Huron Perth Healthcare Alliance

ANNUAL REPORT 2018/2019

HURON PERTH HEALTHCARE ALLIANCE

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

VALUES | Compassion, Accountability, Integrity

Huron Perth Healthcare Alliance

ANNUAL REPORT

2018/2019

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RESOURCES & AUDIT REPORT

2018/2019

Huron Perth Healthcare Alliance

Resources & Audit Committee Report

For the fiscal year ending March 31, 2019, the Huron Perth Healthcare Alliance has incurred an operating surplus, with regard to day to day operations, of $2.8 million or 2.0% of its $143 million operating budget. The operating surplus is primarily a result of one-time Ministry of Health & Long-Term Care/South West Local Health Integration Network funding for all four sites.

In 2018/2019, the Alliance invested approximately $10.5 million in equipment and building related projects which allows the Alliance to continue to provide quality services in appropriate facilities. These projects include energy conservation initiatives, the Tradition Mutual Centre for Wellness expansion, as well as critical equipment such as patient bed replacements. Over $3.4 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 2019/2020 fiscal year, the Alliance's plans include a projected surplus operating position of $1.5 million and approximately $11.5 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 & Audit 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,

J. Alblas

Jack Alblas, Chair
Resources & Audit Committee

Background

The Huron Perth Healthcare Alliance (HPHA) entered into an amended one-year Hospital Service Accountability Agreement (H-SAA) with the Southwest Local Health Integration Network (SWLHIN) in April 2018, 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 2018/19 year-end operating surplus as measured by the Ministry of Health (excludes building depreciation and amortization of grants related to building) of revenues over expenses for day to day operations totalled $2.8 million or 2.0% of the Alliance's overall $143 million operating budget.

Financial Overview 2017/2018

The Alliance ended the year with an operating surplus of $2.8 million and $5.8 million in cash with an adjusted current ratio of 0.86

The Alliance invested into both equipment and facilities to ensure effective healthcare space is maintained and modern efficient equipment is available for patient care. Overall capital expenditures totalled $10.5 million, consisting of $4.4 million in equipment and $6.2 million in facilities. A substantial portion of these expenditures were funded by the hard work of local foundations and auxiliaries.

HPHA's implemented year one of its Commitments to our Communities strategic plan consisting of a number of initiatives to further move the Alliance towards fulfilling its mission statement and vision. Financially, the goal of achieving a $1.5 million surplus was surpassed with the $2.8 million ministry surplus.

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 2018/19:

- 2.0 % operating margin exceeded the 0.0% H-SAA target
- 0.86 adjusted current ratio exceeded the H-SAA standard

2019/20 Fiscal Year

The Alliance substantially improved its working capital position in 2018/19 and will continue to focus efforts on additional improving in 2019/20 and onwards while at the same time, attempting to improve access to specific services such as hip and knee surgeries, and invest where needed in capital equipment and facility needs. Operationally, the Alliance will continue to focus on creating operating surpluses of approximately $1.5 million meet capital requirements, and to slowly grow working capital.

New funding was released in the 2019/20 fiscal year which has increased funding for all hospitals by slightly less than 1%. Additionally, in the 2019/20 funding announcement was the introduction to HPHA of bundled care for hips & knees as well as stroke. Funding has been given to HPHA as the "paymaster" for community agencies supporting these two programs. The exact details of how this approach will be operationalized will need to be reviewed and then implemented as the year progresses.

Operating pressures continue under salaries and wages with outstanding pay equity programs being negotiated centrally with their impact being difficult to estimate at this juncture. Regardless it is expected that these, once settled will put additional pressure on HPHA operations and the achievement of a $1.5 million operating plan.

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 6, 2019.

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 Executive

Huron Perth Healthcare Alliance

Combined financial statements

March 31, 2019

Building a better working world

Independent auditor's report

To the Board of Directors of
Huron Perth Healthcare Alliance

Opinion

We have audited the combined financial statements of **Huron Perth Healthcare Alliance** [the "Alliance"], which comprise the statement of financial position as at March 31, 2019, and the combined statement of changes in net assets, combined statement of operations and combined statement of cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Alliance as at March 31, 2019, and its combined result of operations and its combined cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the combined financial statements

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

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

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

Auditor's responsibilities for the audit of the combined financial statements

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 6, 2019

Huron Perth Healthcare Alliance

Combined statement of financial position

As at March 31

	2019	2018
	$	$
Assets		
Current		
Cash	**5,784,685**	5,531,744
Accounts receivable *[note 3 and 13]*	**5,641,254**	4,422,829
Grant receivable	**42,034**	42,034
Inventories *[note 4]*	**1,899,719**	1,852,531
Prepaid expenses	**1,392,136**	1,086,018
Total current assets	**14,759,828**	12,935,156
Long-term investments *[note 5]*	**460,233**	460,233
Property and equipment, net *[note 6]*	**97,028,154**	95,309,327
	112,248,215	108,704,716
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[note 15]*	**10,126,737**	10,417,022
Accrued salaries and wages	**7,577,120**	7,579,244
Current portion of post-employment benefits *[note 8[b]]*	**621,500**	567,300
Deferred contributions, expenses of future periods *[note 10]*	**31,009**	324,793
Demand loans and current portion of term loans *[note 7]*	**9,637,375**	6,917,499
Total current liabilities	**27,993,741**	25,805,858
Term loan *[note 7]*	**5,023,418**	5,358,918
Post-employment benefits *[note 8[b]]*	**8,564,200**	8,452,200
Deferred contributions, capital *[note 9]*	**64,610,154**	63,881,588
Total liabilities	**106,191,513**	103,498,564
Commitments and contingencies *[note 12]*		
Net assets		
Endowments *[note 11]*	**119,719**	119,719
Unrestricted	**5,936,983**	5,086,433
Total net assets	**6,056,702**	5,206,152
	112,248,215	108,704,716

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

	2019			2018
	Endowments	Unrestricted	Total	Total
	$	$	$	$
	[note 11]			
Net assets, beginning of year	**119,719**	**5,086,433**	**5,206,152**	6,039,607
Excess (deficiency) of revenue over expenses for the year		**850,550**	**850,550**	(833,455)
Net assets, end of year	**119,719**	**5,936,983**	**6,056,702**	5,206,152

See accompanying notes

Huron Perth Healthcare Alliance

Combined statement of operations

Year ended March 31

	2019	2018
	$	$
Revenue		
Ministry of Health and Long-Term Care / South West Local Health Integration Network/ Cancer Care Ontario funding	**115,430,668**	111,908,680
In-patient services	**466,606**	250,466
Out-patient services	**13,322,621**	13,044,809
Preferred accommodation	**791,686**	745,058
Chronic co-payment	**254,063**	164,811
Other revenue *[note 5]*	**10,395,229**	10,205,355
Unrestricted donations and bequests	**203,155**	111,758
Amortization of deferred contributions, capital – equipment	**2,330,413**	2,468,900
	143,194,441	138,899,837
Expenses		
Salaries and wages	**68,343,475**	67,548,059
Medical staff remuneration	**17,047,230**	16,264,470
Employee benefits	**19,988,251**	19,674,945
Supplies and other expenses	**21,808,936**	22,122,291
Medical and surgical supplies	**5,305,905**	4,993,038
Drugs	**4,331,279**	4,283,900
Amortization of equipment	**3,489,352**	3,402,504
Interest – non-building *[note 7]*	**64,209**	18,641
Net gain on disposal of equipment	**—**	(108,748)
	140,378,637	138,199,100
Excess of revenue over expenses before the following	**2,815,804**	700,737
Amortization of deferred contributions, capital – buildings and land improvements	**3,699,016**	3,745,926
Amortization of buildings and land improvements	**(5,332,594)**	(5,105,990)
Interest expense *[note 7]*	**(331,676)**	(174,128)
	(1,965,254)	(1,534,192)
Excess (deficiency) of revenue over expenses for the year	**850,550**	(833,455)

See accompanying notes

Huron Perth Healthcare Alliance

Combined statement of cash flows

Year ended March 31

	2019	2018
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**850,550**	(833,455)
Add (deduct) items not involving cash		
Amortization of equipment	**3,489,352**	3,402,504
Amortization of buildings and land improvements	**5,332,594**	5,105,990
Net gain on disposal of equipment	**—**	(108,748)
Amortization of deferred contributions, capital – equipment	**(2,330,413)**	(2,468,900)
Amortization of deferred contributions, capital – buildings and land improvements	**(3,699,016)**	(3,745,926)
Deferred contributions – operating	**—**	—
Post-employment benefits	**166,200**	155,200
Increase in long-term investment	**—**	—
	3,809,267	1,506,665
Net change in non-cash working capital balances related to operations *[note 14]*	**(2,157,924)**	572,192
Cash provided by operating activities	**1,651,343**	2,078,857
Capital activities		
Purchase of property and equipment	**(10,540,773)**	(15,503,738)
Proceeds on disposal of property and equipment	**—**	141,800
Cash used in capital activities	**(10,540,773)**	(15,361,938)
Financing activities		
Proceeds of demand loan	**3,919,000**	4,347,999
Proceeds of term loan	**—**	3,130,000
Repayment of demand loan	**(1,390,624)**	(1,936,500)
Repayment of term loans	**(144,000)**	—
Contributions received related to capital	**6,757,995**	7,720,762
Cash provided by financing activities	**9,142,371**	13,262,261
Net increase (decrease) in cash during the year	**252,941**	(20,820)
Cash, beginning of year	**5,531,744**	5,552,564
Cash, end of year	**5,784,685**	5,531,744

See accompanying notes

Notes to combined financial statements

March 31, 2019

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 health care services primarily within the region of Huron and Perth counties.

The Alliance is funded primarily by the South West Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care ["MoHLTC"] and Cancer Care Ontario ["CCO"]. 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-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 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, 2019

2. Summary of significant accounting policies

These combined financial statements are prepared in accordance with the *CPA Canada Public Sector Accounting 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 and 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 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.

[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, 2019

[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, their carrying amounts are 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.

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

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

[j] Remeasurement gains or losses

Remeasurement gains or losses are reported according to their nature, including changes in market value for derivatives, portfolio investments in equity instruments and financial instruments 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, 2019, there was no change in the accumulative deficiency of revenue over expenses for the fair value changes or foreign currency translation. Therefore, a statement of remeasurement gains and losses has not been disclosed.

Notes to combined financial statements

March 31, 2019

3. Accounts receivable

Accounts receivable consist of the following:

	2019	2018
	$	$
Ministry of Health and Long-Term Care / South West Local Health Integration Network / Cancer Care Ontario funding	**865,861**	477,254
Insurers and patients	**2,757,458**	1,582,158
Other	**2,360,935**	2,658,917
	5,984,254	4,718,329
Less allowance for doubtful accounts	**343,000**	295,500
	5,641,254	4,422,829

4. Inventories

During the year, the Alliance expensed $7,799,009 [2018 – $7,616,104] 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:

	2019	2018
	$	$
Guaranteed investment certificate	**119,719**	119,719
Horizon ProResp Inc.	**340,514**	340,514
	460,233	460,233

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. 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.

	2019	2018
	$	$
Common share investment – 50% of common share capital	**55,657**	55,657
Share of income since incorporation	**284,857**	284,857
	340,514	340,514

Management fees in the amount of $310,900 [2018 – $314,000] from Horizon ProResp Inc. have been recorded as other revenue. Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

6. Property and equipment

Property and equipment consist of the following:

	2019		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land	**345,841**	**—**	**345,841**
Other non-amortized assets	**147,010**	**—**	**147,010**
Land improvements	**1,898,137**	**1,466,543**	**431,594**
Buildings	**155,033,746**	**73,016,908**	**82,016,838**
Furnishings and equipment	**55,417,166**	**48,016,075**	**7,401,091**
Computer hardware	**6,192,929**	**4,959,033**	**1,233,896**
Construction in progress	**3,045,548**	**—**	**3,045,548**
	222,080,377	**127,458,559**	**94,621,818**
Intangible			
Computer software	**10,704,567**	**8,298,230**	**2,406,337**
	232,784,944	**135,756,789**	**97,028,155**

	2018		
	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	1,432,686	418,472
Buildings	141,723,442	67,718,158	74,005,284
Furnishings and equipment	53,913,455	47,274,378	6,639,077
Computer hardware	5,695,183	4,460,533	1,234,650
Construction in progress	10,048,256	—	10,048,256
	213,724,345	120,885,755	92,838,590
Intangible			
Computer software	9,490,778	7,020,041	2,470,737
	223,215,123	127,905,796	95,309,327

7. Demand loans and term loans

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

	2019	2018
	$	$
Demand loans [a]	**9,110,000**	6,437,999
Current portion of term loans [b]	**527,375**	479,500
Total demand loans and current portion of term loans	**9,637,375**	6,917,499
Term loan [b]	**5,023,418**	5,358,918

[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 the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, nil [2018 – nil] has been drawn on the Facility.

The Alliance has a $25,000,000 [2018 – $25,000,000] revolving demand facility 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, 2019, $9,110,000 [2018 – $6,437,999] has been drawn on the Capital Facility.

[b] Term loans

The Alliance has a term facility with RBC that was used to finance the completion of the Stratford Site Redevelopment Project [the "SSRP Facility"]. The SSRP Facility bears interest at the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, $1,864,418 is outstanding on the SSRP Facility [2018 – $2,008,418]. 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 principal payment due March 31, 2019 was not withdrawn until April 1, 2019. The maturity date of the SSRP Facility is March 31, 2024.

The Alliance has a committed 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 the bank's prime rate [3.95%] minus 0.75% and is due on demand. As at March 31, 2019, $3,686,375 [2018 – $3,830,000] is outstanding. The commitment period of the Co-Gen Facility will expire on April 30, 2021.

[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, 2019, nil [2018 – 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 two years are as follows:

	$
2020	527,375
2021	335,500
2022	3,399,500
2023	144,000
2024	1,144,418
	5,550,793

Notes to combined financial statements

March 31, 2019

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

Employer contributions to the HOOPP on behalf of employees amounted to $5,721,353 [2018 – $5,634,379]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2018 disclosed net assets available for benefits of $79,019 million [2017 – $77,755 million] with pension obligations of $65,128 million [2017 – $59,602 million], resulting in a surplus of $13,891 million [2017 – $18,153 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2018, the HOOPP was 121% funded [2017 – 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 $282,035 [2018 – $222,081].

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 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:

	2019 $	2018 $
Accrued benefit obligation		
Balance, beginning of year	**7,438,200**	6,770,800
Current service cost	**434,600**	392,400
Interest cost	**244,600**	256,300
Benefits paid	**(410,600)**	(360,400)
Actuarial loss	**247,600**	379,100
Balance, end of year	**7,954,400**	7,438,200
Unamortized net actuarial gain	**1,231,300**	1,581,300
Post-employment benefits	**9,185,700**	9,019,500
Less current portion	**621,500**	567,300
	8,564,200	8,452,200

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:

	2019 $	2018 $
Current service cost	**434,600**	392,400
Interest cost	**244,600**	256,300
Amortization of net actuarial gain	**(102,400)**	(133,100)
Post-employment benefits expense	**576,800**	515,600

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

	2019 %	2018 %
Discount rate – net accrued benefit expense	**3.19**	3.67
Discount rate – accrued benefit obligation	**2.91**	3.19
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service life of active employees is 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2019 $	2018 $
Balance, beginning of year	**63,881,588**	63,425,652
Additional contributions received		
MoHLTC and LHIN, net	**2,483,100**	4,434,950
Foundations *[note 13]*	**3,685,906**	2,113,995
Other	**588,990**	121,817
Amounts amortized to revenue	**(6,029,430)**	(6,214,826)
Balance, end of year	**64,610,154**	63,881,588

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

	2019 $	2018 $
Unamortized capital contributions used to purchase property and equipment	**64,121,384**	63,546,009
Unspent contributions	**488,770**	335,579
	64,610,154	63,881,588

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:

	2019 $	2018 $
Balance, beginning of year	**324,793**	180,981
Contributions, grants and donations	**376,734**	600,000
Amounts earned	**(670,518)**	(456,188)
Balance, end of year	**31,009**	324,793

The deferred contributions will be spent as follows:

	2019 $	2018 $
Mental health programs	**23,469**	1,215
Change Foundation	**7,540**	321,392
Other	**—**	2,186
	31,009	324,793

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 $1,582 [2018 – $1,582] 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. The amounts committed to these service contracts for the next five years and thereafter are as follows:

	$
2020	4,937,790
2021	3,936,583
2022	3,333,826
2023	2,516,364
2024	1,313,830
Thereafter	2,128,677
	18,167,070

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, 2019, management believes adequate provision for losses has been made in the accounts.

The Alliance routinely engages in collective bargaining and is subject to various human rights matters under provincial legislation when employees or groups within the bargaining units file grievances against the Alliance or when the collective bargaining agreements are negotiated, which may result in retroactive pay.

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 $3,685,906 [2018 – $2,113,995] 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, 2019, an amount of $45,385 [2018 – $43,887] 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.

Transactions are in the normal course of business and are recorded at their exchange amount, which is the amount agreed upon by both parties.

14. Combined statement of cash flows

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

	2019	2018
	$	$
Decrease (increase) in current assets		
Accounts receivable	**(1,218,425)**	(101,625)
Grants receivable	**—**	(42,034)
Inventories	**(47,188)**	20,630
Prepaid expenses	**(306,118)**	(97,601)
	(1,571,731)	(220,630)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(290,286)**	274,800
Accrued salaries and wages	**(2,124)**	374,210
Deferred contributions, expenses of future periods	**(293,284)**	143,812
	(586,193)	792,822
	(2,157,924)	572,192

Interest of $395,885 [2018 – $192,769] related to the demand and term facilities of the Alliance was paid during the year.

15. Midwifery programs

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 OMP of $4,904,102 [2018 – $4,560,963] are included in the combined statement of operations. The excess of OMP funding over OMP allowed expenses for 2019 is $13,848 [2018 – $136,413], which is due to the MoHLTC OMP and is included in accounts payable and accrued liabilities as at March 31, 2019.

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 the 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 material transfers between Levels 1 and 2 for the year ended March 31, 2019.

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 banker's acceptance rate, which change 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. As at year-end, patient and other accounts receivable totalled $5,118,393 [2018 – $4,241,075]. 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, 2019.

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 and accrued liabilities 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.

