
Financial statements of
North Simcoe Muskoka Local Health
Integration Network

March 31, 2019

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Independent Auditor's Report

To the Board of Directors of
North Simcoe Muskoka Local Health Integration Network

Audit Opinion

We have audited the accompanying financial statements of North Simcoe Muskoka Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2019 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"). We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2019, 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

The image shows a handwritten signature in cursive that reads "Deloitte LLP". The signature is written in black ink and is positioned above the printed text of the firm's name and date.

Chartered Professional Accountants
Licensed Public Accountants
June 14, 2019

North Simcoe Muskoka Local Health Integration Network

Statement of financial position

As at March 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		14,294,306	12,632,344
Due from Ministry of Health and Long-Term Care ("MOHLTC")	13	1,541,433	4,028,807
Due from Central West LHIN	4	39,059	—
Accounts receivable		736,810	1,446,338
Prepaid expenses		252,947	310,136
		16,864,555	18,417,625
Rental, security and benefit deposits		88,856	84,414
Capital assets	6	86,391	149,649
		17,039,802	18,651,688
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		13,687,176	12,343,019
Due to Health Service Providers ("HSPs")	13	322,333	3,606,607
Due to MOHLTC	3	2,435,589	2,109,646
Due to Central West LHIN	4	—	7,992
Due to Cancer Care Ontario		68,010	15,539
Deferred revenue		84,161	17,362
		16,597,269	18,100,165
Post-employment benefits and compensated absences	11	1,361,200	1,364,800
Deferred capital contributions	7	86,391	149,649
		18,044,860	19,614,614
Commitments	8		
Net liabilities		(1,005,058)	(962,926)
		17,039,802	18,651,688

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

Approved by the Board of Directors:



William Hatanaka, Board Chair



Garry Foster, Audit Committee Chair

North Simcoe Muskoka Local Health Integration Network

Statement of operations

Year ended March 31, 2019

	Notes	2019 Actual \$	2018 Actual \$
Revenue			
MOHLTC funding – transfer payments	13	864,106,108	826,586,599
MOHLTC funding – Operations and Initiatives		111,682,148	101,841,146
Interest income		—	171,866
Amortization of deferred capital contributions	7	63,257	181,281
Other revenue		1,662,130	2,510,392
Total LHIN Operations, Initiatives, Amortization		113,407,535	104,704,685
		977,513,643	931,291,284
Expenses			
HSP transfer payments	13	864,106,108	826,586,599
Operations and initiatives			
Contracted out			
In-home/clinic services		62,162,466	58,114,577
School services		3,461,340	3,314,644
Hospice services		2,255,264	2,080,210
Other		842,751	783,324
Salaries and benefits		34,495,410	30,728,272
Medical supplies		5,053,156	4,029,606
Medical equipment rental		1,680,430	1,714,811
Supplies and sundry		1,251,823	1,536,983
Equipment – other		651,872	721,644
Building and ground		1,183,941	1,151,962
Amortization		63,257	181,281
Repairs and maintenance		305,825	306,548
LHIN Operations, Initiatives, Amortization		113,407,535	104,663,862
Total expenses		977,513,643	931,250,461
Excess of revenue over expenses before the undernoted		—	40,823
Unfunded employee benefit expense	11	3,600	(11,840)
Expenditures from care fund	17	(45,732)	(35,723)
Net liabilities assumed on transition		—	(956,186)
Excess of expenses over revenue		(42,132)	(962,926)

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

North Simcoe Muskoka Local Health Integration Network

Statement of changes in net financial assets

Year ended March 31, 2019

	Unrestricted	Care Fund	Employee	2019	2018
	\$	\$	benefits	Total	Actual
	\$	\$	\$	\$	\$
Net assets, beginning of year	—	401,874	(1,364,800)	(962,926)	—
Excess of (expenses over revenue) revenue over expenses before the undernoted	—	(45,732)	3,600	(42,132)	(6,740)
Net liabilities assumed on transition	—	—	—	—	(956,186)
Net liabilities, end of year	—	356,142	(1,361,200)	(1,005,058)	(962,926)

