

*Proudly serving
our communities...*



MUSKOKA ALGONQUIN
HEALTHCARE

**2006-2007
Annual Report**

Including
Burk's Falls & District Health Centre,
South Muskoka Memorial Hospital,
Huntsville District Memorial Hospital,
and Muskoka-East Parry Sound CCAC

ANNUAL REPORT 2006/2007

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Established in the summer of 2006, our Strategic Plan bridges the gap between our present reality and a future of possibilities. Leading up to the year 2011, we will focus on building an organization that encompasses:

Our Mission

Proudly serving our communities through quality healthcare.

Our Vision

People are the centre of our healthcare network participating as informed partners.

Our Values

We believe in ~

- Embracing best practices to provide quality care
- Respecting and caring for those we serve and for each other
- Partnerships that strengthen community capacity
- Being socially, environmentally and fiscally responsible
- Celebrating innovation, creativity and lifelong learning
- Leadership that inspires people to make a difference
- Communicating openly and effectively
- Creating opportunities to promote wellness

AGENDA

- | | | |
|-----|---|----------------------|
| 1. | <u>Call to Order</u> | Mr. Ken Black |
| 2. | <u>Approval of the Agenda</u> | Mr. Ken Black |
| 3. | <u>Approval of the Previous Minutes - June 12, 2006</u> | Mr. Ken Black |
| 4. | <u>Introduction of the MAHC Board of Directors</u> | Mr. Ken Black |
| 5. | <u>Report of the Board Chair</u> | Mr. Ken Black |
| 6. | <u>Report of the Chief Executive Officer</u> | Mr. Barry Lockhart |
| 7. | <u>Board Committee Reports</u> | |
| | i) Governance & Community Relations | Mr. John Sinclair |
| | ii) Strategic Planning & Quality Assurance | Mr. Guy Burry |
| | iii) Resources & Accountability | Ms. Anne Cool |
| 8. | <u>Auditor's Report</u> | Mr. Glenn Gordon |
| 9. | <u>Report of the Audit Committee</u> | Mr. Chris Everingham |
| 10. | <u>Report of the Chief of Medical Staff</u> | Dr. David Mathies |
| 11. | <u>Affiliated Organization Remarks</u> | |
| | i) Huntsville Hospital Foundation | Mr. Keith Edmondson |
| | ii) South Muskoka Hospital Foundation | Mr. Paul Davidson |
| | iii) South Muskoka Memorial Hospital Auxiliary | Mrs. Sharon Clark |
| | iv) Huntsville Hospital Auxiliary | Mrs. Jean Wagner |
| 12. | <u>New Business</u> | |
| | i) Proposed Bylaw Revisions | Mr. John Sinclair |
| | ii) Nomination Committee Report | Mr. John Sinclair |
| 13. | <u>Recognition of Directors</u> | Mr. Mike Provan |
| 14. | <u>Adjournment</u> | Mr. Ken Black |

The meeting was called to order at 7:00 pm. Quorum was present.

The agenda was approved as circulated.

The Chair introduced the members of the Board of Directors.

1. Board Chair Report

Mr. Black directed the attendees to his report included in the Annual Report. The Chair thanked the legacy boards for their leadership and foresight with regard to the amalgamation. The two Foundations were thanked for their continued support of the organization and their fundraising efforts. The two Auxiliaries were thanked for the numerous hours the members donate and their unselfish dedication to our two hospitals. Finally, the Senior Management Team was thanked for their work throughout the year.

2. President and Chief Executive Officer Report

Mr. Lockhart noted his report was included in the Annual Report. The Senior Management Team was introduced. The CEO spoke about the strategic planning process and hospital accountability agreements. Mr. Lockhart noted that the organization is committed to balancing the budget for fiscal year 2006-2007.

3. Board Committees Reports

Brief reports were provided by the Chairs of the Governance and Community Relations, Strategic Planning and Quality Assurance, Resources and Accountability and Audit Committees.

4. Auditor's Report

Glenn Gordon presented the report on behalf of Cull Gordon Gingrich and Harris. It was the opinion of the auditors that the statements presented fairly, in all-material respects. The financial position of the organization as at March 31, 2006 and the results of its operations for the year, ended in accordance with generally accepted accounting principles. Mr. Gordon thanked the CFO and his staff for their cooperation.

Mr. Sinclair commented on the role of the Board's Audit Committee. At the AGM, the auditors for the coming fiscal year are usually appointed by the members of the corporation, based on recommendation by the Board. Currently, the Audit Committee is reviewing the 05-06 audit process and therefore the recommendation of auditors could not be presented at the AGM. Mr. Sinclair noted that a special meeting of the members of the corporation will be required for the purpose of appointing the 06-07 auditors. However, that will not occur until after the 05-06 audit review is completed.

5. Chief of Medical Staff Report

Dr. Mathies noted his report was in the Annual Report. Dr. Mathies did comment on the appropriate timing of the amalgamation of the legacy organizations, with the new LHIN and CCAC structures being incorporated at basically the same time.

The meeting was informed that the North Simcoe Muskoka LHIN would be hosting an open house from 5 – 8pm at the Huntsville Library on June 13th.

The Chair thanked Dr. Mathies for his hard work throughout the year.

6. Affiliated Organization Remarks

Keith Edmondson, Huntsville Hospital Foundation, George Reid, South Muskoka Hospital Foundation, Eleanor Kerfoot, Past President, South Muskoka Memorial Hospital Auxiliary and Beryl Clayson, Past President, Huntsville District Memorial Hospital Auxiliary all spoke on behalf of their organizations.

Each organization submitted a report which was included in the Annual Report.

7. New Business

Prior to the start of 'New Business', the CEO commented on the applications that were available at the meeting, if legacy members were interested in applying for the new CCAC boards. The Chair noted that both Anne Collins and Jessica Carswell had been serving Muskoka-East Parry Sound on one of the transition committees. The Chair emphasized the importance of having representation on the new CCAC boards (both North Simcoe Muskoka and North East) to ensure that the needs of the people of Muskoka-East Parry Sound were met. The deadline for applications is June 23, 2006. If anyone was interested, they were encouraged to speak with either Anne or Jessica.

7.1 Proposed Bylaw Revision

Gayle Mackay presented the proposed revisions as outlined in the Annual Report.

It was moved and seconded **that the members of the corporation approve the revised bylaws dated May 24, 2006.**

Concern was expressed that there was a lack of adequate time being provided for members to review the proposed changes. The suggestion was made that approval should be delayed until the special meeting being held to appoint auditors. This business could be conducted at the same time.

It was moved, seconded and defeated **that the motion to approve the revised bylaws be tabled until the proposed special meeting related to the appointment of auditors, which would allow members to review, in depth, the proposed changes.**

It was moved, seconded and carried **that the members of the corporation approve the revised bylaws dated May 24, 2006.**

7.2 Nomination Committee Report

John Sinclair presented the report as outlined in the Annual Report. Concern was expressed related to Mr. Withey's nomination as a legacy AHS board member replacing Mrs. Mackay on the board. Mr. Sinclair confirmed that all former AHS board members were offered the opportunity to apply.

It was moved, seconded and carried **that the members of the corporation approve the following slate of directors, with length of terms as noted:**

Jack Bowman	-	3 year term
Guy Burry	-	3 year term
Mike Provan	-	3 year term
Beth Ward	-	3 year term
Christine Larkin	-	2 year term
Tim Withey	-	2 year term
Chris Everingham	-	1 year term

7.3 Strategic Plan and Organizational Branding

Guy Burry, Barry Lockhart and Terry Dyni spoke to the issues of strategic planning and branding. Mr. Burry reviewed the background of the vision, mission and values that were presented at the meeting. Mr. Lockhart and Mr. Dyni talked about the development of the new name and organizational branding.

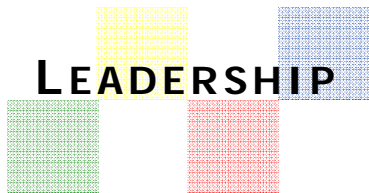
It was moved, seconded and carried **that the members approve the change in name of the corporation to 'Muskoka Algonquin Healthcare', effective September 1, 2006.**

8. Recognition of Directors

Lyndsay Jeanes, Gayle Mackay and Graham Butler were recognized and thanked for their service as Board directors during the 2005-2006 year. Certificates were presented to Ms. Jeanes and Mrs. Mackay. Mr. Butler was not in attendance.

9. Adjournment

The meeting was adjourned at 8:30 pm.



MESSAGE FROM THE BOARD CHAIR

The conclusion of my two-year term as a member of the Muskoka Algonquin Healthcare Board of Directors, provides an opportunity for some reflection on the accomplishments during that time.

The MAHC Board began its efforts to continue the tradition of providing quality healthcare in Muskoka and East Parry Sound in August 2005 with a thorough search and selection process for the key positions on its management team. The progress that has resulted is due in large measure to the leadership provided the new organization by that team under the leadership of CEO Barry Lockhart and Chief of Medical Staff Dr. David Mathies.

The harmonization of two unique healthcare cultures each with its own traditions, different accounting and payroll systems, varying collective agreements, and sometimes different styles of delivering healthcare services took considerable amounts of time, energy and patience. The fact that it is now largely complete is a tribute to staff and volunteers.

