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Financial statements of  
North Simcoe Muskoka Local Health  
Integration Network

March 31, 2021

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Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net financial assets	5
Statement of cash flows	6
Notes to the financial statements	7-15

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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, 2021 and the statements of operations and changes in net financial 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, 2021, and the results of its operations, changes in financial 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 23, 2021

# North Simcoe Muskoka Local Health Integration Network

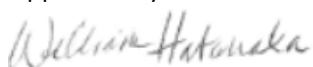
## Statement of financial position

As at March 31, 2021

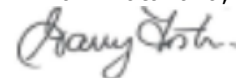
	Notes	2021 \$	2020 \$
<b>Assets</b>			
Current assets			
Cash		<b>18,276,344</b>	16,347,663
Due from Ministry of Health ("MOH")	12	<b>80,125,467</b>	4,825,043
Accounts receivable		<b>2,616,441</b>	704,377
Prepaid expenses		<b>506,297</b>	490,571
		<b>101,524,549</b>	22,367,654
Capital assets			
	5	<b>21,857</b>	49,797
		<b>101,546,406</b>	22,417,451
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>11,413,608</b>	11,834,387
Due to Health Service Providers ("HSPs")	12	<b>80,125,467</b>	4,825,043
Due to MOH	3	<b>9,748,016</b>	5,463,201
Deferred revenue		<b>106,771</b>	98,089
		<b>101,393,862</b>	22,220,720
Employee future benefits	10	<b>1,355,900</b>	1,362,400
Deferred capital contributions	6	<b>21,857</b>	49,797
		<b>102,771,619</b>	23,632,917
Commitments and contingencies	7 and 8		
<b>Net liabilities</b>		<b>(1,225,213)</b>	(1,215,466)
		<b>101,546,406</b>	22,417,451

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

Approved by the Board



William Hatanaka, Board Chair



Garry Foster, Audit Committee Chair

# North Simcoe Muskoka Local Health Integration Network

## Statement of operations

Year ended March 31, 2021

	Notes	2021 \$	2020 \$
<b>Revenue</b>			
MOH funding – transfer payments	12	<b>1,067,653,028</b>	887,400,597
MOH funding – operations and initiatives		<b>118,878,033</b>	111,745,795
Ontario Health Cancer Care Division	4	<b>544,886</b>	549,196
Amortization of deferred capital contributions	6	<b>27,940</b>	36,594
Other recoveries	4	<b>156,629</b>	411,786
		<b>119,607,488</b>	112,743,371
Total revenue		<b>1,187,260,516</b>	1,000,143,968
<b>Expenses</b>			
HSP transfer payments	12	<b>1,067,653,028</b>	887,400,597
Operations and initiatives			
Contracted out			
In-home/clinic services		<b>68,379,250</b>	62,675,520
School services		<b>1,068,782</b>	2,733,113
Hospice services		<b>3,903,561</b>	2,347,214
Salaries and benefits		<b>32,248,741</b>	33,272,057
Medical supplies		<b>8,204,453</b>	5,771,904
Medical equipment rental		<b>2,947,286</b>	2,137,529
Supplies and sundry	4	<b>2,827,475</b>	3,769,440
Amortization		<b>27,940</b>	36,594
		<b>119,607,488</b>	112,743,371
Total expenses		<b>1,187,260,516</b>	1,000,143,968
Excess of revenue over expenses before the undernoted		–	–
Unfunded employee benefit expense	10	<b>6,500</b>	(1,200)
Expense from care fund	15	<b>(16,247)</b>	(209,208)
<b>Excess of expenses over revenue</b>		<b>(9,747)</b>	(210,408)

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, 2021

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	<b>Care Fund \$</b>	<b>Employee benefits \$</b>	<b>2021 Total \$</b>
<b>Net assets, beginning of year</b>	<b>146,934</b>	<b>(1,362,400)</b>	<b>(1,215,466)</b>
Excess of (expenses over revenue) revenue over expenses before the undernoted	<b>(16,247)</b>	<b>6,500</b>	<b>(9,747)</b>
<b>Net assets, end of year</b>	<b>130,687</b>	<b>(1,355,900)</b>	<b>(1,225,213)</b>

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, 2021

	Notes	2021 \$	2020 \$
<b>Operating activities</b>			
Excess of expenses over revenue		(9,747)	(210,408)
Less amounts not affecting cash			
Amortization of capital assets		27,940	36,594
Amortization of deferred capital contributions	6	(27,940)	(36,594)
		(9,747)	(210,408)
Changes in non-cash working capital items	9	1,938,428	2,263,765
Net increase in cash		1,928,681	2,053,357
Cash, beginning of year		16,347,663	14,294,306
<b>Cash, end of year</b>		<b>18,276,344</b>	<b>16,347,663</b>

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, 2021

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### 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 ("HSPs").