Clinton Public Hospital

Financial statements
March 31, 2019

EY
Building a better working world

Independent auditor's report

To the Board of Directors of
Clinton Public Hospital

Opinion

We have audited the financial statements of **Clinton Public Hospital**, which comprise the statement of financial position as at March 31, 2019, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Clinton Public Hospital** as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing **Clinton Public Hospital's** financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 6, 2019

Clinton Public Hospital

Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2019	2018
	$	$
Assets		
Current		
Cash	**621,337**	1,552,100
Accounts receivable *[note 3]*	**116,377**	105,820
Due from other Alliance entity *[note 4]*	**1,697,888**	484,270
Inventories *[note 5]*	**105,188**	120,372
Prepaid expenses	**68,480**	43,383
Total current assets	**2,609,270**	2,305,945
Property and equipment, net *[note 6]*	**6,572,709**	6,135,847
	9,181,979	8,441,792
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**72,669**	245,428
Accrued salaries and wages	**598,122**	603,289
Current portion of post-employment benefits *[note 8[b]]*	**87,010**	79,420
Demand loan and current portion of term debt *[note 7]*	**933,845**	532,809
Total current liabilities	**1,691,646**	1,460,946
Term debt *[note 7]*	**482,580**	509,390
Post-employment benefits *[note 8[b]]*	**1,198,990**	1,183,310
Deferred contributions, capital *[note 9]*	**3,546,818**	3,149,232
Total liabilities	**6,920,034**	6,302,878
Commitments and contingencies *[note 10]*		
Net assets	**2,261,945**	2,138,914
	9,181,979	8,441,792

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

Clinton Public Hospital

Statement of changes in net assets

Year ended March 31

	2019	2018
	$	$
Net assets, beginning of year	**2,138,914**	2,261,341
Excess (deficiency) of revenue over expenses for the year	**123,031**	(122,427)
Net assets, end of year	**2,261,945**	2,138,914

See accompanying notes

Clinton Public Hospital

Statement of operations

Year ended March 31

	2019	2018
	$	$
Revenue		
Ministry of Health and Long-Term Care / South West Local Health Integration Network/ Cancer Care Ontario funding *[note 4]*	**11,099,250**	11,184,024
In-patient services	**1,400**	3,312
Out-patient services	**1,622,704**	1,643,580
Preferred accommodation	**56,643**	26,045
Chronic co-payment	**70,766**	63,560
Other revenue	**174,474**	201,548
Unrestricted donation and bequests	**6,885**	4,000
Amortization of deferred contributions, capital – equipment	**314,765**	304,099
	13,346,887	13,430,168
Expenses		
Salaries and wages	**6,398,959**	6,577,700
Medical staff remuneration	**1,572,887**	1,577,026
Employee benefits	**1,920,527**	1,964,829
Supplies and other expenses	**2,118,509**	2,088,050
Medical and surgical supplies	**301,558**	480,359
Drugs	**207,667**	219,946
Amortization of equipment	**425,390**	422,170
Interest – non building *[note 7]*	**7,177**	2,389
Net gain on disposal of property and equipment	**—**	(404)
	12,952,674	13,332,065
Excess of revenue over expenses before the following	**394,213**	98,103
Amortization of deferred contributions, capital – buildings and land improvements	**129,256**	108,506
Amortization of buildings and land improvements	**(371,320)**	(316,022)
Interest on demand loan *[note 7]*	**(29,118)**	(13,014)
	(271,182)	(220,530)
Excess (deficiency) of revenue over expenses for the year	**123,031**	(122,427)

See accompanying notes

Clinton Public Hospital

Statement of cash flows

Year ended March 31

	2019	2018
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**123,031**	(122,427)
Add (deduct) items not involving cash		
Amortization of equipment	**425,390**	422,170
Amortization of buildings and land improvements	**371,320**	316,022
Net gain on disposal of property and equipment	**—**	(404)
Amortization of deferred contributions, capital – equipment	**(314,765)**	(304,099)
Amortization of deferred contributions, capital – buildings and land improvements	**(129,256)**	(108,506)
Post-employment benefits	**23,271**	21,680
	498,991	224,436
Net change in non-cash working capital balances related to operations *[note 12]*	**(1,412,015)**	(123,753)
Cash provided by (used in) operating activities	**(913,024)**	100,683
Capital activities		
Purchase of property and equipment	**(1,233,572)**	(1,456,332)
Proceeds on disposal of property and equipment	**—**	4,068
Cash used in capital activities	**(1,233,572)**	(1,452,264)
Financing activities		
Proceeds of demand loan	**411,000**	548,366
Repayment of demand loan	**(36,774)**	—
Contributions received related to capital	**841,607**	731,874
Cash provided by financing activities	**1,215,833**	1,280,240
Net decrease in cash during the year	**(930,763)**	(71,341)
Cash, beginning of year	**1,552,100**	1,623,441
Cash, end of year	**621,337**	1,552,100

See accompanying notes

Notes to financial statements

1. Purpose of the organization

Clinton Public Hospital [the "Hospital"] is funded primarily by the South West Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"], and Cancer Care Ontario ["CCO"]. 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 Accounting 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 with 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 and 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.

[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

[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, 2019, there was no change in the accumulative deficiency of revenue over expenses for the fair value changes or foreign currency translation. Therefore, a statement of remeasurement gains and losses has not been disclosed.

3. Accounts receivable

Accounts receivable consist of the following:

	2019 $	2018 $
Insurers and patients	**137,055**	122,199
Other	**9,322**	11,621
	146,377	133,820
Less allowance for doubtful accounts	**30,000**	28,000
	116,377	105,820

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.

	2019 $	2018 $
Clinton Public Hospital provincial funding	**9,974,108**	9,955,698
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**1,125,142**	1,228,326
Provincial funding adjusted revenue	**11,099,250**	11,184,024

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 14.0%. 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, 2019 is $1,697,888 [2018 – $484,271]. This amount is non-interest bearing with no set repayment terms.

Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

5. Inventories

During the year, the Hospital expensed $323,820 [2018 – $361,731] 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. Property and equipment

Property and equipment consist of the following:

	2019		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**85,246**	**—**	**85,246**
Land improvements	**126,205**	**74,078**	**52,127**
Buildings	**10,273,682**	**5,464,472**	**4,809,210**
Furnishings and equipment	**6,448,097**	**5,626,707**	**821,390**
Computer hardware	**879,287**	**714,310**	**164,977**
Construction in progress	**270,379**	**—**	**270,379**
	18,082,896	**11,879,567**	**6,203,329**
Intangible			
Computer software	**1,446,443**	**1,077,063**	**369,380**
	19,529,339	**12,956,630**	**6,572,709**

	2018		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	85,246	—	85,246
Land improvements	119,628	69,914	49,714
Buildings	8,934,800	5,097,311	3,837,489
Furnishings and equipment	6,231,439	5,534,759	696,680
Computer hardware	813,016	649,026	163,990
Construction in progress	960,731	—	960,731
	17,144,860	11,351,010	5,793,850
Intangible			
Computer software	1,240,132	898,135	341,997
	18,384,992	12,249,145	6,135,847

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 the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, nil [2018 – nil] has been drawn on the Facility by the Alliance.

Notes to financial statements

[b] Revolving demand facility [the "Capital Facility"] of $25,000,000 [2018 – $25,000,000] 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, 2019, $9,110,000 [2018 – $6,437,999] has been drawn on the Capital Facility by the Alliance, of which $900,333 [2018 – $506,000] is attributable to the Hospital.

[c] Term facility [the "SSRP Facility"] with RBC that was used to finance the completion of the Stratford Site Redevelopment Project. The SSRP Facility bears interest at the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, $1,864,418 [2018 – $2,008,419] is outstanding from the Alliance on the SSRP Facility, of which nil [2018 – 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 principal payment due March 31, 2019 was not withdrawn until April 1, 2019. The maturity date of the SSRP facility is March 31, 2024.

[d] A committed instalment loan [the "Co-Gen Facility"] with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site. The Co-Gen Facility bears interest at the bank's prime rate [3.95%] minus 0.75% and is due on demand. As at March 31, 2019, $3,686,375 [2018 – $3,830,000] is outstanding from the Alliance of which $516,092 [2018 – $536,200] is attributable to the Hospital. The commitment period of The Co-Gen Facility will expire on April 30, 2021.

[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, 2019, nil [2018 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,419]. Of this amount, the Hospital has a $1,416,425 draw [2018 – $1,042,200] from the Capital Facility to finance the acquisition of capital assets.

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 two years are as follows:

	$
2020	33,512
2021	26,810
2022	455,770
	516,092

Notes to financial statements

March 31, 2019

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

Employer contributions to the HOOPP during the year by the Hospital amounted to $548,545 [2018 – $558,883]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2018 disclosed net assets available for benefits of $79,019 million [2017 – $77,755 million] with pension obligations of $65,128 million [2017 – $59,602 million], resulting in a surplus of $13,891 million [2017 – $18,153 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2018, the HOOPP was 121% funded [2017 – 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 $33,589 [2018 – $23,573].

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:

	2019	2018
	$	$
Accrued benefit obligation		
Balance, beginning of year	**1,041,408**	947,912
Current service cost	**60,844**	54,936
Interest cost	**34,244**	35,882
Benefits paid	**(57,484)**	(50,456)
Actuarial loss	**34,644**	53,074
Balance, end of year	**1,113,656**	1,041,408
Unamortized net actuarial gain	**172,344**	221,382
Post-employment benefits	**1,286,000**	1,262,730
Less current portion	**87,010**	79,420
	1,198,990	1,183,310

Notes to financial statements

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:

	2019 $	2018 $
Current service cost	**60,844**	54,936
Interest cost	**34,244**	35,882
Amortization of net actuarial gain	**(14,336)**	(18,634)
Post-employment benefits expense	**80,752**	72,184

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

	2019 %	2018 %
Discount rate – net accrued benefit expense	**3.19**	3.67
Discount rate – accrued benefit obligation	**2.91**	3.19
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service life of active employees is 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2019 $	2018 $
Balance, beginning of year	**3,149,232**	2,829,963
Additional contributions received		
MoHLTC and LHIN	**408,397**	420,330
Foundation *[note 11]*	**419,542**	294,490
Other	**13,668**	17,054
Amounts amortized to revenue	**(444,021)**	(412,605)
Balance, end of year	**3,546,818**	3,149,232

Notes to financial statements

March 31, 2019

There was $461,040 in unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2018 – $255,648].

10. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations. The amounts committed to these service contracts for the next five years and thereafter are as follows:

	$
2020	691,290
2021	551,122
2022	466,736
2023	352,291
2024	183,936
Thereafter	298,015
	2,543,390

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, 2019, management believes adequate provision for losses has been made in the accounts.

The Hospital routinely engages in collective bargaining and is subject to various human rights matters under provincial legislation when employees or groups within the bargaining units file grievances against the Hospital or when the collective bargaining agreements are negotiated, which may result in retroactive pay.

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, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has drawn $1,416,425 [2018 – $1,042,200] *[note 7]*.

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 $419,542 [2018 – $294,490] 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]*.

Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

12. Statement of cash flows

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

	2019	**2018**
	$	$
Decrease (increase) in current assets		
Accounts receivable	**(10,557)**	360,741
Due from other Alliance entity	**(1,213,618)**	(484,270)
Inventories	**15,184**	3,876
Prepaid expenses	**(25,097)**	11,312
	(1,234,088)	(108,341)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(172,759)**	204,622
Due to other Alliance entity	**—**	(250,569)
Accrued salaries and wages	**(5,168)**	30,535
	(177,927)	(15,412)
	(1,412,015)	(123,753)

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 banker's acceptance 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. As at year-end, patient and other accounts receivable totalled $146,377 [2018 – $133,820]. 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, 2019.

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 liabilities 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.

St. Marys Memorial Hospital

Financial statements
March 31, 2019

EY
Building a better working world

Independent auditor's report

To the Board of Directors of
St. Marys Memorial Hospital

Opinion

We have audited the financial statements of **St. Marys Memorial Hospital**, which comprise the statement of financial position as at March 31, 2019, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **St. Marys Memorial Hospital** as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing **St Marys Memorial Hospital's** financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 6, 2019

St. Marys Memorial Hospital

Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2019	2018
	$	$
Assets		
Current		
Cash	**274,495**	418,638
Accounts receivable *[note 3]*	**366,892**	119,525
Due from other Alliance entity *[note 4]*	**1,250,206**	1,486,775
Inventories *[note 5]*	**72,089**	62,127
Prepaid expenses	**80,007**	31,853
Total current assets	**2,043,689**	2,118,918
Property and equipment, net *[note 6]*	**11,759,410**	9,520,793
	13,803,099	11,639,711
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**26,933**	38,902
Accrued salaries and wages	**483,481**	533,696
Current portion of post-employment benefits *[note 8[b]]*	**68,365**	62,405
Deferred contributions, expenses of future periods *[note 10]*	**—**	2,186
Demand loans and current portion of term debt *[note 7]*	**689,665**	527,065
Total current liabilities	**1,268,444**	1,164,254
Term debt *[note 7]*	**379,170**	400,235
Post-employment benefits *[note 8[b]]*	**942,060**	929,740
Deferred contributions, capital *[note 9]*	**8,833,856**	6,781,588
Total liabilities	**11,423,530**	9,275,817
Commitments and contingencies *[note 11]*		
Net assets	**2,379,569**	2,363,894
	13,803,099	11,639,711

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

St. Marys Memorial Hospital

Statement of changes in net assets

Year ended March 31

	2019	2018
	$	$
Net assets, beginning of year	**2,363,894**	2,436,240
Excess (deficiency) of revenue over expenses for the year	**15,675**	(72,346)
Net assets, end of year	**2,379,569**	2,363,894

See accompanying notes

St. Marys Memorial Hospital

Statement of operations

Year ended March 31

	2019	2018
	$	$
Revenue		
Ministry of Health and Long-Term Care / South West Local Health Integration Network/ Cancer Care Ontario funding *[note 4]*	**10,130,677**	9,855,274
In-patient services	**25,261**	18,463
Out-patient services	**1,602,555**	1,669,630
Preferred accommodation	**45,240**	55,880
Chronic co-payment	**72,472**	57,605
Other revenue	**323,094**	347,141
Unrestricted benefits and bequests	**40,574**	36,194
Amortization of deferred contributions, capital – equipment	**380,183**	366,679
	12,620,056	12,406,866
Expenses		
Salaries and wages	**6,226,032**	6,201,847
Medical staff remuneration	**1,527,652**	1,559,574
Employee benefits	**1,813,746**	1,794,127
Supplies and other expenses	**1,962,106**	1,987,678
Medical and surgical supplies	**141,599**	150,861
Drugs	**157,959**	168,558
Amortization of equipment	**473,816**	461,264
Interest – non-building *[note 7]*	**7,408**	3,346
Net loss on disposal of equipment	**—**	2,530
	12,310,318	12,329,785
Excess of revenue over expenses before the following	**309,738**	77,081
Amortization of deferred contributions, capital – buildings and land improvements	**239,206**	334,617
Amortization of buildings and land improvements	**(508,924)**	(471,999)
Interest on demand loan *[note 7]*	**(24,345)**	(12,045)
	(294,063)	(149,427)
Excess (deficiency) of revenue over expenses for the year	**15,675**	(72,346)

See accompanying notes

St. Marys Memorial Hospital

Statement of cash flows

Year ended March 31

	2019	2018
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**15,675**	(72,346)
Add (deduct) items not involving cash		
Amortization of equipment	**473,816**	461,264
Amortization of buildings and land improvements	**508,924**	471,999
Net loss on disposal of equipment	**—**	2,530
Amortization of deferred contributions, capital – equipment	**(380,183)**	(366,679)
Amortization of deferred contributions, capital – buildings and land improvements	**(239,206)**	(334,617)
Post-employment benefits	**18,277**	17,095
	397,303	179,246
Net change in non-cash working capital balances related to operations *[note 13]*	**(133,280)**	(458,001)
Cash provided by (used in) operating activities	**264,023**	(278,755)
Capital activities		
Purchase of property and equipment	**(3,221,357)**	(1,696,161)
Proceeds on disposal of property and equipment	**—**	464
Cash used in capital activities	**(3,221,357)**	(1,695,697)
Financing activities		
Proceeds of demand loan	**383,000**	433,466
Repayments of demand loan	**(241,465)**	(70,000)
Contributions received related to capital	**2,671,657**	1,005,325
Cash provided by financing activities	**2,813,192**	1,368,791
Net increase (decrease) in cash during the year	**(144,142)**	(605,661)
Cash, beginning of year	**418,637**	1,024,298
Cash, end of year	**274,495**	418,637

See accompanying notes

Notes to financial statements

March 31, 2019

1. Purpose of the organization

St. Marys Memorial Hospital [the "Hospital"] is funded primarily by the South West Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"], and Cancer Care Ontario ["CCO"]. 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 Accounting 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 with 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 and 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, 2019

[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, 2019

[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, 2019, there was no change in the accumulative deficiency of revenue over expenses for the fair value changes or foreign currency translation. Therefore, a statement of remeasurement gains and losses has not been disclosed.

Notes to financial statements

March 31, 2019

3. Accounts receivable

Accounts receivable consist of the following:

	2019 $	2018 $
Insurers and patients	**132,980**	115,812
Other	**254,912**	24,713
	387,892	140,525
Less allowance for doubtful accounts	**21,000**	21,000
	366,892	119,525

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.

	2019 $	2018 $
St. Marys Memorial Hospital provincial funding	**8,156,634**	7,976,233
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**1,974,043**	1,879,041
Provincial funding adjusted revenue	**10,130,677**	9,855,274

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 11.0%. 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, 2019 is $1,250,206 [2018 – $1,486,775]. This amount is non-interest bearing with no set repayment terms.
Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

5. Inventories

During the year, the Hospital expensed $291,187 [2018 – $301,535] 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, 2019

6. Property and equipment

Property and equipment consist of the following:

	2019		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	**231,936**	**—**	**231,936**
Land improvements	**133,815**	**83,767**	**50,048**
Buildings	**16,035,472**	**8,209,184**	**7,826,288**
Furnishings and equipment	**5,917,992**	**5,043,871**	**874,121**
Computer hardware	**645,012**	**467,518**	**177,494**
Construction in progress	**2,337,674**	**—**	**2,337,674**
	25,301,901	**13,804,340**	**11,497,561**
Intangible			
Computer software	**993,251**	**731,402**	**261,849**
	26,295,152	**14,535,742**	**11,759,410**

	2018		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	231,936	—	231,936
Land improvements	128,647	78,728	49,919
Buildings	14,305,886	7,705,293	6,600,593
Furnishings and equipment	5,599,666	4,829,331	770,335
Computer hardware	568,555	410,538	158,017
Construction in progress	1,432,895	—	1,432,895
	22,267,585	13,023,890	9,243,695
Intangible			
Computer software	868,864	591,766	277,098
	23,136,449	13,615,656	9,520,793

Notes to financial statements

March 31, 2019

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 the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, nil [2018 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility [the "Capital Facility"] of $25,000,000 [2018 – $25,000,000] 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, 2019, $9,110,000 [2018 – $6,437,999] has been drawn on the Capital Facility by the Alliance, of which $663,333 [2018 – $506,000] is attributable to the Hospital.