A Strategic Planning exercise involving staff and volunteers from all of our three sites and our partners at Fairvern and the CCAC began in the initial year and is now providing clear direction for the organization. The renaming of the new organization, the development of a new logo and website, and revisions to policies, by-laws and operating procedures was accomplished with considerable discussion and sometimes conflicting views. The new Quality Council has been hard at work in the development and implementation of a quality assurance initiative. The new quality report card entitled *Quality Matters* is scheduled for release before the end of 2007.

MAHC was not successful in achieving the anticipated balanced budget during its initial two years of operation. However, the implementation of alternate financing arrangements for medical staff as developed and approved by the Ontario Medical Association and the Ministry of Health and Long Term Care, the introduction of two Family Health Teams in Muskoka, and the restructuring of continuing care services in North Simcoe Muskoka, and increased funding levels from the MOHLTC, has laid a foundation for progress toward that goal and hopefully its achievement in the year ahead.

Healthcare services have continued to evolve during those two years. The new North Simcoe Muskoka Local Health Integration Network has now assumed responsibility for the planning and financing of healthcare services on a regional basis. Progress is evident in relation to improved regional on-call systems, mental health services, joint purchasing, and the development of electronic services related to health records. A new regional stroke centre provides improved services in Muskoka and East Parry Sound, and the recent announcement of an affiliation agreement with the Northern Ontario School of Medical augers well for the future.



Ken Black

Muskoka Algonquin Healthcare is fortunate to have had the support of some very key partners in its first two years of existence. The contributions of the hospital auxiliaries at our sites continue to be outstanding. Their wonderful volunteer members provide many essential services in our hospitals on a daily basis, raise money for new projects and services, and offer patients and staff essential care and support. The South Muskoka Memorial Hospital and Huntsville Hospital foundations continue to do outstanding work in raising funds for purchases of major equipment and capital projects. They do so with the strong support of local business and both seasonal residents and permanent residents.

Healthcare in Ontario, as in just about every other jurisdiction in the western world, is experiencing significant change. The road ahead will see an increased emphasis on regionalization of services, partnerships with other hospitals, institutions and organizations, new technologies and innovative ways of delivering healthcare services. It would be naïve to think that there will not be some bumps in the road along the way. The continued support and cooperation of all of the stakeholders and communities in Muskoka East Parry Sound will be essential in assisting the new MAHC board to both cope with the new challenges, and maximize the new opportunities that will be available.

Respectfully submitted,

Ken Black, Chair

BOARD OF DIRECTORS 2006-2007



(L-R Front Row): Barry Lockhart, Christine Larkin, Beth Ward, Anne Cool, John Sinclair
(L-R Back Row): Dr. Rob Sansom, Jack Bowman, Dr. James MacDonald, Harry Braun, Dr. David Mathies, Ken Black, Chris Everingham, Mike Provan

Missing : Dan Brooks, Guy Burry, Tim Withey



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The 2007 Annual General Meeting of Muskoka Algonquin Healthcare is an opportunity to update our community on a number of issues which were in progress at last year's annual meeting, as well as, to provide information on a number of new developments for MAHC.

At the Annual Meeting held in June 2006, the Strategic Plan and the priorities identified for the organization were communicated. Work has continued on these priorities that enable MAHC to meet the healthcare needs of our communities. Over the summer and fall of 2006, four teams were established to review our future direction in these areas. The teams included Surgical Services, Emergency & Ambulatory Services, Chemotherapy and Inpatient Care.

The four strategy teams involved representation from physicians, managers and front line staff. They were charged with reviewing the current method of operation and work loads and investigating how these services should be reviewed in the future. The reports of the teams were presented to the Board of Directors in November 2006. We continue to work on the opportunities identified in this work.

In conjunction with the Chemotherapy Review team, MAHC received additional funding from the Ministry of Health and Long-Term Care to expand the volume of chemotherapy services available locally through both of the Huntsville District Memorial Hospital and South Muskoka Memorial Hospital Sites. This is consistent with the objective of providing care closer to home where appropriate.

2006/07 marked a significant change in the provision of community care access services across Ontario. On January 1, 2007 the forty-two provincial Community Care Access Centres (CCACs) were amalgamated into fourteen (14) new CCACs consistent with the LHIN boundaries. During the summer and fall of 2006, MAHC undertook a review of our future role in the provision of CCAC services. Based on this review we initiated discussions with the Ministry of Health and Long-Term Care and the two new CCACs responsible for our catchment area to divest the CCAC responsibilities from MAHC to the two new organizations. We have also moved ahead on a collaborative and integrated basis with the new CCACs to accomplish the necessary restructuring to accomplish the divestment. It is our hope that this will be finalized by July 1, 2007.

In July of 2006, MAHC initiated the Regional Stroke Program which had been approved to operate from the Huntsville Site. This is a significant new service to have been added to healthcare in Muskoka and East Parry Sound.

Over the past year we have worked with the Northern Ontario School of Medicine to complete an affiliation agreement which will see third year medical students based in our communities effective September 2007. These students will be living and learning in our communities on a full time basis. It is our belief that this will assist with physician recruitment and retention in the future.

MAHC has been an active participant with the new Family Health Teams to improve primary care services available in our communities. Partnerships with the three Family Health Teams (Algonquin Family Health Team, Cottage Country Family Health Team and Burk's Falls Family Health Team) have resulted in enhanced services that are available in our communities. MAHC is providing support through such services as accounting, information systems, human resource support, etc., on a cost recovery basis to assist the family health teams accomplish their objectives.



Barry Lockhart



MAHC Board of Directors tour the Burk's Falls & District Health Centre Site in October 2006.

Picture Archiving and Communication Systems (PACS) has been a major priority for the past year. This system will allow our organization to store images taken in the Diagnostic Imaging Department on a digital basis. This will improve access on a local and regional basis and will allow the movement of this information electronically. It also enables the Radiologist to improve their efficiency in dealing with the volume of procedures they must interpret. MAHC is working with our Foundations to assist in the funding of this significant project.

While there have been a number of improvements to the services provided by MAHC, there have also been a number of challenges faced by our organization.

The recruitment and retention of healthcare professionals is an ongoing challenge for most healthcare organizations and MAHC is no exception. We continue to recruit nursing and other professional staff to our organization. The challenge of providing full time opportunities to attract individuals to move to our communities is difficult. Physician recruitment also continues to be a challenge. We are currently actively recruiting family physicians, pathologists, radiologists, urologists, ophthalmologists, and general surgeons.

The comprehensive range of services offered by MAHC provides a great opportunity for physicians and other healthcare professionals to have challenging and exciting careers in Muskoka.

Funding is an ongoing issue in the provision of healthcare services on a local, provincial, national and international basis. MAHC is no exception, in our first year of operation we incurred a \$1.9 million deficit. In 2006/07, while we made progress we still had a deficit of \$1.2 million. We are committed to a balanced budget for 2007/08. In order to achieve this we must ensure that every opportunity for efficiency is realized. At the same time, MAHC's priority is to ensure comprehensive services are available to the community. The partnerships we have established assist us in meeting this priority.

The support of the communities in Muskoka and East Parry Sound is essential in providing the healthcare services offered by MAHC. Whether this is through the great support that we receive from our volunteers, primarily through the hospital auxiliaries, through the fundraising efforts of our Foundations, or through the support that our front line staff receive from patients and their families when they acknowledge the tremendous effort made by staff in meeting their care needs.

The past two years have been a time of change and uncertainty for everyone associated with MAHC. The dedication of our staff and physicians in maintaining their focus on high standards of patient care speak to their commitment, even in uncertain times, to the patient. On behalf of the organization and the community I thank them all for their efforts.

As we look forward to 2007/08 there are ongoing issues that MAHC will face. Based on the commitment of everyone involved I know that we will continue to be successful with our number one priority of providing high standards of patient care.

Respectfully submitted,

Barry Lockhart

GOVERNANCE & COMMUNITY RELATIONS

Committee Membership

John Sinclair, Chair, Tim Withey, Dr. James MacDonald, Barry Lockhart, Dan Brooks

The Governance & Community Relations Committee met regularly throughout the year to address its two-prolonged responsibilities:

1. **Governance** including matters to improve the effective and efficient operations of the Corporation, its Board, committees and staff.
2. **Community Relations** involving matters directed to develop positive relations with the many stakeholders of the Corporation.

The committee members addressed Governance matters during the year in a variety of capacities including developing and updating governance policies as well as overseeing the education and orientation of new Board members.

Monitoring information enables the Board to assess its direction, this was brought to fruition by the adoption a formal process for evaluation of the effectiveness of the Board and its committees that will help in identifying areas of improvement for the new Board year. The Committee also reviewed and presented a new governance principle, selected from the Pointer & Orlikoff handbook, at each meeting of the Board of Directors during 2006/07.

The Committee completed a review of the bylaws and in preparation of two departing board members, a slate of eligible nominees will be presented.

The Community Relations work of the Committee was greatly enhanced by the appointment of Terry Dyni as Communications Officer for the organization. Mr. Dyni developed and implemented a comprehensive programme of communication strategies, both external and internal, for the year. Two important developments were the launch of an integrated MAHC internet site and the publication, coming in June 2007, of a first-ever Community Health Bulletin, distributed via local newspapers.

It has been a productive year for the Committee. Sincere thanks are due to all staff and Board members who contributed to the work during and between meetings.