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

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

- (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.

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 related to the activities related to planning, funding and integration as described in (a) above to Ontario Health. In addition certain staff positions of the LHIN were also transferred to Ontario Health. The transfer became effective April 1, 2021.

Operating as Home and Community Care Support Services North Simcoe Muskoka the LHIN will continue to be responsible for the provision of home and community 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 will continue in this capacity until such time as a new Board is appointed.

A memorandum of understanding between the LHIN and OH outlining the process to be followed with respect to the transfer of certain assets and liabilities between the LHIN and OH under the transfer order is currently being developed. It is anticipated that the amounts involved will primarily be liabilities associated with employees transferred to OH and reassigned back to the LHIN as part of the transfer. The amounts of assets and liabilities transferred are not expected to be material (see note 4).

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

March 31, 2021

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### 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 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*

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 MLAA, the LHIN is economically dependent on the MOH.

Transfer payment amounts to HSPs 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 HSPs. The cash associated with the transfer payment flows directly from the MOH and does not flow through the LHIN bank account.

LHIN Financial Statements do not include transfer payment funds not included in the MLAA.

#### *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
Phone 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.

**2. Significant accounting policies (continued)**

*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.

*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.

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

March 31, 2021

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### 3. Funding repayable to the MOH

In accordance with the MCAA, 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 MOH.

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

	<b>2021</b>	2020
	<b>\$</b>	\$
Due to MOH, beginning of year	<b>5,463,201</b>	2,435,589
Funding adjustment related to prior year activities	<b>(2,675,692)</b>	—
Funding repaid to MOH during the current year	<b>—</b>	—
Interest earned on bank balances	<b>162,991</b>	407,381
Funding repayable to the MOH related to current year activities	<b>6,797,516</b>	2,620,231
Due to MOH, end of year	<b>9,748,016</b>	5,463,201

### 4. Related party transactions

#### *Ontario Health*

On May 30, 2019, the Connecting Care Act (the "CCA") was proclaimed with key sections of the Act, including the creation of a new Crown Agency called Ontario Health, effective June 6, 2019. Ontario Health is a related party to the LHIN through the common control of the Province of Ontario. On December 2, 2019, the LHIN signed a Memorandum of Understanding ("MOU") with Ontario Health and 11 non-home and community care employees of the LHIN were transferred to Ontario Health. Under the MOU, the LHIN continued to provide compensation and benefits to transferred employees.

During the year, the LHIN incurred \$1,854,616 (\$688,270 in 2020 for the period from December 2, 2019 to March 31, 2020) in salaries and benefits expense for the 11 transferred employees, of which \$108,314 (\$85,294 in 2020) remained in accounts payable and accrued liabilities as at year-end. All amounts were recorded at cost in the Statement of operations and changes in net assets and the Statement of financial position.

Due to a change in the scope of the transfer, effective April 1, 2021 2 employees previously transferred to OH on December 2, 2019 were assigned back to the LHIN.

During the year the LHIN recognized \$544,886 (\$549,196 in 2020) from OH (Cancer Care Division) which is reported as Ontario Health Cancer Care Division in the statement of operations. Additionally the LHIN recognized \$135,799 (\$195,180 in 2020) of Business Technology Infrastructure ("BTI") funding from OH which is included as other recoveries on the statement of operations, and incurred miscellaneous costs paid to OH of \$26,575 (\$20,201 in 2020) which are reported as supplies and sundry in the statement of operations. At year-end at total of \$44,761 (\$130,234 in 2020) due to OH is included in accounts payable and accrued liabilities.

#### *Other LHINS*

During year the LHIN recognized nil (\$104,238 in 2020) of revenue from Central West LHIN in respect of funding for enabling technologies and eReferral programs which is included as other recoveries in the statement of operations. Additionally during the year the LHIN incurred \$15,600 (\$15,000 in 2020) of expense related to translation services from the Champlain LHIN which are recorded in supplies and sundry in the statement of operations and of which \$7,500 (nil in 2020) is included in accounts payable and accrued charges at year-end.

## North Simcoe Muskoka Local Health Integration Network

### Notes to the financial statements

March 31, 2021

#### 5. Capital assets

	Cost \$	Accumulated depreciation \$	2021 Net book value \$	2020 Net book value \$
Computer equipment	259,375	239,896	19,479	40,674
Computer software	124,146	124,146	—	—
Equipment	68,841	66,463	2,378	7,134
Leasehold improvements	539,263	539,263	—	—
Furniture and fixtures	355,656	355,656	—	1,989
Phone system	538,086	538,086	—	—
	<b>1,885,367</b>	<b>1,863,510</b>	<b>21,857</b>	49,797

#### 6. Deferred capital contributions

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

	2021 \$	2020 \$
Balance, beginning of year	49,797	86,391
Capital contributions received during the year	—	—
Amortization for the year	(27,940)	(36,594)
Balance, end of year	<b>21,857</b>	49,797