[c] Term facility [the "SSRP Facility"] with RBC that was used to finance the completion of the Stratford Site Redevelopment Project. The SSRP Facility bears interest at the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, $1,864,418 [2018 – $2,008,418] is outstanding from the Alliance on the SSRP Facility of which nil [2018 – 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 principal payment due March 31, 2019 was not withdrawn until April 1, 2019. The maturity date of the SSRP Facility is March 31, 2024.

[d] A committed instalment loan [the "Co-Gen Facility"] with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site. The Co-Gen Facility bears interest at the bank's prime rate [3.95%] minus 0.75% and is due on demand. As at March 31, 2019, $3,686,375 [2018 – $3,830,000] is outstanding from the Alliance, of which $405,502 [2018 – $421,300] is attributable to the Hospital. The commitment period of the Co-Gen Facility will expire on April 30, 2021.

[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, 2019, nil [2018 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has a $1,068,835 draw [2018 – $927,300] from the Capital Facility to finance the acquisition of capital assets.

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 two years are as follows:

	$
2020	26,332
2021	21,065
2022	358,105
	405,502

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

Employer contributions to the HOOPP during the year by the Hospital amounted to $524,919 [2018 – $519,764]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2018 disclosed net assets available for benefits of $79,019 million [2017 – $77,755 million] with pension obligations of $65,128 million [2017 – $59,602 million], resulting in a surplus of $13,891 million [2017 – $18,153 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2018, the HOOPP was 121% funded [2017 – 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 $24,598 [2018 – $14,929].

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:

	2019 $	2018 $
Accrued benefit obligation		
Balance, beginning of year	**818,202**	744,788
Current service cost	**47,806**	43,164
Interest cost	**26,906**	28,193
Benefits paid	**(45,166)**	(39,644)
Actuarial loss	**27,236**	41,701
Balance, end of year	**874,984**	818,202
Unamortized net actuarial gain	**135,441**	173,943
Post-employment benefits	**1,010,425**	992,145
Less current portion	**68,365**	62,405
	942,060	929,740

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:

	2019 $	2018 $
Current service cost	**47,806**	43,164
Interest cost	**26,906**	28,193
Amortization of net actuarial gain	**(11,264)**	(14,641)
Post-employment benefits expense	**63,448**	56,716

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

	2019 %	2018 %
Discount rate – net accrued benefit expense	**3.19**	3.67
Discount rate – accrued benefit obligation	**2.91**	3.19
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service life of active employees is 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2019	2018
	$	$
Balance, beginning of year	**6,781,588**	6,477,559
Additional contributions received		
MoHLTC and LHIN	**338,832**	827,395
Foundation *[note 12]*	**2,322,086**	164,530
Other	**10,739**	13,400
Amounts amortized to revenue	**(619,389)**	(701,296)
Balance, end of year	**8,833,856**	6,781,588

There were unspent contributions included in the balance of unamortized capital contributions related to property and equipment of $2,269 [2018 – $15,000].

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, 2019 is nil [2018 – $2,186].

11. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations. The amounts committed to these service contracts for the next five years and thereafter are as follows:

	$
2020	543,157
2021	433,024
2022	366,721
2023	276,800
2024	144,521
Thereafter	234,154
	1,998,377

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, 2019, management believes adequate provision for losses has been made in the accounts.

The Hospital routinely engages in collective bargaining and is subject to various human rights matters under provincial legislation when employees or groups within the bargaining units file grievances against the Hospital or when the collective bargaining agreements are negotiated, which may result in retroactive pay.

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, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has drawn $1,068,835 *[note 7]*.

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 $2,322,086 [2018 – $164,530] 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]*.

Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

Notes to financial statements

March 31, 2019

13. Statement of cash flows

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

	2019	2018
	$	$
Decrease (increase) in current assets		
Accounts receivable	**(247,367)**	58,595
Due from other Alliance entity	**236,569**	(538,631)
Inventories	**(9,962)**	(4,065)
Prepaid expenses	**(48,154)**	2,706
	(68,914)	(481,395)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(11,965)**	14,585
Accrued salaries and wages	**(50,215)**	11,912
Deferred contributions, expenses of future periods	**(2,186)**	(3,103)
	(64,366)	23,394
	(133,280)	(458,001)

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 banker's acceptance 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. As at year-end, patient and other accounts receivable totalled $387,892 [2018 – $140,525]. 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, 2019.

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 liabilities 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.

Seaforth Community Hospital

Financial statements
March 31, 2019

Building a better working world

Independent auditor's report

To the Board of Directors of
Seaforth Community Hospital

Opinion

We have audited the financial statements of **Seaforth Community Hospital**, which comprise the statement of financial position as at March 31, 2019, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Seaforth Community Hospital** as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing **Seaforth Community Hospital's** financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 6, 2019

Seaforth Community Hospital

Incorporated without share capital under the laws of Ontario

Statement of financial position

As at March 31

	2019	2018
	$	$
Assets		
Current		
Accounts receivable *[note 3]*	**73,600**	77,554
Due from other Alliance entity *[note 4]*	**1,013,919**	1,926,554
Inventories *[note 5]*	**69,235**	63,429
Prepaid expenses	**49,032**	30,807
Total current assets	**1,205,786**	2,098,344
Property and equipment, net *[note 6]*	**5,601,970**	5,240,406
	6,807,756	7,338,750
Liabilities and net assets		
Current		
Bank indebtedness *[note 7]*	**683,508**	1,543,434
Accounts payable and accrued liabilities	**37,809**	32,724
Accrued salaries and wages	**516,300**	622,755
Current portion of post-employment benefits *[note 8[b]]*	**62,150**	56,730
Demand loan and current portion of term debt *[note 7]*	**677,272**	525,150
Total current liabilities	**1,977,039**	2,780,793
Term debt *[note 7]*	**344,700**	363,850
Post-employment benefits *[note 8[b]]*	**856,420**	845,220
Deferred contributions, capital *[note 9]*	**3,343,277**	3,201,421
Total liabilities	**6,521,436**	7,191,284
Commitments and contingencies *[note 11]*		
Net assets	**286,320**	147,466
	6,807,756	7,338,750

See accompanying notes

On behalf of the Board:

Board Chair

Treasurer

Seaforth Community Hospital

Statement of changes in net assets

Year ended March 31

	2019	2018
	$	$
Net assets, beginning of year	**147,466**	190,100
Excess (deficiency) of revenue over expenses for the year	**138,854**	(42,634)
Net assets, end of year	**286,320**	147,466

See accompanying notes

Seaforth Community Hospital

Statement of operations

Year ended March 31

	2019	2018
	$	$
Revenue		
Ministry of Health and Long-Term Care / South West Local Health Integration Network/ Cancer Care Ontario funding *[note 4]*	**9,937,270**	9,761,144
In-patient services	**20,400**	—
Out-patient services	**1,575,050**	1,599,839
Preferred accommodation	**55,865**	82,105
Chronic co-payment	**51,509**	14,012
Other revenue	**171,394**	177,821
Unrestricted donations and bequests	**5,466**	4,112
Amortization of deferred contributions, capital – equipment	**269,783**	271,554
	12,086,737	11,910,587
Expenses		
Salaries and wages	**5,981,496**	5,976,302
Medical staff remuneration	**1,550,333**	1,578,027
Employee benefits	**1,801,311**	1,787,339
Supplies and other expenses	**1,818,087**	1,836,310
Medical and surgical supplies	**122,563**	122,441
Drugs	**174,342**	168,145
Amortization of equipment	**350,507**	367,775
Interest – non-building *[note 7]*	**6,518**	1,805
Net loss on disposal of equipment	**—**	2,369
	11,805,157	11,840,513
Excess of revenue over expenses before the following	**281,580**	70,074
Amortization of deferred contributions, capital – buildings and land improvements	**131,333**	115,380
Amortization of buildings and land improvements	**(251,775)**	(216,366)
Interest on demand loan *[note 7]*	**(22,284)**	(11,722)
	(142,726)	(112,708)
Excess (deficiency) of revenue over expenses for the year	**138,854**	(42,634)

See accompanying notes

Seaforth Community Hospital

Statement of cash flows

Year ended March 31

	2019	2018
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**138,854**	(42,634)
Add (deduct) items not involving cash		
Amortization of equipment	**350,507**	367,775
Amortization of buildings and land improvements	**251,775**	216,366
Net loss on disposal of equipment	**—**	2,369
Amortization of deferred contributions, capital – equipment	**(269,783)**	(271,554)
Amortization of deferred contributions, capital – buildings and land improvements	**(131,333)**	(115,380)
Post-employment benefits	**16,619**	15,550
	356,639	172,492
Net change in non-cash working capital balances related to operations *[note 13]*	**791,188**	(11,078)
Cash provided by operating activities	1,147,827	161,414
Capital activities		
Purchase of property and equipment	**(963,845)**	(1,906,242)
Proceeds on disposal of property and equipment	**—**	435
Cash used in capital activities	**(963,845)**	(1,905,807)
Financing activities		
Proceeds of demand loan and term debt	**164,000**	395,166
Repayments of demand loan	**(31,028)**	—
Contributions received related to capital	**542,972**	1,257,027
Cash provided by financing activities	**675,944**	1,652,193
Net decrease in cash during the year	**859,926**	(92,200)
Bank indebtedness, beginning of year	**(1,543,434)**	(1,451,234)
Bank indebtedness, end of year	**(683,508)**	(1,543,434)

See accompanying notes

Notes to financial statements

March 31, 2019

1. Purpose of the organization

Seaforth Community Hospital [the "Hospital"] is funded primarily by the South West Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"], and Cancer Care Ontario ["CCO"]. 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 Accounting 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 with 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 and 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.

[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.

[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, 2019, there was no change in the accumulative deficiency of revenue over expenses for the fair value changes or foreign currency translation. Therefore, a statement of remeasurement gains and losses has not been disclosed.

3. Accounts receivable

Accounts receivable consist of the following:

	2019 $	2018 $
Insurers and patients	**86,227**	87,234
Other	**1,373**	7,320
	87,600	94,554
Less allowance for doubtful accounts	**14,000**	17,000
	73,600	77,554

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.

	2019 $	2018 $
Seaforth Community Hospital provincial funding	**7,585,899**	7,398,396
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**2,351,371**	2,362,748
Provincial funding adjusted revenue	**9,937,270**	9,761,144

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, 2019 is $ 1,013,919 [2018 – $1,926,554]. This amount is non-interest bearing with no set repayment terms. Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

5. Inventories

During the year, the Hospital expensed $277,569 [2018 – $255,943] 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. Property and equipment

Property and equipment consist of the following:

	2019		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land	**16,240**	**—**	**16,240**
Land improvements	**253,524**	**214,832**	**38,692**
Buildings	**8,033,508**	**3,552,612**	**4,480,896**
Furnishings and equipment	**5,288,561**	**4,671,683**	**616,878**
Computer hardware	**558,407**	**437,667**	**120,740**
Construction in progress	**56,225**	**—**	**56,225**
	14,206,465	**8,876,794**	**5,329,671**
Intangible			
Computer software	**953,148**	**680,849**	**272,299**
	15,159,613	**9,557,643**	**5,601,970**

	2018		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Tangible			
Land	16,240	—	16,240
Land improvements	248,826	210,573	38,253
Buildings	6,108,554	3,305,094	2,803,460
Furnishings and equipment	5,126,736	4,636,878	489,858
Computer hardware	511,071	390,120	120,951
Construction in progress	1,519,445	—	1,519,445
	13,530,872	8,542,665	4,988,207
Intangible			
Computer software	805,068	552,869	252,199
	14,335,940	9,095,534	5,240,406

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"].

Notes to financial statements

March 31, 2019

[a] Revolving demand facility [the "Facility"] of $7,000,000 with RBC to finance general operating requirements. The Facility bears interest at the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, nil [2018 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility [the "Capital Facility"] of $25,000,000 [2018 – $25,000,000] 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, 2019, $9,110,000 [2018 – $6,437,999] has been drawn on the Capital Facility by the Alliance, of which $653,333 [2018 – $506,000] is attributable to the Hospital.

[c] Term facility [the "SSRP Facility"] with RBC that was used to finance the completion of the Stratford Site Redevelopment Project. The SSRP Facility bears interest at the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, $1,864,418 [2018 – $2,008,418] is outstanding from the Alliance on the SSRP Facility, of which nil [2018 – 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 principal payment due March 31, 2019 was not withdrawn until April 1, 2019. The maturity date of the SSRP Facility is March 31, 2024.

[d] A committed instalment loan [the "Co-Gen Facility"] with CIBC that is being used to finance the Energy Co-Generation Project at the Stratford site. The Co-Gen Facility bears interest at the bank's prime rate [3.95%] minus 0.75% and is due on demand. As at March 31, 2019, $3,686,375 [2018 – $3,830,000] is outstanding from the Alliance, of which $368,638 [2018 – $383,000] is attributable to the Hospital. The commitment period of the Co-Gen Facility will expire on April 30, 2021.

[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, 2019, nil [2018 – nil] has been drawn on the Lease Facility by the Alliance.

As at March 31, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has a $1,021,972 draw [2018 – $889,000] from the Capital Facility to finance the acquisition of capital assets. The Hospital also has a bank overdraft of $683,508 [2018 – $1,543,434].

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 two years are as follows:

	$
2020	23,938
2021	19,150
2022	325,550
	368,638

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

Employer contributions to the HOOPP during the year by the Hospital amounted to $521,146 [2018 – $528,084]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2018 disclosed net assets available for benefits of $79,019 million [2017 – $77,755 million] with pension obligations of $65,128 million [2017 – $59,602 million], resulting in a surplus of $13,891 million [2017 – $18,153 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2018, the HOOPP was 121% funded [2017 – 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 $23,378 [2018 – $25,922].

The most recent actuarial valuation for funding purposes was completed by the Alliance's independent actuaries as at March 31, 2018.

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:

	2019 $	2018 $
Accrued benefit obligation		
Balance, beginning of year	**743,820**	677,080
Current service cost	**43,460**	39,240
Interest cost	**24,460**	25,630
Benefits paid	**(41,060)**	(36,040)
Actuarial loss	**24,760**	37,910
Balance, end of year	**795,440**	743,820
Unamortized net actuarial gain	**123,130**	158,130
Post-employment benefits	**918,570**	901,950
Less current portion	**62,150**	56,730
	856,420	845,220

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:

	2019 $	2018 $
Current service cost	**43,460**	39,240
Interest cost	**24,460**	25,630
Amortization of net actuarial gain	**(10,240)**	(13,310)
Post-employment benefits expense	**57,680**	51,560

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

	2019 %	2018 %
Discount rate – net accrued benefit expense	**3.19**	3.67
Discount rate – accrued benefit obligation	**2.91**	3.19
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service life of active employees is 12.36 years.

9. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2019 $	2018 $
Balance, beginning of year	**3,201,421**	2,331,328
Additional contributions received		
MoHLTC and LHIN	**296,021**	1,193,676
Foundation *[note 12]*	**237,189**	51,169
Other	**9,762**	12,182
Amounts amortized to revenue	**(401,116)**	(386,934)
Balance, end of year	**3,343,277**	3,201,421

There were no unspent contributions included in the balance of unamortized capital contributions related to property and equipment [2018 – 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, 2019, no deferred contributions were outstanding [2018 – nil].

11. Commitments and contingencies

The Hospital from time to time enters into multi-year service contracts in the normal course of operations. The amounts committed to these service contracts for the next five years and thereafter are as follows:

	$
2020	493,779
2021	393,658
2022	333,383
2023	251,636
2024	131,383
Thereafter	212,868
	1,816,707

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, 2019, management believes adequate provision for losses has been made in the accounts.

The Hospital routinely engages in collective bargaining and is subject to various human rights matters under Provincial legislation when employees or groups within the bargaining units file grievances against the Hospital or when the collective bargaining agreements are negotiated, which may result in retroactive pay.

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, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has drawn $1,021,972 [2018 – $889,000] *[note 7]*.

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 $237,189 [2018 – $51,169] 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]*.

Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

13. Statement of cash flows

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

	2019 $	2018 $
Decrease (increase) in current assets		
Accounts receivable	**3,954**	38,214
Due from other Alliance entity	**912,635**	(3,518)
Inventories	**(5,806)**	(5,177)
Prepaid expenses	**(18,225)**	5,656
	892,558	35,175
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**5,085**	(39,305)
Accrued salaries and wages	**(106,455)**	(6,948)
	(101,370)	(46,253)
	791,188	(11,078)

Notes to financial statements

March 31, 2019

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 banker's acceptance 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. As at year-end, patient and other accounts receivable totalled $87,600 [2018 – $94,554]. 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, 2019.

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 liabilities 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.