Respectfully submitted,

John Sinclair, Committee Chair



Mr. Walter Gretzky visits HDMH to promote stroke awareness.
(L—R) Catherine Race, Walter Gretzky, Sue Turl

STRATEGIC PLANNING & QUALITY ASSURANCE

Committee Membership

Guy Burry, Chair, Dr. David Mathies, Beth Ward, Mike Provan

The Strategic Planning & Quality Assurance Committee is a Standing Committee of the Board of Directors. The committee reviews Strategic Planning and Quality Assurance issues as they relate to the achievement of our vision and values, and makes recommendations to the Board on both.

1. Strategic Planning

- Develop, implement and monitoring a Strategic Plan
- Monitor and report to the Board on initiatives through the Local Health Integration Network, OHA, OACCAC,
- MOHLTC, Simcoe/Muskoka Health Network to ensure implementation of best practices and new initiatives.

2. Quality Assurance and Continuous Quality Improvement

- Accreditation Participation with the Canadian Council on Health Services Accreditation Program
- Monitor Continuous Improvement and Management of the Ethical Dimensions of Patient/Client Care



Bryon Palmer, Louise Parrott and Brian Thomson (l-r) work on the MAHC Strategic Directions.

Strategic Planning

The 2007 Annual General Meeting marks the first anniversary of implementation of the first Strategic Plan for Muskoka Algonquin Healthcare. Created with broad input from across the organization, the plan was designed to guide Muskoka Algonquin Healthcare through to 2011.

Strategic plans are, by definition, high-level and enduring. They answer fundamental questions such as core beliefs, what the organization aspires to look like in the future, and required steps to get there. A strategic plan gives an organization its sense of purpose and provides direction for action planning to help everyone in the organization focus energies appropriately.

Work on the Strategic Plan began in January 2006, with the Board setting general planning parameters and target dates. One of the underlying principles was that planning had to begin with broad and meaningful input from staff, physicians and volunteers.

Implementation teams were assembled in June 2006 to begin developing action plans that will move us towards our new vision. They have identified specific, measurable outcomes accomplishments for each of the strategic directions and the teams are beginning to demonstrate real, observable progress. Over time, regular reports of performance measures will allow the Board to monitor success in making our vision a reality.

STRATEGIC PLANNING & QUALITY ASSURANCE CONT'D

Quality Assurance – “Quality Matters!”

The Committee, in consultation with the Chief of Staff and the Medical Advisory Committee, has been responsible for the development and monitoring of the Board’s Quality Assurance and Continuous Improvement Plans as they relate to Quality of Care, and Patient /Client Safety and Access. In each case, we are ensuring that the appropriate indicators are developed and monitored on a quarterly basis. We will ensure quality of care and continuous quality improvement is being met and that our commitment to Hospital Accountability is maintained.



MAHC is in the process of implementing a ‘Balanced Scorecard’ methodology of reporting that will allow the Board and the general public to easily track progress on a number of fronts. Named “*Quality Matters*,” this report provides an assessment tool for capturing and reporting measurable indicators in a form that allows performance measurement and improvement. The final result is a report of financial and non-financial outcomes that provide information about how our organization is performing and that helps us to improve quality of care and service.

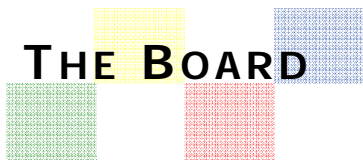
The *Quality Matters Report* provides data on indicators being monitored by committees such as MAHC’s Quality Council, Medical Quality Assurance Committee along with details from the organization’s Strategic Planning initiatives. The report provides a quick snapshot of the organization, along with the ability to gain in-depth insight into a wide variety of areas. This allows us to determine the elements of our organization that are working well, and those that may need more attention.

Thirty-seven performance indicators are analyzed and graded four times a year, providing an assessment of (1) Met or exceeded Target - on or ahead of schedule, (2) Not meeting target - behind schedule, or (3) Not acceptable - no action to date. Among the indicators tracked are items such as Patient Satisfaction Rates, Cataract Wait Times, Infection Rates, and Occupancy Rates. Patients’ length of stay is another key indicator that is easily monitored and compared to provincial data. The tool also compiles statistics on other types of data. For example, the number of patients that leave an Emergency Department without seeing a doctor is also tracked.

The report is not limited to patient access and outcome data. It also tracks data such as hard costs of absenteeism, strategies in place to recruit and retain quality people, use of standardized medical protocols and the organization’s financial health as it relates to Hospital Accountability Agreements (HAAs). HAAs are agreements between hospital organizations and the Ministry of Health and Long-Term Care to operate within the financial parameters provided by the Ministry. Data collection and tracking for the *Quality Matters Report* has already begun with delivery of the first instalment of the report expected in the Fall of 2007.

Respectfully submitted,

Guy Burry, Committee Chair



RESOURCES & ACCOUNTABILITY

Committee Membership

Anne Cool, Chair, Chris Everingham, Barry Lockhart, Tim Withey, Christine Larkin, Dr. Rob Sansom

The Resources & Accountability Committee makes recommendations to the Board of Directors as they relate to the achievement of our vision, mission and values, regarding:

1. Financial Resources:

- financial viability for the organization
- appropriate legal, insurance, capital and land use planning
- policy development accountability agreements

2. Human Resources:

- human resources planning and objectives
- policy development
- annual evaluation of the Chief Executive Officer and Chief of Staff Board Award of Excellence program

MAHC ended the fiscal year with a deficit of \$1,200,000; while we are not out of the woods yet, we have made some significant strides and the result is a definite improvement from the original projected deficit of \$1,700,000.

This past year saw the divestment of the Community Care Access Centre initiated by MAHC. The divestment is proceeding subject to agreement on issues related to loss of administrative efficiency and support for information systems infrastructure.

Both the lease and management agreements for Fairvern were renegotiated and a working group was established to evaluate the long term relationship between Muskoka Algonquin Healthcare and Fairvern with a report expected back to the committee before the next renewal of the management agreement.

The *Hospital Accountability Agreement* was signed by all parties on January 23, 2007 with an expectation to have a balanced budget by March 31, 2008. A procedure has been implemented to monitor the ongoing risks and opportunities that will lead to meeting this commitment.

Community partnerships continue to be enhanced with various ongoing initiatives. One example is the continuing discussions between MAHC and the Algonquin Family Health Team in terms of much needed space for the primary care services that they offer to the community. Another partnership that MAHC has harmonized this past year has been with Hospice Huntsville and in fact have reached an agreement involving leasing land for a new building at the Huntsville site.

A performance appraisal policy and procedure for the CEO, COS and Senior Management was established. This is based on setting annual performance objectives, linking behaviours/competencies with achievement of success and the use of multi-rater feedback in order to gain input from a variety of key stakeholders. Performance appraisals were conducted for the CEO and the COS based on their performance from August 2005 to December 2006. Moving forward, the CEO, COS and Senior Management will have their performance appraisals annually in April/May to coincide with the fiscal year and the HAPS process.

RESOURCES & ACCOUNTABILITY CONT'D

A 'Third Party Review' was conducted by the Ministry of Health and Long-Term Care that resulted in a number of recommendations for potential cost savings. Additionally, funding was received under the Ministry of Health and Long-Term Care reducing wait time strategies for both cataract surgery and CT procedures.

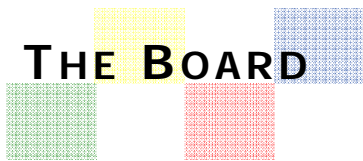
Finally, a recent recommendation to proceed with PACS (Picture Archiving and Communications System) project was approved by the Board of Directors pending that both Hospital Foundations raise the necessary funds.

Respectfully submitted,

Anne Cool,
Committee Chair



MAHC Staff prepare to deal with situations involving chemical, biological, radiological and nuclear incidents (CBRN) at the HDMH & SMMH Sites in November 2006.



AUDIT

Committee Membership

Chris Everingham, Chair, Barry Stephens, Richard Augustine, Jack Bowman

The Audit Committee membership was changed in late 2006 to increase the independent members and to slightly increase the numbers on the Committee. The Committee now consists of four members (up from 3 last year); two are members of the Board and two are independent community residents.

The basic function of the Committee is unchanged in that the committee assists the Board in overseeing the quality and integrity of financial information and reporting for MAHC.

Activities in the past year were briefly as follows:

1. Receipt and review of the auditor's letter to management regarding any issues that arose during their completion of the March 31, 2006 audit.
2. Confirming the reappointment of Cull Gordon Gingrich & Harris as auditors for the Corporation for the year ending March 31st, 2007 which included review and acceptance of their fee for the year.
3. Receipt and review of the auditor's engagement letter for the year ending March 31, 2007 which included their intended scope of their audit activities.
4. A pre-audit meeting occurred in January 2007 which covered the status of preparation by the auditors and management for the auditor review of internal controls and business risks faced by the Corporation as well as confirming the time schedule for the audit and receipt of draft audited financial statements.
5. A post-audit meeting occurred in May 2007 at which the draft annual financials were received and reviewed in detail with the auditors and management. An unqualified draft Auditor's Report on the financial statements was also received.

At both of these meetings, the Committee met privately with Cull, Gordon, Gingrich & Harris and management to determine if there were any issues of concern that arose during the audit process that needed to be raised.

Following our Committee review, approval of the financial statements was recommended to the Board for presentation at the Annual General Meeting.

