primarily on nursing and by extension, advancing HPHA's professional standards. A summary of their efforts in 2016/17 include:

- Drop-in sessions at all four hospitals to support and coach nurses in the development of their personal annual learning plans as required under the College of Nurses of Ontario Quality Assurance Program.
- Review of more than 100 HPHA clinical policies and procedures with the introduction of the evidence-based Elsevier Skills program to ensure that only those policies that are required were retained and updated as necessary. E-learning was developed and education provided to nursing staff at all four hospitals regarding the Elsevier Skills Database.
- A needs assessment survey of more than 100 nurses and a chart audit to inform a National Early Warning Score (NEWS) pilot. Working with the Internal Medicine physicians, the Educators are implementing a model to assist nurses in detecting and communicating early signs of deterioration in patients thus improving quality of case and reducing emergent transfers to the ICU, length of stay and incidence of septic shock.
- Establishment of a Skills Lab at the Stratford Hospital with several skills stations such as IV initiation and Ultrasound Guided IV insertion.
- Monthly Mock Code Blue education at each hospital to support staff response in the event of a cardiac or medical emergency.
- Support to the Emergency Department to ensure medical directives are current, evidence-based and appropriately utilized.
- A Nursing Skills Fair which 168 nurses from the four hospitals attended and positively evaluated.
- A "Legal Issues in Nursing" forum, facilitated by an attorney and attended by 65 nurses, regarding nurses' professional responsibilities with respect to social media use.

- Specific skills training to 33 RN Nurse Champions in the management of central venous catheters; and 500 nurses in the care and management of peripherally inserted central catheters (PICC lines)
- Development and facilitation of training of Defibrillation Competency Assessment of 8 RNs who will conduct the annual defibrillation/cardioversion/pacing assessment of RNs in the ICU and Emergency Departments.
- Facilitation of several Neurological Assessment sessions taught by the Neurological Education Outreach Network group to nurses from all four hospitals
- Organization and facilitation of "DOC Talks", a 30 minute education session provided by physicians to nursing staff every two weeks. This forum, spearheaded by Internal Medicine in August 2015 to support nursing staff with education focused on specific clinic information post-Bed Realignment, are routinely attended by an average of 25-30 staff and additionally viewed by many more through the recorded sessions on the HPHA eTRAIN system.
- "Toilet Talk", developed in 2015/16 as a one page monthly resource notice for strategic placement in staff bathrooms continues and is positively received.

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). In a project to refresh 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. The refreshed process improvement process and boards are focused on improving patient care and staff work life through process improvements and communication.

Infection Control

Recognizing that the standardization of processes and equipment prevents hospital acquired infections, isolation carts were purchased for all four hospitals and standardized with respect to equipment, supplies, configuration, and signage. The carts are easy to clean, have capacity to hang coats and belongings of visitors and when isolation is discontinued, only the supplies that have been handled will be discarded.

In January 2017, a Norovirus outbreak was declared at St. Marys Memorial Hospital. Norovirus is a highly contagious virus and a serious challenge to contain. A dedicated team of nursing and Housekeeping, supported by Infection Control and Public Health, launched a concerted effort to thoroughly clean and disinfect rooms, cluster contagious patients and ensure that care continued with minimal disruption in other clinical staff such as rehabilitation therapies, Social Work, Nutrition and Food Services, Lab and Medical Imaging. Risk of exposure and contagion was limited to 9 of 19 patients and 8 of 79 staff. The outbreak was declared over in a 10 days – an amazing accomplishment!

HPHA achieved an overall influenza immunization rate of 85% with the Stratford and Seaforth Emergency Departments and the St. Marys physicians achieving 100%!

Medication Safety

- Electronic Medication Administration Record/Bedside Medication Verification (eMAR/BMV) was implemented in 2014/15 as a significant measure to enhance medication safety and ensure the right patient received the right dose of the right medication at the right time. Significant efforts that included data analysis, and leader and staff education, occurred in 2016/17 to ensure the

system was working and being used as intended. As a result, the system was updated in March 2017 to ensure nursing staff are scanning individual patients prior to medication administration. Improvement was noted as a result of information and education even prior to the system being updated.

- Pharmacy facilitated alerts to indicate if the dosing of Apixaban, a drug that is prescribed to prevent blood clots in people who have atrial fibrillation, was too low or too high. The drug has unusual dosing requirements and the alert notifies pharmacists to adjust the dose ensuring patients receive an appropriate dose.
- Bulk heparin has been eliminated which ensures needle stick injuries are avoided. Availability in the most common dose eliminates incorrect dosing of this high alert medication.
- "Medication not available" was occurring more frequently than necessary with patients missing doses of prescribed medication as a result. Pharmacy and nursing leaders collaborated to follow up with individual staff, educate staff on appropriately accessing medications, develop a resource guide and optimize automatic dispensing cabinets to access medications.
- Implementation of a message code being embedded in Order Sets for patients receiving tPA (tissue Plasminogen Activator, the Stroke "clot buster" drug) ensures optimal patient care. For example, the messages pertain to timeframes regarding intramuscular injections or specific drugs post-infusion
- Implemented practice that Fentanyl Patch removals are witnessed and documented to comply with Ontario College of Pharmacists standards
- Instituted practice that bottles from which methadone is administered are returned to Pharmacy to comply with Ontario College of Pharmacists standards

Pharmacy reports the following metrics:

	Target	**2014/15 Actual**	**20-15/16 Actual**	**2016/17 Actual**
Number of Medication Events/Number of Medication Doses Dispensed (%) – reported quarterly	2015/16: less than 0.075% 2014/15: less than 0.1%	0.079% (595 events and 750,747 doses)	0.081% (602 events and 746,862 doses)	0.082% (585 events and 716,967 doses)
Medication Event Severity - % of Medication Events Reported resulting in No Harm to Patient (Level 2 and Below)- Reported Quarterly	2015/16: Greater than 92.5% 2014/15: Greater than 90%	91.8%	93.5%	95.9%

Medical Directives

The Medical Directives Framework was revised to assist physicians and staff in development of and access to medical directives. Appropriate use of medical directives expedites care and ensures all regulated healthcare professionals are able to work to their full scope of practice.

Medical Assistance in Dying

With the legalization of Medical Assistance in Dying in Canada in June 2016, HPHA implemented a policy, processes and resources in compliance with changes in legislation to support our patients and families with their inquiries and requests, and our staff and physicians with these inquiries and requests for those who choose to participate or to conscientiously object.

Patient Flow

HPHA developed and implemented an Alternative Level of Care–Long Term Care (ALC- LTC) Sign-Off process to ensure that both the hospital and Community Care Access Centre (CCAC) exhaust all possible discharge options prior to a patient receiving ALC-LTC status and remaining in hospital for an extended period. In keeping with our philosophy to return patients to their pre-hospital home upon discharge with appropriate supports whenever possible, Managers of HPHA and CCAC are required to sign off authorization that long term care is the best discharge option.

Patient and Family Experience

The Patient and Family Experience Framework was developed in 2015 to develop strategies to increase feedback from patients, staff and physicians. In February 2017, HPHA implemented an electronic Patient Feedback-Complaint process utilizing the same RL6 system as for patient safety incidents. This will streamline the process and allow tacking and trending themes.

