
Financial statements of
Toronto Central Local Health
Integration Network
O/A Home and Community Care
Support Services Toronto Central

March 31, 2022

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations and changes in net assets	4
Statement of cash flows	5
Notes to the financial statements	6-11

Independent Auditor's Report

To the Members of the Board of Directors of the
Toronto Central Local Health Integration Network
O/A Home and Community Care Support Services Toronto Central

Audit Opinion

We have audited the accompanying financial statements of Toronto Central Local Health Integration Network O/A Home and Community Care Support Services Toronto Central (the "LHIN"), which comprise the statement of financial position as at March 31, 2022 and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2022, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the LHIN 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 the LHIN'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 LHIN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the LHIN'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 GAAS 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 GAAS, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LHIN'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 LHIN's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LHIN 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 22, 2022

Toronto Central Local Health Integration Network
O/A Home and Community Care Support Services Toronto Central
Statement of financial position
As at March 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		9,744,212	20,498,265
Due from Ministry of Health ("MOH")		12,897,700	649,361,743
Accounts receivable		1,264,079	1,741,125
Prepaid expenses		244,901	338,756
		24,150,892	671,832,388
Capital assets	4	250,021	294,801
		24,400,913	672,234,690
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		20,493,020	21,783,996
Due to MOH	5	3,820,774	2,244,950
Due to Health Service Providers ("HSPs")		—	647,910,943
		24,313,794	671,939,889
Deferred capital contributions	6	250,021	294,801
		24,563,815	672,234,690
Commitments and contingencies	7 and 8		
Net assets		(162,902)	—
		24,400,913	672,234,690

The accompanying notes are an integral part of the financial statements.

Approved by the Board



Joe Parker, Board Chair



Kate Fyfe, Finance, Audit and Information Committee Chair

Toronto Central Local Health Integration Network
O/A Home and Community Care Support Services Toronto Central
Statement of operations and changes in net assets
Year ended March 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Revenue from continuing operations			
MOH funding		301,416,160	274,511,185
Ontario Health Cancer Care Division		741,727	786,572
Amortization of deferred capital contributions	6	44,780	91,553
Other revenue		324,361	340,359
		302,527,028	275,729,669
Revenue from transferred operations	3		
MOH transfer payments		—	7,482,990,884
MOH funding - operations and initiatives		—	2,977,237
Total Revenue		302,527,028	7,761,697,790
Expenses			
Expenses from continuation operations			
Contracted out			
In-home/clinic services		216,814,384	188,071,156
Hospice services		5,442,121	4,259,407
School services		2,614,912	1,459,758
Salaries and benefits		57,634,755	60,791,373
Medical supplies		12,979,222	13,414,000
Medical equipment rental		3,342,118	2,801,058
Supplies and sundry		2,160,732	2,774,301
Building and grounds		1,656,906	2,067,063
Amortization		44,780	91,553
		302,689,930	275,729,669
Expenses from transferred operations	3		
HSP transfer payments		—	7,482,990,884
Salaries and benefits		—	1,987,421
Supplies and sundry		—	989,816
Total expenses		302,689,930	7,761,697,790
Deficiency of revenue over expenses		(162,902)	—
Net assets, beginning of year		—	—
Net assets, end of year		(162,902)	—

The accompanying notes are an integral part of the financial statements.

Toronto Central Local Health Integration Network
O/A Home and Community Care Support Services Toronto Central
Statement of cash flows
Year ended March 31, 2022

	Notes	2022	2021
		\$	\$
Operating activities			
Deficiency of revenue over expenses		(162,902)	—
Less amounts not affecting cash			
Amortization of capital assets		44,780	91,553
Amortization of deferred capital contributions	6	(44,780)	(91,553)
		(162,902)	—
Changes in non-cash operating working capital items	9	(10,591,151)	(1,938,409)
Net decrease in cash		(10,754,053)	(1,938,409)
Cash, beginning of year		20,498,265	22,436,674
Cash, end of year		9,744,212	20,498,265

The accompanying notes are an integral part of the financial statements.

1. Description of business

The Toronto Central Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act, 2006* (the "Act") as the Toronto Central Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. On March 17, 2021 in accordance with subsection 40 (1) of the *Connecting Care Act, 2019* (the "Act") the Ontario Minister of Health issued a transfer order to the LHIN which transferred certain assets, liabilities, rights and obligations of the LHIN, primarily those associated with planning, funding and integration of the local health system in its geographic area, to Ontario Health. In addition certain staff positions of the LHIN were also transferred to Ontario Health. As an agent of the Crown, the LHIN is not subject to income taxation.

Operating as Home and Community Care Support Services Toronto Central, the LHIN is responsible for the provision of home and community care services within its geographic area. The Board of Directors of Ontario Health ("OH") were appointed to constitute the Board of Directors of the LHIN on March 8, 2018. The OH Board continued in this capacity until July 1, 2021 when a new Board of Directors was appointed effective July 1, 2021.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandate of the LHIN is as follows:

Provision of community services

These services include health and related services, medical supplies and equipment for the care of persons in home and community settings and to provide goods and services to assist caregivers in the provision of care for such persons, to manage the placement of persons into long-term care homes, supportive housing programs, chronic care and rehabilitation beds in hospitals, and to provide information to the public about, and make referrals to, health and social services.

The LHIN has entered into an Accountability Agreement with the ministry of health ("MOH") which provides the framework for LHIN accountabilities and activities.

