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

March 31, 2022

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Independent Auditor's Report

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

Audit Opinion

We have audited the accompanying financial statements of Central Local Health Integration Network O/A Home and Community Care Support Services 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

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

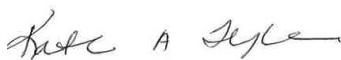
	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		30,123,822	26,159,973
Due from Ministry of Health ("MOH")		—	194,825,989
Accounts receivable		17,487,602	17,787,945
Prepaid expenses		1,083,942	949,227
		48,695,366	239,723,134
Capital assets	4	1,707,691	2,216,500
		50,403,057	241,939,634
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		38,038,788	32,650,229
Due to MOH	5	12,486,988	12,246,916
Due to Health Service Providers ("HSPs")		—	194,825,989
		50,525,776	239,723,134
Deferred capital contributions	6	1,707,691	2,216,500
		52,233,467	241,939,634
Commitments and contingencies	7 and 8		
Net assets		(1,830,410)	—
		50,403,057	241,939,634

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

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

	Notes	2022 \$	2021 \$
Revenue			
Revenue from continuing Operations			
MOH funding		436,859,953	389,348,540
Ontario Health Cancer Care Division		1,613,040	1,938,694
Amortization of deferred capital contributions	6	508,809	566,910
Other revenue		42,256	287,448
		439,024,058	392,141,592
Revenue from transferred operations	3		
MOH transfer payments		—	2,582,708,129
MOH funding - operations and initiatives		—	1,454,802
		439,024,058	2,976,304,523
Expenses			
Expenses form continuing operations			
Contracted out			
In-home/clinic services		332,229,408	286,750,529
School services		4,533,384	2,753,138
Hospice services		5,219,038	2,831,926
Salaries and benefits		73,757,519	71,178,356
Medical supplies		17,141,693	19,355,661
Medical equipment rental		2,330,318	2,630,044
Supplies and sundry		2,208,844	3,070,861
Building and grounds		2,925,455	3,004,167
Amortization		508,809	566,910
		440,854,468	392,141,592
Expenses from transferred operations	3		
HSP transfer payments		—	2,582,708,129
Salaries and benefits		—	1,276,787
Supplies and Sundry		—	178,015
		440,854,468	2,976,304,523
Excess of expenses over revenue		(1,830,410)	—
Net assets, beginning of year		—	—
Net assets, end of year		(1,830,410)	—

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

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

	Notes	2022	2021
		\$	\$
Operating activities			
Excess of expenses over revenue		(1,830,410)	—
Less amounts not affecting cash			
Amortization of capital assets		508,809	566,910
Amortization of deferred capital contributions	6	(508,809)	(566,910)
		(1,830,410)	—
Changes in non-cash working capital items	9	5,794,259	(6,106,107)
Net increase (decrease) in cash		3,963,849	(6,106,107)
Cash, beginning of year		26,159,973	32,266,080
Cash, end of year		30,123,822	26,159,973

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

1. Description of business

The Central Local Health Integration Network was incorporated by letters patent on June 2, 2005 as a corporation without share capital. Following Royal Assent on March 28, 2006 to the *Local Health System Integration Act, 2006, S.O. 2006, c. 4 - Bill 36*, it was continued as the Central Local Health Integration Network ("LHIN") and the letters patent issued to constitute the corporation continued by this Act were extinguished.

Effective June 21, 2017, the Minister of Health and Long-Term Care issued a transfer order under section 34.2 of the *Local Health System Integration Act, 2006 ("LHSIA")* and ordered all assets, liabilities, rights and obligations, and all records relating thereto, and all employees of the Central Community Care Access Centre and related records, rights and obligations to be transferred from the Central Community Care Access Centre to the Central LHIN.

On March 7, 2019, the Orders in Council appointing individuals to the Board of Directors of the Central LHIN were revoked, and members of the Board of Directors of Ontario Health ("OH") were cross-appointed to the Central LHIN. The OH Board continued in this capacity until July 1, 2021 when individuals newly appointed to the Central LHIN Board of Directors took effect.

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

On July 8, 2020, the *Connecting People to Home and Community Care Act, 2020* received Royal Assent. This Act made legislative amendments to the *Connecting Care Act, 2019* relating to home and community care and, on May 1, 2022, O. Reg. 187/22 Home and Community Care Services under the *Connecting Care Act, 2019* was proclaimed into force. On the same day, the *Home Care and Community Services Act, 1994* and regulations thereunder were repealed and are no longer in force. Most provisions of O. Reg. 187/22 have come into force, and some provisions are anticipated to come into force on September 1, 2022.

The Central LHIN is a Crown agent and may exercise its powers only as an agent of the Crown. Limits on the Central LHIN's ability to undertake certain activities are set out in LHSIA. As an agent of the Crown, the Central LHIN is not subject to income taxation.

Central LHIN now operates under the business name Home and Community Care Support Services Central and is responsible for the provision of home and community care services within its geographic area.

The mandate of the Central LHIN includes the following:

Provision of community services

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

The Central LHIN has entered into an Accountability Agreement with the Ministry of Health ("MOH"), as required under section 18 of LHSIA, and a Memorandum of Understanding, which provides the framework for Central LHIN's accountabilities and activities.

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 approved by the MOH to support LHIN managed Health Services Providers and the operations of the LHIN. The LHIN cannot authorize payments in excess of the budgetary allocation set by the MOH in the MLAA. 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 life of an asset, are capitalized

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

Furniture and equipment	5 years
Computer equipment and software	3 years
Leasehold improvements	Over the term of the lease

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.

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.

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

2. Significant accounting policies (continued)

Financial instruments (continued)

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue 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 and changes in net assets. The net effect of the restructuring is \$nil. 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 amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Computer equipment	1,132,749	1,130,336	2,413	43,491
Computer software	1,206,269	1,206,269	—	—
Leasehold improvements	3,325,848	1,974,559	1,351,289	1,585,274
Furniture and equipment	3,078,742	2,724,753	353,989	587,735
	8,743,608	7,035,917	1,707,691	2,216,500

Central Local Health Integration Network
O/A Home and Community Care Support Services 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	12,246,916	4,728,518
Funding repayable to the MOH related to current year activities	240,072	7,518,398
Due to MOH, end of year	12,486,988	12,246,916

6. Deferred capital contributions

The changes in the deferred capital contributions balance are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	2,216,500	2,783,410
Amortization for the year	(508,809)	(566,910)
Balance, end of year	1,707,691	2,216,500

7. Commitments

The LHIN has commitments under various operating leases as follows:

	\$
2023	1,634,988
2024	1,668,052
2025	1,617,333
2026	1,571,061
2027	1,561,306
Thereafter	1,174,765
	9,227,505

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
	\$	\$
Accounts receivable	300,343	(15,839,816)
Prepaid expenses	(134,715)	338,215
Accounts payable and accrued liabilities	5,388,559	1,877,096
Due to MOH	240,072	7,518,398
Total change in non-cash working capital items	5,794,259	(6,106,107)

10. Pension plan

The LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 750 members of its staff. The plan is 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 \$5,152,382 (\$5,144,531 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:

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.

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 Comparative figures

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