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

North Simcoe Muskoka Local Health Integration Network

Statement of cash flows

Year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of expenses over revenue	(42,132)	(962,926)
Cash received on transition	—	10,919,668
Net liabilities assumed on transition	—	956,186
Less amounts not affecting cash		
Amortization of capital assets	63,257	181,281
Amortization of deferred capital contributions	(63,257)	(181,281)
	(42,132)	10,912,928
Changes in non-cash working capital items	1,704,094	1,136,206
	1,661,962	12,049,134
Investing activities		
Purchase of capital assets	—	(45,949)
Increase in deferred contributions	—	45,949
	—	—
Net increase in cash	1,661,962	12,049,134
Cash, beginning of year	12,632,344	583,210
Cash, end of year	14,294,306	12,632,344

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

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

1. Description of business

The North Simcoe Muskoka 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 North Simcoe Muskoka Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

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:

- (a) Plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the municipalities of Muskoka, most of Simcoe County, and part of Grey County. The LHIN enters into service accountability agreements with health service providers.

The LHIN has also entered into an accountability agreement with the Ministry of Health and Long-Term Care ("MOHLTC"), which provides the framework for LHIN accountabilities and activities.

All funding payments to LHIN managed Health Service Providers are flowed through the LHIN's financial statements. Funding payments authorized by the LHIN to Health Service Providers, are recorded in the LHIN's Financial Statements as revenue from the MOHLTC and as transfer payment expenses to Health Service Providers.

- (b) Provision of home and community services include health and related social 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.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards including the 4200 series standards for government not-for-profit organizations 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 MOHLTC represent externally restricted contributions which must be spent within the fiscal year provided. Unspent contributions from the MOHLTC are set up as repayable to the MOHLTC 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 and Long-Term Care 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 MOHLTC. The Financial Statements reflect funding arrangements approved by the MOHLTC. The LHIN cannot authorize payments in excess of the budgetary allocation set by the MOHLTC. Due to the nature of the Accountability Agreement, the LHIN is economically dependent on the MOHLTC.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

2. Significant accounting policies (continued)

Transfer payment amounts to Health Service Providers are based on the terms of the Health Service Provider Accountability Agreements with the LHIN, including any amendments made throughout the year. During the year, the LHIN authorizes the transfer of cash to the Health Service Providers. The cash associated with the transfer payment flows directly from the MOHLTC and does not flow through the LHIN bank account.

LHIN Financial Statements do not include transfer payment funds not included in the Ministry-LHIN Accountability Agreement.

Capital assets

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expenses when incurred. 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:

Computer Equipment	4 years
Computer Software	3 years
Equipment	5 years
Leasehold improvement	Life of lease
Furniture and fixtures	10 years
Telephone system	10 years

Deferred capital contributions

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

Employment benefits and compensated absences

The LHIN provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health, dental and insurance and non-vesting sick leave. The LHIN has adopted the following policies with respect to accounting for these employee benefits:

- (a) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, expected salary escalation, retirement ages of employees and discount rates. Adjustments to these costs arising from the changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis.
- (b) The costs of multi-employer defined benefit pension are the employer's contributions due to the plan in the period.
- (c) The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.
- (d) The discount rate used in the determination of the above liabilities is management's best estimate of the LHIN's cost of borrowing.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

2. Significant accounting policies (continued)

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. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of Operations.

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. Funding repayable to the MOHLTC

In accordance with the MLAA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

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

	2019	2018
	\$	\$
Due to MOHLTC, beginning of year	2,109,646	119,762
Due to MOHLTC acquired from NSM CCAC	—	2,406,743
Funding adjustment related to prior year activities	(422,200)	—
Funding repaid to MOHLTC during the current year	(11,754)	(2,266,648)
Interest earned on bank balances	358,446	—
Funding repayable to the MOHLTC related to current year activities	401,451	1,849,789
Due to MOHLTC, end of year	2,435,589	2,109,646

4. Enabling Technologies for Integration Project Management Office

Effective February 1, 2012, the LHIN entered into an agreement with Central, Central West, Central East, Toronto Central, and Mississauga Halton LHINs (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

4. Enabling Technologies for Integration Project Management Office (continued)

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN received funding from Central West LHIN of \$250,378 (\$379,500 in 2018). The LHIN incurred eligible expenditures related to this funding totalling \$289,437 (\$371,508 in 2018). The remaining amount receivable of \$39,059 (payable of 7,992 in 2018) is reported as due from (to in 2018) Central West LHIN on the statement of financial position.