Through the year, the Committee had support from John Frederick and Barry Lockhart, as well as Cull, Gordon, Gingrich & Harris. Our thanks to them all for their assistance.

Respectfully submitted,

Chris Everingham, Committee Chair

REPORT FROM THE CHIEF OF STAFF/ MEDICAL ADVISORY COMMITTEE

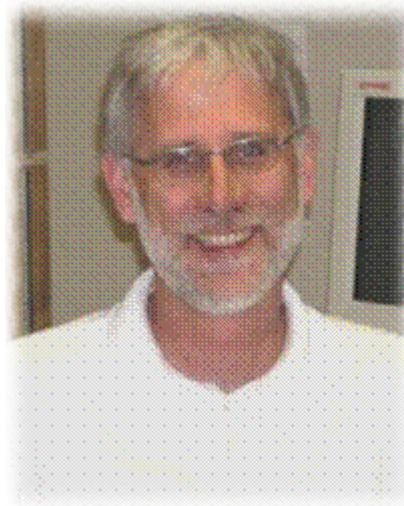
Committee Membership

Dr. David Mathies, Chair, Dr. William Caughey, Dr. Graeme Gair, Dr. Andrew MacMillan,
Dr. Mark Mensour, Dr. Brian Murat, Dr. Rob Sansom, Dr. Raj Vohra, Dr. James MacDonald

This past year completes the second full year of the amalgamated Muskoka Algonquin Healthcare. I am pleased to present some of the highlights of the 2006-2007 year.

As always, we continue to develop our medical human resources. We have seen the arrival of Dr. Marc Bibeau, a Respiriologist and General Internist, to the South Muskoka Memorial Hospital Site's medical staff. He provides extremely valuable services, not only in Internal Medicine, but in his chosen subspecialty of Respirology. We welcome him to the team.

Recruitment efforts continue for a Pathologist to provide laboratory and pathology leadership and services. Unfortunately, we have not yet been successful in this, but all effort is being made to fill this position. Additional specialists that we believe would help our organization are another Ophthalmologist, another Urologist, General Surgeon and Internist. As usual, a few more family doctors would be also be nice.



Dr. David Mathies, Chief of Staff

While the prior year saw the development of our acute stroke program at the Huntsville District Memorial Hospital Site, this past year saw its implementation. The District Stroke Centre is now up and running, and the procedures required to deliver this service have been fine tuned.

Overcrowding of our hospitals continue to be an issue. There are times when the hospitals in both Bracebridge and Huntsville are operating at over 100% occupancy. Response to the overcrowding issue has been the development of a distribution policy that outlines the distribution of patients to parts of the hospital where patient care ordinarily does not happen. This is to deal with the evidence that has been presented, that shows increased mortality that stems from overcrowding. It will be important going forward that a solution be implemented that does not involve distributing patients to inappropriate areas. We look forward to leadership from the provincial government in this regard.

A Quality Council has been established in the organization that is charged with looking for ways to improve our services. Working with the Quality Council, a scorecard has been developed that has been presented to the Board and will be available to the broader community soon. This scorecard provides a snapshot of how we are achieving (or not) our goals in terms of quality benchmarks. Continuous improvement in all areas of the organization is our goal and this tool will help to illustrate this.

We now have a well established pharmacy team. This should allow our Pharmacy and Therapeutics Committee to be more effective as it reviews and implements new therapeutics.

The North Simcoe Muskoka Local Health Integration Network (NSM LHIN) is now operational. The Chiefs of Staff in the region have participated in the development of a leadership group made up of the Chiefs of Staff for the six hospital organizations within NSM LHIN. This group provides advice to the Chief Executive Officers of all of these organizations. One of the first tasks completed was to develop on-call principals for regional programs and hope to soon have in place a system of continuous emergency ophthalmology coverage for the people of our LHIN as the first implemented program.

Finally, it is exciting to be part of the development of the new Northern Ontario School of Medicine (NOSM). Muskoka Algonquin Healthcare has affiliation with NOSM and the physicians in the community have made a commitment to provide a learning environment for the medical students as they complete their education towards an MD.

I appreciate the confidence placed in me by the Board of Directors and look forward to another successful year.

Respectfully submitted,

Dr. David J. Mathies, MD, CCFP, FCFP
Chief of Staff
Muskoka Algonquin Healthcare



Dr. Roger Strasser, NOSM Dean, and Barry Lockhart sign the affiliation agreement between MAHC and the NOSM.

OUR PARTNERS

HUNTSVILLE HOSPITAL AUXILIARY

Remarks from the President...

For the year 2006-2007, the membership of the Huntsville Hospital Auxiliary totaled 61, with an additional 65 hospital volunteers who worked for the Hospital in many ways, including some who worked in their homes. Together we have volunteered a total of 17,654 hours for patient care and fundraising. This was down from our previous years due to the Chiropody Department being closed and reduced hours in Physio.

Throughout the year, we raised money through a House Tour, Plant Sale, Tag Day, Card Party, Dragon Boat Festival, and Cookie Delight. Our "Branches Gift Shop" located in the hospital now sells "Ezzi Wear" clothing. The bookcase in the front lobby is doing well. Our revenues included pop and water machine and a share in the Hospital-Library-Sport (HLS) Foundation that is now concluded. Over the 16 years, the Auxiliary has received \$273,685.55. We also received a generous donation again this year from the Marathon Bridge Group.



Ken Black, MAHC Board Chair serves dinner to HDMH volunteers and auxiliary members at the appreciation dinner held May 30.

Our volunteers serve in many departments in the Huntsville Hospital, such as Chemo, Portering, O.R., Imaging, Office, Hair Care and South Wing. Many hours are spent working in our "Branches" gift shop as well. We tend to the plants and look after magazines and books throughout the hospital. A Christmas Party is organized for the residents of South Wing with Santa presenting gifts provided by the Hospital Auxiliary. We provide Tray Favours to mark special days each month for the patient trays and Meals-on-Wheels. At Christmas, the Auxiliary decorates the hospital and new babies are presented with a Christmas stocking. In addition to our Hospital work, we man workstations for a Blood Donor Clinic every two months at the Faith Baptist Church for the Canadian Blood Services.

26 Members of our Auxiliary attended the Region 3 Conference in Midland in April. These educational Conferences enable us to work and meet other Auxilians in our Region to increase our effectiveness for our own hospital.

We were pleased to present the Hospital Foundation with our final cheque of \$100,000. completing our commitment of \$300,000 to the Day Surgery of the Huntsville Hospital in just three years instead of the commitment of six. During the past year, our President sits on the Foundation Board and the Donor Relations and Communications Board.

The work we do in our Hospital would not be possible without the co-operations of the Hospital's CEO Barry Lockhart and the Management Teams, members of the hospital staff and the excellent staff of our Foundation. We sincerely thank them for all their help.

Respectfully submitted,
Jean Wagner, President, Huntsville Hospital Auxiliary

OUR PARTNERS

SOUTH MUSKOKA HOSPITAL AUXILIARY

Remarks from the President...



(L - R) Paul Hammond, Lynda Ferguson, Patti MacPherson and Sharon Clark of the SMMH Auxiliary present Colin Miller, SMMH Foundation Executive Director, with a donation.

During the past year our Auxiliary maintained an active membership of approximately two hundred and fifteen (215) men and women. We were honoured to have three (3) of our members receive their Provincial Life Membership (2006-2007) They included Audrey Danard, Brenda Dawson and Iona Brodie. These members have in total forty-three (43) years of Volunteer Service in our Hospital. We really appreciate each one of them for their time and dedication. This past fiscal year we also saw four (4) of our members, John Aucoin, Joan Cook, Isabel Milne and Cam Parks, received their Local Life Membership.

The hours of service from April 1st, 2006 to March 31st, 2007 for our Auxiliary were - 22,631 hours. This is 3,093 more hours than last year and the approximate equivalent of eleven (11) full time employees in our Hospital.

The Auxiliary presented the Hospital and the Foundation with over \$102,000. This includes \$40,000 to the Foundation towards our pledge of \$100,000 for the CT Scanner with the balance going for the purchase of two new Heartstart Defibrillator/Monitors plus battery packs for the Emergency Room at SMMH.

We are pleased to announce that our Newsletter "The S.M.M.H. Volunteer Voice" has finally become a reality. Two of our volunteers, Judith Beckett and Flo Adams have done a superb job. This has been a wonderful link of communication for our Auxiliary with plans to distribute three (3) times annually.

There are two new programs in our Hospital. The new ER Emergency Information Desk, and "Hospice Muskoka" which works under the Auxiliaries umbrella.

The Hospital Board and Staff hosted a wonderful Appreciation Dinner for the first time for our Volunteers on May 31st. We had over eighty (80) members in attendance. We were pleased with the presence of our CEO, Mr. Barry Lockhart and Mr. Ken Black, Chairman of the Board. Their thoughtful remarks and comments regarding our members was very much appreciated by one and all. The staff did a superb job catering to our every move.

Respectfully submitted,
Sharon Clark, President,
South Muskoka Memorial Hospital Auxiliary



Staff and Board members served dinner to volunteers and Auxiliary members May 31st in appreciation of their service to the organization.