Stratford General Hospital

Financial statements
March 31, 2019

EY
Building a better working world

Independent auditor's report

To the Board of Directors of
Stratford General Hospital

Opinion

We have audited the financial statements of **Stratford General Hospital**, which comprise the statement of financial position as at March 31, 2019, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Stratford General Hospital** as at March 31, 2019, and its result of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing **Stratford General Hospital's** financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 6, 2019

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

Statement of financial position

As at March 31

	2019	2018
	$	$
Assets		
Current		
Cash	**5,572,362**	5,104,442
Accounts receivable *[notes 3 and 14]*	**5,084,384**	4,119,930
Grant receivable	**42,034**	42,034
Inventories *[note 5]*	**1,653,207**	1,606,603
Prepaid expenses	**1,194,618**	979,975
Total current assets	**13,546,605**	11,852,984
Long-term investments *[note 6]*	**460,233**	460,233
Property and equipment, net *[note 7]*	**73,094,066**	74,412,281
	87,100,904	86,725,498
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**10,026,645**	10,099,968
Due to other Alliance entities *[note 4]*	**3,962,012**	3,897,600
Accrued salaries and wages	**5,941,899**	5,819,504
Current portion of post-employment benefits *[note 9[b]]*	**403,975**	368,745
Deferred contributions, expenses of future periods *[note 11]*	**31,009**	322,607
Demand loans and current portion of term debt *[note 8]*	**7,336,593**	5,332,475
Total current liabilities	**27,702,133**	25,840,899
Term debt *[note 8]*	**3,816,968**	4,085,443
Post-employment benefits *[note 9[b]]*	**5,566,730**	5,493,930
Deferred contributions, capital *[note 10]*	**48,886,203**	50,749,347
Total liabilities	**85,972,034**	86,169,619
Commitments and contingencies *[note 13]*		
Net assets		
Endowments *[note 12]*	**119,719**	119,719
Unrestricted	**1,009,151**	436,160
Total net assets	**1,128,870**	555,879
	87,100,904	86,725,498

See accompanying notes

On behalf of the Board:

John Wolf

Board Chair

J Abbas

Treasurer

Stratford General Hospital

Statement of changes in net assets

Year ended March 31

	2019			2018
	Endowments	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 12]			
Balance, beginning of year	**119,719**	**436,160**	**555,879**	1,151,928
Excess (deficiency) of revenue over expenses for the year	**—**	**572,991**	**572,991**	(596,049)
Balance, end of year	**119,719**	**1,009,151**	**1,128,870**	555,879

See accompanying notes

Stratford General Hospital

Statement of operations

Year ended March 31

	2019	2018
	$	$
Revenue		
Ministry of Health and Long-Term Care / South West Local Health Integration Network/ Cancer Care Ontario funding *[note 4]*	**84,263,471**	81,108,238
In-patient services	**419,545**	228,691
Out-patient services	**8,522,312**	8,131,760
Preferred accommodation	**633,938**	581,028
Chronic co-payment	**59,316**	29,634
Other revenue *[note 6]*	**9,726,268**	9,478,845
Unrestricted donations and bequests	**150,230**	67,452
Amortization of deferred contributions, capital – equipment	**1,365,683**	1,526,568
	105,140,763	101,152,216
Expenses		
Salaries and wages	**49,736,988**	48,792,210
Medical staff remuneration	**12,396,358**	11,549,843
Employee benefits	**14,452,667**	14,128,650
Supplies and other expenses	**15,910,236**	16,210,253
Medical and surgical supplies	**4,740,185**	4,239,377
Drugs	**3,791,311**	3,727,251
Amortization of equipment	**2,239,639**	2,151,295
Interest – non-building *[note 8]*	**43,106**	11,101
Net gain on disposal of equipment	**—**	(113,243)
	103,310,490	100,696,737
Excess of revenue over expenses before the following	**1,830,273**	455,479
Amortization of deferred contributions, capital – buildings and land improvements	**3,199,221**	3,187,423
Amortization of buildings and land improvements	**(4,200,574)**	(4,101,603)
Interest expense *[note 8]*	**(255,929)**	(137,348)
	(1,257,282)	(1,051,528)
Excess (deficiency) of revenue over expenses for the year	**572,991**	(596,049)

See accompanying notes

Stratford General Hospital

Statement of cash flows

Year ended March 31

	2019	2018
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**572,991**	(596,049)
Add (deduct) items not involving cash		
Amortization of equipment	**2,239,639**	2,151,295
Amortization of buildings and land improvements	**4,200,574**	4,101,603
Net on disposal of equipment	**—**	(113,243)
Amortization of deferred contributions, capital – equipment	**(1,365,683)**	(1,526,568)
Amortization of deferred contributions, capital – buildings and land improvements	**(3,199,221)**	(3,187,423)
Deferred contributions – operating		—
Post-employment benefits	**108,030**	100,875
Increase in long-term investments	**—**	—
	2,556,330	930,490
Net change in non-cash working capital balances related to operations *[note 15]*	**(1,403,815)**	1,165,028
Cash provided by operating activities	**1,152,515**	2,095,518
Capital activities		
Purchase of property and equipment	**(5,121,998)**	(10,445,003)
Proceeds on disposal of property and equipment	**—**	136,833
Cash used in capital activities	**(5,121,998)**	(10,308,170)
Financing activities		
Repayment of demand loans	**(1,081,357)**	(1,866,500)
Proceeds of demand loans and term debt	**2,961,000**	6,101,000
Repayment of term debt	**(144,000)**	—
Contributions received related to capital	**2,701,760**	4,726,536
Cash provided by financing activities	**4,437,403**	8,961,036
Net increase in cash during the year	**467,920**	748,384
Cash, beginning of year	**5,104,442**	4,356,058
Cash, end of year	**5,572,362**	5,104,442

See accompanying notes

Notes to financial statements

March 31, 2019

1. Purpose of the organization

Stratford General Hospital [the "Hospital"] is funded primarily by the South West Local Health Integration Network ["LHIN"] in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care [the "MoHLTC"], and Cancer Care Ontario ["CCO"]. 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 set 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 Accounting 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 with 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 and 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.

[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

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, 2019

[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, 2019, there was no change in the accumulative deficiency of revenue over expenses for the fair value changes or foreign currency translation. Therefore, a statement of remeasurement gains and losses has not been disclosed.

3. Accounts receivable

Accounts receivable consist of the following:

	2019 $	2018 $
Ministry of Health and Long-Term Care / South West Local Health Integration Network / Cancer Care Ontario funding	**865,861**	477,254
Insurers and patients	**2,401,195**	1,256,913
Other	**2,095,328**	2,615,263
	5,362,384	4,349,430
Less allowance for doubtful accounts	**278,000**	229,500
	5,084,384	4,119,930

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.

	2019 $	2018 $
Stratford General Hospital provincial funding	**89,714,027**	86,578,353
Adjustment for the Hospital's share of the Alliance operating surplus/deficit	**(5,450,556)**	(5,470,115)
Provincial funding adjusted revenue	**84,263,470**	81,108,238

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 65.0%. 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.

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

	2019	2018
	$	$
Seaforth Community Hospital	**1,013,919**	1,926,554
St. Marys Memorial Hospital	**1,250,206**	1,486,775
Clinton Public Hospital	**1,697,887**	484,271
	3,962,012	3,897,600

Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

5. Inventories

During the year, the Hospital expensed $6,906,433 [2018 – $6,696,895] 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:

	2019	2018
	$	$
Guaranteed investment certificate	**119,719**	119,719
Horizon ProResp Inc.	**340,514**	340,514
	460,233	460,233

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.

	2019	2018
	$	$
Common share investment – 50% of common share capital	**55,657**	55,657
Share of income since incorporation	**284,587**	284,857
	340,514	340,514

Management fees of $310,900 [2018 – $314,000] from Horizon ProResp Inc. have been recorded as other revenue. Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

7. Property and equipment

Property and equipment consist of the following:

	2019		
	Cost	Accumulated amortization	Net book value
	$	$	$
Tangible			
Land	12,419	—	12,419
Other non-amortized assets	147,010	—	147,010
Land improvements	1,384,593	1,093,866	290,727
Buildings	120,691,084	55,790,640	64,900,444
Furnishings and equipment	37,762,516	32,673,814	5,088,702
Computer hardware	4,110,223	3,339,538	770,685
Construction in progress	381,270	—	381,270
	164,489,115	92,897,858	71,591,257
Intangible			
Computer software	7,311,725	5,808,916	1,502,809
	171,800,840	98,706,774	73,094,066

	2018		
	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	1,073,471	280,587
Buildings	112,374,202	51,610,461	60,763,741
Furnishings and equipment	36,955,614	32,273,410	4,682,204
Computer hardware	3,802,541	3,010,849	791,692
Construction in progress	6,135,185	—	6,135,185
	160,781,029	87,968,191	72,812,838
Intangible			
Computer software	6,576,714	4,977,271	1,599,443
	167,357,743	92,945,462	74,412,281

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 the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, nil [2018 – nil] has been drawn on the Facility by the Alliance.

[b] Revolving demand facility [the "Capital Facility"] of $25,000,000 [2018 – $25,000,000] 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, 2019, $9,110,000 [2018 – $6,437,999] has been drawn on the Capital Facility by the Alliance, of which $6,893,000 [2018 – $4,920,000] is attributable to the Hospital.

[c] Term facility [the "SSRP Facility"] with RBC that was used to finance the completion of the Stratford Site Redevelopment Project. The SSRP Facility bears interest at the bank's prime rate [3.95%] minus 0.65%. As at March 31, 2019, $1,864,418 [2018 – $2,008,418] is outstanding from the Alliance on the SSRP Facility. Interest payments are made monthly on the 26th day of each month, and annual principal payments are due March 31 of the respective year. The principal payment due March 31, 2019 was not withdrawn until April 1, 2019. The SSRP Facility has a maturity date of March 31, 2024.

[d] A committed 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 the bank's prime rate [3.95%] minus 0.75% and is due on demand. As at March 31, 2019, $3,686,375 [2018 – $3,830,000] is outstanding from the Alliance, of which $2,396,143 [2018 – $2,489,500] is attributable to the Hospital. The commitment period of the Co-Gen Facility will expire on April 30, 2021.

[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, 2019, the Hospital has a nil [2018 – nil] draw on the Lease Facility.

As at March 31, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has the following borrowings outstanding:

	2019 $	**2018** $
Demand loans	**6,893,000**	4,920,000
Current portion of term debt	**443,593**	412,475
Total demand loans and current portion of term debt	**7,336,593**	5,332,475
Term loans	**3,816,968**	4,085,443

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 two years are as follows:

	$
2020	443,593
2021	268,475
2022	2,260,075
2023	144,000
2024	1,144,418
	4,260,561

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

Employer contributions to the HOOPP during the year by the Hospital amounted to $4,126,743 [2018 – $4,027,648]. The most recent actuarial valuation for financial reporting purposes completed by the HOOPP as at December 31, 2018 disclosed net assets available for benefits of $79,019 million [2017 – $77,755 million] with pension obligations of $65,128 million [2017 – $59,602 million], resulting in a surplus of $13,891 million [2017 – $18,153 million]. The cost of pension benefits is determined by the HOOPP at $1.26 per every dollar of employee contributions. As at December 31, 2018, the HOOPP was 121% funded [2017 – 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 $200,470 [2018 – $155,657].

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:

	2019 $	2018 $
Accrued benefit obligation		
Balance, beginning of year	**4,834,830**	4,401,020
Current service cost	**282,490**	255,060
Interest cost	**158,990**	166,595
Benefits paid	**(266,890)**	(234,260)
Actuarial loss	**160,940**	246,415
Balance, end of year	**5,170,360**	4,834,830
Unamortized net actuarial gain	**800,345**	1,027,845
Post-employment benefits	**5,970,705**	5,862,675
Less current portion	**403,975**	368,745
	5,566,730	5,493,930

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:

	2019 $	2018 $
Current service cost	**282,490**	255,060
Interest cost	**158,990**	166,595
Amortization of net actuarial gain	**(66,560)**	(86,515)
Post-employment benefits expense	**374,920**	335,140

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

	2019 %	2018 %
Discount rate – net accrued benefit expense	**3.19**	3.67
Discount rate – accrued benefit obligation	**2.91**	3.19
Extended health care premium increases	**5.70**	5.80
Dental premium increases	**4.00**	4.00

The extended health care premiums are expected to decrease by 0.1% per annum to an ultimate rate of 3.9%. The expected average remaining service life of active employees is 12.36 years.

10. Deferred contributions, capital

Deferred contributions related to property and equipment are as follows:

	2019 $	2018 $
Balance, beginning of year	**50,749,347**	51,786,802
Additional contributions received		
MoHLTC and LHIN	**1,439,850**	1,993,549
Foundation *[note 14]*	**707,089**	1,603,806
Other	**554,821**	79,181
Amounts amortized to revenue	**(4,564,904)**	(4,713,991)
Balance, end of year	**48,886,203**	50,749,347

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

	2019 $	2018 $
Unamortized capital contributions used to purchase property and equipment	**48,860,742**	50,703,454
Unspent contributions	**25,461**	45,893
	48,886,203	50,749,347

Notes to financial statements

March 31, 2019

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:

	2019 $	2018 $
Balance, beginning of year	**322,607**	175,692
Contributions, grants and donations	**376,734**	600,000
Amounts earned	**(668,332)**	(453,085)
Balance, end of year	**31,009**	322,607

The deferred contributions will be spent as follows:

	2019 $	2018 $
Mental health programs	**23,469**	1,215
Change Foundation	**7,540**	321,392
	31,009	322,607

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 $1,582 [2018 – $1,582] 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. The amounts committed to these service contracts for the next five years and thereafter are as follows:

	$
2020	3,209,564
2021	2,558,779
2022	2,166,987
2023	1,635,637
2024	853,989
Thereafter	1,383,640
	11,808,596

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, 2019, management believes adequate provision for losses has been made in the accounts.

The Hospital routinely engages in collective bargaining and is subject to various human rights matters under provincial legislation when employees or groups within the bargaining units file grievances against the Hospital or when the collective bargaining agreements are negotiated, which may result in retroactive pay.

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, 2019, the total outstanding borrowings of the Alliance amounted to $14,660,793 [2018 – $12,276,417]. Of this amount, the Hospital has drawn $11,153,561 *[note 8]*.

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 $707,089 [2018 – $1,603,806] 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, 2019, an amount of $45,385 [2018 – $43,887] 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 accounts payable 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]*.

Transactions are in the normal course of business and recorded at the exchange amount, which is the amount agreed upon by both parties.

15. Statement of cash flows

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

	2019	2018
	$	$
Decrease (increase) in current assets		
Accounts receivable	**(964,454)**	(559,175)
Grants receivable	**—**	(42,034)
Due from other Alliance entity	**—**	250,569
Inventories	**(46,604)**	25,996
Prepaid expenses	**(214,643)**	(117,273)
	(1,225,701)	(441,917)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(73,323)**	94,899
Due to other Alliance entities	**64,412**	1,026,420
Accrued salaries and wages	**122,395**	338,711
Deferred contributions, expenses of future periods	**(291,598)**	146,915
	(178,114)	1,606,945
	(1,403,815)	1,165,028

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 OMP of $4,904,102 [2018 – $4,560,963] are included in the statement of operations. The excess of OMP funding over OMP allowed expenses for 2019 is $13,848 [2018 – $136,413], which is due to the MoHLTC OMP and is included in accounts payable and accrued liabilities as at March 31, 2019.

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 the hierarchy for which significant input has been considered in measuring fair value.

The guaranteed investment certificate held by the Hospital is classified as Level 2 according to the fair value hierarchy described above. There were no material transfers between Levels 1 and 2 for the year ended March 31, 2019.

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 banker's acceptance rate, which change 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. As at year-end, patient and other accounts receivable totalled $4,496,523 [2018 – $3,872,175]. 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, 2019.

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 liabilities 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.

Huron Perth Healthcare Alliance

Nominating Committee Report

The Huron Perth Healthcare Alliance Board of Directors received and approved the following recommendations from the Governance & Stakeholder Relations Committee at their June 6th, 2019 meeting.

For three-year term appointments:

- Reappointment of Ron Lavoie from the catchment area served by the Seaforth Community Hospital

For two-year term appointments:

- Appointment of Dick Burgess as a representative from the catchment area served by the Clinton Public Hospital
- Appointment of Gary Austin as a Regional Representative of the primary catchment area served by the Stratford General Hospital
- Reappointment of Kim Ross Jones from the catchment area served by the St. Marys Memorial Hospital
- Reappointment of John Wolfe from the City of Stratford

This slate filled the vacancies and these candidates are acclaimed as Directors of the Alliance as of the end of the Annual General Meeting.

AUXILIARY & VOLUNTEER REPORTS

2018/2019

Clinton Public Hospital
Auxiliary Report
2018/2019

The CPH Auxiliary between April 1, 2018-March 31st, 2019 had 10 regular meetings with an average of 30 in attendance.

During this fiscal year we have a total of 9,000 hours although we had no clinics for 7 weeks as the elevator was being replaced in the summer and then the proverbial ceiling fell in so there have been no clinics since December 2018.

This past fiscal year we have donated $18,000. to purchase needed equipment for our hospital.

Throughout the year we have had a number of events

- April we had different coffee morning to raise funds for the Huron Alzheimer's Association 50/50 tickets readied
- May saw Tag Day
- June started with Hot Dog Days and ended with us helping the foundation with there Gala and silent auction.
- July was used for patient visiting.
- August we continue preparing for the Penny Sale.
- September for two weeks we held our 64th Penny sale
- October planning began for our Gift of light and 50/50 tickets we're given and selling began
- November Our Gift of Light Night where the tree was lit and the 50/50 ticket drawn
- December was our Christmas and Silent auction & bake sale
- January saw changes to a number of our committees,
- February we discussed how to brighten up our Gift Shop
- March Irish Stew Luncheon which again was again

We also have dedicated ladies that do so many items behind the scenes doing quilting knitting etc.

This Fall we sent to Ladies to the last Hospital Auxiliaries Association of Ontario (HAAO) conference Peggy Menzies who was at one time the Canadian President and Marg Makin who had been our president both Ladies had a combined 102 years as a volunteer.

The executive went to St Mary's for a meeting to determine with the demise of the HAAO, if a South Central Organization will be formed, -more to come.

We also lost two members who contributed so much to our organization Olga Davies and our past president Dianne Stevenson.

Submitted by Marsha Taylor, CPH Auxiliary President

St. Marys Memorial Hospital
Auxiliary & Volunteer Report
2018/2019

What a great year the Auxiliary had. We had many successful fundraising events in addition to our sales at the Boutique. We have found what works and what does not work for our Auxiliary as far as fundraising events. The Auxiliary had two very successful bake sales, one in the spring and one in the fall. Once again this year the Thames Valley Retirement Village let us use their recreation centre for this event. We also had Sip and Shops, again one in the spring and one in the fall. These Sip and Shops were held at Judy Rankin's home and Gayle Beattie's home. The Sip and Shops are how we introduce our new seasonal fashion line to the public. (spring/summer and fall/winter) Our Bingo's continued to increase in attendance and popularity. The Boutique and the fundraising proceeds all go directly back into the St. Marys Memorial Hospital. We continue to receive cash for tapes (grocery receipts) at McDonalds Independent Grocer as well as receiving money for the Art Sales in the hospital lobby area. Something new we tried this year was our Christmas home tours. We were very happy with the turn out for this fundraiser, being it was our first home tour.

Again this year we had our annual bursary to a student entering a medical related field. This is a one-time $500.00 payout to a DCVI student in June. This year it went to Jessica VanStrien.