Over the course of 2016/17, advances in HPHA's focus on patient engagement, and patient and staff experience and satisfaction, have included development of an electronic patient survey to be launched in the fall of 2017; and patient partner participation on the "Shift Change" Kaizen and Huddle Board Refresh Project and membership on the Quality Committee, Unit Action Councils as well as each of the four Quality Improvement Plan teams.

Anne Campbell, Vice President Partnerships and Chief Nursing Executive, presented the HPHA Patient Engagement model at the International Nursing Symposium on Patient Experience in Riyadh, Kingdom of Saudi Arabia.

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 HPHA Senior Friendly Hospital ACTION Team (Accelerating Change Together in Ontario) focused on the prevention, early identification and management of delirium in individuals over the age of 65 with the initial pilot conducted at the Clinton, St. Marys and Seaforth hospital inpatient units. Resources such as education, eLearning, prompt cards, an Interdisciplinary Delirium Screening Algorithm, patient/family brochure and visual cue magnet were developed and implemented; as well, standards regarding the CAM (Confusion Assessment Method) were developed.

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.

An Assessment Urgency Algorithm (AUA) pilot was conducted through the Nurse Practitioner program, Seniors Mental Health Program and outpatient physiotherapy program at the Seaforth and St. Marys hospitals. The pilot utilized the standardized AUA 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 to support community dwelling frail seniors. The outcomes of the pilot indicate that the select group of patients were already well connected to resources and that the AUA would be better utilized at the primary care level.

Transfer of Accountability

A Transfer of Accountability study, funded by the Canadian Foundation for Health Improvement, was conducted by HPHA in 2014-2015. The study revealed that the transfer of responsibility between nurses at shift patient was not standardized with respect to the quality of and how information was shared, and did not involve the patient at the bedside to participate in the exchange of information. It also revealed the inconsistencies in how nurses acquired necessary information on their patients prior to initiating care delivery.

As a follow up to the study, a "Shift Change" Kaizen was conducted in October 2016 on the Surgery and St. Marys Hospital inpatient units as pilot projects. The objective of this quality improvement initiative was to improve staff and patient experience through standardized shift procedures and equip nurses with a consistent streamlined process to ensure timely comprehensive knowledge and efficient quality care. A review of current processes noted opportunities for a model that supports a consistent and effective way of accessing patient information and enables team members having the knowledge to share patient information. Quality improvements which have been implemented on the two pilot units include standardized shift change guidelines and shift report, greater use of bedside computers for real-time documentation and enhanced discharge planning amongst all team members. When present, the family is also able to participate in the bedside transfer of accountability. Standardized Shift Change, which includes Transfer of Accountability, will now spread to all other inpatient areas of the Alliance.

The electronic documentation refresh and the Kaizen Team that included patient partner and physician members had an unplanned quality improvement in the development of a standardized "Nursing Update" note for end of shift to improve quality of and access to clinical documentation regarding patient status. A second unplanned quality improvement resulted in disabling a recall feature in the electronic documentation system to ensure patient information was not carried forward that was inaccurate or no longer applied.

Dianne Gaffney, Corporate Lead Professional Practice, Donnalene Tuer-Hodes, Chief Nursing Executive and Cathy Bachner, Patient Partner presented the study at the International Conference on Patient and Family-Centred Care in New York City.

UNIT ACTION COUNCIL QUALITY INITIATIVES

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.

UAC-related Process Improvements accomplished in 2016/17 include:

Unit Action Council	Process Improvement
Chemotherapy	• Re-location of Administrative Support office to improve patient experience and provide a line of sight between the patient waiting room and administrative support desk • Modification of Administrative Support hours from 0800-1600 to 0730-1530 to help enhance patient flow and level load workload for chemotherapy team members • Addition of fax line to communication desk to facilitate workflow and ensure nursing staff remain close to patients • Addition of phone line to room to be used for educational teleconferences and physician dictation during cancer clinic days • Addition of a 'Smartboard' to allow direct visualization of medication order readiness to facilitate nursing workflow and efficiency • Decreased time for iron infusion based on best practice and evidence resulting in more efficient use of resources with no impact on patient care • Change to 'chemo' approved gowns for bladder instillations to ensure best practice guidelines for personal protective equipment
Clinton Hospital	Focus on increasing stimulation on the inpatient unit for patients with dementia who are awaiting long term care. Although this project can apply to all patients, the focus was on long stay patients. A variety of items for stimulation purposes are available and the "Friendly Visitor Program" is being resumed.
Dialysis	Using iPad technology, patients were surveyed to evaluate their experience through electronically facilitated face time with regional practitioners. Increased use of the technology was promoted for assessments as well as consults.
Joint UAC – Medicine/ Integrated Stroke Unit and St. Marys inpatient unit	Implementation of palliative care support tools and supports for patients and care givers. Signage, appropriate room locations, information pamphlet on end-of life care were all established.
Medicine/ Integrated Stroke and Surgery Units	Combined work on creating a standard orientation list for the two areas to ensure comfort level for those providing cross coverage support when asked.
Mental Health	Bedside White Boards have been refreshed to include information that identifies a patient's team and daily goals.

PARTNERSHIPS

Awards and Recognition

Dr. Thomas Haffner was awarded the Community General Internal Medicine award from McMaster University in recognition by the residents of his excellent teaching (especially ultrasound) and emphasis on lifelong learning.

Drs. Shanil Narayan and Anna Mayer were awarded the 2017 Schulich Award of Excellence for Faculty in Community/Distributed Sites. This award is based on nominations from students, department chairs, and peers and is in recognition of time and energy devoted to making the Schulich School of Medicine and Dentistry (Western University) a stimulating and rewarding place to learn. Dr. Tom Haffner was the recipient of this award in 2016.

Dr. Wayne Parsons received the Canadian Medical Association (CMA) Honorary Membership Award for Ontario members in recognition of his outstanding contributions to the CMA and Canadian medicine. HPHA was nominated for an Innovation Award under the Stratford Business Excellence Awards in recognition of the technology in use at the Stratford Hospital site, for example Wi-Fi and medication administration technology.

Rebecca Agar, North West Telepharmacist, Alicia Stevens, Regional Pharmacy Informatics Coordinator and Ryan Itterman, Regional Director, Pharmacy Services and Chemotherapy received the Bill Wilson Patient Safety Award and the E. Amy Eck Award by the Canadian Society of Hospital Pharmacists Ontario Branch for their project titled 'Optimizing Therapeutic Drug Monitoring and Identification of Possible Adverse Drug Events at Rural Hospital Sites.'

Patient and Family Experience

HPHA, CCAC, OneCare Home and Community Support Services, the North Perth Family Health Team, STAR Family Health Team and the SW LHIN were awarded funding from the Change Foundation for a 3 year project: "Connecting the Dots...Smoothing Transitions for Family Caregivers". This initiative, focused on addressing the needs of caregivers through defining and recognizing their role and working with care providers to co-design systems of care provision and communication, will improve the quality of care and experience for caregivers, patients and health care providers. Throughout the project, HPHA team members will receive education regarding the family caregiver role and the importance of including them as members of the care team. The goal of the project is improved communications between staff, family caregivers, and other care providers across the continuum of care, to improve transitions in care for patients, family and health care providers.

