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Financial statements of  
North Simcoe Muskoka Local Health  
Integration Network

March 31, 2018

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the North Simcoe Muskoka Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2018, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
Licensed Public Accountants  
June 25, 2018

# North Simcoe Muskoka Local Health Integration Network

## Statement of financial position

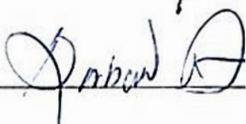
As at March 31, 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash		12,632,344	583,210
Due from Ministry of Health and Long-Term Care ("MOHLTC")	15	4,028,807	151,000
Accounts receivable		1,446,338	69,165
Prepaid expenses		310,136	66,819
		<b>18,417,625</b>	870,194
Rental security deposits		84,414	—
Capital assets	7	149,649	125,705
		<b>18,651,688</b>	995,899
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		12,343,019	587,602
Due to Health Service Providers ("HSPs")	15	3,606,607	151,000
Due to Ministry of Health and Long-Term Care ("MOHLTC")	4	2,109,646	119,762
Due to Central West LHIN	5	7,992	11,830
Due to Cancer Care Ontario		15,539	—
Deferred revenue		17,362	—
		<b>18,100,165</b>	870,194
Post Employment Benefits and Compensated Absences	13	1,364,800	—
Deferred capital contributions	8	149,649	125,705
		<b>19,614,614</b>	995,899
Commitments	9		
<b>Net liabilities</b>		<b>(962,926)</b>	—
		<b>18,651,688</b>	995,899

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

Approved by the Board

 Director

 Director

# North Simcoe Muskoka Local Health Integration Network

## Statement of operations

Year ended March 31, 2018

	Notes	2018 Actual	2017 Actual
		\$	\$
<b>Revenue</b>			
MOHLTC funding - transfer payments	15	<b>826,586,599</b>	892,323,214
MOHLTC funding - Operations and Initiatives		<b>101,841,146</b>	6,627,673
Interest income		<b>171,866</b>	—
Amortization of deferred capital contributions	8	<b>181,281</b>	124,071
Other revenue		<b>2,510,392</b>	—
		<b>104,704,685</b>	6,751,744
Total revenue		<b>931,291,284</b>	899,074,958
<b>Expenses</b>			
HSP transfer payments	15	<b>826,586,599</b>	892,323,214
Operations and initiatives			
Contracted out			
In-home/clinic services		<b>58,114,577</b>	—
School services		<b>3,314,644</b>	—
Hospice services		<b>2,080,210</b>	—
Other		<b>783,324</b>	—
Salaries and benefits		<b>30,728,272</b>	4,343,155
Medical supplies and services		<b>4,029,606</b>	78,271
Medical equipment rental		<b>1,714,811</b>	—
Supplies and sundry		<b>1,536,983</b>	1,835,475
Equipment - other		<b>721,644</b>	—
Building and ground		<b>1,151,962</b>	370,772
Amortization		<b>181,281</b>	124,071
Repairs and maintenance		<b>306,548</b>	—
		<b>104,663,862</b>	6,751,744
Total expenses		<b>931,250,461</b>	899,074,958
Excess of revenue over expenses before the undernoted		<b>40,823</b>	—
Unfunded employee benefit expenses	13	<b>(11,840)</b>	—
Expenditures from care fund	19	<b>(35,723)</b>	—
Net liabilities assumed on transition	12	<b>(956,186)</b>	—
<b>Excess of expenses over revenue</b>		<b>(962,926)</b>	—

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, 2018

	2018			2017
	Unrestricted	Care Fund	Employee benefits	Actual
			\$	\$
Net assets, beginning of year	—	—	—	—
Excess of revenue over expenses (expenses over revenue) before the undernoted	40,823	(35,723)	(11,840)	—
Net liabilities assumed on transition	(40,823)	437,597	(1,352,960)	—
Net liabilities, end of year	—	401,874	(1,364,800)	—

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, 2018

	Notes	2018	2017
		\$	\$
<b>Operating activities</b>			
Excess of revenue over expenses		(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		181,281	124,071
Amortization of deferred capital contributions		(181,281)	(124,071)
		<b>10,912,928</b>	—
Changes in non-cash operating items	11	<b>1,136,206</b>	8,472
		<b>12,049,134</b>	8,472
<b>Investing activities</b>			
Purchase of capital assets		(45,949)	(9,949)
Increase in deferred capital contributions		45,949	9,949
		—	—
Net increase in cash		<b>12,049,134</b>	8,472
Cash, beginning of year		<b>583,210</b>	574,738
<b>Cash, end of year</b>		<b>12,632,344</b>	583,210

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

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

Year ended March 31, 2018

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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:

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.

Effective May 3, 2017, the LHIN assumed the responsibility to provide health and related social services and supplies and equipment for the care of persons in home, community and other 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 other programs and places where community services are provided under the Home Care and Community Services Act, 1994 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 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 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.



# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

Year ended March 31, 2018

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### 2. Significant accounting policies (continued)

#### *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.

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.

#### *Adoption of PSAS 3430 – restructuring transactions*

The LHIN has implemented Public sector Accounting Board (“PSAB”) section 3430 Restructuring Transactions. Section 3430 requires that the assets and liabilities assumed in a restructuring agreement be recorded at the carrying value and that the increase in net assets or net liabilities received from the transferor be recognized as revenue or expense. Restructuring is an event that changes the economics of the recipient from the restructuring date onward. It does not change their history or accountability in the past, and therefore retroactive application with restatement of prior periods permitted only in certain circumstances. The impact of this policy on the current year is detailed in note 12.

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

*Post-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:

- i) 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.
- ii) The costs of multi-employer defined benefit pension are the employers contributions due to the plan in the period
- iii) 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
- iv) 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, which 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. Change in accounting policy**

As a result of the transition of responsibility for the delivery of certain services related to home care as described above, there has been a significant change in the operations of the LHIN over prior year. As a result of these changes, the LHIN has determined that the adoption of Canadian public sector accounting standards for Government not-for-profit organizations is appropriate. Previously the LHIN followed Canadian public sector accounting standards. The adoption of this policy has no impact on amounts previously reported. The impact of the change is limited to presentation only, and as a result, the prior year figures presented for comparative purposes have been reclassified to conform with the current year's presentation.

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

Year ended March 31, 2018

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### 4. Funding repayable to the MOHLTC

In accordance with the MAAA, 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:

	<b>2018</b>	2017
	\$	\$
Due to MOHLTC, beginning of year	<b>119,762</b>	169,959
Due to MOHLTC acquired from NSM CCAC	<b>2,406,743</b>	—
Funding repaid to MOHLTC during the current year	<b>(2,266,648)</b>	(76,389)
Funding repayable to the MOHLTC related to current	<b>1,849,789</b>	26,192
Due to MOHLTC, end of year	<b>2,109,646</b>	119,762

### 5. 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.

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 \$379,500 (2017 - \$423,000). The LHIN incurred eligible expenditures related to this funding totaling \$371,508 (2017 - \$411,170). The unspent amount of \$7,992 (2017 - \$11,830) is reported as due to Central West LHIN on the statement of financial position.

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

Year ended March 31, 2018

### 6. 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.

### 7. Capital assets

	2018			2017
	Cost	Accumulated depreciation	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	270,315	186,023	84,292	—
Computer software	124,147	124,147	—	—
Equipment	343,684	327,036	16,648	—
Leasehold improvements	2,119,213	2,103,823	15,390	35,776
Furniture and fixtures	1,249,230	1,226,123	23,107	89,929
Telephone system	538,086	527,874	10,212	—
	<b>4,644,675</b>	<b>4,495,026</b>	<b>149,649</b>	125,705

### 8. Deferred capital contributions

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

	2018	2017
	\$	\$
Balance, beginning of year	125,705	239,827
Capital contributions acquired from NSM CCAC	159,276	—
Capital contributions received during the year	45,948	9,949
Amortization for the year	(181,281)	(124,071)
Balance, end of year	<b>149,648</b>	125,705

### 9. Commitments

The LHIN has commitments under various operating leases expiring in 2022 as follows:

	\$
2019	1,411,404
2020	1,094,091
2021	412,588
2022	12,284
	<u>2,930,367</u>

## North Simcoe Muskoka Local Health Integration Network

### Notes to the financial statements

Year ended March 31, 2018

#### 10. 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.

#### 11. Changes in non-cash working capital balance

	2018	2017
	\$	\$
Due from MOHLTC	(3,361,016)	271,741
Accounts receivable	(569,176)	(10,195)
Prepaid expenses	289,061	14,878
Rental security deposit	(84,414)	
Accounts payable and accrued liabilities	1,889,807	50,822
Due to Health Service Providers	3,455,607	(271,741)
Due to MOHLTC	(175,721)	(50,197)
Due to Central West LHIN	(3,838)	3,164
Due to Cancer Care Ontario	15,539	—
Deferred revenue	(331,483)	—
Employee future benefits	11,840	—
Total change in non-cash operating items	<u>1,136,206</u>	<u>8,472</u>

#### 12. Transition of North Simcoe Muskoka Community Care Access Centre

On April 3, 2017 the Minister of Health and Long-Term Care made an order under the provisions of the Local Health System Integration Act, 2006, as amended by the Patients First Act, 2016 to require the transfer of all assets, liabilities, rights and obligations of the North Simcoe Muskoka Community Care Access Centre the (CCAC), to the NSM LHIN, including the transfer of all employees of the NSM CCAC. This transition took place on May 3, 2017. Prior to the transition, the LHIN funded a significant portion of the CCAC's operations via HSP transfer payments. Subsequent to transition date, the costs incurred for the delivery of services previously provided by the CCAC were incurred directly by the LHIN and are reported in the appropriate lines in the statement of operations.