This year the Auxiliary was able to make multiple purchases to the hospital. Items purchased were the CADD Legacy PCA ($4495), two Stairbase Stools EM ($484.69), Ring Cutter ($1266.83), Ipad ($492.09), Bed Air Mattress ($7880) and a Welch Allyn Vitals Monitor Plus Device Unit with mobile stand ($2269.20). Our total purchases this year for the hospital were $16,887.81.

This past year we have had 4 new members join the Auxiliary.

Submitted by Cathie Szmon, SMMH Auxiliary President

St. Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2018 – March 31, 2019
General Account

Bank Balance as of April1,1 2018		$ 1,203.27
Receipts:		
Membership Dues	$ 70.00	
Bake Sales	$ 656.00	
Transfer to Lottery Account	$ 240.00	
Home Tour	$ 4,000.00	
Art Sales	$ 521.25	
McDonalds Food Receipts	$ 345.00	
In Memorium donated funds	$ 186.75	
Donations Received	$ 58.47	
Bank Interest	$ 0.49	
Total Receipts		$ 6,077.96
Disbursements		
SMMH Capital Equipment donations	$ 1,850.91	
Advertising (bake Sales)	$ 123.15	
Home Tour Expenses	$ 656.86	
South Central Conference	$ 360.00	
Training Expenses	$ .00	
SMMH Annual Cable Fee(for TVs)	$ 00	
Bursaries	$ 500.00	
Office Supplies	$ 85.87	
Bank Fees	$ 75.05	
Total Disbursements		$ 3,651.84
Bank Balance as of March 31, 2019		$ 3,629.39
Less Cheque Seaforth Spring Conference		$ 200.00
Book Balance as of March 31, 2019		$ 3,429.39

Treasurer Larry Beattie

Reviewed this May 14th 2019 by Cathie Szmon

St. Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2018 – March 31, 2019
Gift / Boutique Shop

Bank Balance as of April1, 2018		$ 3,898.86
Revenues		
Gift Shop Sales	$ 16,139.25	
Heritage Day Sales	$ 786.85	
Sip & Shops Apr & Oct	$ 3,548.66	
Bake Sales	$ 681.25	
House Tour Christmas	$ 963.39	
Gift Certificate Sales	$ 50.00	
Bingo	$ 311.35	
McDonalds Save a Tape Program	$ 215.00	
Kingsway Trunk Sales	$ 172.00	
Total Revenues		$ 22,867.75
Disbursements		
Bank Charges	$ 7.97	
Refunds for Merchandise	$ 62.00	
Shop Supplies	$ 204.70	
Travel to Gift Shows	$ 161.63	
Postage	$ 31.65	
Advertising	$ 419.09	
SMMH Capital Equipment Donations	$ 2,269.20	
SMMH Capital Equipment Donations	$ 7,880.00	
Purchase of merchandise for Shop	$ 8,993.06	
Total Disbursements		$ 20,029.30
Bank Balance as of March 31 2019		$ 6,737.31
Book Balance as of March 31, 2019		$ 6,737.31

Gift Shop Treasurer Joyce Mulholland

Reviewed May 14, 2019 by President Cathie Szmon

St. Marys Memorial Hospital Auxiliary
Annual Financial Statement
April 1, 2018 – March 31, 2019
Lottery Account

Bank Balance as of April1,1 2018		$ 1,547.67
Receipts:		
50/50 Draw	$ 770.00	
Bingo deposits	$ 9,961.50	
Donation deposited wrong account	$ 128.47	
Total Receipts		$ 10,859.97
Disbursements		
Bank Fees	$ 38.31	
Bingo Float	$ 3,753.47	
Bingo Machine Rental	$ 75.00	
Advertising	$ 316.40	
Town Lottery Fees	$ 540.00	
Fifty/Fifty Fee	$ 152.60	
S.M.M.H. Foundation 50/50 Draw	$ 617.40	
Bingo Hall Rental	$ 437.78	
Bingo Supplies	$ 277.97	
SMMH Capital Equipment Donation	$ 4,888.00	
Total Disbursements		$ 11,096.63
Bank Balance as of March 31, 2019		$ 1,310.71
Less		
OS Cheque Bingo Supplies Bingo Pro		$ 462.54
Book Balance as of March 31, 2019		$ 848.17

Treasurer Larry Beattie

Reviewed this May 14th 2019 by Cathie Szmon

HURON PERTH HEALTHCARE ALLIANCE

Seaforth Community Hospital
Auxiliary Report
2018/2019

Members of the Seaforth Community Hospital (SCH) Auxiliary attended 8 general meetings for the year 2018. The various committees including the executive, special projects & fund raising met more often. The Auxiliary consists of 7 HAAO Provincial Life members, 4 HAAO Local Life members, & 18 Active members for a total of 29 Auxilians. Four of our valued members died this year – Marjorie Rock in March 2018 & Betty Hulley in November 2018, Ariel Wood in January 2019 & Bev Boyd in February 2019 – they will be greatly missed.

Eleven members attended the Hospital Auxiliaries Association of Ontario (HAAO) South Central Spring Conference hosted by the South Huron Hospital Auxiliary on April 30, 2018. Three Auxilians attended the HAAO South Central Region Presidents' Day held in Seaforth on September 10, 2018. HAAO terminated the organization on January 1, 2019 which means that the Hospital Auxiliaries in Ontario are no longer under the Ontario Hospital Assocaition umbrella. The Auxiliaries in the former South Central Region voted to remain united & meet on a yearly basis as well as continue with the annual Spring Conferences.

Our various fund raising projects for 2018 included: 31 Day Fundraiser, Bakeless Bake Sale, Bake Sale, 50/50 Autumn Draw, Tree of Lights Celebration & the Gift Shop. As of December 31, 2018 the General Bank Account was $7,440 & the Gift Shop Bank Account was $3,554.

Two Bursaries of $500 each were presented to Emily Penner & Mattie McGregor at Central Huron Secondary School Commencement on October 5, 2018. Emily is enrolled in a 4 year Nursing Program at Trent University & Mattie McGregor is enrolled in a 4-year Neuroscience Program at Carlton University.

A donation of $5,000 was given to the SCH Board of Directors during the annual Radiothon held at Maplewood Manor on October 20, 2018.

A donation of $1590 in the form of four weighted wipeable blankets (6 lb, 11 lb, 12 lb, & 16 lb) plus 3 cotton removable covers and one cuddly removable cover for these blankets were purchased for the Seaforth Community Hospital patients in December 2018.

An Auxillian carried and placed a wreath on the cenotaph in the November 11th Remembrance Day Parade & Ceremony.

Tray Favours for special occasions throughout the year were lovingly created & given to each hospital patient.

NOTE: The Gift Shop door remains too narrow to accommodate extra wide wheelchairs as per Accessibility for Ontarians with Disabilities Act (AODA) recommendations that all public buildings be accessible to all people.

Submitted by Margaret Marian Lee, Seaforth Community Hospital Auxiliary Co-Director

Volunteers of Stratford General Hospital

Annual Report 2018/2019

Time is precious, and during 2017/2018, the Volunteers of Stratford General Hospital continued to devote many hours of their time to the volunteer program with great talent, care and dedication.

The locations where we give of our time include:
Cancer Clinic, Chemo Therapy Clinic, Coffee Shop, Concierge, Diabetes Clinic, Emergency Department, Gift Shop, HELPP Lottery, ICU, Information Desk, Maternal Child Unit, Medical Imagining, Medicine/Continuing Care Unit, Mental Health, Orthopedic Clinic, Patient Registration, Pre-Admit Clinic, Special Events, Stroke/Telemetry, Surgical Services, Surgical Ambulatory Clinic, Surgical Unit and the Volunteer of SGH Council.

In total, we have 249 active volunteers.
This volunteer commitment at the Stratford site translates into 26,351 volunteer trackable hours (an increase of 7% from last year) but there are countless occasions where off-site planning and preparation time is not tracked, so the actual number of hours is much more.

Patient Experience Commitment:
Volunteers spend countless hours doing home projects such as knitting blankets and sewing comfort pillows and baby quilts. All these items are happily given to patients to help brighten their day or donated to the Gift Shop for retail fundraising efforts. Much time and effort is put in to the various gift baskets that are prepared throughout the year for occasions such as Easter and Mother's Day, Thanksgiving and the First Baby of the New Year.

Something to think about, in terms of dollar value, if we were to pay our volunteers $25.00 per hour, these hours would convert into a contribution of $658,775! Amazing!

Educational opportunities geared toward the volunteers, continue to be successful. This past year we offered several opportunities to be trained in mealtime assistance with our Speech and Language Pathologist. We also had an educational event aimed to inform our volunteers about the risk and warning signs of a Stroke from our very own Integrated Stroke Program at the HPHA.

New initiatives:
Refreshed Mental Health Unit Volunteer Program.
Well trained and supported volunteers participate in social activities with our mental health patients supporting them and hoping to make their stay with us enjoyable.

Maternal Child Support Volunteer Program is in its beginning phase of accessing and planning for hour our volunteers can support our youngest patients.

Mental Health Unit Volunteer Program
Christina Sebben, Manager of Inpatient Mental Health
Denise Nonomura, Volunteer
Cheryl Hunt, Corporate Lead Volunteer Services

Our Fundraising Commitment:
As volunteers, our main commitment is to ensure our patient's stay or visit with us is as pleasant and as stress free as it can be. Fundraising for much needed state of the art hospital equipment is a passion of the volunteers.

During the month of March 2019, the VSGH contributed $81,500 for the purchase of Lab Equipment.

Combined with our earlier contribution of $85, 000.00 to complete out CT Commitment, our total 2018/19 fiscal donation for new hospital equipment was $166, 500.

We are currently working on our new commitment to raise $150,000 for hospital beds. This will be a matching gift campaign in partnership with the SGH Foundation whereby our community will match our volunteer's dollars bringing us to a total of $300,000. This campaign will be launched in the fall.

Our total fundraising for fiscal 2018/19 was **$77,399.00**, $5,732 greater than our previous year.

A breakdown of the fundraising revenue is as follows:

Shops program:	$ 39,384
Annual Valentine's Day Raffle	$ 5,226
Helpp Lottery	$10,478
Country BINGO	$ 3,922
Christmas Baskets	$ 2,214
Rheo Thompson	$ 1,739
Vendor Program	$ 540
Special Occasion Gift Baskets	$ 310
Bids for Benefits	$ 1,304
Book Sale	$ 3,297
Coin Canisters	$ 840
Donations	$ 1,898
Celebrate Your Age	$ 2,163
Iron Annie Book Sale	$ 780
Orr Book Sale	$ 280
Strawberry Sale	$ 2,209
Student Award	($500)
Total Revenue	**$77,399**

Gift Shop Volunteer;
Joyce Dietz

The Volunteers of SGH are extremely pleased each year to award deserving recipients a **Student Ward** of $500. Applicants are to be enrolled in post-secondary education in the health care sector. This year the Bursary was presented to: Sydney Timmermans one of our volunteers in our Emergency Department.

Group Photo: Left – Right
Joan Maloney, VSGH Co-Chair
Sydney Timmermans, Winner
Cheryl Elgie, VSGH Co-Chair

A special thank you to Stratford General Hospital Foundation for their continued support, guidance and commitment to our volunteer team. Our partnership is invaluable and our volunteers are grateful to you for all you do.

Respectfully submitted,
Cheryl Elgie, Chair
Volunteers of SGH

Foundation Reports

2018/2019

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

Clinton Public Hospital Foundation Annual Report
2018-2019

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.

Our biennial Gala was held on Saturday, June 9th, with this year's theme being the "Vintage Circus". 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 $149,900 and we would like to thank our generous community for making this possible. The funds raised from this year's Gala were used towards the purchase of a new Digital X-Ray Unit for the Medical Imaging Department. The event was a great success and we hope that all in attendance thoroughly enjoyed themselves.

As in past years, the Foundation took part in the annual CKNX Health Care Heroes Radiothon, which was held in Wingham on Saturday, October 20, 2018. Our fundraising goal for the event was to raise $40,000 towards the purchase of Sterilization Equipment for the Operating Room. We received generous donations and raised $24,516.75 from this event. These funds, along with an additional $23,423.25 from other donations received throughout the fiscal year have been transferred to HPHA to cover the full cost of the purchase of this equipment at $47,940.00. In conjunction with the Radiothon, the Clinton & District Kinsmen once again hosted their annual breakfast on Saturday, October 13, at the Central Huron Community Complex. We had a record number for served and the breakfast was great. The time, talent and dedication of the Clinton & District Kinsmen are greatly appreciated and they were able to raise close to $2000 from this year's breakfast. We have participated in the CKNX Health Care Heroes Radiothon since its inception in 2002 and throughout those years we have received donations for an accumulated total of $505,377.75.

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 time this year to assist us with the campaign by stuffing the envelopes for us. It takes approximately 90 hours to stuff and sort the mailing, so it is very helpful to have the students' assistance with this. The letters, along with donation forms, were mailed out to our local community and as in past years, we received many generous donations throughout the holiday season. This year the campaign was very successful and raised a net profit of $28,940.34.

Throughout the 2018-2019 fiscal-year, we also received two 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.

The Auxiliary to the Clinton Public Hospital were generous in transferring $15,000 to the Foundation in 2018-2019 to be used for the purchase of several pieces of specified equipment for our hospital. We are truly grateful to have the dedication and support of our Auxiliary.

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. Darlene McCowan continues to learn and develop in her position as Foundation Coordinator. She has shown great initiative and dedication in her position with the Foundation over the past year. The Foundation board of directors continues to support her throughout the growth of the Coordinator role.

With the financial support of our donors, we were able to transfer a total of $466,876.66 in the 2018-2019 fiscal year, which is the most transferred to our hospital in a single fiscal-year in at least two decades. This transfer of funds supported the following projects and equipment purchases:

- Digital X-Ray Unit
- Sterilization Equipment for Operating Room
- Physician Recruitment
- Two Medical Mart Monitors (Auxiliary Funded)
- Performance Health Rehab Trainer (Auxiliary Funded)
- Trauma Stretcher (Auxiliary Funded)
- 5 Medline Wheelchairs (Auxiliary Funded)
- Bariatric Medline Wheelchair (Auxiliary Funded)
- Nursing Education (RBC Nursing Strategy Grant)
- Sit/Stand Lift (Royal Canadian Legion Grant)
- PATH Project

In 2018-2019, the Foundation recorded a total of 920 volunteer hours, which included 697 hours in director roles and 223 volunteer community hours. Volunteer hours accounted for 43% of the hours contributed to the Foundation, with the other 57% in staffing hours. Volunteers are an enormous asset to the Foundation, for which we can attribute much of our fundraising success, alongside the generous support of our financial donors.

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
2018-2019

St. Marys HEALTHCARE FOUNDATION

Annual Report 2018/2019

I am pleased to present the Chair's Report for the fiscal year ending March 31, 2019. I am honoured to have completed the 2nd year as Board Chair and have been a board member for 6 years.

Being a Board Member with our St. Marys Healthcare Foundation continues to gives me personal fulfillment. The realization of how our community supports local healthcare has only reinforced my commitment to the foundation, and all that it stands for. As well as the many committed volunteer board members reinforce this.

We are truly fortunate to have such an incredibly supportive and passionate community.
We couldn't do it without all of your support. Thank you, thank you!

Highlights of this past year include:

- Assuming responsibility for The River Road Run which supports free public swims and skates at The Pyramid Centre
- Developing a strategic plan which outlined our priorities for the next 3 years
    - Supporting the needs of the St. Marys Memorial Hospital
    - Expanding primary care at The Tradition Mutual Centre for wellness
    - Raising awareness of opportunities for local healthcare
    - Establishing quality end of life care for St. Marys and Area
    - Bringing resources to our community for mental healthcare
- We also changed our name to The St. Marys Healthcare Foundation to better reflect all the initiatives we support

Disbursements for this fiscal year totalled: $ 2,433,018 - $2 Million for the expansion of the Tradition Mutual Centre for Wellness.

These transfers of funds went to Hospital equipment, Tradition Mutual Centre for Wellness Expansion fees, Physician retention & recruitment, as well as honouring our Objects to support external initiatives for a healthy, active community. (ie. Mobility Bus)
(See Financial Report for further details)

Our Investment portfolio has done relatively well given the market status.
Our closing balance as of March 31, 2019 was as follows:

- Short-term Investments - $180,946
- Long-Term Investments - $2,387,227
- Cash and Equivalents - $1,520,981

I would like to thank Andrew Williams, Mary Cardinal , Francesco Sabatini, , and Trina Cooper, and all the HPHA staff for the support and encouragement as we continue to transform as The St. Marys Healthcare Foundation.

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

Our Executive Director, Krista Linklater, has done a fabulous job providing the Board with support and direction, as well reaching out to the community with genuine commitment and caring. She continues to be our life line!

Sincerely,

Pat Craigmile

Pat Craigmile, Board Chair
St. Marys Memorial Hospital Foundation Board

St. Marys Memorial Hospital Foundation
Board of Directors
2017/2018

Pat Craigmile, Chair

Ken McCutcheon, Vice Chair

John McIntosh, Past Chair

Larry Beattie

Dr. Bob Davis

Jo-Anne Lounds

Andrea Macko

Mike Richardson

Seaforth Community Hospital Foundation
Annual Report ~ 2018 - 2019

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 ***$262,188.42***. These funds supported the purchase of a transport ventilator. It also supported the purchase of fourteen patient beds, over bed tables and bedside cabinets. The Foundation also supported year one of implementation for the HPHA PATH Project and the recruitment of Dr. Megan Nolan to the Huron Community Family Health Team.

The Seaforth Community Hospital Foundation is also happy to announce that in September 2018; Jason Baird was appointed a new member of the SCH Foundation Board of Directors.

This year's fundraising success is a testimonial to the ongoing support received from the 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:

- 16th 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 Sheila Morton, the Seaforth Community Hospital Trust Chair. 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 2018, the Hospital Trust continued to work with Huron East and JL Retirement Living on the land development west of the Hospital. Construction is underway to complete a secondary road access to the Seaforth Community Hospital.

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!

Dick Burgess, SCH Foundation Chairman

Bill Scott, SCH Foundation Vice Chairman

Seaforth Community Hospital Foundation Board of Directors 2018/2019

Dick Burgess, Chairman

Bill Scott, Vice-Chairman

Andrew Williams, Secretary-Treasurer

Ron Lavoie

Sheila Morton

Kerri Ann O'Rourke

Sherry McCall

Wendy Hutton

Greg O'Reilly

Jason Baird

2018/2019 Chair's Message

its . . . In Our Hands!