OUR PARTNERS

HUNTSVILLE HOSPITAL FOUNDATION

We have had a very active year at the Foundation. The year started slowly with the continuation of pledge collection from the Day Surgery Campaign. Things started becoming more active as we proceeded



Debi Davis, Executive Director of the Huntsville District Memorial Hospital Foundation, meets with Maurice Leblond, Diagnostic Imaging Charge Technologist, to discuss the eventual arrival of the PACS system at the Huntsville Site.

through the summer and received information on the capital equipment plans for Muskoka Algonquin Healthcare. Activity continues to increase as we plan for the next major campaign to support renovations, digital equipment purchases and a Picture Archive Communications System (PACS) in the diagnostic Imaging Department.

The Foundation offices have gone through an expansion and a facelift. Our Executive Director, Debi Davis, has moved her office to the space beside the old office with the addition of a meeting room. This will provide

with more flexibility in scheduling fund raising sessions. In addition, our Executive Assistant, Cheryl Perry, will take on more responsibility for the day to day affairs of the Foundation. We welcome Gail Orr as our part time office clerk. With this team in place we are buoyed with enthusiasm as we proceed into the campaign.

While all of this planning was going on behind the scenes, you, our donor family, continue to support your healthcare facilities. Once again the Foundation managed to achieve the million dollar mark in revenues with the net income coming in over budget. This is an extremely caring community that appreciates the efforts of Muskoka Algonquin Healthcare and Fairvern Nursing Home. Your generosity goes a long way in ensuring that the proper tools are available for your healthcare professionals to meet the community needs.

The changes to the delivery of services at Muskoka Algonquin Healthcare have created many challenges. It is critical that as we proceed through these changes we ensure that we provide the correct message to the community, health professionals and especially to you, the donors. We have a history of having all sides agreeing that we provide the highest level of health care that the dollars available can provide. The team must remain in place. Whilst we may all resist change, we must continue to show that we will do everything possible to ensure that the quality of healthcare will not be compromised as we make these changes. When decisions are made it is our mandate that we demonstrate that we have improved our position. It has been demonstrated in the past that the right decisions have been made for the community. We, at the Foundation, strongly believe right decisions will be made for the future.

OUR PARTNERS

HUNTSVILLE HOSPITAL FOUNDATION

It would be remiss of me if I did not pay a special tribute to our retiring Board member. Larry Mitchell joined the Board in 2000. One year later he became Chair of the Board, a position he held for four years. Not only is this unprecedented, he remained on the Board a further two years as past Chair. Under the current By-laws he is the only person who has been able to sit on the Board for a period beyond six years. Longevity is one thing, but more important is what one does with that time. Larry has provided his sage advice and leadership from day one. He took the Day Surgery Capital Campaign that had reached a stalemate, over the top. He noted that the organizational structure was significantly lacking in documentation and led the Board into a major self analysis resulting in the development of a vision followed with the completion of a policy manual and procedures. When difficult decisions had to be made, he made them effectively and efficiently. While his input will sorely be missed at the Board, he has agreed to be one of our community members at the committee level. We are thankful for all he gave and are grateful that he will continue to provide the organization with his knowledge and wisdom.

The capital needs of the healthcare in Muskoka-East Parry Sound are ever changing. The quality of our healthcare is second to none. The Foundation remains committed to ensuring that this message is delivered to the community. Our efforts will continue to work with you and our many partners to raise the necessary funds for the capital equipment your healthcare facilities and professionals require to deliver that quality.

R. Keith Edmondson

Respectfully submitted
Keith Edmondson, Chair/CEO



(L -R) Rob Payne, Lou Luvison & Gerry Gerhart of Muskoka Music Men entertain crowds during the Opening Ceremonies for the Lites for Life campaign in December.

OUR PARTNERS

SOUTH MUSKOKA HOSPITAL FOUNDATION

As Chair of South Muskoka Hospital Foundation, I am pleased to report another outstanding year of fundraising success for the South Muskoka Memorial Hospital Site.

Most of the activities of the South Muskoka Hospital Foundation during the past year have centered on bringing the quiet phase of The Picture of Health Campaign to a successful conclusion and developing plans for the public launch. The highlight of the year was the announcement that the quiet phase goal of \$2.5 million had not only been achieved, but, more importantly, had been surpassed. Indeed, total funds raised and committed amounted to more than \$4 million, representing a level of achievement far and beyond our wildest hopes.

The support of our own hospital family has been overwhelming. We are extremely grateful to the South Muskoka Hospital Auxiliary, who pledged \$100,000 toward the campaign. The hospital and foundation boards, employees and medical staff have contributed over \$400,000 to the campaign with donations still coming in, proving just how committed the hospital family is to MAHC's vision and mission for the future.

Additional lead commitments were also received from the Town of Bracebridge and Township of Muskoka Lakes, BMO Financial Group, Scotia-bank, RBC Foundation, Bracebridge Rotary, Greavette Family and Staff, Dura Automotive and Muskoka Transportation and Staff. Lead gifts of \$50,000 or more were also received from 13 Muskoka families, emphasizing the critical importance of the seasonal and permanent resident communities as partners with the hospital in funding excellence in health care.

At the heart of our success are the directors of our foundation board and members of our campaign cabinet who have given so much of themselves to make our fundraising initiatives a success. Their outstanding generosity of time, talent and financial resources is truly extraordinary.

In closing, I would only add that we need everyone in the community to step forward and support our campaign. Please call us today to learn more about how you can play a role in our community's future through a gift to the South Muskoka Hospital Foundation.

Respectfully submitted,

Paul Davidson
Chair, South Muskoka Hospital Foundation



Paul Davidson, Chair, South Muskoka Hospital Foundation, presents a cheque of \$360,000 to Barry Lockhart as part of the proceeds raised from the \$5 million Picture of Health Campaign.



GOVERNANCE

PROPOSED BYLAW REVISIONS

Article 6.01

The following change reflects the Board of Director's decision to move to bi-monthly meetings as approved May 3, 2007:

Regular Meetings

- (b) There shall be at least *six (6)* regular meetings per annum.

Article 13.01 *(deletion of (vii) Senior)*

The following change reflects the decision to replace the Senior category with a 'Hospital Succession Planning' model (outlined below). This model will aid in the planning process as physicians approach retirement. Article 13.01 is proposed to read as follows:

Professional Staff Categories

The Professional Staff shall consist of the following categories:

- (i) Active;
- (ii) Associate;
- (iii) Courtesy;
- (iv) Regional Affiliate;
- (v) Locum Tenens;
- (vi) Temporary; and
- (vii) Honourary.

Article 13.02

The following addition reflects the decision to replace the Senior category with a 'Hospital Succession Planning' model. This model will aid in the planning process as physicians approach retirement:

Hospital Succession Planning

Beginning in September of the year in which an applicant turns sixty-three (63) and annually thereafter, the applicant will be approached by the Chief of Staff to prepare a retirement report outlining his proposed plan for retirement, if any, so as to provide the Hospital an opportunity to do succession planning. The retirement report must be submitted to the Chief of Staff. The report will be expected by the end of September in each applicable year, and a meeting shall be convened within two (2) months of its receipt in the event that the Medical Staff member proposes a retirement plan, to finalize the retirement plan. The retirement plan will be developed by the applicant in consultation with the Chief of Staff, and shall be submitted by him/her to the Medical Advisory Committee for consideration and approval.

PROPOSED BYLAW REVISIONS CONT'D

Article 13.03 *(deletion of (f))*

The following change reflects the decision to replace the Senior category with a 'Hospital Succession Planning' model. This model will aid in the planning process as physicians approach retirement:

- (f) *The retirement age from the Active Staff category will be the thirty-first (31st) day of December following the member's attainment of the age of sixty-five (65). Upon reaching the age of retirement from Active Staff, the member may retire or apply to the Senior Staff.*

Article 13.05 *(deletion of (f))*

The following change reflects the decision to replace the Senior category with a 'Hospital Succession Planning' model. This model will aid in the planning process as physicians approach retirement:

- (f) *The retirement age from the Active Staff category will be the thirty-first (31st) day of December following the member's attainment of the age of sixty-five (65). Upon reaching the age of retirement from Active Staff, the member may retire or apply to the Senior Staff.*

Article 13.06

The following change will ensure that certain designated specialists can fully participate in regional programs throughout the hospitals within the NSM LHIN:

Regional Affiliate

- (a) The Medical Advisory Committee may recommend an applicant to the Board for appointment to the Regional Affiliate Staff if the applicant meets the following requirements:
 - (i) the applicant has privileges in good standing at another hospital and requires privileges at MAHC so as to fully participate in an approved regional program;
 - (ii) the applicant provides an outline of the extent of his privileges at the other hospital and any restrictions;
- (b) The Chief of Staff will undertake a search of the College of Physicians and Surgeons of Ontario's website to verify whether the Physician has a license to practice medicine in the Province of Ontario and whether there are any past findings, current referrals or terms and conditions against the Physician;
- (c) If there are no past findings, current referrals or terms and conditions against the Physician, the Board may grant privileges to the physician;
- (d) If there is an outstanding complaint or adverse findings against the Physician, then the Physician will be required to comply with the Hospital's standard application process;
- (e) A member of the Regional Affiliate Staff will:
 - (i) Undertake such duties in respect to patient care as may be specified by the Chief of Staff to which the member has been assigned, and this may include outpatient services including operative procedures, and consultation to inpatients and assisting in the Operating Room where required, and
 - (ii) Will assume on-call responsibilities as determined by the Department to which the member has been assigned.