Partnerships with Police

The Mental Health Response Protocol between HPHA, Perth Emergency Medical Services 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; the post protocol average wait time is 20 minutes. Police and Crisis staff meet regularly to review high needs patients and wait time in the Emergency Department.

Mental Health Services provides an annual 3 day Police Training workshop to the Stratford Police, Huron and Perth OPP and Wingham Police to support involvement with and support to individuals with mental health needs. In 2016/17, 28 police officers were graduated from the training event; to date 251 officers have been trained.

Patient Safety Incidents
Standardized RL (Patient Safety Incidents) reports are automatically distributed to leaders at the beginning of every month to demonstrate trends in respective departments.

Product Selection and Evaluation
The HPHA Product Selection and Evaluation Committee was refreshed to be co-chaired by the Director Materials Management and the Manager Quality and Risk. Membership was also broadened with clearly defined roles and responsibilities to facilitate more robust processes and ensure adequate clinical evaluation. Algorithms were similarly developed to guide consideration of new products.

Tripartite Project
2016/17 marked the third year of SW LHIN funding for a Tripartite Project between HPHA, Knollcrest Lodge (long term care home in Milverton) and Ritz Lutheran Villa/Mitchell Nursing Home (RLV/MNH) to advance partnership opportunities and collaborative service delivery models to improve care and services to the residents of Huron and Perth Counties. Accomplishments in 2016/17 include inventory management, stock scanning, procurement and contract management related to Material Management; provision of regional 24/7 IT services to the LTC homes; knowledge transfer, training for RLV/MNH Human Resources staff on best practice, and addressing current capacity challenges across the organizations related to Human Resources; and enhanced medication safety and standardization of medication processes across our region through medication safety initiatives and medication education. A formal partnership was struck between Ritz Lutheran Villa/Mitchell Nursing Home and the Huron Perth Healthcare Alliance with HPHA providing a full slate of Human Resources services to the RLV/MNH effective March 1, 2017. The alliances that have resulted between the three organizations with respect to human resources will benefit not only the individual players but the industry and system as a whole. The three organizations will continue to explore future opportunities related to medication management should they arise.

West Building Redevelopment
Another phase of the West Building redevelopment at Stratford Hospital came to fruition in March 2017 with the opening of the former Emergency Department and adjacent wing as an ambulatory clinic area. Registration for outpatients has been largely centralized in this area which now houses a variety of outpatient clinics to streamline patient access and processes.

DEPARTMENT-SPECIFIC INITIATIVES

Chemotherapy

In April 2016 HPHA implemented Secure File Transfer to eliminate the use of faxes in sharing patient information between the London Regional Cancer Program and HPHA for chemotherapy patients. In addition, documents that are available on Clinical Connect were no longer sent.

The HPHA Electronic Medication Administration Record /Bedside Medication Verification (eMAR/BMV) were implemented in the Chemotherapy Unit in May 2016 when the London Regional Cancer Program adopted a new system for chemotherapy orders and documentation process in May 2016 and discontinued sending a Medication Administration Record to HPHA. Through this process, the Chemotherapy nursing staff utilize barcode medication verification at the bedside and document medication administration using the eMAR thus eliminating manual documentation of medication administration. Similarly, all Chemotherapy staff access Clinical Connect for related patient information. In August 2016, a data sharing agreement was established between the London Regional Cancer Program and HPHA.

Critical Care

The Critical Care Unit is currently working on a Sleep Promotion Project as patients experience improved healing, reduced incidence of delirium, decreased lengths of stay and better outcomes with adequate sleep. Phase 1, supported through the Unit Action Council, surveyed patients regarding sleep habits at home as opposed to the hospital and in response lights are turned off at night when Housekeeping cleaning routines are completed, patient room doors are closed with consent and when safe to do so; headphones and earplugs are provided; and book lights are offered. Phase 2 will involve reducing pharmaceutical interventions for sleep and creation of Order Sets to minimize patient disruption.
The unit also completed a PDSA (rapid cycle improvement exercise) to ensure correct filing of rhythm strips.

Clinical Nutrition

Through interprofessional development and review of Order Sets, Clinical Nutrition guided the addition of SMOF Lipid to the formulary and Adult TPN (Total Parenteral Nutrition) Order Set. SMOF Lipid (composed of soybean oil, medium-chain triglycerides, olive oil and fish oil) replaces a soybean oil based product, and is characterised by a well-balanced fatty acid pattern. This composition is favourable in decreasing overall inflammatory activity, and provides more antioxidant effects. Further, the addition of fish oils shows consistent reduction in infectious complications. SMOF Lipid is safe and well tolerated, as demonstrated by controlled triglyceride concentrations and preserved liver function.

Since 2014, the Clinical Nutrition and Food Services department has introduced measures to screen for and reduce the incidence of malnutrition in inpatients which has been proven to increase hospital length of stay, and lead to increased illness, higher rates of hospital readmissions and death. As a result, nutrition is viewed as a component of treatment. Efforts to optimize patients' nutritional intake have included;

- All patients receiving a nutrition screening on admission through the nursing admission process with a referral to a Registered Dietitian for any patient found to be at risk of malnutrition;
- Increased protein levels on all patient menus;
- Education to staff;
- Dietitian consult for patients on the wound care order set in response to low Braden scores (indicative of level of risk in developing a pressure injury);

- Nutrition risk screening within 72 hrs for risk of malnutrition for all patients admitted to Complex Continuing Care and Rehabilitation
- Nutrition analysis of HPHA's menus to increase protein and decrease sodium content.
- Nutrition screening question developed in Special Care Nursery to ensure high-needs infants are referred to a Registered Dietitian as needed.

As a result of these improvements, referrals to Registered Dietitians have increased by 81%.

Complementary initiatives have included:

- Several patient care areas have implemented "protected meal times" processes and do not schedule inpatient procedures during meal times
- Assistance from Volunteers trained in our Meal Assistance Program and from Personal Support Workers ensure identified patients receive the assistance they require at meal times.
- Mandatory charting of patients' oral intake of food.

Diabetes Education

In response to a decreased number of referrals from a local Family Health Team (FHT), Diabetes Educators partnered with FHT physicians and staff and facilitated increased access to the Diabetes Education Program Registered Nurse and Registered Dietitian and increased knowledge regarding insulin and medication prescribing.

The Diabetes Education Programs updated guidelines specific to sick days for individuals with Type 1 Diabetes, and Type 2 Diabetes on oral medications or insulin. As a result, there has been a decreased incidence of hospital admissions prompted by illness and a reduction in calls from ICU and the Emergency Department.

An information booklet specific to the Huron Perth Diabetes Program was developed for individuals with gestational diabetes.

The Diabetes Program has compiled a list of reliable educational resources for individuals recently diagnosed with diabetes.