5. Related party transactions

Health Shared Services Ontario (HSSO)

HSSO is a provincial agency established January 1, 2017 by O. Reg. 456/16 made under the Local Health System Integration Act, 2006 with objects to provide shared services to LHINs in areas that include human resources management, logistics, finance and administration and procurement. HSSO as a provincial agency is subject to legislation, policies and directives of the Government of Ontario and the Memorandum of Understanding between HSSO and the Minister of Health and Long-Term Care.

6. Capital assets

	Cost \$	Accumulated depreciation \$	2019 Net book value \$	2018 Net book value \$
Computer equipment	270,314	207,833	62,481	84,292
Computer software	124,147	124,147	—	—
Equipment	328,070	316,178	11,892	16,648
Leasehold improvements	2,095,831	2,092,898	2,933	15,390
Furniture and fixtures	1,249,230	1,245,251	3,979	23,107
Phone system	538,086	532,980	5,106	10,212
	4,605,678	4,519,287	86,391	149,649

7. Deferred capital contributions

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

	2019 \$	2018 \$
Balance, beginning of year	149,648	125,705
Capital contributions acquired from NSM CCAC	—	159,276
Capital contributions received during the year	—	45,948
Amortization for the year	(63,257)	(181,281)
Balance, end of year	86,391	149,648

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

8. Lease commitments

The LHIN has commitments under various operating leases expiring 2023 as follows:

	\$
2020	1,281,704
2021	945,186
2022	427,214
2023	28,090
	<u>2,682,194</u>

9. Contingencies

The LHIN enters into accountability agreements with Health Service Providers, which include planned funding targets. The actual funding provided by the LHIN is contingent on the MOHLTC providing the funding.

The LHIN has been named as defendants in various claims. Based on the opinion of legal counsel as to the realistic estimates of the merits of these actions and the LHINs potential liability, management believes any liability resulting from these actions would be adequately covered by existing liability insurance.

10. Additional information to the statement of cash flows

	2019 \$	2018 \$
Due from MOHLTC	2,487,374	(3,361,016)
Due from Central West LHIN	(39,059)	—
Accounts receivable	709,528	(569,176)
Prepaid expenses	57,189	289,061
Rental security deposit	(4,442)	(84,414)
Accounts payable and accrued liabilities	1,344,157	1,889,807
Due to Health Service Providers ("HSP's")	(3,284,274)	3,455,607
Due to MOHLTC	325,943	(175,721)
Due to Central West LHIN	(7,992)	(3,838)
Due to Cancer Care Ontario	52,471	15,539
Deferred revenue	66,799	(331,483)
Employee future benefits	(3,600)	11,840
Total change in non-cash operating items	<u>1,704,094</u>	<u>1,136,206</u>

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

11. Post-employment benefits and compensated absences liabilities

The LHIN records estimated post-employment benefits and compensated absences in the year they are earned. These liabilities are actuarially determined.

Post-employment benefits

The LHIN extends post-employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The LHIN contributes 50% towards the premiums for these benefits for its non-union retirees. The LHIN recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation for accounting purposes as at March 31, 2019.

The major actuarial assumptions employed for the valuations are as follows:

	\$
Salary grid placement	2.00%
Health care cost escalation	6.00%
Dental costs escalation	2.75%
Discount on accrued benefit obligations	3.10%

Non-vesting sick leave

The LHIN allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation for accounting purposes as at March 31, 2019.