GOVERNANCE

PROPOSED BYLAW REVISIONS CONT'D

Article 13.08 *(deletion of (d))*

The following change reflects the decision to replace the Senior category with a 'Hospital Succession Planning' model. This model will aid in the planning process as physicians approach retirement:

- (f) *The retirement age from the Active Staff category will be the thirty-first (31st) day of December following the member's attainment of the age of sixty-five (65). Upon reaching the age of retirement from Active Staff, the member may retire or apply to the Senior Staff.*

Article 13.10

The following addition is proposed:

Enhanced Peer Review System

All members of the Professional Staff will be subject to an annual enhanced peer review system following the member's attainment of the age of seventy (70). The enhanced peer review system shall be developed by the Chief of Staff with the approval of the Medical Advisory Committee with the express objective of ensuring ongoing competency of the Medical Staff members. The Medical Advisory Committee may choose to require all members to be subject to an enhanced peer review system prior to attainment of the age of seventy (70). The agreed upon system for this shall be set out in the Rules and Regulations of the Medical Staff.



GOVERNANCE

NOMINATIONS COMMITTEE REPORT

This report proposes a slate of Board nominees to be placed before the Board of Directors at the June 7, 2007 meeting and subsequent to the Annual General Meeting June 18, 2007.

It has been prepared by members of the Governance Committee with particular input from Ken Black, Mike Provan and Barry Lockhart.

The slate has been prepared with consideration of the Corporation By-law in these respects:

Article 4.01 (b) - potential candidates will be identified throughout the year, including at least one advertisement placed in local newspapers.

Article 4.13 (e) - 'shall annually identify specific characteristics that should be sought in recruitment'

Article 4.13 (f) - 'shall consider the mentioned characteristics while balancing the need of ensuing ongoing expertise on the Board'.

In addressing the Board vacancies, it was established that a nominations slate of two new Board members, plus two continuing Board members, was required. This is because, of the two members whose term expires in 2007, two have chosen to continue for a second three-year term (Harry Braun and Chris Everingham) and the two others have chosen to retire from the Board (Ken Black and Anne Cool).

A number of applications were received this year and interviews were conducted through the month of May. It was satisfying to recognize the high number of qualified applicants and, in fact, the largest challenge was to narrow the field down to the required number of only two candidates.

The proposed slate therefore consists of the following, all of whom are proposed to serve a three-year term:

Harry Braun: a legacy member of AHS Board who will be serving a second term.

Chris Everingham: a legacy member of the SMMH Board, who will be serving a second term.

Barry Hammond: a Bracebridge businessman resident, serving his first term.

Sven Miglin: a Huntsville businessman resident, serving his first term.

The newly-proposed directors have both displayed a keen interest in joining the Board, have strong business and community-service backgrounds and possess relevant experience and skills.

Report submitted by,
John Sinclair, Chair, Governance and Community Relations Committee.
May 29, 2007

**Cull,
Gordon,
Gingrich &
Harris**

Chartered
Accountants

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Bracebridge, ON, P1L 1Z9
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(705) 645-7686 Fax
cullgordonging@bellnet.ca

***MUSKOKA ALGONQUIN
HEALTHCARE***

FINANCIAL STATEMENTS

MARCH 31, 2007

Bracebridge

F. Glenn Gordon, C.A.

Parry Sound

Donald T. J. Cull, C.A.

Stephen L. Gingrich, C.A., CFP

Brandy L. Harris, B.ACC., C.A.

**Cull,
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MUSKOKA ALGONQUIN HEALTHCARE
FINANCIAL STATEMENTS
MARCH 31, 2007

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Statement of Operations and Fund Balance – Operating Fund	3
Statement of Operations and Fund Balance – Capital Fund	4
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Bracebridge

F. Glenn Gordon, C.A.

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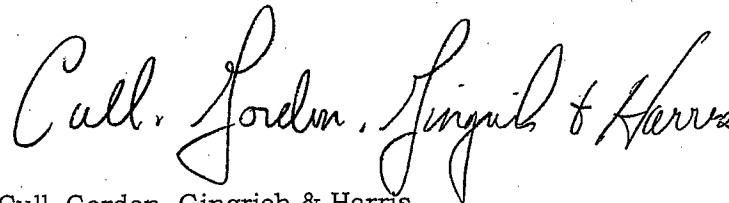
AUDITORS' REPORT

To the Chair and Members of the Governing Body of Muskoka Algonquin Healthcare

We have audited the Statement of Financial Position of Muskoka Algonquin Healthcare as at March 31, 2007, and the Statements of Operations and Fund Balances and the Statement of Cash Flows for the year then ended. These Financial Statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of the organization as at March 31, 2007, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Cull, Gordon, Gingrich & Harris
Chartered Accountants
Licensed Public Accountants
Bracebridge, Ontario
May 25, 2007

Bracebridge

F. Glenn Gordon, C.A.

Parry Sound

Donald T. J. Cull, C.A.

Stephen L. Gingrich, C.A., CFP

Brandy L. Harris, B.ACC., C.A.

MUSKOKA ALGONQUIN HEALTHCARESTATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2007

	2007	2006
ASSETS		
<i>Current</i>		
Cash	\$ 1,129,824	\$ 384,287
Accounts Receivable - Note 3	2,577,309	2,396,088
Inventory	741,849	703,345
Prepaid Expenses	127,510	340,144
Current portion of Long Term Investments	44,255	269,199
	<u>\$ 4,620,747</u>	<u>\$ 4,093,063</u>
Long Term Investments - Note 4	0	44,255
Capital Assets - Note 5	44,921,506	46,336,482
	<u>\$ 49,542,253</u>	<u>\$ 50,473,800</u>

LIABILITIES

<i>Current</i>		
Short-Term Demand Loans - Note 6	\$ 840,000	\$ 2,330,000
Accounts Payable and Accrued Liabilities - Note 7	8,497,703	7,168,388
Current portion of Obligation under Capital Leases	509,213	576,864
Current portion of Long Term Debt - Note 10	821,429	750,000
	<u>\$ 10,668,345</u>	<u>\$ 10,825,252</u>
Obligation under Capital Leases - Note 8	\$ 1,647,726	\$ 2,169,739
Deferred Contributions related to Capital Assets - Note 9	37,392,992	35,393,653
Long Term Debt - Note 10	1,952,700	2,602,629
Employee Future Benefits - Note 14	742,500	635,300
	<u>\$ 41,735,918</u>	<u>\$ 40,801,321</u>

NET ASSETS

Operating Fund	\$ (5,005,453)	\$ (3,796,349)
Capital Fund	2,143,443	2,643,576
	<u>\$ (2,862,010)</u>	<u>\$ (1,152,773)</u>
	<u>\$ 49,542,253</u>	<u>\$ 50,473,380</u>

On behalf of the Board

Director

The accompanying notes are an integral part of these Financial Statements.

MUSKOKA ALGONQUIN HEALTHCARESTATEMENT OF OPERATIONS AND FUND BALANCE – OPERATING FUND
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
REVENUE		
Approved Ministry of Health and Long – Term Care Allocation	\$ 44,202,026	\$ 42,077,522
Other Revenue	16,349,112	13,566,496
Amortization of Deferred Contributions	730,702	826,934
Other Programs, Schedule A	12,022,913	11,579,274
<i>Total Revenue</i>	<u>\$ 73,304,753</u>	<u>\$ 68,050,226</u>
EXPENDITURES		
Amortization	\$ 1,383,772	\$ 1,607,946
Drugs	3,000,918	2,585,323
Medical and Surgical Supplies	2,233,581	2,098,947
Medical Staff Remuneration	8,196,384	5,868,512
Salaries, Wages and Employee Benefits	38,470,351	37,289,778
Supplies and Other Expenses	9,151,037	8,850,475
<i>Total Expenditures</i>	<u>\$ 62,436,043</u>	<u>\$ 58,300,981</u>
<i>Other Programs – Schedule A</i>	<u>12,077,814</u>	<u>11,641,611</u>
<i>Net Expenditures for the year</i>	<u>\$ 74,513,857</u>	<u>\$ 69,942,592</u>
<i>Deficiency of Revenue Over Expenditures</i>	\$ (1,209,104)	\$ (1,892,366)
<i>Fund Balance, Beginning of Year</i>	<u>\$ (3,796,349)</u>	<u>\$ (1,903,983)</u>
<i>Fund Balance, End of Year</i>	<u>\$ (5,005,453)</u>	<u>\$ (3,796,349)</u>

The accompanying notes are an integral part of these Financial Statements.

MUSKOKA ALGONQUIN HEALTHCARESTATEMENT OF OPERATIONS AND FUND BALANCE – CAPITAL FUND
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
REVENUE		
Amortization of Deferred Government Grants	\$ 556,927	\$ 534,319
Amortization of Deferred Huntsville District Memorial Hospital Foundation Grants	29,900	29,900
Amortization of Deferred South Muskoka Hospital Foundation Grants	277,381	257,825
<i>Total Revenue</i>	\$ 864,208	\$ 822,044
EXPENDITURES		
Amortization	\$ 1,364,341	\$ 1,218,720
<i>Total Expenditures</i>	\$ 1,364,341	\$ 1,218,720
<i>Deficiency of Revenue Over Expenditures</i>	\$ (500,133)	\$ (396,676)
<i>Fund Balance, Beginning of Year</i>	2,643,576	3,040,252
<i>Fund Balance, End of Year</i>	\$ 2,143,443	\$ 2,643,576

The accompanying notes are an integral part of these Financial Statements.