Emergency Department

Clinton Hospital

The Emergency Department identified the need for a "Kaizen" (continuous improvement) initiative to streamline the storage and inventory of supplies. Phase 1 was completed in November 2016. Phase 2 will involve the relocation of the automatic dispensing cabinet to a locked medication room that meets Accreditation and Ontario College of Pharmacists standards. The Kaizen also involved the renovation of a room to accommodate a washer for bedpans/urinals/basins and a state-of-the-art handwashing sink.

Lab

Stratford General Hospital Laboratory was one of the first facilities in the province to introduce high sensitivity troponin cardiac bio-markers for more rapid assessment and treatment of patients for chest pain. Patients can now be diagnosed within 3 hours as compared to a previous testing that required of 6-9 hours.

The HPHA Laboratories, as part of the Interhospital Laboratory Partnership (IHLP), participated in an IHLP survey assessing compliance of IHLP Hospitals with Choosing Wisely Canada Hospital Laboratory statements. The HPHA/IHLP Labs have introduced three Choosing Wisely metrics with respect to Blood Transfusion Services resulting in improving transfusion utilization.

At the CSMLS (Canadian Society of Medical Laboratory Scientists) annual meeting in Prince Edward Island, the IHLP Regional Coordinator presented a poster publication related to its ongoing work on laboratory utilization. The poster was entitled "Facilitating improved Laboratory Services utilization through guidelines and education for physician ordering". This initiative was supported by the Small and Rural Hospital Transformation Fund.

In support of the Huron Perth District Stroke Centre, the Stratford Laboratory has acquired and implemented a backup coagulation instrument to meet required turnaround times for the assessment and treatment of stroke patients.

The Lab at the Clinton Hospital suffered considerable damage in a summer flood which necessitated operating with a restricted menu of lab tests, partnering with HPHA lab sites and temporarily suspending outpatient lab services for several months. Lab services for inpatients, and Emergency Department and ambulatory clinic patients continued with minimal disruption.

Medicine

Clinton Hospital

The inpatient unit identified a need for an increased focus on wound management given an older, more frail patient population. Staff were educated on the use of the Pressure Injury Order Set and patients' mobility status and Braden Scale (predictor of pressure injury risk) are reviewed at daily Discharge Rounds. Staff are encouraged to identify if a patent would benefit from a pressure relief mattress. The increase in Rehabilitation Therapy resources has resulted in in a decreased incidence of pressure injuries as patients are mobilizing more.

Education for the inpatient nursing staff has been provided regarding wound care, monthly mock Code Blues, chest tubes, rhythm interpretation, and forms related to the Mental Health Act and available mental health resources available in the Huron area.

On-site Nurse Champions are available for wound care, delirium education, PICC lines, Cathflo (substance to restore intravenous catheter function), neurological assessments, feeding tubes and management of insulin pens.

Given the number of longer hospitalizations, particularly for patients with dementia, the inpatient unit identified the need for an enhanced focus on patient stimulation and are developing resources and activities and cultivating a friendly visiting program through HPHA volunteers.

St. Marys Hospital

Bedside white boards are being utilized for consistent communication within the healthcare team and with patients and families (e.g. for volunteers to indicate those patients with dietary or fluid restrictions; time of administration of most recent pain medication; reminder regarding patient belongings on discharge).

A process has been established to ensure Code White kits are completely stocked.

A process has been established to proactively reduce risk of trips and fall hazards in patient rooms due to number of equipment cords

Seaforth Hospital

The Seaforth inpatient unit and Pharmacy educated nursing staff and developed a resource guide to decrease the incidence of medication errors resulting from medication missed or not given, particularly when the medications were available. Following this initiative, the incidence fell from an average of 2-3 incidents per month to zero.

The Seaforth inpatient unit identified gaps in identifying patients who were to participate in the dressing program with resultant gaps in care, increased length of stay and potential barriers to discharge. Burgundy t-shirt shaped magnets were developed as a visual cue for the discharge board and patient's bedside white board and resulted in few patients enrolled in the dressing program being missed.

With the rehabilitative focus at the Seaforth Hospital, the unit has a target to have 80% of rehabilitation patients eat lunch and supper in the Patient Lounge to promote activation and socialization and reduce length of stay. By January 2017, 65% of rehabilitation patients were attending the dining room for meals and the average length of stay decreased by 2.5 days since implementation of the initiative. The Patient Lounge was refreshed through the generous donations of the Seaforth Community Hospital Foundation.

The Seaforth inpatient unit noted that patients being admitted to the rehabilitation program were not provided with information regarding the program or how to prepare for their admission. For example, patients did not routinely bring street clothing or adequate footwear which resulted in a potential delay in their therapy. A letter of welcome was developed and is provided to the patient prior to their admission to the Seaforth Hospital as possible.

Stratford Site

Nursing, Personal Support Workers and Housekeeping staff established a process to ensure suction equipment is available and accessible at each bedside in the interest of patient safety.

All nursing staff will be trained in cardiac monitoring and cardiac arrhythmias to care for stroke patients requiring diagnostic monitoring; this included a two day course and subsequent training session on the telemetry packs and monitor for 24 RNs and 17 RPNs. Additional training on reading arrhythmia strips and bedside monitors is planned.

Medical Imaging

In an effort to improve access and person centred care, and streamline departmental processes, a Walk-In Service for general X-Ray exams was implemented. This eliminated the need to routinely book appointments. Patients being seen in the Emergency Departments or a specialist's clinic are seen more promptly. More involved X-Rays, such as those involving multiple body parts are booked for lower volume days during low volume times of the day. On Orthopedic Clinic days, a Medical Radiation Technologist and X-Ray room are dedicated for these patients. The staff schedule was adjusted within existing resources to accommodate these changes.

Appointments for patients of the Surgeons' offices within Stratford General Hospital are now booked by PDF format as opposed to faxing. This has streamlined this process, ensured bookings are received and appointments are not missed.

The staff schedule at the Clinton Hospital was adjusted within the existing complement of hours for improved patient access and reduced overtime and call-backs. The result is that call-backs from Monday to Friday and overtime on Saturdays/Statutory Holidays are minimal.

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, 2017, 85% HPHA mental health staff have completed the required training.

Eighty-three percent of mental health staff are trained in the use of the provincial mental health patient satisfaction tool, the Ontario Perception of Care Tool for Mental Health and Addictions.

To improve access in the Psychiatric Day and Evening Program, an open skills based group was introduced in September 2016 for individuals with longer term mental health needs therapy; the initial results are promising.

Inpatient Rounds were revised with respect to a consistent time and format.

The Huron Perth Helpline and Crisis Response Team became the access point to Mental Health and Addiction services and is leading efforts to develop a common referral form for mental health and addiction in Huron Perth. The Crisis Program implemented a new crisis line system to facilitate more timely access to crisis staff for callers and all crisis staff are trained in OTN technology (videoconferencing) with a resultant 10% increase in utilization.

The Sexual Assault Treatment Program revised and implemented group programs to reduce wait lists.

The Seniors Mental Health Program developed an intake assessment form to facilitate patient care within the treatment team and established OTN (videoconference) clinics for patients and psychiatrists in Huron County. All Seniors Mental Health Program staff are trained in PIECES, U First and GPA (Gentle Persuasion Approach) and 4 staff achieved trainer status for GPA and PIECES. In order to improve timely access to services, a "Seniors Mental Health Lite" model was established whereby fifty existing patients who had an established plan of care, and required ongoing monitoring and support were transferred to two specific staff. The remaining staff were then available to admit new patients to the team. The average wait time for new referrals decreased from 3 weeks to two hours in accordance with the Behavioural Supports Ontario standard.