STRATFORD GENERAL HOSPITAL Foundation
"People Caring for People"

When it comes to ensuring our hospital has the tools, technology and facilities to keep us on the leading edge of healthcare…it's In Our Hands. When it comes to providing our patients, families and caregivers with a positive experience in a constantly changing healthcare environment…that too, is In Our Hands. And when it comes to attracting and retaining the very best health care practitioners – the physicians, nurses, technicians and allied health professionals without whom there would be no healthcare – you guessed it…that's In Our Hands as well.

"In Our Hands" is the name of our exciting new Campaign that's been the primary focus of the Stratford General Hospital Foundation for the last two years, as we research, plan and prepare ourselves for what is our largest and most ambitious fundraising campaign to date.

To me, the "In Our Hands" tag is very apt. It recognizes the vital role we all play in its success – not just the Foundation and the Hospital; not just our Hospital Volunteers, or the people who dedicate their lives, energies and considerable talents in caring for our patients… but all of us.

Well, almost all of us. As you may know, while the province pays for many aspects of the healthcare system, when it comes to purchasing new and replacement equipment, even lifesaving technology that keeps us on the leading edge, we are on our own. With no government funding, it truly is in "Our Hands".

Of course, at the Foundation, our primary focus is on our donors. We need them, we value them and we appreciate them. We want them to know they are key players in our healthcare system, not only helping us deliver quality healthcare through their generosity, but in shaping that system – enabling it to respond to changing needs, advances in technology and patient expectations, all within an environment of limited resources.

Whether our supporters are service clubs or community groups, corporations or businesses, generous families or individual donors, they are all key players on our healthcare team – deserving of our consultation, our consideration, and as always, our deepest appreciation for what they bring – willingly – to the table.

Will we be able to continue to meet our fundraising goals? There are no guarantees. There are many strong organizations and competition for charitable dollars is real. But the past, as it has been said, is often the best predictor of the future. And our Foundation, with the tremendous support of our various donors and communities, has been very successful, punching well above our weight. That includes success in major capital campaigns for Hospital Redevelopment and an MRI, each carried out at a fraction of the expense of similar hospital campaigns in other locations.

A major part of our success is due to the relationships we build with donors. We involve them and inspire them, we thank them and appreciate them, we show them how each and every dollar impacts real patients and families in every corner of our hospital every day. And we work with our donors, not only to achieve our goals, but theirs as well.

And when we combine that kind of donor support with the talents and dedication of our physicians, nurses and allied health professionals, it produces a synergy – a team that is greater than the sum of its parts…success that breeds success; generosity and caring that inspire others to reach beyond their grasp.

While we can't wait for the hustle, bustle and excitement of the Campaign to start, the high profile public portion typically doesn't kick off until 50 per cent of goal is reached. And we know the importance of this quiet phase.

It's where many fundraising efforts succeed or fail; where the important planning, consultation with donors and other stakeholders happens, and where large, pacesetting gifts are secured. Like an iceberg, 90 per cent of what takes place in a successful campaign happens below the surface in this quiet phase. And successful campaigns – and nautical history – have taught us the importance of focusing more deeply than what's visible on the surface.

Our recent Campaign Feasibility/Planning study consisted of 42 one-on-one consultations, three focus groups with 21 participants as well as an online survey to physicians. The invaluable feedback we received is helping us craft and refine our central themes and communications strategies, capitalize on our strengths and overcome our weaknesses. We've also produced a short campaign video that graphically illustrates the essential role of donors in modern healthcare. Without them we have nothing.

We've also identified at least two major areas that are high priorities for our Campaign – priorities that can't wait. That includes a major overhaul and move of our Chemotherapy unit, which offers cancer care close to home for more than 1,400 patients from Stratford and area each year. Likewise, our Lab, the hub of a 12 member InterHospital Laboratory Partnership (IHLP) that stretches from hospitals in Goderich to Fergus, needs new space which will be addressed through our Campaign.

It has been a great honour to Chair the Stratford General Hospital Foundation Board over the past two years. I've learned much about how non-profit organizations can and should work, and witnessed the tremendous impact donors and other like-minded individuals can have when they work together.

I would like to thank my fellow Board Members for their time, talent and commitment. Your guidance and input is vital to our organization. I would more importantly also like to thank our Executive Director Andrea Page for her knowledge and dedication to making this such a successful organization, and to her team, my thanks for a job well done.

And my biggest thanks as always to our Donors, the lifeblood of our organization who make our dreams possible and our goals reachable. Without you, we have nothing. With you, all is possible. Together, it's In Our Hands.

Hugh D. McDonald

A Year to Remember . . . Highlights!

■ Over the last number of years the Foundation has disbursed over $19.6 million to the redevelopment project which helped built the North Wing, renovated ICU/Telemetry, Mat Child and Mental Health and purchased essential technology like PACS. The final few pledge payments to Heart & Soul are almost completed as the Redevelopment project including the North wing are closing in on their **first decade of operation**. It is only through donor generosity and 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 **$788, 227 helping to bring in new equipment and pay the final payment on our state of the art CT scanner.**

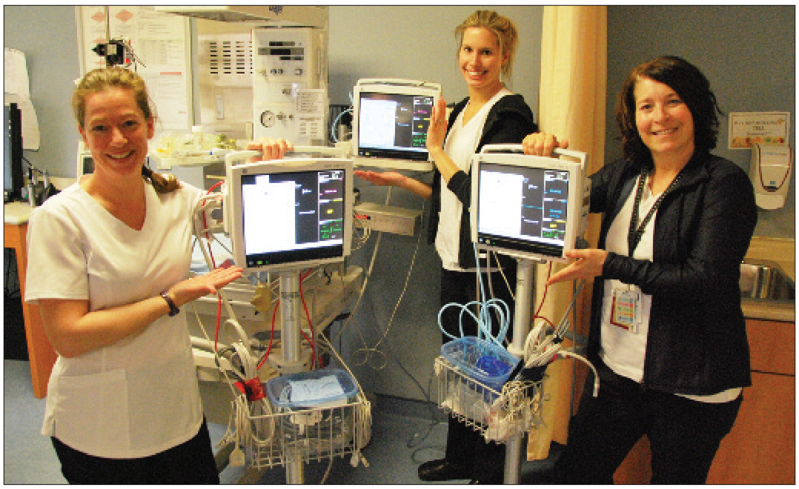
■ Lasting legacy. Our **"Promise of Tomorrow"** planned giving initiative has to date resulted in **$2.1 million** in bequest expectancies through donors who have indicated that they are leaving specific amounts in their wills or through life insurance policies ... Ordinary people show extraordinary generosity by leaving a gift to our hospital in their wills. A "Promise of Tomorrow" donor recognition system plan is in the works to enable us to thank and appreciate donors of legacy commitments during their lifetime.

■ Dollars are coming in for our Spring mailing which will have an impact on both our expecting moms and their babies. New fetal monitors are like an early warning system ensuring there are no complications undetected during the birthing process – safe guarding our next generation.

■ A salute to the Volunteers of Stratford General Hospital for their $1 million pledge over 10 years towards our "In Our Hands" capital campaign, which is in its quiet phase. A total of $150,000 of this pledge is towards the $1.1 million CT Scanner. Volunteers present a total of $166,500 towards the CT Scanner and the game-changing Malditof and fleet of specialized lab equipment.

■ Our community continues to respond generously to our Christmas mailing reaching $413,634.15 with 1,114 donors and an average gift of $369.03. The appeal was focused on the final payment for the CT Scanner and raising funds that have an impact. Thanks to donors our $1.1 million CT Scanner is **"PAID IN FULL"**.

We Can Never Say Thank You Enough to Our Donors



2018/2019 EQUIPMENT PURCHASES

The Stratford General Hospital Foundation disbursed **$788,227.26** to the hospital. The items sponsored through our donors' generosity include:

- Vital Signs Monitor **Acute Stroke $2,120**
- 2 – Sleeper Chairs **Integrated Stroke Unit $5,664**
- Ultra Low Temperature Upright Freezer **Laboratory $19,358**
- 24 – Carescape Patient Cardiac Monitors **Maternal Child $196,199**
- 2 – Vital Signs Monitors **Medicine $4,240**
- 3 – Holter Recorders **Holter $4,933**
- Transducer **Intensive Care Unit $6,589**
- Imaging Suite (20% First Payment) **Medical Imaging $91,510**
- Ureteroscope **Operating Room $1,400**
- Clips, Clamps and Ratchets **Operating Room $5,843**
- 4 – Needle Drivers **Operating Room $5,946**
- 8 – Sagital Saws & 8 – Reciprocating Saws **Operating Room $100,640**
- 2 – Harmonic Scalpel Hand Pieces **Operating Room $3,968**
- Forceps **Operating Room $3,439**
- 2 – Reclining Geri Chairs **Complex Continuing Care $1,510**
- 4 – Ophthalmoscopes **Outpatient Clinics/Surgical Unit/ Integrated Stroke Unit/Medicine $4,500**
- 2 – TVs **Mental Health $2,523**
- CT Scanner **Medical Imaging (final payment $219,157)**
- West Building Annex
- Nursing Awards for Exceptional Care **$1,000**
- Staff Education (Elsie) and **Hospital Wide $51,854**

Purchase orders signed and on the way is another investment of **$665,390** in equipment that has direct and immediate impact on patients

- Malditof and fleet $331,000
- 5 Fetal Monitors for Mat/Child $125,000
- 2 Specialized bladder scanners for the Medicine Unit and Stroke Unit at $29,390
- 2 Lab Histology Tissue Processors for cancer detection at $180,000

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

STRATFORD GENERAL HOSPITAL Foundation

Page's Page

Intersection of generosity and transformational impact … Investing in our Hospital and future

In healthcare you only need look back 20 years to see what progress looks like. Now think ahead 20 years; changes in healthcare are happening at an accelerated pace, driven by technology, medical breakthroughs and the role people play in their own health care. From the complexity of chronic disease to rapid advances in healthcare diagnosis and treatment, our hospital must continually improve in order to provide optimal care for every patient.

Virtual medicine, personalized healthcare and enhanced connectivity will all be the norm. At the foundation of all that change is the continued need for investment today.

To support these goals, Stratford General Hospital Foundation is planning the In Our Hands campaign. Our plans are focused on delivering care closer to home for our patients and maximum impact for donor dollars.

Keeping up with the pace of change and game-changing new ideas are the challenges of our times.

To meet those challenges head on we need an investment in people, technology and innovation for a sustainable and strong healthcare system for all in the communities we serve. We need to focus on a "smart" hospital – how technology can help us provide transformational care and increased access from the operating room to the bedside to mental health.

So we asked our donors, local business and industry leaders to join us in looking ahead to see our needs and their needs over the next five years and beyond.

This Environmental scan identified and highlighted the generosity of the Stratford community which is substantially above provincial and national levels. An aging population was also clearly identified – a detail that will be factored into planning for the future. Physician recruitment was also high on the list.

We found:

- SGH is a point of pride for the community
- High quality and compassionate care close to home an overarching priority
- SGH and SGHF are seen as having strong leadership with SGHF identified as a trusted charity
- Support for the overall plans of SGH was indicated by participants. Focus on the Performance pillar outlining equipment needs was highest
- Majority of participants were unaware of the fact 100% of equipment must be funded through donations. Our video had impact and the message should be constantly communicated.

Our next steps – Focus on meeting with donors to hear more about what they may be interested in supporting; further sharpening the case for support (based on feedback) and starting to build a volunteer body that will help plan and execute the campaign through its various phases over the next three years.

As the most technically diverse site within the Huron Perth Healthcare Alliance and the regional referral centre, Stratford General Hospital is an integral part of our healthcare system. Our plans will ensure that:

- Patients have compassionate, timely, innovative care close to home
- Our expert healthcare professionals have the tools they need to provide the best care; it will advance our mission providing care that is both "high tech and high touch"
- We can continue to retain and recruit the best and brightest healthcare providers who will want to work in a modern, state-of-practice facility while growing our local capacity for physicians
- We are keeping pace with best practice in a complex and ever-changing field.

Stratford General Hospital (HPHA) and Foundation is ready to partner with our communities to ensure that we are here when you need us … here with well-trained, engaged staff … here with the technology we will use that will make a difference … here to make this as strong a community as possible … here for you and your loved ones.

Your insights and advice are invaluable in this crucial step in campaign planning. We look forward to continuing to engage you during this exciting time and hope that you'll choose to join us as we invest in People, Partnerships and Performance to not only sustain the care you and your family deserves but to ensure a strong hospital and healthcare system into the future. As donors you have always been there for our hospital and we can never say thank you enough.

Our future … is In Our Hands.

THE PERFECT IMAGE

Stratford General celebrated the arrival of the first new digital x-ray machine. This $400,000+ machine is funded through our generous donors and replaces an old machine. The first payment of 20% or **$91,510** has been made to new digital suite. The new technology emits less radiation, has crisper images and takes only 3 seconds per view. Automated positioning provides accuracy and ease to technicians. A total of four more machines are needed to replace machines that are over a decade old at the cost of $400,000- $500,000 each.

Huron Perth Healthcare Alliance

2018 /2019 Quality Report

The Huron Perth Healthcare Alliance's (HPHA) Guiding Principles of **People**, engaging with passion; **Partnerships**, collaborating with purpose; and **Performance**, exceeding expectations define the work we do, the care we provide, and our contribution to a robust Huron Perth healthcare system.

The HPHA is committed to safe quality patient care; an excellent patient, family and staff experience; person centered care and productive partnerships.

The quality improvement initiatives noted in this report highlight those that support HPHA's dedication to safe, quality person centred care. These initiatives are also evidence of HPHA's commitment to continuous quality and safety improvement processes aligned with the principles of Quadruple Aim to improve population health with positive patient outcomes; improve provider work life through a safe and positive work environment; reduce costs with favourable performance across the health system; and enhance the patient experience with positive patient and family and caregiver experiences. These initiatives also demonstrate Health Quality Ontario's dimensions of Quality: safe, effective, patient-centred, efficient, timely, and equitable.

Alternate Level of Care Long-Term Care Pilot

Alternate Level of Care (ALC) occurs when a patient occupying a hospital bed does not require the resources and services provided in that level of care and instead requires another type of hospital bed, long-term care, or home with adequate supports. On any given day, 30-35% of Huron Perth Healthcare Alliance (HPHA) beds are occupied by ALC patients.

THE INITIATIVE

The Stratford General Hospital site of HPHA received one-time funding to open 10 surge beds and alleviate capacity issues during the 2018/2019 influenza season. To more appropriately meet patients' needs and utilize healthcare resources, HPHA used this funding for a pilot initiative to partner with five area Long Term Care (LTC) homes and purchased "unfunded" beds for ALC patients from late January to March 31, 2019.

OUTCOMES

Thirteen patients were admitted to LTC beds during the pilot with ten of these individuals receiving permanent placements. The remaining three patients remained in the LTC home until placement occurred. A reduction of 452 ALC bed days was realized, improving access to hospital beds and ensuring care in the most appropriate setting. Physicians documented improved mobility and socialization of participants of the pilot project.

Patient & Family Feedback

"120% satisfied. Nothing to do to make it better - treated like royalty."

"Pilot projects are not always good experiences but it was good for the family. Understands that if I was in a hospital bed that I'm blocking it from those who really need it."

"It was a shock to see our mother's medical condition deteriorate and this has been a great resource for us."

Collaborative Quality Improvement Plan & Accreditation Prototype Survey

HPHA has engaged with Health Quality Ontario (HQO) and a number of multi-sector organizations in the creation of a Collaborative Quality Improvement Plan (C-QIP) that is aligned to a provincial indicator.

HPHA has also engaged with Accreditation Canada regarding the creation of a unique sub-region Accreditation prototype survey that includes these same multisector organizations. This is Ontario's first prototype survey and will facilitate integration of common initiatives and harmonized policies and protocols.

The goal of both partnerships is to collectively align quality improvement processes and practices identified as priorities by HQO and as Required Organizational Practices (ROP) by Accreditation Canada. Such alignment will improve patient flow and care, positive outcomes and satisfaction across the healthcare sectors.

As part of the 2019-20 C-QIP, the Accreditation Prototype Survey group will review current workplace violence policies to inform the development of one common policy with a focused intent to achieve system wide improvements as related to incidents of workplace violence.

PARTICIPATING ORGANIZATIONS: COLLABORATIVE QUALITY IMPROVEMENT PLAN & ACCREDITATION PROTOTYPE SURVEY

- Alzheimer Society ~ Huron County
- Alzheimer Society ~ Perth County
- Clinton Family Health Team
- Huron Perth Healthcare Alliance
- Knollcrest Lodge
- Mitchell Nursing Home / Ritz Lutheran Villa
- North Perth Family Health Team

ACCREDITATION CANADA

Collaborating for Quality Care

Critical Care Indicators

In 2018/19 HPHA implemented a comprehensive Critical Care Indicators (CCI) program to address patients' needs regarding Antibiotic Resistant Organisms, Special Care Plans and potential or actual violent behaviour. "STOP" signage was developed to direct people to clarify the situation before entering the patient's room.

One portion of the CCI program addresses the mandatory Quality Improvement Plan indicator of Workplace Violence Prevention. HPHA has moved from a system of paper-based documentation and inconsistent response and communication to one of consistent flagging in our electronic system and physical environment and standardized protocols to identify patients with actual or potentially violent behaviour; this will protect staff and assist their attempts to reduce and manage such behaviour. Design of the program involved considerable consultation with staff, leaders, and the Quality and Ethics committees; feedback from patients; learning from the experience of other organizations; and providing informal learning and eLearning.

The Workplace Violence Prevention Flagging Program was formally implemented in late March 2019. The initial response from leaders and staff has been positive in that the CCI system is effective in identifying patients at risk of violent behaviour, protecting staff from such behaviour and assisting care providers in meeting patients' needs.

National Early Warning Score System

Analysis of HPHA's Critical Care bed utilization revealed that up to two of six beds were often occupied by a patient whose admission was a result of their unexpected deterioration on another inpatient unit. Such deterioration was often due to a progression of underlying sepsis.

There is a significant impact to both the patient and system when first signs of patient deterioration are not identified. At HPHA, patients experienced an increased length of stay (LOS) of 7-16 days and staff expressed professional distress at not having tools available to them to proactively detect and act upon subtle signs of patient deterioration.