MUSKOKA ALGONQUIN HEALTHCARE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Deficiency of Revenue over Expenditures for the year		
- Operating Fund	\$ (1,209,104)	\$ (1,892,366)
- Capital Fund	(500,133)	(396,676)
<u>Employee Future Benefits</u>	<u>0</u>	<u>(114,900)</u>
Restated Deficiency of Revenue over Expenditures	\$ (1,709,237)	\$ (2,403,942)
Items not involving cash:		
Amortization	2,762,674	2,757,112
<u>Amortization of Deferred Contributions</u>	<u>(1,661,477)</u>	<u>(1,648,978)</u>
	\$ (608,040)	\$ (1,295,808)
Changes in non-cash working capital balances:		
Accounts Receivable	(181,221)	993,917
Inventory	(38,504)	(73,650)
Prepaid Expenses	212,634	(38,701)
Accounts Payable and Accrued Liabilities	1,329,315	389,177
<u>Employee Future Benefits</u>	<u>107,200</u>	<u>157,600</u>
 <i>Net Increase in Cash from Operations</i>	 <i>\$ 821,384</i>	 <i>\$ 132,535</i>
FINANCING		
Proceeds of Long Term Debt	\$ 0	\$ 2,267,628
Repayment of Long Term Debt	(578,500)	(400,000)
Increase in Obligation under Capital Leases	0	1,844,301
Repayment of Obligation under Capital Leases	(589,664)	(30,279)
Contributions related to Capital Assets -		
Donations	1,435,000	580,712
Capital Grants Received	2,287,935	674,570
<u>Repayment of Short Term Demand Loans</u>	<u>(1,490,000)</u>	<u>(570,000)</u>
 <i>Net Increase in Cash from Financing</i>	 <i>\$ 1,064,771</i>	 <i>\$ 4,366,932</i>

The accompanying notes are an integral part of these Financial Statements.

MUSKOKA ALGONQUIN HEALTHCARESTATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
INVESTING		
Change in Investments	\$ 269,199	\$ (18,919)
Purchase of Capital Assets	(1,409,817)	(6,024,155)
<i>Net Decrease in Cash from Investing</i>	<i>\$ (1,140,618)</i>	<i>\$ (6,043,074)</i>
<i>Net change in Cash and Equivalents</i>	<i>\$ 745,537</i>	<i>\$ (1,543,607)</i>
<i>Cash and Equivalents, Beginning of Year</i>	<i>384,287</i>	<i>1,927,894</i>
Cash and Equivalents, End of Year	\$ 1,129,824	\$ 384,287
<i>Represented by</i>		
<i>Cash</i>	<i>\$ 1,129,824</i>	<i>\$ 384,287</i>
Cash and Equivalents, End of Year	\$ 1,129,824	\$ 384,287

The accompanying notes are an integral part of these Financial Statements.

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

On August 1, 2005 South Muskoka Memorial Hospital Corporation and Huntsville District Memorial Hospital were amalgamated to form Muskoka- East Parry Sound Health Services. On June 19, 2006 the organization received a supplementary letters patent changing the name to Muskoka Algonquin Healthcare.

Muskoka Algonquin Healthcare is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The organization provides health care services to the residents of Burk's Falls, Huntsville, Bracebridge, Gravenhurst, Township of Muskoka Lakes, Township of Georgian Bay, Township of Lake of Bays and the surrounding areas.

The organization controls the Muskoka Algonquin Healthcare – Gravenhurst Clinic through common control. The clinic is incorporated without share capital and provides X-ray services under license from the Province of Ontario to the residents of Gravenhurst and the surrounding area. The assets, liabilities and results of operations have been consolidated in the organization's financial statement. The organization is a registered charity and as such, is exempt from income tax and may issue income tax receipts to donors.

1. SIGNIFICANT ACCOUNTING POLICIES

The Financial Statement of the Muskoka Algonquin Healthcare is the representation of management prepared in accordance with Canadian generally accepted accounting principles. Significant aspects of the accounting policies adopted by the Organization are as follows:

(a) Basis of Accounting

These Statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as the result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Contributions related to Capital Assets

The organization follows the deferral method of accounting for contributions received related to capital assets. These contributions are deferred and amortized on a straight-line basis at a rate corresponding with the amortization rate for the related building or equipment purchased. Unrestricted contributions are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Contributed Services

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

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, overdrafts, and investments in money market instruments with maturities of three months or less.

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

(e) *Inventory*

Inventory consists of general supplies, pharmaceuticals, and laboratory supplies. Inventory is stated at the lower of average costs and replacement value.

(f) *Capital Assets*

Capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is provided for as follows:

Land improvements	-	straight line basis over 20 years
Buildings	-	straight line basis over 20 and 50 years
Gravenhurst Clinic Licence	-	straight line basis over 20 years
Capital lease equipment	-	straight line basis varying from 5 to 10 years
Major equipment	-	straight line basis varying from 3 to 10 years

(g) *Capital Leases*

Equipment leased on terms which substantially transfer all of the benefits and risks of ownership to the organization are treated as Capital Leases, and are therefore accounted for as though an asset has been purchased and a long term liability incurred.

(h) *Provincial Allocations*

Allocations from the Province of Ontario are recognized in the financial statement as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) *Employee Benefits*

Employees are entitled to compensation for unused vacation credits when they leave the organization's employ. These benefits are accrued in the period in which they are earned.

(j) *Use of Estimates*

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements in accordance with generally accepted accounting principles necessarily involves the use of estimates and approximations. These have been made using careful judgments.

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

2. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. ACCOUNTS RECEIVABLE

Accounts Receivable consists of the following:

	<u>2007</u>	<u>2006</u>
Insurers and Patients	\$ 1,040,391	\$ 1,128,017
Huntsville District Memorial Hospital Foundation	28,407	64,081
Laboratory Pilot Project	570,548	320,000
Huntsville District Nursing Home Inc.	228,302	464,003
Other	849,601	528,885
	<u>\$ 2,717,249</u>	<u>\$ 2,701,163</u>
Allowance for Doubtful Accounts	(139,940)	(108,898)
	<u>\$ 2,577,309</u>	<u>\$ 2,396,088</u>

4. LONG-TERM INVESTMENTS

	<u>2007</u>	<u>2006</u>
Ontario Savings Bonds, bearing Interest at rates ranging from 4.25% to 6.75% depending on length of time held, maturing June 2006	\$ 0	\$ 267,293
G.M.A.C. Savings Bond, bearing Interest at 6.2%, maturing August 2007	25,256	26,106
Money Market Fund with a variable Rate of return	3,478	3,837
TD Mortgage Bond, bearing interest at 6.46%, maturing October 2007	15,521	16,218
	<u>\$ 44,255</u>	<u>\$ 313,454</u>
Less Current Portion	(44,255)	(269,199)
	<u>\$ 0</u>	<u>\$ 44,255</u>

MUSKOKA ALGONQUIN HEALTHCARENOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

5. CAPITAL ASSETS

	<u>2007</u>		<u>2006</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 672,835	\$ 0	\$ 672,835	\$ 0
Land improvements	318,242	318,242	318,242	318,242
Buildings	51,691,798	13,027,486	50,775,358	11,663,142
Gravenhurst Clinic License	202,582	80,783	202,582	70,654
Equipment	27,413,442	21,950,882	26,924,210	20,504,707
	\$ 80,298,899	\$ 35,377,393	\$ 78,893,227	\$ 32,556,745
NET BOOK VALUE		\$ 44,921,506		\$ 46,336,482

6. SHORT-TERM DEMAND LOANS

	<u>2007</u>	<u>2006</u>
Operating line - Scotiabank, interest at prime less 0.5% payable monthly, due on demand	\$ 840,000	\$ 430,000
Bridge financing - Scotiabank, interest due at prime less 0.5% payable monthly, to be repaid in full by June 30, 2006	0	1,900,000
	\$ 840,000	\$ 2,330,000

The above loans provided assistance with general operating requirements. Unused facilities related to the operating line amounted to \$ 3,010,000 at March 31, 2007 (2006 - \$2,384,000). Security for this loan includes a Banker's Acceptance Agreement.