#### 7. Commitments

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

	\$
2022	573,853
2023	40,339
	<u>614,192</u>

#### 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.

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

March 31, 2021

### 9. Change in non-cash working capital items

	2021 \$	2020 \$
Due from MOH	<b>(75,300,424)</b>	(4,502,710)
Accounts receivable	<b>(1,912,064)</b>	1,290,592
Prepaid expenses	<b>(15,726)</b>	(148,770)
Accounts payable and accrued liabilities	<b>(420,779)</b>	(1,920,799)
Due to HSPs	<b>75,300,424</b>	4,502,710
Due to MOH	<b>4,284,815</b>	3,027,614
Deferred revenue	<b>8,682</b>	13,927
Employee future benefits	<b>(6,500)</b>	1,200
Total change in non-cash working capital items	<b>1,938,428</b>	2,263,764

### 10. Employee future benefits

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, 2021.

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

	%
Salary grid placement	<b>2.00%</b>
Health care cost escalation	<b>5.57%</b>
Dental costs escalation	<b>3.00%</b>
Discount on accrued benefit obligations	<b>2.60%</b>

#### *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, 2021.

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

	%
Salary grid placement	<b>2.00%</b>
Discount rates	<b>2.60%</b>

## North Simcoe Muskoka Local Health Integration Network

### Notes to the financial statements

March 31, 2021

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#### 10. Employee future benefits (continued)

*Non-vesting sick leave (continued)*

The post-employment liability is determined as follows:

	<b>Post- employment benefits</b>	<b>Non- vesting sick leave</b>	<b>Total liability</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accrued employee future benefit obligations	<b>891,100</b>	<b>882,200</b>	<b>1,773,300</b>
Unamortized actuarial gains (losses)	<b>31,700</b>	<b>(449,100)</b>	<b>(417,400)</b>
Total liability	<b>922,800</b>	<b>433,100</b>	<b>1,355,900</b>

The benefit expense for the year is as follows:

	<b>Post- employment benefits</b>	<b>Non- vesting sick leave</b>	<b>Total expense</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current period benefit cost	<b>32,700</b>	<b>71,700</b>	<b>104,400</b>
Interest on accrued benefit obligation	<b>22,600</b>	<b>15,700</b>	<b>38,300</b>
Amortized actuarial (gains) losses	<b>(18,200)</b>	<b>10,600</b>	<b>(7,600)</b>
Total actuarial expense	<b>37,100</b>	<b>98,000</b>	<b>135,100</b>

The unfunded portion of benefit recovery is \$6,500, expense of \$1,200 in 2020).

#### 11. Pension plan

The LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 369 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 2021 was \$2,310,502 (\$2,438,758 in 2020) for current service costs and is included as an expense in the 2021 Statement of Operations. The last actuarial valuation was completed for the plan as of December 31, 2020. At that time, the plan was fully funded.

## North Simcoe Muskoka Local Health Integration Network

### Notes to the financial statements

March 31, 2021

#### 12. Transfer payments to HSPs

The LHIN has authorization to allocate funding of \$1,067,653,028 (\$887,400,597 in 2020) to various HSPs in its geographic area. The LHIN approved transfer payments to various sectors in 2021 as follows:

	2021 \$	2020 \$
Operations of hospitals	<b>663,916,604</b>	505,773,788
Grants to compensate for municipal taxation – public hospitals	<b>79,500</b>	79,500
Long-Term Care Homes	<b>163,323,876</b>	159,635,325
Community support services	<b>20,352,912</b>	18,695,629
Assisted living services in supportive housing	<b>17,034,579</b>	15,902,606
Community health centres	<b>13,091,034</b>	13,311,519
Community mental health	<b>35,335,725</b>	32,541,758
Addictions program	<b>9,836,749</b>	8,219,596
Specialty psychiatric hospitals	<b>143,436,564</b>	132,007,664
Grants to compensate for municipal taxation – psychiatric hospitals	<b>23,400</b>	23,400
Acquired brain injury	<b>1,222,085</b>	1,209,812
	<b>1,067,653,028</b>	887,400,597

The LHIN receives funding from the MOH and in turn allocates it to the HSPs. As at March 31, 2021, an amount of \$80,125,467 (\$4,825,043 in 2020) was receivable from the MOH and included as due from the MOH in the statement of financial position. The amount of \$4,825,043 was payable to HSPs and is included in the table above. Amounts have been reflected as revenue and expenses in the statement of operations.

#### 13. 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.

#### 14. 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.



## **North Simcoe Muskoka Local Health Integration Network**

### **Notes to the financial statements**

March 31, 2021

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#### **15. Care Fund**

The Care Fund is an internally restricted fund. Charitable donations received by the former 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.

#### **16. Comparative figures**

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