The HPHA Educators and Internal Medicine Physicians collaborated to implement the National Early Warning Scoring (NEWS) system on inpatient units across the four hospital sites. NEWS is a tool to assist nurses with the early detection of patient deterioration and is proven to increase positive patient outcomes, improve quality of patient care, reduce sepsis-related LOS and decrease the number of unexpected transfers to the Critical Care Unit.

Chart reviews indicated subtle signs of deterioration were evident several hours prior to the Critical Care admission, and were not recognized or acted upon quickly enough by nurses. For example, a documented call to the physician occurred a significant time after the progression of patient deterioration resulting in missed opportunities to communicate a change in patient status with the healthcare team, proactively intervene in the patient's deterioration and avoid an admission to the Critical Care Unit. Positive outcomes include patients receiving care in the most appropriate clinical area and staff being empowered by clinically proven methods to support their patients.

WHAT IS NEWS?

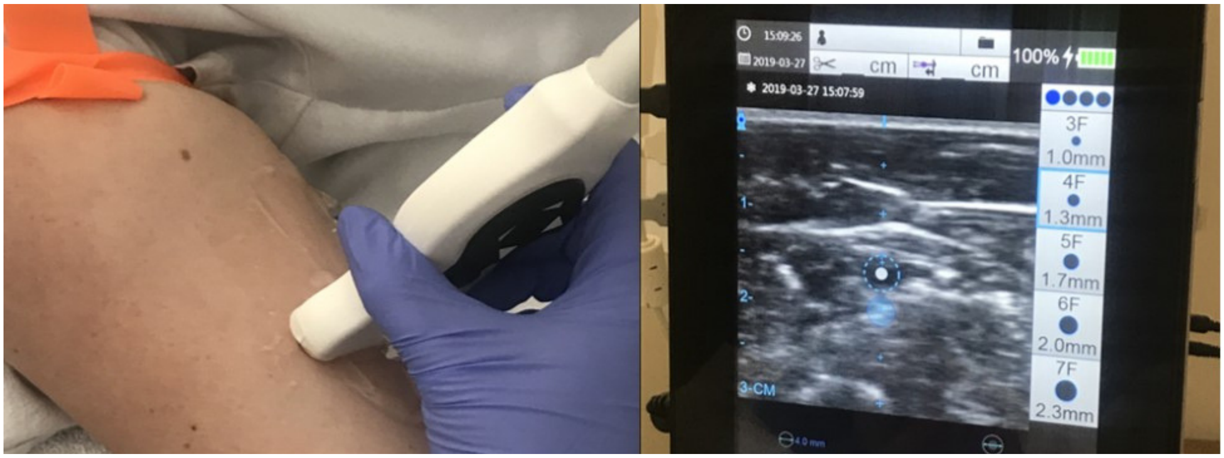
NEWS is a validated track and trigger type tool which uses seven common vital signs assessment parameters to predict deterioration.

A NEWS score of 5 and greater predicts a higher likelihood of deterioration and is more often associated with Critical Care Unit admissions and increased mortality.

Scores

- Less than 5, notify Team Leader and consider calling physician if the score is new
- 5 – 7, consider calling physician urgently
- Greater than 7, call Physician STAT

New Technology for PICC Lines



Historically Peripherally Inserted Central Catheters (PICC lines) were inserted in the Stratford General Hospital's Medical Imaging Department. Several years ago, the need for a dedicated PICC insertion service was identified and in March 2018, HPHA introduced new technology and implemented a nurse-led PICC Program.

Two nurses who are certified to provide the PICC procedure obtain patient consent and insert all PICC lines with the exception of those individuals who do not meet certain criteria and are then supported by Medical Imaging. Ultrasound technology allows visualization of insertion of the needle into the vein. In most cases, the use of the ECG Navigation system eliminates the need for a chest x-ray to validate placement of the catheter.

This program has the potential to reduce patient length of stay, increase patient satisfaction, optimize Radiology time, decrease complications caused by a potential delay in treatment and reduce infection rates. The ability to perform bedside PICC placement is beneficial particularly with medically unstable patients who otherwise would require transfer to and nurse accompaniment off the unit to Medical Imaging.

Equally important, the move to new technology has advanced the skill set of the Registered Nurses, thereby, creating an effective workforce, and improving skill utilization and productivity.

In 2016/17, 230 PICC lines were inserted. In the first nine months of revised program, 244 PICC lines were inserted through the nurse-led program.

P.A.T.H. Project

HPHA launched the PATH (Providers Advancing Technology in Healthcare) project, a joint initiative with Alexandra Marine and General Hospital, in late 2016 with the intent to improve the state of information technology hardware and software for providers; develop a detailed "Roadmap" for future provider information technology implementations; and implement technology that advances physician workflow. Much progress has been made since the launch of the PATH initiative and most notably in 2018/19:

- Initiated implementation of the electronic medical administration record (eMAR) and allergy management in Diabetes Education, Stroke Prevention and Chemotherapy outpatient clinics through current state analysis of documentation; design of standard documentation; and revised eLearning. This initiative will be extended to all outpatient clinics that involve clinical staff in 2019/2020.
- Initiated implementation of electronic physician documentation (Note Writer) that allows physician notes to be immediately available in both Patient Keeper for physicians and Meditech for all other HPHA providers. This promotes safer patient care, enhanced communication and timely completion of documentation. Note Writer was fully implemented in Clinton, St. Marys and Seaforth hospitals in 2018/19, and will be in all departments by August 2019 with the exception of Radiology and Emergency Departments which are scheduled later in the year.

The PATH project will culminate with Computerized Provider Order Entry. Online ordering that will result in:

- increased medication safety and quality care,
- standardized, evidence-based care
- support for decision making by physicians
- improved administration time for medications

Reduced Wait Times: Hips & Knees

HPHA committed to improving performance for total hip and total knee replacements specifically focusing on Wait Time 2 - the time from decision to treat a patient to the time that the surgical procedure is performed. In keeping with HPHA's Guiding Principle of Performance; our strategic goals to manage resources responsibly and to deliver exceptional quality care; and our commitment of timely access to care, resources were allocated to reduce Wait Times by 25%.

HPHA completed 100 additional joint replacement cases by increasing by 50 cases in each of 2017/18 and 2018/19. The 573 total joint replacements (369 knee and 204 hip) over this two-year period resulted in a significant reduction in Wait Times.

In April 2016, these Wait Times averaged 183 days for a total hip replacement and 159 days for a total knee replacement, both of which were longer than provincial targets. In February 2019, these Wait Times had been reduced to 67 days for hips and 76 days for knees, improvements of 37.7% and 47.7% for hips and knees respectively, exceeding our performance improvement targets for both.

This improvement was achieved through optimization of scheduling surgeries and utilizing multiple operating rooms to minimize downtime associated with room turnovers. As a result, access for patients was significantly improved and patient experience enhanced.

REDUCED WAIT TIMES

TOTAL HIP REPLACEMENT

APR 2016
183 DAYS

FEB 2019
67 DAYS

TOTAL KNEE REPLACEMENT

APR 2016
159 DAYS

FEB 2019
76 DAYS

Sterile Compounding

Hospital Pharmacy departments are required to meet national standards when preparing sterile compounded medications as not all such medications are available as a commercially prepared product.

Medications given by injection bypass many of our body's natural abilities to defend against contamination, thus it is critical that such medication be sterile and free from any contaminants.   Pharmacy staff completed extensive on-line and practical training to ensure proper preparation of sterile compounded medications.

In addition, Pharmacy worked closely with other departments to modify processes to ensure compliance with these preparation standards. Of note, Environmental Services staff participated in a two day training program to ensure preparation rooms were cleaned according to the standards for sterile compounded medications.

HURON PERTH HEALTHCARE ALLIANCE

Patient, Family, Caregiver & Staff Experience Annual Report 2018-2019

HURON PERTH HEALTHCARE ALLIANCE

Reviewed & Endorsed by HPHA Patient Partners

Michelle Jones, Corporate Lead Patient Experience and Privacy
Anne Campbell, Vice President Partnerships & Chief Nursing Executive

ALL voices matter

TOGETHER we are BETTER

TABLE OF CONTENTS

Executive Summary

The Huron Perth Healthcare Alliance's refreshed strategic plan, "**Commitments To Our Communities**", focuses on two main areas; providing the highest quality of care and ensuring that high quality care will continue to be available tomorrow, next month and next year. Our commitment to high quality care today and tomorrow is guided by our **Values**; Compassion, Accountability, and Integrity, our **Vision**; Innovating for Exceptional Health and our **Mission**; Collaborating for Exceptional Care. We make these statements knowing that our actions will be driven by our Guiding Principles:

People: engaging with passion | **Partnerships**: collaborating with purpose | **Performance**: exceeding expectations

Focusing on people ensures that our patients and their loved ones will be engaged partners in their care "nothing for you without you". Valued partnerships have the ability to transform our healthcare system in a manner that makes it truly person-focused. Strong performance is key to continued success, not only for HPHA but for our system as a whole.

The Patient, Family, Caregiver and Staff Experience Framework supports the organization's commitment by creating strategies and metrics to continuously improve the Experience and Engagement of our patients, families, caregivers and staff.

The Patient Experience Annual Report provides an overview of the Patient, Family, Caregiver and Staff Experience, Engagement activities and achievements undertaken in 2018/2019. It also summarizes themes and trends emerging from our patient, family and caregiver experience feedback. The data used to identify themes and trends is derived from: The National Research Canada mail out surveys, electronic website surveys, paper surveys, patient stories, complaints, compliments, suggestions, patient and staff rounding.

HPHA
HURON PERTH
HEALTHCARE
ALLIANCE

ALL voices matter

TOGETHER we are BETTER

Patient, Family and Staff Experience Framework - Schematic

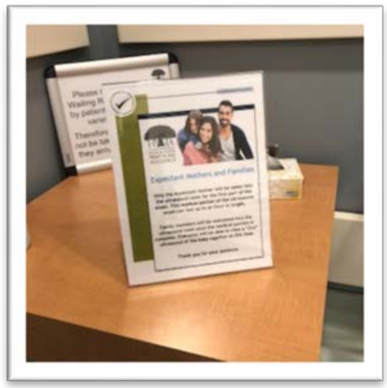
In the Fall of 2018 the Patient, Family, Caregiver & Staff Experience Framework underwent a schematic revision that was endorsed by the Huron Perth Healthcare Alliance Governance Committee and approved by the HPHA Board of Directors. The new schematic now encompasses the Huron Perth Healthcare Alliance Commitments' to Our Communities; Vision, Mission & Values.

1. Patient & Family Engagement

Patient Partner Program continues to grow

HPHA patient partner recruitment efforts continue with the goal to continually increase the number of patient partners across the Alliance. Our current Patient Partner group collaborated to improve this process in partnership with Volunteer Services and Corporate Communications. We are continuing to develop a robust marketing strategy through social media and community forums.

Patient Partner Input & Feedback



- Medical Imaging collaborated with Patient Partners to develop signage regarding a change to their process for routine obstetrical ultrasounds.
- Infection Control collaborated with Patient Partners to change their signage for inpatient Kitchenettes
- Chemotherapy Unit collaborated with Patient Partners to communicate the change in providing lunches for patients and families
- Patient Registration collaborated with Patient Partners to communicate the change of the Clinton Public Hospital Patient Registration Hours

A number of policies and processes have been reviewed and endorsed by our Patient Partners as indicated by the newly adopted endorsement logo

- New Patient Partner Orientation handbook
- Development of new patient partner endorsement logo
- HPHA Corporate Communications Plan
- Infection Control Patient Information Sheets
- Infection Control Use of Portable Fans policy
- Implementation of the Acute Care Violence Assessment Tool (VAT)
- HPHA Engagement Philosophy Policy
- Patient Education Booklet – Peripherally Inserted Central Catheter (PICC)
- Social Media Implementation Team
- President & CEO patient bedside letter – right care, right time, right location

Patient Partner Year-to-Date Activities

- ✓ Successfully recruited 4 new Patient Partners
- ✓ Successfully appointed a Patient Partner as Co-Chair on the Patient Partnership Council
- ✓ Promotion of the HPHA Patient Partner Program at community events
- ✓ Patient Partners invited to sit on additional hospital committees: Ethics, Infection Control, Interprofessional Practice Council
- ✓ Patient Partner involvement in organizational projects i.e., Canadian Foundation for Healthcare Improvement (CFHI) Bridge-to-Home; Patient Oriented Discharge Summary (PODS) project
- ✓ Patient Partners trained to participate on Interview Teams

Figure 1: Connecting the Dots community event - Laurie Brown

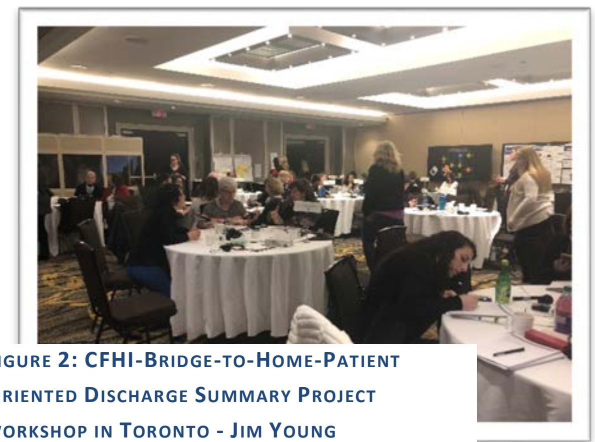


Figure 2: CFHI-Bridge-to-Home-Patient Oriented Discharge Summary Project workshop in Toronto - Jim Young

Figure 3: Stratford Home Show: Nancy Schmidt & Jim Young

Figure 4: CFHI-Bridge-to-Home-Patient Oriented Discharge Summary Project workshop in Toronto

Leader Rounding On Patients

The Huron Perth Healthcare Alliance strives to support our patients with managers rounding on them daily using standardized questions. Rounding on patients creates an intentional moment to better understand their experience with us and provide in the moment support regarding any concerns. It is an opportunity to clarify care processes and assess quality of care in action.

Examples of questions that a manager will ask patients:

- Did they have transfer of accountability at the bedside?
- Do they know who their nurse is?
- Has their bedside white board been updated?
- Do they understand their plan of care?

- Opportunities for improvement are shared with staff and represented on the unit huddle board.
- Managers will follow up with staff if gaps in care are noticed to reinforce practice expectations and provide positive support for professional development as needed
- A Director, Vice President and the President & CEO also round on patients on a monthly basis
- Patients are encouraged to recognize any staff member who stands out for them

Examples of Rounding Outcomes

Feedback	SITE
Registration Process for the Diabetes Clinic streamlined to enhance patient experience with clinic visits	Stratford
Stroke Patients that are NPO (nothing by mouth); staff noticed families were still bringing in juice and food because they were unaware of dietary restrictions. A HPHA Volunteer created picture to post on white board. 	Stratford Integrated Stroke Unit
A patient did not speak English and found communication was difficult at times. The Seaforth staff printed flash cards in English and their language to correspond. The team also used google translator to communicate	Seaforth
Assistance for new moms: Volunteer program introduced; volunteers donate their time to spend holding babies so moms can rest	Mat/Child
Emergency Department (ED) treatment room supplies decluttered; Working group developed to organize supplies in the ED Treatment room	St. Marys

2. Staff Engagement

Improvements to the patient, family, caregiver and staff experience

Pregnancy and Infant Loss Awareness

Staff in HPHA's Maternal Child Program (Mat/Child) are helping to build awareness around the prevalence of pregnancy and infant loss and the need to support families who experience this loss.

"Infant loss at any stage of a pregnancy is an extremely emotional and life changing event, even for the staff involved," says Sherri Haase RN, Team Leader. "The nurses from Maternal Child would like to raise awareness of the prevalence of pregnancy and infant loss and educate others about the impact it has on these families. Due to this being a delicate and sensitive subject, it isn't often discussed openly. We want to let our community and colleagues know what we do as an organization to compassionately support and care for these bereaved families on a day-to-day basis."

Listed Resources to support parents and families:

- **Now I Lay Me Down To Sleep (NILMDTS) -** A free volunteer based photography service that comes free of charge to photograph the infants if the parents' consent. Photographs are touched up if necessary and mailed to the parents
- **Angel Gowns** - Volunteers make infant aged gowns from donated wedding gowns for still birth infants; these are provided free of charge
- **Sweater sets/Blankets** - Volunteers provide knitted or crocheted sweaters/hats/booties and blankets for the infants in different sizes to accommodate infants at different sizes of development.
- **Books** – The Stratford General Hospital Foundation is funding an initiative to provide a children's book explaining death so siblings can understand at their level.
- **Resource books and pamphlets** - The Pregnancy And Infant Loss (PAIL) Network (Sunnybrook Hospital) provides multiple resources for grieving parents to connect them with follow up and help post discharge. You can visit their website to learn more.
- **Footprints** - Parents have the option to have a print of their infant's feet stylized with colourful paint in the shape of a butterfly.
- **Weighted Teddy Bears** - The Stratford General Hospital Foundation is providing teddy bears to stuff with weighted material that will match the infant's weight. Parents may take the teddy home.
- **Social work follow up and referrals** - Offered to all patients experiencing a loss

Child and Adolescent Coping Kit

Christina Sebben RN, CPMHN ©, Manager Inpatient Mental Health Unit/Emergency Department / Fund I Programs and Samantha Green MSW, Huron Perth Helpline and Crisis Response Team were involved in supporting families in the Emergency Department (ED) following multiple traumas this past fall and developed Child and Adolescent Coping Kits.

Purpose of Kits

The aim of these kits is to have 5 tools for each age group that are purposefully meant to prompt different coping behaviours. Some of the tools meet specific coping behaviours and others fit into a number of the coping behaviour categories.

- tools that help distract the child
- tools that require focusing on an object
- tools that encourage relaxation and deep breathing
- tools that encourage communication and self-expression
- tools that provide comfort

Montessori & Sleep kits

The Seniors Mental Health and Addictions Response Team has created a Montessori Kit that can be used to support individuals with responsive behaviours. The tool and resources found in this kit provide non–pharmacological interventions that can be used by a multidisciplinary team to address the many complex needs of those living with dementia. Using the Montessori approach creates an environment where people living with dementia and/or responsive behaviours can achieve success and have the opportunity to live each day with meaning and purpose

Content of Montessori Kits

- baby doll and stuffed animal
- puzzle
- pencil crayons
- lavender cream and spray
- soft blanket
- apron
- playing cards
- fidget cube and spinner
- stress ball
- ‘All About Me’ book
- wood and sandpaper
- fishing pole and laminated fish game
- bubbles
- magazines - Hunting/Fishing, Fashion, Autotrader

The sleep kit is designed to help people who are having trouble sleeping. There are several items in the kit that can assist individuals in falling asleep and tips to share should individuals have trouble staying asleep. Not all items will help everyone but there may be one or two items or tips that can assist in improving sleep.