The assumptions used in the valuation of non-vesting sick leave are the LHIN's best estimates of expected rates of:

	\$
Salary grid placement	2.00%
Discount rates	3.10%

The post-employment liability is determined as follows:

	Post-employment benefits \$	Non-vesting sick leave \$	Total liability \$
Accrued employee future benefit obligations	799,400	491,700	1,291,100
Unamortized actuarial losses	183,900	(113,800)	70,100
Total liability	983,300	377,900	1,361,200

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

11. Post-employment benefits and compensated absences liabilities (continued)

Non-vesting sick leave (continued)

The benefit expense for the year is as follows:

	Post- employment benefits \$	Non- vesting sick leave \$	Total expense \$
Current period benefit cost	30,900	66,800	97,700
Interest on accrued benefit obligation	24,500	15,600	40,100
Amortized actuarial losses/gains	(19,000)	10,200	(8,800)
Total actuarial expense	36,400	92,600	129,000

The unfunded portion of benefit expense of \$(3,600), (\$11,840 in 2018)

12. Pension plan

The LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 430 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 2019 was \$2,505,359 (\$2,252,581 in 2018) for current service costs and is included as an expense in the 2018 Statement of Financial Operations. The last actuarial valuation was completed for the plan as of December 31, 2018. At that time, the plan was fully funded.

13. Transfer payment to HSPs

The LHIN has authorization to allocate funding of \$864,106,108 (\$826,586,599 in 2018) to various HSPs in its geographic area. The LHIN approved transfer payments to various sectors in 2018 as follows:

	2019 \$	2018 \$
Operations of hospitals	493,927,605	465,319,108
Grants to compensate for municipal taxation – public hospitals	79,500	77,625
Long-Term Care Homes	156,681,645	150,505,848
Community Care Access Centres	–	9,179,465
Community support services	16,910,992	15,614,653
Assisted living services in supportive housing	12,372,595	9,670,159
Community health centres	12,394,177	12,741,392
Community mental health	32,729,564	29,203,855
Addictions program	7,077,662	6,153,542
Specialty psychiatric hospitals	130,700,664	126,887,428
Grants to compensate for municipal taxation – psychiatric hospitals	23,400	23,400
Acquired brain injury	1,208,304	1,210,124
	864,106,108	826,586,599

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2019

13. Transfer payment to HSPs (continued)

The LHIN receives funding from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2019, an amount of \$322,333 (\$3,606,607 in 2018) was receivable from the MOHLTC and included as due from the MOHLTC in the statement of financial position. The amount of \$322,333 was payable to HSPs and is included in the table above. Amounts have been reflected as revenue and expenses in the statement of operations.

Effective May 3, 2017 the LHIN assumed the assets, liabilities, rights and obligations of the North Simcoe Muskoka CCAC. The 2018 comparative amounts reported in respect of Community Care Access Centres (CCAC) in the table above represents funding provided to the CCAC up to the date of the transfer.

14. 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.

15. 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.

16. Board expenses

The following provides the details of Board expenses reported in the statement of operations:

	2019	2018
	\$	\$
Board Chair per diem expenses	31,850	56,359
Other Board members' per diem expenses	35,750	80,504
Other governance and travel	10,475	28,238
	78,075	165,101

17. Care Fund

The Care Fund is an internally restricted fund. Charitable donations received by the CCAC are used to support Care Fund activities. The Care Fund is used to support patient needs including caregiver respite and the purchase of medical equipment. Funds are also used to support staff education and organizational development activities.

18. The People's Health Care Act

On April 18, 2019, *The People's Health Care Act* (the "Act") received Royal Assent. This legislation is a key component of the government's plan to build a modern, sustainable and integrated health care system. The Act grants the Minister of Health and Long-Term Care (the "Minister") the power to transfer assets, liabilities, rights, obligations and employees of certain government organizations, including the LHIN, into Ontario Health (a new Crown Agency created by the Act), a health service provider, or an integrated care delivery system. The Act also grants the Minister the power to dissolve these organizations.

On March 8, 2019, the members of the board of directors of Ontario Health were appointed to also constitute the board of the LHIN. The board of directors of Ontario Health is tasked with overseeing the transition process of transferring multiple provincial agencies into Ontario Health. Following the transfer the LHIN would be dissolved.

The transition process is expected to occur over a number of years. A potential transfer and dissolution date is currently unknown. In the meantime, the LHIN continues to operate as required under the Local Health System Integration Act, 2006 and in accordance with its accountability agreement with the Minister.