## North Simcoe Muskoka Local Health Integration Network

### Notes to the financial statements

Year ended March 31, 2018

#### 12. Transition of North Simcoe Muskoka Community Care Access Centre (continued)

The LHIN assumed the following assets and liabilities, which were recorded at the carrying value of the CCAC.

	\$
Assets	
Cash	10,919,668
Accounts receivable	807,997
Due from the Ministry of Health and Long-Term Care	516,791
Prepaid expenses	532,378
Capital assets	159,276
	<u>12,936,110</u>
Liabilities	
Accounts payable & accrued liabilities	9,865,610
Due from the Ministry of Health and Long-Term Care	2,165,605
Deferred revenue	348,845
Deferred capital contributions	159,276
Employee future benefits	1,352,960
	<u>13,892,296</u>
Net liabilities assumed	<u>956,186</u>

#### 13. 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, 2018.

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

# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

Year ended March 31, 2018

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

#### *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, 2018.

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 rate	3.10

The post-employment liability is determined as follows:

	Post-employment benefits	Non-vesting sick leave	Total liability
	\$	\$	\$
Accrued benefit obligation	789,600	470,100	1,259,700
Unamortized actuarial losses	220,700	(115,600)	105,100
<b>Total liability</b>	<b>1,010,300</b>	<b>354,500</b>	<b>1,364,800</b>

The benefit expense for the year is as follows:

	Post-employment benefits	Non-vesting sick leave	Total expense
	\$	\$	\$
Current period benefit cost	47,876	49,616	97,492
Interest on accrued benefit obligation	29,511	3,333	32,844
Amortization of actuarial losses/gains	5,649	11,909	17,558
<b>Total expense</b>	<b>83,036</b>	<b>64,858</b>	<b>147,894</b>

The unfunded portion of the benefit expense of \$11,840 is reported through the employee benefit fund.

## North Simcoe Muskoka Local Health Integration Network

### Notes to the financial statements

Year ended March 31, 2018

#### 14. Pension Plan

The LHIN contributes to the Healthcare of Ontario Pension Plan (“HOOPP”), which is a multi-employer plan, on behalf of approximately 420 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 2018 was \$2,252,581 (\$354,986 in 2017) 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, 2017. At that time, the plan was fully funded.

#### 15. Transfer payment to HSPs

The LHIN has authorization to allocate funding of \$826,586,599 (\$892,323,214 in 2017) to various HSPs in its geographic area. The LHIN approved transfer payments to various sectors in 2018 as follows:

	2018	2017
	\$	\$
Operations of hospitals	<b>465,319,108</b>	445,797,205
Grants to compensate for municipal taxation – public hospitals	<b>77,625</b>	77,625
Long-term Care Homes	<b>150,505,848</b>	146,841,685
Community Care Access Centres	<b>9,179,465</b>	105,707,993
Community support services	<b>15,614,653</b>	15,537,085
Assisted living services in supportive housing	<b>9,670,159</b>	8,991,978
Community health centres	<b>12,741,392</b>	11,828,900
Community mental health	<b>29,203,855</b>	27,844,391
Addictions program	<b>6,153,542</b>	5,309,334
Specialty psychiatric hospitals	<b>126,887,428</b>	123,177,528
Grants to compensate for municipal taxation – psychiatric hospitals	<b>23,400</b>	23,400
Acquired brain injury	<b>1,210,124</b>	1,186,090
	<b>826,586,599</b>	892,323,214

The LHIN receives funding from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2018, an amount of \$3,606,607 (\$151,000 in 2017) was receivable from the MOHLTC and included as due from MOHLTC in the statement of financial position. The amount of \$3,606,607 was payable to HSPs and is included in the table above. Amounts have been reflected as revenue and expenses in the Statement of operations.

Pursuant to note 12, effective May 3, 2017 the LHIN assumed the assets, liabilities, rights and obligations of the North Simcoe Muskoka CCAC. Current year amounts reported in respect of the CCAC in the table above represent funding provided to the CCAC up to the date of transfer.



# North Simcoe Muskoka Local Health Integration Network

## Notes to the financial statements

Year ended March 31, 2018

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### 16. 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.

### 17. 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.

### 18. Board expenses

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

	<b>2018</b>	2017
	\$	\$
Board Chair per diem expenses	<b>56,359</b>	60,200
Other Board members' per diem expenses	<b>80,504</b>	58,975
Other governance and travel	<b>28,238</b>	38,931
	<b>165,101</b>	158,106

### 19. 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.