The Connecting People to Home and Community Care Act, 2020 was proclaimed into force on May 1, 2022. This means that on May 1, 2022 legislative amendments to the Connecting Care Act, 2019 relating to home and community care will be proclaimed into force. The Home Care and Community Services Act, 1994 and its regulations will be repealed and no longer in force. Most provisions of the new Home and Community Care Services Regulation under the Connecting Care Act, 2019 will come into force. Some provisions will come into force on September 1, 2022.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations including the 4200 series standards, as issued by the Public Sector Accounting Board. Significant accounting policies adopted by the LHIN are as follows:

Revenue recognition

The LHIN follows the deferral method of accounting for contributions. Contributions from the MOH represent externally restricted contributions which must be spent within the fiscal year provided. Unspent contributions from the MOH are set up as repayable to the MOH at the end of the year. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Ministry of Health funding

The LHIN is funded by the Province of Ontario in accordance with the Ministry-LHIN Accountability Agreement ("MLAA"), which describes budgetary arrangements established by the MOH. The Financial Statements reflect funding arrangements approved by the MOH. The LHIN cannot authorize payments in excess of the budgetary allocation set by the MOH. Due to the nature of the Accountability Agreement, the LHIN is economically dependent on the MOH.

LHIN Financial Statements include LHIN operating funds included in the Ministry-LHIN Accountability Agreement.

Capital assets

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated lives of an asset, are capitalized.

Capital assets are amortized on a straight-line basis based on their estimated useful lives as follows:

Furniture and equipment	5 years
Computer and communications equipment	3 years
Client serving equipment	5 years
Leasehold improvements	Life of lease

For assets acquired or brought into use, during the year, amortization is provided for a full year.

Deferred capital contributions

Contributions received for the purchase of capital assets are deferred and are amortized to income at the same rate as the corresponding capital asset.

Financial instruments

Financial assets and liabilities are measured at amortized cost, with the exception of cash that is measured at fair value. Financial instruments measured at amortized cost are initially recognized at cost, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

2. Significant accounting policies (continued)

Financial instruments (continued)

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of operations and changes in net assets.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include depreciation rates for capital assets and certain accruals. Actual results could differ from those estimates.

3. Restructuring

On March 17, 2021 in accordance with subsection 40 (1) of the Connecting Care Act, 2019 (the Ontario Minister of Health issued a transfer order to the LHIN which transferred certain assets, liabilities, rights and obligations of the LHIN, primarily those associated with planning, funding and integration of the local health system in its geographic area, to Ontario Health. In addition certain staff positions of the LHIN were also transferred to Ontario Health.

The LHIN has reported and disclosed the impact of the restructuring in accordance with Public Sector Accounting Standards section 3430 Restructuring Transactions. The revenue and expenses of the prior year relating to the restructured activities have been separately disclosed in the Statement of Operations. The net effect of the restructuring is \$0. The liabilities transferred to Ontario Health relate primarily to employee salaries and benefits for the staff positions transferred and were immaterial.

4. Capital assets

	Cost	Accumulated depreciation	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Computer and communication equipment	13,802,756	(13,802,756)	—	—
Leasehold improvements	4,304,402	(4,054,381)	250,021	294,801
Furniture and equipment	2,160,107	(2,160,107)	—	—
Client serving equipment	233,866	(233,866)	—	—
	20,501,131	(20,251,110)	250,021	294,801

Toronto Central Local Health Integration Network
O/A Home and Community Care Support Services Toronto Central
Notes to the financial statements
 March 31, 2022

5. Due to MOH

In accordance with the MLAA, the LHIN is required to be in a balanced position at year end. Any funding received in excess of expenses incurred, is required to be returned to the MOH. All interest income earned by the LHIN is payable to the MOH.

The amount due to the MOH at March 31 is made up as follows:

	2022	2021
	\$	\$
Due to MOH, beginning of year	2,244,950	1,955,354
Funding repayable to the MOH related to current year activities	1,575,824	289,596
Due to MOH, end of year	3,820,774	2,244,950

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. Deferred capital contributions are amortized to income at the same rate as the corresponding capital asset. The changes in the deferred capital contributions balance are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	294,801	386,354
Amortization for the year	(44,780)	(91,553)
Balance, end of year	250,021	294,801

7. Commitments

The LHIN has commitments under various operating leases as follows:

	\$
2023	1,867,644
2024	1,751,949
2025	1,635,615
2026	1,652,619
2027	1,669,964
Thereafter	981,847
	9,559,638

8. Contingencies

The LHIN has been named as defendants in various claims. Management believes any liability resulting from these actions would be adequately covered by existing liability insurance.

9. Change in non-cash working capital items

	2022	2021
	\$	\$
Due from MOH	(11,446,900)	(1,233,500)
Accounts receivable	477,046	(502,691)
Prepaid expenses	93,855	144,582
Accounts payable and accrued liabilities	(1,290,976)	(636,396)
Due to MOH	1,575,824	289,596
Total change in non-cash working capital items	(10,591,151)	(1,938,409)

10. Pension Plan

The LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 610 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2022 was \$4,238,111 (\$5,248,085 in 2021) for current service costs and is included as an expense in the statement of operations and changes in net assets. The last actuarial valuation was completed for the plan as of December 31, 2021. At that time, the plan was 120% funded.

11. Financial risk

The LHIN through its exposure to financial assets and liabilities, has exposure to credit risk and liquidity risk as follows:

- (i) Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and incur a financial loss. The maximum exposure to credit risk is the carrying value reported in the statement of financial position. Credit risk is mitigated through collection practices and the diverse nature of amounts with accounts receivable.
- (ii) Liquidity risk is the risk that the LHIN will not be able to meet all cash flow obligations as they come due. The LHIN mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis.

12. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favor of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s.28 of the Financial Administration Act.

13. Contingencies

The LHIN has been named as defendants in various claims. Management believes any liability resulting from these actions would be adequately covered by existing liability insurance.

14. Comparative figures

Certain of prior year's comparative figures have been reclassified to conform with current year's presentation.