Content of Sleep Kits

- book light
- fuzzy socks
- two eye masks
- lavender spray and cream
- Crossword
- mandala/ colour books and pencil crayons
- ear plugs
- Book - Feel Great Day and Night
- sleep hygiene tool kit / sleep kit fact sheets
- sleepy-time tea

Supporting Victims of Sexual Assault

Hospital Emergency Departments (EDs) are often the first point of contact after a person experiences a sexual assault. In order to further support these patients while they are in our care, each of our Emergency Departments are now equipped with Sexual Assault Kits, which contain new underwear and clothes, community resource information, information about the Huron Perth Helpline & Crisis Response, the Sexual Abuse program and a note pad and pen so that a care provider can write out any instructions for the patient to take home.

Putting Patients and Families First

From mid-January to March 31, 2019, HPHA partnered with five local Long-Term Care Homes (LTC) and placed thirteen patients who were waiting for a long-term care bed into "non-funded" beds.

Our ability to initiate these relationships stemmed from funds received to open "flex beds" in the November to March time period in anticipation of increased demand on our services and beds as a result of influenza. Given the success of this partnership through the eyes of those patients involved, we are continuing to support this approach to care into the new fiscal year and are going to look at innovative ways to broaden the program.

MyChart Patient Portal Introduced at HPHA - Connecting Patients to their Health information

HPHA is empowering patients to take further control of their care with the launch of MyChart, an industry leading digital health record patient portal platform developed by Sunnybrook.

This will make Medication and Allergy lists, Lab Tests, Diagnostic Imaging Reports, Pathology and Microbiology Reports, Discharge Summaries, as well as communications between patients and providers, available to patients in real-time, in a secure and confidential mobile environment.

This implementation is designed to help improve outcomes and remove barriers to care. The initiative allows patients to actively participate in their health journey through a seamless pathway using the MyChart platform.

Hamilton Health Sciences is leading this initiative, the largest regional deployment of the MyChart technology in Ontario, reaching millions of patients from Hamilton, Niagara and across south west Ontario as far as Windsor.

Additional Features:

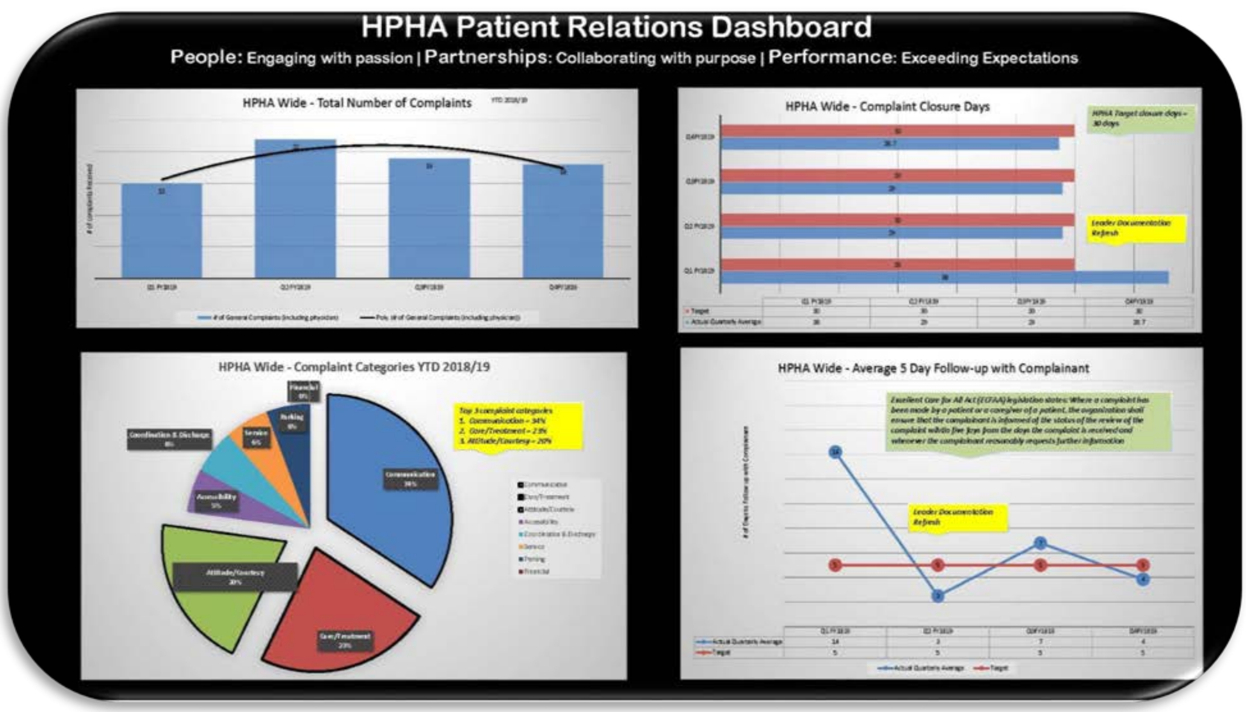
Individuals are able to enter their own health data (for example, weight, blood pressure, immunizations) and share your account with family and caregivers in case of an emergency.

3. Patient and Family Experience

Patient Relations Annual Report

Under the Excellent Care for All Act, every healthcare organization is mandated to have processes for receiving, reviewing and attempting to expeditiously resolve complaints from patients and their caregivers. HPHA has involved Patient Partners in designing, reviewing and maintaining these processes and has also developed processes to record, monitor and analyse data related to patient and caregiver complaints including resolution or non-resolution of the complaint. Under this legislation, the complainant is to be informed of the status of the review of the complaint within five days from the day the complaint is received by the organization and whenever the complainant reasonably requests further information. HPHA routinely acknowledges receipt of the complaint within two days; the five day follow up is a reliably tracked metric in our electronic system.

The following chart reveals the total number of complaints, complaint closure days, complaint categories and average 5-day follow up electronically tracked for 2018/19.



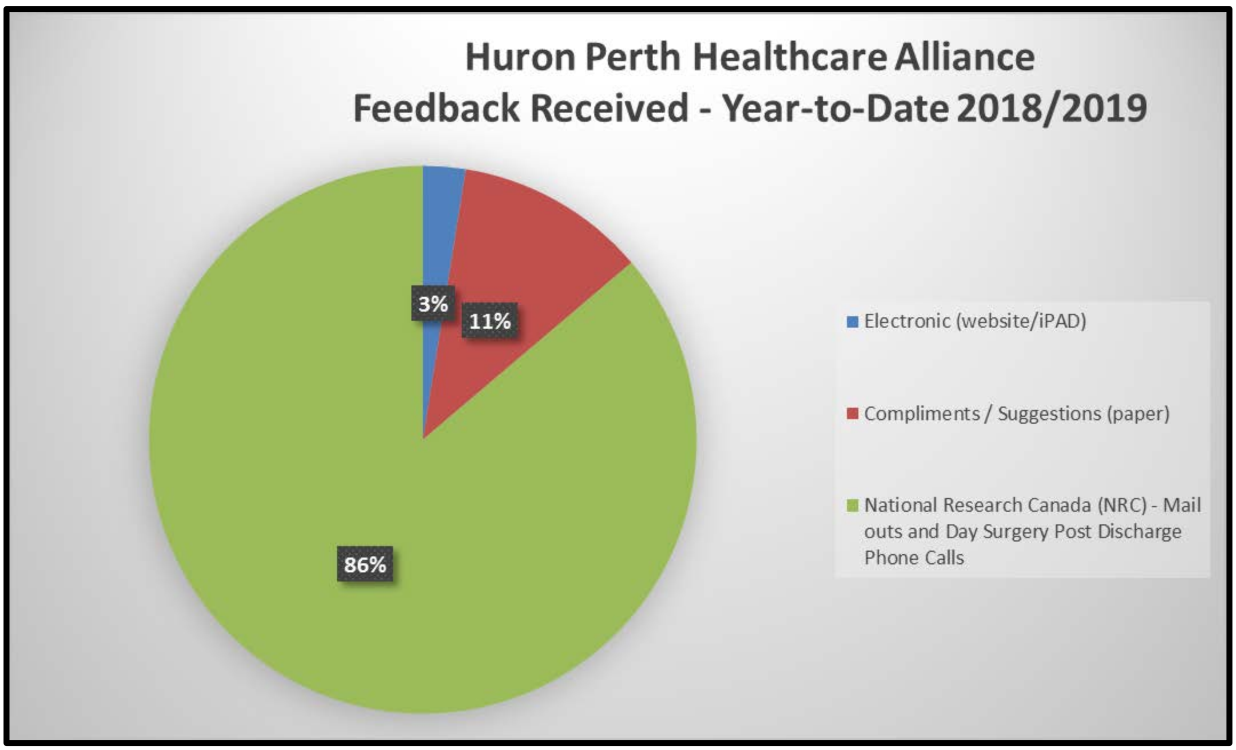
****Data reveals patients, families and caregivers' top three complaints:***

1. **34% Communication** – Eg; Communication style, communication between family and care team, explanation of care plan
2. **23% Care/Treatment** – Eg; Access to care, comfort during tests, emotional support
3. **20% Attitude/Courtesy** – Eg; Appropriateness of comments, courtesy and respect, helpfulness, kindness exhibited by staff

****Strategies for Communication Improvement: 1.** Bi-monthly staff rounding theme to reinforce organizational priorities; 2. communication at departmental Huddles; 3. Communications working group has been organized to improve staff resiliency

Patient and Family Experience Feedback

The HPHA is committed to seeking feedback from patients, families and caregivers. The HPHA views observations, compliments, personal experiences, complaints and /or concerns from patients, families and visitors as valued sources of information regarding the perception of the Alliance and the quality of the services of care provided. The routes for feedback are: National Research Canada (NRC) surveys, HPHA electronic patient experience survey, paper surveys, website contact us form, email, letters, telephone calls and in person visits to the Patient Experience Office located at our Stratford General Hospital Site.



***** Noted: iPad bedside surveying took place on the Maternal/Child Unit which increased our electronic surveys.***

***** Increase in NRC survey response rate with the introduction of Day Surgery Post Discharge Telephone Calls performed by NRC***

Quotes From Our Patients, Families & Caregivers

"I was a difficult patient suffering from dementia. My wife stayed at my bedside through the night, to keep me from pulling out IV and catheter. The nurses and staff were patient and amazingly helpful"

"Overall, patient care was beyond exceptional. All of the staff (registration, ultrasound tech, nurses and surgeon) were so kind and happy to answer questions. They made sure I was comfortable and not just me but every single person around me! Honestly my experience was such a positive one"

"It was a very positive stay. I suffered a major heart attack on entering the hospital emergency department. My care was 100% knowledgeable RNs, DRs, EMT etc. Very courteous and respectful"

"I was in a coma for 3 weeks. My family was present most of the time. They have only high praise for doctors/nurses as do I. They "saved my life" I was in hospital 6 1/2 weeks and the staff were wonderful"

Examples of Process Improvements Based on Our Patient & Family Feedback

Feedback	Improvement
Clinton Public Hospital - Patient loneliness/isolation	**Through the work of the Unit Action Council, Volunteers have now implemented BINGO on the Clinton Hospital Inpatient Unit. Volunteers come 1-2 times/ week at 2:00 pm.**
Outpatient Mental Health - Wait time for services too long	**Developed urgent care clinic in outpatient mental health in response to wait-time pressures; this has significantly improved the wait times for psychiatrists – central intake is now reviewing all mental health programs and doctor referrals for outpatient services**
Lack of pain medication information for post-operative patients	**Patient hand-out regarding various pain medication information is in development by Pharmacy**

EMERGENCY DEPARTMENT PRIVACY CONCERNS ADDRESSED

The Patient Experience and Information and Privacy Office received negative feedback from a number of patients and families expressing concern about vocally sharing personal information in the waiting room during the registration process at the Emergency Departments.

Carrie Mills, Manager Patient Registration & Health Information and Lynn Gotts, Supervisor Patient Registration collaborated to develop an alternate registration method. Should patients not wish to share their information vocally, they are given a form to complete. The patient submits this form to the registration clerk to update their information in the Meditech Electronic Health Record (EHR) system. This option is available at all of our HPHA Emergency Departments as well as the Outpatient Clinics and Surgical Services in Stratford and is receiving very positive feedback!

4. Staff Experience

Leader Staff Rounding

The HPHA Rounding model supports the Patient, Family, Caregiver & Staff Experience Framework where the voice of the staff contributes to improving their work environment and the way we deliver heath care services. Ideas are encouraged at the daily huddles and Rounding provides another opportunity for staff and leaders to speak privately should staff prefer to express ideas without an audience. This dedicated time allows the leader to support staff to be successful in their work environment. As leaders gather staff feedback, improvement ideas are shared on a monthly basis using the Stoplight Reports. This report reveals improvements ideas that have been completed or are in progress and those that cannot be completed with the rationale why.

Daily Huddles – Process Improvement Boards

Daily Huddles and Process Improvements boards make a difference by promoting teamwork (engage staff, physicians, volunteers, patients & families) to improve patient care and staff work life – encouraging everyone to have a voice to promote positive change through process improvements and consistent communication

Examples of Staff Rounding Improvement Ideas

Improvement	HPHA SITE
Lean Methodology applied to Emergency Room supply area with the goal to reducing waste	St. Marys
Use of weighted blankets for patients with anxiety, dementia, tremors to decrease the use of restraints with therapeutic means	Seaforth
The Accu-Chek Guide Blood Glucose Meter is the glucometer that is used with in the hospital for patients newly diagnosed with diabetes and requiring a meter for home discharge. To help staff become familiar with this meter, a five minute tutorial on using and teaching the Accu-Chek Guide is available on e-TRAIN. Nursing staff are welcome to attend the Diabetes Education section of Nursing Orientation	Stratford
The Clinton Public Hospital Unit Action Council and leader rounding with staff has resulted in an “Afternoon Tea” program for inpatients creating a person-centered care approach and a quality work environment.	Clinton
A creative approach to facilitate a safe and quality transition home for a Rehabilitation patient. A patient’s wife was spending long hours at the Seaforth Community Hospital (SCH) Rehabilitation Department learning how to care for her husband when it was discovered she was napping in her car; staff provided a sleep chair for her to rest throughout the day. This evolved to the wife staying overnight to experience care needs at night. This creative person-centered care plan resulted in a successful early discharge home.	Seaforth

Huron Perth Healthcare Alliance Mock Trial

On June 27, 2018 a "Mock Trial" education event was hosted at the Festival Inn. We worked with Osler, the law firm that supports the HPHA, to design the content and mock trial. Paula Trattner, Osler Partner, Hannah Kingdom, Senior Associate and Aislinn Reid, Junior Associate, were the lawyers who developed and delivered the wealth of valuable information that all professionals working in a health care environment ***need to know***.

Participant comments:

"Learning what one could expect if one had to be a part of a trial was very valuable. The mock trial was excellent!"

"The expertise of the presenters made the presentations very engaging and easy to listen to and follow."

"I was disappointed not to recognize more of the nursing staff. Maybe some I didn't know. I feel like there is some ignorance/denial about legal risks with the nursing career. I don't know how to make this real for them!"

Staff Recognition

Through Leadership rounding "**in the moment**" spontaneous recognition is demonstrated weekly by leaders, Vice Presidents and the President & CEO. This supports and fosters a quality work environment. Additional recognition is demonstrated with the Annual Patient Experience Champion nominees from peers during Patient Experience Week celebrations with formal recognition at the HPHA Board of Directors Meeting. The annual Donnalene Tuer-Hodes Nursing Recognition Award for Exceptional Nursing Care started May 2018.

2019 Nursing Recognition Award Recipient & 2019 Patient Experience Champion Award Recipients

Left to Right: Leslie Brown, Manager Patient Flow & Professional Practice, Donnalene Tuer-Hodes, Kate Steele, RN, Mary Cardinal, Vice President People and Chief Quality Executive

Left to Right: John Wolfe Chair, HPHA Board of Directors, Award Recipient Sherri Haase, Kerri Hannon, Manager Mat/Child Unit, Kailyn Pasma, Interim Manager Seaforth Inpatient and Emergency departments accepting on behalf of the inpatient / housekeeping staff

ANNUAL PATIENT EXPERIENCE WEEK CELEBRATIONS

The 6th **Annual Patient Experience Week** was celebrated (April 23-26). Patient Experience Fairs were held across all fours sites celebrating HPHA staff, physicians and volunteers for all they do.

Staff sent peers, physicians and volunteers "candy-grams" recognizing co-workers for going above and beyond for our patients and families. Over "550" candy-grams were distributed across the organization! This station continues to be set up in the Patient Experience Office. HPHA staff, physicians and volunteers were also treated to an **APPRECIATION** breakfast to say **THANK YOU** for all that they do for **PATIENT EXPERIENCE**.

Huron Perth Healthcare Alliance

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Huron Perth Healthcare Alliance

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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

Dr. Kevin Lefebvre
Site Chief, Stratford General Hospital

Anne Campbell
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Andrew Williams
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Huron Perth Healthcare Alliance Professional Staff

2018/2019

Medical Leadership

Dr. Laurel Moore
Chief of Staff

Dr. Ram Gobburu
Chief, Paediatrics

Dr. Malcolm Carlson
Medical Program Director, Laboratory Medicine

Dr. Ramandeep Chahal
Medical Program Director, Mental Health

Dr. Anne Martin/Dr. Amanda Brown
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. Shawn Edwards
President, Medical Staff - Stratford Site

Dr. Stacey Snider
Physician Lead, Health & Wellness

Dr. Peter Hodes
Chief, Continuing Care/Rehab

Dr. Kevin Lefebvre
Site Chief, Stratford General Hospital
Medical Program Director, Surgery

Dr. Vanessa Kustec
Chief, Hospitalist Program
Stratford General Hospital

Dr. Miriam Mann
Medical Program Director, Emergency Medicine

Dr. Kyle Armstrong/ Dr. Loretta Seevaratnam
Site Chiefs, 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	**Carter**	Dr. Kyle	**Edwards**	Dr. Shawn	**Harker**	Dr. Lynda
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Carstensen	Dr. H. Michael	**Duggal**	Dr. Vikkas			**Kluz**	Dr. Agnieszka

Professional Staff Membership

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