Pharmacy

HPHA Pharmacies received a site assessment in October 2016 by the Ontario College of Pharmacists with the areas of focus being sterile compounding and secure storage of medications. To advance compliance with the standards of the Ontario College of Pharmacists, the Pharmacy facilitated the move of two automated dispensing cabinets to secured locked rooms and installation of locks on medication drawers in two clinical areas. The department is focusing efforts to advance compliance with Ontario College of Pharmacists assessment criteria. One example of such an initiative was the implementation of

increased Personal Protective Equipment in both the Intravenous and Chemotherapy Sterile Rooms to comply with Ontario College of Pharmacy standards.

HPHA participated in a marketing campaign initiated by HealthPRO to help identify opportunities for medication manufacturers and suppliers to improve practices with respect to barcoding, allocation, and notice of medication shortages.

The Pharmacy continues to manage medication shortages that have impacted hospitals and healthcare settings across Canada in order to mitigate and minimize the effect on patient care.

Medication Statistics:

	Total for 2016/17	% Change from 2015/16	Target
Number of Medication Orders	218,225	Increase of 13.1%	N/A
Number of Medication Doses Dispensed	716, 967	Decrease of 4.0%	N/A
% of Medication Doses Dispensed from Automated Dispensing Cabinets	86.6%	Increase of 0.5%	Greater than 87% (2015/16 target = 80%)

smallTALK (Pre-School Speech and Language Program)
There were 504 referrals to the smallTALK program of which 57% were directed to HPHA hospitals; reflecting an increase of 8% from the previous year. The average wait between referral and assessment continues to be seven weeks, an excellent response time when compared to peer programs. Referrals to each Huron Perth site fluctuate on an annual basis thus illustrating the need for the program to have the capacity to be able to move clinical resources to meet the needs. Of note, 48% of referrals were for children under 30 months of age which is slightly higher (i.e. better) than the Ministry's required deliverable; the program continues to excel in early identification. Of the seventy-one 18 month olds referred from their Enhanced Well Baby visit, 90% of those assessed had some type of intervention recommended, reinforcing the effectiveness of this primary care visit.

smallTALK, in collaboration with other Kids First partners on the Early Literacy Network, is evaluating the first year of the Read to Baby Book Bundles given to the family of every newborn in Huron and Perth counties. Partnerships are expanding to include the Healthy Babies Healthy Children home visiting nurses reinforcing reading to babies by using the Prescription to Read. smallTALK continues to provide board books to children at their 18 month Enhanced Well Baby visit in Huron County and is discussing preparing a resource package for this same visit in Perth County.

The Infant Hearing Program screening role is currently provided by an outside provider and those infants not screened at the Stratford General Hospital are followed up by the provider. The smallTALK program is moving away from providing the community screening as the provincial protocol is time consuming resulting in a delayed screening beyond the recommended time frame.

Stroke
Effective December 1 2016, the realignment of stroke care to the Huron Perth District Stroke Centre at the Stratford Hospital was completed. The SWLHIN provided one-time funding to prepare for increased

patient volumes across the continuum of care from the Emergency department, acute inpatient, rehabilitation and community. To prepare for this enhanced role, evidence-based, best practice Stroke Care Pathways were introduced, 5 beds were added to the Integrated Stroke Unit (for a complement of 5 acute and 8 rehabilitation stroke care beds), rehabilitation therapy resources were increased and the allocation of same adjusted across the HPHA programs. Telestroke was also introduced at the Stratford Hospital allowing the Emergency Department and internists the ability to consult with stroke neurologists, thereby improving access to additional expertise for our patients.

A sub-committee of the Local Stroke Working Group developed and implemented an electronic stroke protocol targets form for the Emergency Department use on stroke patients. This form documents progress to enabling ready access to tPA rates (tissue Plasminogen Activator, the Stroke "clot buster" drug). The enhanced role of the Stroke Strategy nurses of the Secondary Stroke Prevention Clinic will facilitate liaison between physicians, the healthcare team and patient and family to ensure effective communication and flow of care from Emergency Department through to discharge and the Secondary Stroke Prevention Clinic.

The Community Stroke Rehab Team has streamlined its review of referrals to ensure first contact with patient within 48 hours of referral as opposed to potentially within one week of referral.

Surgical Services

Operating Room

The nursing staff in the operating room have engaged in measuring metrics for turnover times since October 2016. A staffing model trial in collaboration with ONA has demonstrated a measureable improvement in operating room turnover times. The staff in the Operating Room/Post-Anesthetic Care Unit/Day Surgery actively engaged in developing a new staffing model and have agreed to its sustainability. Achieving turnover targets have improved from 60 % to 70% for major cases and from 30% to 60% for minor cases. These efficiencies have resulted in patients being able to access services in a timely manner. The endoscopy department is completely a trial of C02 for insufflation during colonoscopy to determine if post-colonoscopy cramping and discomfort can be decreased.

Surgical Unit

The Surgical Unit has been working on achieving 100 % scan rates with Electronic Medication Administration Record/Bedside Medication Verification (eMAR/BMV) including rationale when not being able to scan. There is a significant improvement in both this metric and that of missed scans (latter metric demonstrates 75% improvement). In the fiscal year 2016/17, 93% of total hip arthroplasties admissions were at or below the average length of stay target. For total knee arthroplasties, 94% of cases were at or below the target for average length of stay. Such performance allows patients to return to and recover in the comfort of their own home sooner improving their quality of life and decreasing the risk associated with hospital stays.

Trillium Gift of Life Network

HPHA was recognized by the Trillium Gift of Life Network as one of a small number of organizations to achieve 100 % notification for potential organ and tissue donors.

PATIENT VOLUMES

Department/Program	Service	2015/16 Volume	2014/15 Volume	2016/17 Volume
Cancer Care/Chemotherapy	Oncology Visits	1,104	1,083	1,087
CCC/Rehab	Complex Continuing Care Patient Days	9,479	9,766	9,635
	Rehabilitation Patient Days	4,020	4,588	4,998
	Occupational Therapy Attendance Days	11,558	9,610	13,475
	Physiotherapy Attendance Days	26,731	23,979	26,759
Emergency	Emergency Department Visits	58,403	56,615	57,327
Imaging	Bone Density Scans	1,409	1,164	2,480
	CT Scans	11,702	11,202	12,363
	Mammography Exams	6,308	5,971	6,417
	MRI Scans	4,870	4,690	5,358
	Nuclear Medicine Exams	2,935	2,677	2,853
	Ultrasound Exams	23,287	16,216	24,166
	X-Rays	46,705	44,594	45,207
Laboratory	Biochemistry Tests	594,671	615,150	607,717
	Blood Bank Tests	16,210	18,327	17,564
	Cytology Tests	Included in Biochemistry	Included in Biochemistry	Included in Biochemistry
	Hematology Tests	73,552	74,504	76,972
	Histology Tests	61,950	61,813	63,569
	Microbiology Tests	86,230	86,186	88,744
Maternal/Child	Babies Delivered	1,161	1,127	1,124
Inpatients	All Acute Inpatients	8,016	8,107	8,451
Medicine Inpatients	Acute Medicine Inpatients	2,096	2,097	2,088
Mental Health	Community Mental Health Services Contacts (Outpatient)	25,617	23,845	25,216
	Mental Health Patient Days (Inpatient)	4,466	4,462	4,920
Stroke Prevention	Community Stroke Rehab Team Clients	248	270	139
	Secondary Prevention Clinic for Transient Ischemic Attack (TIA) /non-disabling stroke clients	265	259	293
Surgery	Inpatient Surgeries	1,997	2,150	2,155
	Day Surgeries (13,404 visits in 2011/12)	12,681	11,530	12,516
Renal Program	Dialysis visits	3,878	4,262	3,233

