
Financial statements of
Hamilton Niagara Haldimand Brant
Local Health Integration Network O/A
Home and Community Care Support
Services Hamilton Niagara
Haldimand Brant

March 31, 2022

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Independent Auditor's Report

To the Members of the Board of Directors of the
Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara Haldimand Brant

Audit Opinion

We have audited the accompanying financial statements of Hamilton Niagara Haldimand Brant Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2022 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").

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 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 22, 2022

**Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara
Haldimand Brant**

Statement of financial position

As at March 31, 2022

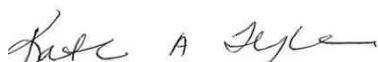
	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		23,997,392	28,545,162
Due from Ministry of Health ("MOH")		8,202,944	248,937,160
Accounts receivable		2,341,003	2,812,402
Prepaid expenses		2,482,934	2,966,759
		37,024,273	283,261,483
Capital assets	4	523,256	764,088
		37,547,529	284,025,571
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		30,427,022	27,564,408
Due to Health Service Providers ("HSPs")		—	248,937,160
Due to MOH	5	7,134,965	6,688,562
Deferred operating contributions		104,397	71,353
		37,666,384	283,261,483
Deferred capital contributions	6	523,256	764,088
Employee future benefits	7	3,841,996	3,766,237
		42,031,636	287,791,808
Commitments and contingencies	8 and 9		
Net assets		(4,484,107)	(3,766,237)
		37,547,529	284,025,571

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

**Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara
Haldimand Brant**

Statement of operations

Year ended March 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
MOH funding – operations and initiatives		408,054,886	388,979,319
Ontario Health - Cancer Care Division		194,842	183,530
Amortization of deferred capital contributions	6	240,832	246,094
		408,490,560	389,408,943
Revenue from transferred operations	3		
MOH transfer payments		—	3,465,035,113
MOH funding - operations and initiatives		—	4,470,804
Total revenue		408,490,560	3,858,914,860
Expenses			
Operations and initiatives			
Contracted out			
In-home/clinic services		274,695,504	258,064,489
School services		5,518,982	4,622,818
Hospice services		7,843,768	5,752,863
Salaries and benefits		89,046,086	87,799,054
Medical supplies		20,955,426	22,525,364
Medical equipment rental		3,172,468	3,484,862
Supplies and sundry		4,699,215	3,916,122
Building and ground		2,960,390	2,997,277
Amortization		240,832	246,094
		409,132,671	389,408,943
Expenses from transferred operations	3		
HSP transfer payments		—	3,465,035,113
Salaries and benefits		—	3,540,886
Supplies and sundry		—	929,918
Total Expenses		409,132,671	3,858,914,860
Excess of expenses over revenue before the undernoted		(642,111)	—
Accrued non vested sick benefits		(75,759)	(61,871)
		(717,870)	(61,871)

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

**Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara
Haldimand Brant**

Statement of changes in net financial assets

Year ended March 31, 2022

	Unrestricted	Employee	2022	2021
	\$	benefits	Total	Total
	\$	\$	\$	\$
Net assets, beginning of year		(3,766,237)	(3,766,237)	(3,704,366)
Excess of expenses over revenue		(717,870)	(717,870)	(61,871)
Net assets, end of year	—	(4,484,107)	(4,484,107)	(3,766,237)

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

**Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara
Haldimand Brant**

Statement of cash flows

Year ended March 31, 2022

	Notes	2022	2021
		\$	\$
Operating activities			
Excess of expenses over revenue		(717,870)	(61,871)
Less: amounts not affecting cash			
Amortization of capital assets		240,832	246,094
Amortization of deferred capital contributions	6	(240,832)	(246,094)
		(717,870)	(61,871)
Changes in non-cash working capital items	10	(3,829,900)	4,026,066
Net increase in cash		(4,547,770)	3,964,195
Cash, beginning of year		28,545,162	24,580,967
Cash, end of year		23,997,392	28,545,162

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

Hamilton Niagara Haldimand Brant Local Health Integration Network O/A Home and Community Care Support Services Hamilton Niagara Haldimand Brant

Notes to the financial statements

March 31, 2022

1. Description of business

The Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant Community Care Access Centre and related records, rights and obligations to be transferred from the Hamilton Niagara Haldimand Brant Community Care Access Centre to the Hamilton Niagara Haldimand Brant LHIN.

On March 7, 2019, the Orders in Council appointing individuals to the Board of Directors of the Hamilton Niagara Haldimand Brant LHIN were revoked, and members of the Board of Directors of Ontario Health ("OH") were cross-appointed to the Hamilton Niagara Haldimand Brant LHIN. The OH Board continued in this capacity until July 1, 2021 when individuals newly appointed to the Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant LHIN is a Crown agent and may exercise its powers only as an agent of the Crown. Limits on the Hamilton Niagara Haldimand Brant LHIN's ability to undertake certain activities are set out in LHSIA. As an agent of the Crown, the Hamilton Niagara Haldimand Brant LHIN is not subject to income taxation.

Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant 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 Hamilton Niagara Haldimand Brant LHIN's accountabilities and activities.

**Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara
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Notes to the financial statements

March 31, 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 approved by the MOH to 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 to 10 years
Computer equipment and software	3 years
Leasehold improvements	Over the remaining lease term

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.

Accrued non-vested sick benefits

The LHIN provides a sick leave benefit plan to all permanent employees and accrues it obligations as the employees render the service necessary to earn the benefits. The actuarial determination of the accrued benefit obligation uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, retirement ages of employees and other actuarial factors). Under this method, the benefit costs are recognized over the expected average service life of the employee group.