MUSKOKA ALGONQUIN HEALTHCARENOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES*Accounts Payable and Accrued Liabilities* consists of the following:

	<u>2007</u>	<u>2006</u>
Due to Ministry of Health And Long Term Care	\$ 480,902	\$ 531,023
Accounts Payable – Trade	4,175,229	3,684,358
Wages and Benefits	<u>3,841,572</u>	<u>2,953,007</u>
	\$ 8,497,703	\$ 7,168,388

8. OBLIGATION UNDER CAPITAL LEASES

	<u>2007</u>	<u>2006</u>
Telephone system – repayable at \$1,725 per month including interest at 8%, expiring March, 2009	37,051	53,548
Honeywell Energy Performance –repayable at \$17,265 per month including interest at 6%, expiring February, 2011	721,571	893,055
CT Scanner – repayable at \$401,683 per annum including interest at 5.65% expiring April, 2010.	<u>1,398,317</u>	<u>1,800,000</u>
	\$ 2,156,939	\$ 2,746,603
Less current portion	<u>(509,213)</u>	<u>(576,864)</u>
	\$ 1,647,726	\$ 2,169,739

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

8. OBLIGATION UNDER CAPITAL LEASES - Continued

Future minimum lease payments under existing contracts over the next five fiscal years are as follows:

2008	-	\$	629,557
2009	-		627,955
2010	-		608,863
2011-			608,863
2012	-		0
		\$	<u>2,475,238</u>
Less imputed interest			<u>(318,299)</u>
		\$	<u>2,156,939</u>

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	Ministry of Health and Other	South Muskoka Hospital Foundation and Auxiliary	Huntsville District Memorial Foundation Grants	2007	2006
Balance, Beginning Of Year	\$ 21,772,406	\$ 11,831,208	\$ 1,790,039	\$ 35,393,653	\$ 35,787,649
Grants Received In the Year	<u>2,017,147</u>	<u>1,220,790</u>	<u>485,000</u>	<u>3,722,937</u>	<u>1,254,982</u>
Total Contributions	\$ 23,789,553	\$ 13,051,998	\$ 2,275,039	\$ 39,116,590	\$ 37,042,631
Less Accumulated Amortization	<u>(1,100,637)</u>	<u>(405,679)</u>	<u>(217,282)</u>	<u>(1,723,598)</u>	<u>(1,648,978)</u>
Balance, End of Year	\$22,688,916	\$12,646,319	\$2,057,757	\$37,392,992	\$35,393,653

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

10. LONG TERM DEBT

	<u>2007</u>	<u>2006</u>
Non-revolving loan payable – Scotiabank, interest payable monthly at prime plus 0.5%, principal repayable \$400,000 annually, expiring September, 2008	\$ 685,000	\$ 1,085,000
Non-revolving loan payable – Scotiabank interest payable monthly at prime, principal repayable \$421,429 annually expiring January, 2012	<u>2,089,128</u>	<u>2,267,629</u>
	\$ 2,774,128	\$ 3,352,629
Less current portion	<u>(821,429)</u>	<u>(750,000)</u>
	<u>\$ 1,952,699</u>	<u>\$ 2,602,629</u>

Principal payments over the next five years are as follows:

2008	-	\$ 821,429
2009	-	706,429
2010	-	421,429
2011	-	421,429
2012	-	<u>403,412</u>
		<u>\$ 2,774,128</u>

Total interest paid on long term debt during the year was \$195,766 (2006-\$145,873).

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2007

11. PENSION AGREEMENTS

Substantially all of the employees of the organization are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined contribution pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings. For 2006, employee contributions were based on 6.9% (2006 - 6.9%) of earnings up to \$43,700 (2006 - \$42,100), and 9.2% (2006 - 9.2%) on earnings above that level. The organization contributes 1.26 times the employee contribution.

The amount contributed to the Plan on behalf of current service for the year ended March 31, 2007, was approximately \$ 2,520,583 (2006 - \$2,464,647).

12. RELATED PARTY TRANSACTIONS

- (a) The organization has entered into a management contract with the Huntsville District Nursing Home Inc. whereby the organization provides management and administrative services to the Nursing Home. During the year, the Nursing Home paid direct operating costs, recorded at their exchange amount, to Muskoka Algonquin Healthcare, consisting of the following:

	<u>2007</u>	<u>2006</u>
Executive Office	\$ 13,601	\$ 14,630
Other Administration	19,480	18,867
Laundry and Linen	109,619	111,306
Wages and Benefits	511,102	478,660
Nursing Supplies and Miscellaneous	20,879	10,877
	<u>\$ 674,681</u>	<u>\$ 634,340</u>

In addition, as part of the terms of the agreement between the organization and the Nursing Home, the organization pays accounts payable invoices of the Nursing Home for which it is reimbursed. During the year the organization paid invoices on behalf of the Nursing Home in the amount of \$ 1,871,957 (2006 - \$ 1,778,112).

Certain land and buildings of the organization have been leased to the Huntsville District Nursing Home Inc. The Huntsville District Nursing Home Inc. has incurred leasehold improvement to the property in the amount of \$ 2,280,445 (2006 - \$ 2,258,643). A formal lease agreement is in place with rent of \$ 12.00 per annum.

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

12. RELATED PARTY TRANSACTIONS - Continued

- (b) The organization has an economic interest in the Huntsville District Memorial Hospital Foundation (HDMHF). HDMHF is incorporated by Letters Patent without share capital under the laws of Ontario, and is a registered charity under the Income Tax Act. HDMHF solicits funds on behalf of the organization to be used for approved capital projects. During the year, the organization received grants from HDMHF as disclosed in Note 9 as well as approximately \$ 247,885 (2006 - \$ 230,339) for direct operating and capital costs incurred by the organization on behalf of HDMHF.
- (c) The organization has an economic interest in the South Muskoka Hospital Foundation (SMHF). SMHF is incorporated by Letters Patent without share capital under the laws of Ontario, and is a registered charity under the Income Tax Act. SMHF solicits funds on behalf of the organization and of other organizations in the community with similar objectives. During the year, the organization received grants from SMHF as disclosed in Note 9.

13. COMMITMENTS AND CONTINGENCIES

- (a) The nature of the organization's activities is such that there is usually litigation pending or in process at any given time. With respect to claims at March 31, 2007, management believes the organization has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the organization's financial position.
- (b) On July 1, 1987, a group of health care organizations, ("subscribers") formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal pursuant to provincial Insurance Acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2007.

Since its inception in 1987 HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation of claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directions of HIROC. There are no distributions receivable from HIROC as at March 31, 2007.

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

14. EMPLOYEE FUTURE BENEFITS

The organization sponsors a defined benefit plan covering substantially all full time employees

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

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared at April 1, 2005. The accrued benefit obligation of \$ 742,500 shown for 2007 is based on an extrapolation of the April 1, 2005 valuation.

Accrued Benefit Obligation

	<u>2007</u>	<u>2006</u>
Balance, Beginning of Year	\$ 635,300	\$ 592,600
Current Service Expense	94,100	29,600
Interest cost	36,900	36,900
Benefits paid during year	<u>(23,800)</u>	<u>(23,800)</u>
Balance, End of Year	<u>\$ 742,500</u>	<u>\$ 635,300</u>

MUSKOKA ALGONQUIN HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

14. EMPLOYEE FUTURE BENEFITS - Continued

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the hospital's best estimates. The expected inflation rate is 2.5%, the discount rate used to determine the accrued benefit obligation is 5.25%, the dental cost increase is 4.0% and Extended Health care increase is 10.5% in 2007. The % rate for Extended Health Care is decreasing by 1% increments per annum to an ultimate rate of 4.5% per annum in 2012.

The post employment benefit expense is reported as a component of current expenditures on the statement of financial activities. Composition of the amount is as follows:

	<u>2007</u>	<u>2006</u>
Current Service Costs	\$ 94,100	\$ 29,600
Interest on post-employment Benefit liability	36,900	36,900
Recovery from Affiliated Programs	<u>(28,239)</u>	<u>(25,517)</u>
Total Expense Related to Post- Employment Benefits	<u>\$ 102,761</u>	<u>\$ 40,983</u>

15. SUBSEQUENT EVENT

During the 2006-2007 fiscal year, the majority of Community Care Access Centres (CCAC) in the Province of Ontario were amalgamated into 14 CCAC's aligned with the boundaries of the 14 provincial Local Health Integration Networks. It is expected that sometime in the 2007-2008 fiscal year, the Muskoka East Parry Sound Community Care Access Centre will be divested from Muskoka Algonquin Healthcare, which will at that time cease to have responsibility for the operation of the Muskoka East Parry Sound CCAC.

MUSKOKA ALGONQUIN HEALTHCARESCHEDULE A – OTHER PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
REVENUE		
Diabetic Education Network – South Muskoka Site	\$ 147,544	\$ 133,222
Diabetes Education Centre – Huntsville Site	230,870	210,919
Gravenhurst Clinic	25,269	49,303
Community Care Access Centre	11,605,094	11,171,880
Property Taxes	14,136	13,950
<i>Total Revenue</i>	<u>\$ 12,022,913</u>	<u>\$ 11,579,274</u>
EXPENDITURES		
Diabetic Education Network – South Muskoka Site	\$ 147,544	\$ 140,274
Diabetes Education Centre – Huntsville Site	230,870	210,919
Gravenhurst Clinic	80,356	104,588
Community Care Access Centre	11,605,094	11,171,880
Property Taxes	13,950	13,950
<i>Total Expenditures</i>	<u>\$ 12,077,814</u>	<u>\$ 11,641,611</u>
Net Other Income (Expense)	<u>\$ (54,901)</u>	<u>\$ (62,337)</u>



OUR DIRECTION

Creating our future, respecting our legacy

Recruit & Retain Quality People

Supporting and encouraging our staff members to excel and advance in their careers
Using creative approaches to attract and retain quality people

Build an Effective Team

Working together to build relationships and help each other succeed

Lead By Example

Focusing on continuous leadership development

Maximize Regionally compatible Information Technologies

Allocating resources to participate in the creation of
regionally compatible information systems

Build Relationships Through Effective Communication

Increasing the frequency and quality of communication

Strengthen & Promote Community Partnerships

Working with our partners to find creative solutions for meeting people's needs





MUSKOKA ALGONQUIN HEALTHCARE

Proudly serving our communities through quality healthcare

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