Patient & Family Experience Report

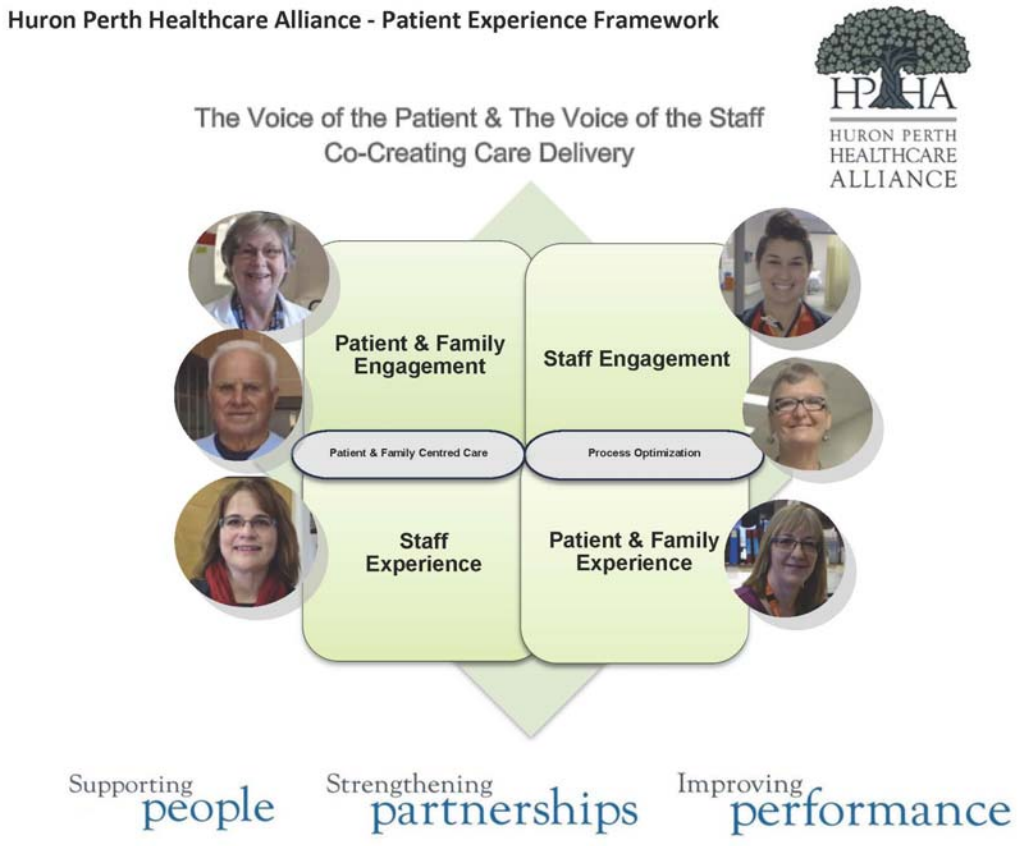
2016/2017

Huron Perth Healthcare Alliance

Patient & Family Experience Annual Report—2016 - 2017

Feedback Framework

Patient and staff experience is a focus of the Patient & Family Experience Framework. A feedback Framework was developed in 2015 to identify strategies to increase feedback from patients, staff and physicians to understand their 'experience'. In this report you will read about the strategies that were implemented in 2016/2017.



Patient Experience

The sum of all **interactions**, shaped by an organization's **culture**, that influence patients' **perception** across the **continuum** of care

Accomplishments

85% of all complaints received in 2016/17 were resolved within 5 business days or less!!

Developed Best Practice for Patient & Family Feedback

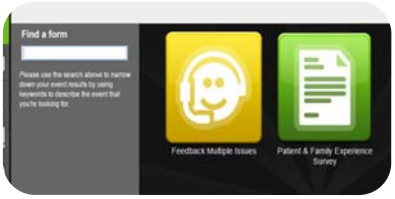
Policy & Best Practice

Patient Experience Process: Feedback policy and Algorithm implemented February 2016

Target: 100% follow up with all complaints within 5 business days

RL6:Electronic Feedback Module

Eight partner hospitals (South Huron Hospital Association/Listowel-Wingham Hospitals Alliance/Alexandra Marine & General Hospital/ HPHA) have standardized and adopted an Electronic Patient & Family Survey to be introduced early Fall 2017 across all sites. A standardized paper copy will be available for all sites to utilize as needed. Data will be captured for approximately 3 months through Survey Monkey. Once sufficient data has been captured, the RL6 File Interchange Module (FIM) project will be implemented that will allow our survey results to flow from Survey Monkey to RL6 for electronic reporting purposes.



RL6:Feedback Module Home Page

ELECTRONIC PATIENT EXPERIENCE SURVEY

Implementation of new electronic patient experience survey anticipated for Fall 2017. Patient Partners/Volunteers will be assisting our patients and families completing the survey on iPads.

Electronic Survey Pilot Projects:

Electronic survey pilots have taken place on the Mat/Child, Clinton & St. Marys inpatient units and the Stratford Site Emergency Department. Volunteers are assisting patients and family members to complete the Patient & Family Experience Survey before discharge. This has gone very well and we will be implementing this across all sites and units early Fall 2017.

iPads to be purchased for all units and sites with Patient Partners and volunteers trained to survey patients & family members.

With this pilot project we have seen a 50% increase in survey completions!