**Hamilton Niagara Haldimand Brant Local Health Integration Network
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Notes to the financial statements

March 31, 2022

2. Significant accounting policies (continued)

Accrued non-vested sick benefits (continued)

The accrued benefit obligation is equal to the present value of the cost of sick leave credits accumulated to date that are expected to be used in the future in excess of the current yearly allotment of 18 days (pro-rated accordingly for part-time employees).

The current service costs for a particular period is equal to the actuarial present value of the cost of sick leave credits earned in the year that are expected to be used in the future in excess of the yearly allotment.

Actuarial gains and losses on the accrued benefit obligation arise from the differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Any gains or losses are amortized over the estimated average remaining service life of the employees. The most recent actuarial evaluation of the sick leave plan was as of March 31, 2022.

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. 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 was \$nil. The liabilities transferred to Ontario Health relate primarily to employee salaries and benefits for the staff positions transferred and were immaterial.

**Hamilton Niagara Haldimand Brant Local Health Integration Network
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Notes to the financial statements

March 31, 2022

4. Capital assets

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Computer equipment and software	633,809	633,809	—	—
Leasehold improvements	5,836,582	5,330,916	505,665	737,703
Furniture and equipment	6,471,421	6,453,830	17,591	26,385
	12,941,812	12,418,555	523,256	764,088

5. Funding repayable to the MOH

In accordance with the MLAA, the LHIN is required to be in a balanced position at year end. Any funding received from the MOH 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	6,688,562	5,535,471
Funding repaid during year	—	(2,973,663)
Funding repayable to the MOH related to current year activities	446,403	4,126,754
Due to MOH, end of year	7,134,965	6,688,562

6. Deferred capital contributions

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

	2022 \$	2021 \$
Balance, beginning of year	764,088	1,010,182
Capital contributions received during the year	—	—
Amortization for the year	(240,832)	(246,094)
Balance, end of year	523,256	764,088

7. Employee future benefits

All full-time and part-time employees are credited with 1.5 days per month (pro-rated accordingly for part-time employees) for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to a maximum of 130 days for unionized employees and 120 days for non-union employees. Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits. Employees are not entitled to any cash payment upon retirement.

**Hamilton Niagara Haldimand Brant Local Health Integration Network
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Notes to the financial statements

March 31, 2022

7. Employee future benefits (continued)

The significant assumptions used are as follows:

	2022	2021
	%	%
Discount rate	3.89%	3.21%
Rate of compensation/inflation increases	2.00%	2.00%

Accrued benefit liability is determined as follows:

	2022	2021
	\$	\$
Accrued benefit obligation	3,322,346	3,473,498
Unamortized actuarial gain	519,650	292,739
Accrued benefit liability	3,841,996	3,766,237

Continuity of the accrued benefit liability is as follows:

	2022	2021
	\$	\$
	2,022	2,021
Change in liability	3,766,237	3,704,366
Benefit expense	545,282	564,852
Less: benefits paid	(469,523)	(502,981)
Accrued benefit liability, end of year	3,841,996	3,766,237

The accrued non-vested sick benefit expense is as follows:

	2022	2021
	\$	\$
Benefit cost	446,804	478,778
Interest on accrued benefit obligation	118,306	114,916
Amortization of actuarial losses	(19,828)	(28,842)
Accrued non-vested sick benefits expense	545,282	564,852

The current year expense in excess of actual benefits paid of \$75,759 is recorded through the employee benefits fund.

**Hamilton Niagara Haldimand Brant Local Health Integration Network
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Haldimand Brant**

Notes to the financial statements

March 31, 2022

8. Commitments

The LHIN is committed to the following operating lease payments extending to 2026 as follows:

	\$
2022	1,937,502
2023	1,390,914
2024	1,156,847
2025	798,259
2026	814,846
	<u>6,098,368</u>

9. 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.

10. Change in non-cash working capital items

	2022 \$	2021 \$
Due from MOH	(8,202,944)	(227,895,320)
Accounts receivable	471,399	(877,385)
Prepaid expenses	483,825	(532,875)
Accounts payable and accrued liabilities	2,862,614	4,480,732
Due to HSPs	—	227,895,320
Due to MOH	446,403	1,153,091
Deferred operating contributions	33,044	(259,368)
Employee future benefits	75,759	61,871
Total change in non-cash working capital items	(3,829,900)	4,026,066

11. Pension Plan

The LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 1,011 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 \$6,266,347 (\$6,440,395 in 2021). The last actuarial valuation was completed for the plan as of December 31, 2021. At that time, the plan was 120% funded.

**Hamilton Niagara Haldimand Brant Local Health Integration Network
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Notes to the financial statements

March 31, 2022

12. Transfer payments to HSPs

Effective April 1, 2021, all service accountability agreements between the LHIN and its health service providers were transferred to Ontario Health. Effective April 1, 2021, the 2021-22 base funding for the HCCSS was reduced accordingly:

	2022	2021
	\$	\$
Operations of hospitals		2,631,100,565
Grants to compensate for municipal taxation – public hospitals		452,250
Long-Term Care Homes		561,480,026
Community support services		67,012,873
Acquired brain injury		12,291,007
Assisted living services in supportive housing		47,326,708
Community health centres		35,437,435
Community mental health addictions program		109,934,249
	—	<u>3,465,035,113</u>

As at March 31, 2022, an amount of \$0 (\$248,937,160 in 2021) was receivable from the MOH, and was payable to HSPs.

13. 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.

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.

15. Corresponding figures

Certain corresponding figures have been reclassified to conform to the current year's presentation.