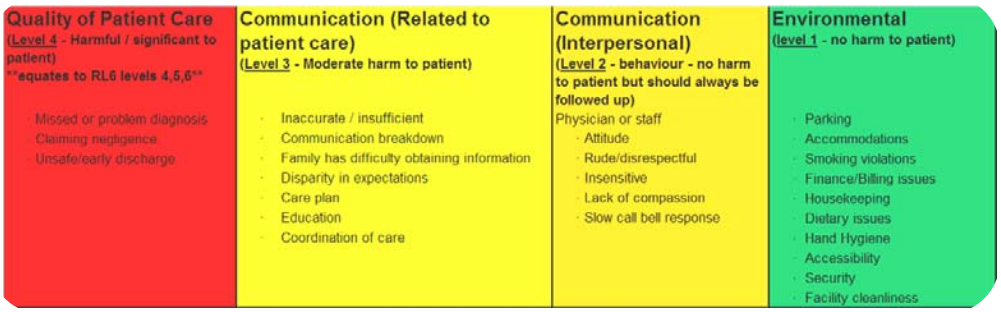
PATIENT & FAMILY FEEDBACK

Statistics *Clinton, Seaforth, St. Marys & Stratford

Electronic survey piloted on the Stratford Mat/Child, Clinton & St. Marys Inpatient Units and the Stratford Emergency Department utilizing iPads and Volunteers

Fiscal Year	Paper	Electron-ic	Complaints	Categories					
				Quality of Patient Care	Communication Related to Patient Care	**Communication Interpersonal**	Environ-ment	Delays	Privacy
2015/16	908	168	90 *Started tracking Oct 2015*	9%	9%	**63%**	8%	9%	2%
2016/17	974	116	84	18%	23%	**54%**	4%	2%	0

Complaint Classification



Process Improvements based on Patient & Family feedback

♦ Raised toilet seats installed on the surgical unit	♦ Rehab patient information devel-oped for Seaforth site Patients	♦ Whiteboard refresh at bed-side—improved communication between healthcare professionals and patients & families—helps to reduce patient flow barriers	♦ Improved signage/ wayfinding
♦ New stairs purchased for Rehab Unit	♦ New neck collars purchased for Emergency Department—improved comfort for patients	♦ The Mat/Child Unit Action Council (UAC) working to improve the Pre-Admit Pro-cess and Pediatric Parent Handbook	♦ Physician conflict resolution workshop took place February 2017
♦ Physician Communication workshop to be organized Fall 2017			

Accomplishments

Patient & Family Engagement

Introduced Increased Opportunities for Patient Partners

We are committed to providing the best possible patient and family experience. We do this by partnering with our patients and their families.

What is a Patient Partner?

A Patient Partner is a patient, a patient's family member or caregiver who has experienced care within the past two years at any of the four sites of the HPHA. A Patient Partner is interested in sharing their unique thoughts and perspectives based on their experience, to ensure that the voices of the patients and families are heard, considered and included.

What is a Patient Partner Role?

As a member of the Medicine/Integrated Stroke Unit Action Council I bring the perspective of a patient who has experienced a stroke and received treatment. I attempt to identify and advocate for potential areas of change from the position of a person who has been on the receiving end of care"

HPHA Patient Partner Robert

Patient Partners share their valuable insights and first-hand knowledge of how services impact patients and their families. They serve in a volunteer capacity and work together with staff, leaders and physicians to acknowledge both exemplary care and areas for improvement. They also provide input and influence on the policies, programs and practices that impact the quality of care and services that individuals and their families receive at HPHA.

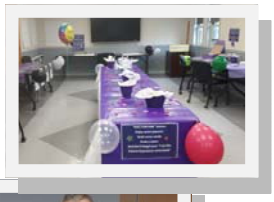
Patient Partner Involvement

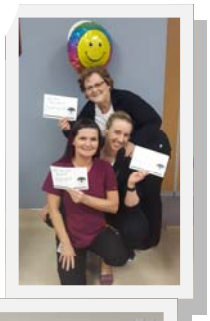
- Unit Action Councils (UACs)
- Unrestricted visiting hours policy development
- HPHA's research project on the Transfer of Accountability at the bedside that was supported by Canadian Foundation for Healthcare Improvement (CFHI); worked on project from its inception, application and development including staff education & training; presented results in Montreal, Toronto & New York
- the development of HPHA's electronic patient experience survey that will be delivered on iPads to our patients & families
- Members on the HPHA "Change of Shift" Kaizan
- Members on the Patient Experience Steering Committee
- Members on the Quality Committee
- Interviews for a Patient Experience/Nursing Manager
- Development of Quality Improvement Plans – Person Centred Care, Medication Reconciliation, Readmission within 30 Days for Mental Health & Addiction, Post Discharge Stroke Follow up

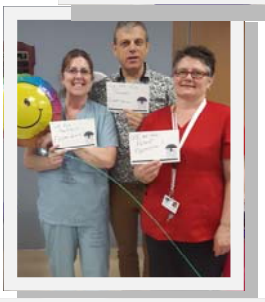
Accomplishments

Staff Experience/Engagement

3rd Annual Patient Experience Week celebrated (April 24-28). Patient Experience Fairs were held across all fours sites celebrating staff.



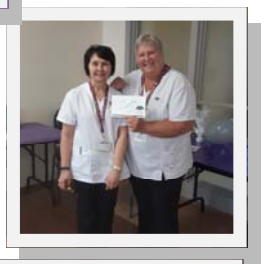




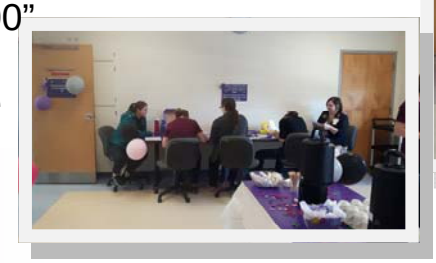
FREE LUNCH!

Staff signed "**I Am the Patient Experience** cards and had photos taken

Staff/physician/volunteers enjoyed a free lunch as a **THANK YOU** for all that they do for the **PATIENT EXPERIENCE**



Staff sent peers, physicians and volunteers 'candy grams' recognizing them for going above and beyond for patients. Over "300" candy grams were distributed!!!
This station continues to be set up in the Patient Experience Office.



Accomplishments

of the Patient Experience Steering Committee

Committee Members: Anne Campbell (Chair), Michelle Jones, Cathy Bachner (Patient Partner), Amanda Dobson, Cheryl Hunt, David Mueller, John Wilson, Erin Miele, Jane Rundle, Kathi Urbasik-Hindley, Jackie Piper, Michelle Wick, Laura Brown, Ryan Itterman, Jane Graul

Refreshed Huddle Board Process

The Huddle Board Process was refreshed by a team of staff & patient Partners to enhance value for the staff on a daily basis

- Huddle Boards were "refreshed" with a focus on process improvements
- Staff run the huddles daily and monitor improvement activity
- "Week in Review" is sent by leaders to inform all staff on the status of improvement activity
- Staff are excited about this positive change

Patient Partner Recruitment Process Revised & Enhanced

- Marketing plan developed
- Posters and brochures for waiting rooms and in-patient units
- Advertising campaign with local media
- Web site development to describe patient partners & opportunities with application forms
- Onboarding process developed

HPHA Patient Engagement Strategies Shared Provincially and Internationally

- 4th National Annual Forum on Patient Experience; Toronto
- International Nursing Symposium on Patient Experience; Riyadh, Kingdom of Saudi Arabia
- OHA Patient & Caregiver Engagement Working Group
- OHA Community of Practice for Patient Experience Measurement

Accomplishments

of the Patient Experience Steering Committee

Connecting the Dots; Smoothing Transitions for Caregivers

- Successful candidate for Change Foundation 3 year funded project
- HPHA as the lead organization partners with One Care, STAR FHT, North Perth FHT, SWLHIN, SWLHIN Home & Community Care
- Key projects will focus on communication strategies regarding community resources & care planning and education of staff & physicians across the continuum of care on how to identify and support family caregivers in their role

Rounding Model

The HPHA Rounding Model was developed to increase staff and patient engagement in a proactive purposeful way.

Rounding on staff allows the leader to provide positive feedback, get to know their staff better, understand any challenges the staff member may have in completing their duties successfully, and if they have any ideas on how to improve processes in their department. The leader also asks the staff member if there is anyone they should recognize. The leader is responsible for following up on any challenges and gathering the ideas to share at the huddle board or forward to the Unit Action Council.

Rounding on patients allows the clinical leaders to touch base with every patient with scripted question to ensure the patient is receiving the care they should and address any concerns they may have with their plan of care. The leader can address any patent concerns before they result in a complaint and also reinforce nursing and PSW practice.

Safety Rounds

As part of the Ministry of Labor requirements for safe work environments, staff complete monthly safety rounds. To make the process more well-rounded, a pilot was completed on the Stratford Medical in-patient unit and Clinton in-patient unit. When nursing staff or team leaders would complete the monthly safety rounds, they also visited 5 patients and asked specific questions related to safety:

Has your arm band been scanned every time you have received a medication?
Is your call bell answered in a timely manner?
Do you have an opportunity to ask your nurse questions?
Do you have an opportunity to ask your doctor questions?
Were your questions answered?

This pilot provided a different level of staff engagement where they had an an opportunity to engage patients and understand safety from the patient's perspective. It also reinforced a culture of safety. This initiative requires further development prior to implementation Alliance-wide

Our Journey Continues……

2017/2018 Quality Improvement Plan (QIP) - Person Centred Care

Change Plan:

We will increase patient and family engagement across the Huron Perth Healthcare Alliance (HPHA) by establishing a Patient Partnership Council (PPC). This would also enhance the patient and family voice in healthcare processes and to be a resource for hospital staff and leaders.

Time Lines:

September 2017—Patient Experience Steering Committee transitions to PPC

October 2017—Terms of Reference developed and approved

November 2017 - completion of Patient Partner roles reviewed, revised and approved by PPC

April 1, 2017—January 31, 2018—completion of 10 education sessions to staff leaders & physicians on the value of the patient/family voice

January 31, 2018—100% scheduled orientation sessions will include a patient partner presentation.

January 31, 2018—30% Increase the overall number of patient partners on committees and/or projects

January 31, 2018—50% increase in the number of patient partners available to HPHA

Respectively submitted,
Anne Campbell, Vice President Partnerships and Chief Nursing Executive
Michelle Jones, Administrative Assistant Patient Experience

HPHA
HURON PERTH HEALTHCARE ALLIANCE

Huron Perth Healthcare Alliance

About Us

Huron Perth Healthcare Alliance

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2016/2017

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Vice Chair

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Dick Burgess
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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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Janice Cosgrove
Eugene Dufour
Ann MacLean

St. Marys Site
Elizabeth Hill, Chair
Larry Beattie
Mark Dickey
Lois Felkar
Lynn Hainer
Stacey MacNeil

Seaforth Site
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Karen Regier

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Jack Alblas, Chair
Sam Cherian
Tracy Forster Ivanyshyn
Lynne McDonald
Bob McTavish
Mary McTavish
Rick Orr
Leanne Perreault
Mary-Lynn Priestap
Richard Seip

Huron Perth Healthcare Alliance

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2016/2017

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Chief of Staff

Dr. Kirsten Blaine
Chief, Paediatrics

Dr. Malcolm Carlson
Medical Program Director, Laboratory Medicine

Dr. Ramandeep Chahal
Medical Program Director, Mental Health

Dr. Anne Martin
Chief, Family Medicine

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

Dr. Patricia Nascu/Dr. Cheryl Hillyer
Medical Program Directors, 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

Dr. Thomas Haffner/Dr. Shanil Narayan
Medical Program Directors, Medicine

Professional Staff Membership

Abdullah	Dr. Rukhsana	**Gilmour**	Dr. Kim	**Liu**	Dr. Cindy	**Roth**	Emily
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Chopra	Dr. Anurag	**Johnson**	Kari	**Narayan**	Dr. Shanil	**Tejpar**	Dr. Shamim
Chueng	Dr. Kristelle	**Johnston**	Dr. Bill	**Narayanan**	Dr. Kanna	**Thomas**	Dr. Eric
Cleto	Dr. Luis	**Joiner**	Dr. Ross	**Nascu**	Dr. Patricia	**Thompson**	Dr. David
Clifford	Dr. John	**Kahn**	Dr. Michael	**Neilsen**	Dr. Philip	**Thompson**	Dr. Doug
Clin	Madeleine	**Kalos**	Dr. Tibor	**Nguyen**	Dr. Hankie	**Thornton**	Dr. Tanya
Colgate	Mhairi	**Kara**	Dr. Ali	**Nguyen**	Dr. Scott	**Tinits**	Dr. Peter
Conlon	Dr. Patrick	**Kara**	Dr. Alnoor	**Nichols**	Dr. Bruce	**Tomlinson**	Dr. Bruce
Connor	Sabrina	**Karaul**	Dr. Ameet	**Nicholson**	Dr. Janis	**Tomlinson**	Dr. Donna
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Dhillon	Dr. Yadwinder	**Kluz**	Dr. Andrzej	**Patel**	Dr. Nirav	**Van Boekel**	Dr. Trish
Diotallevi	Dr. Mark	**Kobayashi**	Evelyn	**Peel**	Ellen	**Vartija**	Dr. Larissa
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Drake	Dr. Thomas	**Krishna**	Dr. Lalit	**Pellizzari**	Dr. Michael	**Vethanayagam**	Dr. Adrian
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Edwards	Dr. Shawn	**Labib**	Dr. Mahmoud	**Pittman**	Dr. Tina	**Walker**	Dr. J. Roberts
Eickmeier	Dr. Dan	**Lam**	Dr. Janice	**Pook**	Dr. Benjamin	**Walker**	Dr. Jonathan Tristan
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Ennett	Dr. Joseph	**Langford**	Dr. Grace	**Pototschnik**	Dr. Ralph	**Wells**	Dr. Malcolm
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Foster	Dr. Tamara	**Lee**	Dr. Ashley	**Purushotham**	Dr. Hemavathy	**Wilson**	Justine
Fuss	Dr. Jeffrey	**Lee**	Dr. Donald	**Radigan**	Dr. Jordan	**Wilts**	Susan
Gatfield	Dr. Chuck	**Lefebvre**	Dr. Kevin	**Reinhart**	Lindsey	**Wong**	Dr. Jorge
Gavsie	Dr. Adam	**Leung**	Dr. Andrew	**Rewari**	Dr. Abhitej	**Wood**	Dr. Jacqueline
Ghomeshi	Dr. Hooman	**Levencrown**	Amanda	**Riesberry**	Dr. Martha	**Xiao**	Dr. Chaowen
Gill	Dr. Paul	**Li**	Dr. Jennifer	**Rooyakkers**	Dr. Dan	**Yi**	Dr. James
Gillett	Dr. Michael	**Li**	Dr. Yu	**Ross**	Dr. Brad	**Yu**	Dr. Jeffrey