
Financial statements of
North Simcoe Muskoka Local Health
Integration Network

March 31, 2020

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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, 2020 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, 2020, 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.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
June 24, 2020

North Simcoe Muskoka Local Health Integration Network

Statement of financial position

As at March 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		16,347,663	14,294,306
Due from Ministry of Health ("MOH")	13	4,825,043	1,541,433
Due from other LHINs		—	39,059
Accounts receivable		704,377	736,810
Prepaid expenses		399,679	252,947
		22,276,762	16,864,555
Deposits		90,892	88,856
Capital assets	6	49,797	86,391
		22,417,451	17,039,802
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		11,704,153	13,687,176
Due to Health Service Providers ("HSPs")	13	4,825,043	322,333
Due to MOH	3	5,463,201	2,435,589
Due to Ontario Health - Cancer Care Ontario Division		130,234	68,010
Deferred revenue		98,089	84,161
		22,220,720	16,597,269
Employee future benefits	11	1,362,400	1,361,200
Deferred capital contributions	7	49,797	86,391
		23,632,917	18,044,860
Commitments and contingencies	8 and 9	—	—
Net liabilities		(1,215,466)	(1,005,058)
		22,417,451	17,039,802

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, 2020

	Notes	2020 \$	2019 \$
Revenue			
MOH funding – transfer payments	13	887,400,597	864,106,108
MOH funding – operations and initiatives		111,517,065	111,682,148
Cancer Care Ontario	5	549,196	541,181
Amortization of deferred capital contributions	7	36,594	63,257
Other revenue		640,516	1,120,949
		112,743,371	113,407,535
Total revenue		1,000,143,968	977,513,643
Expenses			
HSP transfer payments	13	887,400,597	864,106,108
Operations and initiatives			
Contracted out			
In-home/clinic services		62,589,694	62,162,466
School services		2,733,113	3,461,340
Hospice services		2,347,214	2,255,264
Other		654,063	654,063
Salaries and benefits		33,357,883	34,684,098
Medical supplies		5,771,904	5,053,156
Medical equipment rental		1,864,574	1,680,430
Supplies and sundry		1,838,344	1,903,695
Building and ground		1,273,171	1,183,941
Amortization		36,594	63,257
Repairs and maintenance		276,817	305,825
		112,743,371	113,407,535
Total expenses		1,000,143,968	977,513,643
Excess of revenue over expenses before the undernoted		—	—
Unfunded employee benefit expense	11	(1,200)	3,600
Expenditures from care fund	17	(209,208)	(45,732)
Excess of expenses over revenue		(210,408)	(42,132)

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, 2020

	Unrestricted \$	Care Fund \$	Employee benefits \$	2020 Total \$	2019 Total \$
Net assets, beginning of year	—	356,142	(1,361,200)	(1,005,058)	(962,926)
Excess of (expenses over revenue) revenue over expenses before the undernoted	—	(209,208)	(1,200)	(210,408)	(42,132)
Net liabilities, end of year	—	146,934	(1,362,400)	(1,215,466)	(1,005,058)

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, 2020

	Notes	2020 \$	2019 \$
Operating activities			
Excess of expenses over revenue		(210,408)	(42,132)
Less amounts not affecting cash			
Amortization of capital assets		36,594	63,257
Amortization of deferred capital contributions	7	(36,594)	(63,257)
		(210,408)	(42,132)
Changes in non-cash working capital items	10	2,263,765	1,704,094
		2,053,357	1,661,962
Investing activity			
Purchase of capital assets		—	—
Financing activity			
Increase in deferred capital contributions	7	—	—
Net increase in cash		2,053,357	1,661,962
Cash, beginning of year		14,294,306	12,632,344
Cash, end of year		16,347,663	14,294,306

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, 2020

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.

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.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2020

2. Significant accounting policies (continued)

Ministry of Health (continued)

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.

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, 2020

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 MOH

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 MOH.

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

	2020	2019
	\$	\$
Due to MOH, beginning of year	2,435,589	2,109,646
Funding adjustment related to prior year activities	—	(422,200)
Funding repaid to MOH during the current year	—	(11,754)
Interest earned on bank balances	407,381	358,446
Funding repayable to the MOH related to current year activities	2,620,233	401,451
Due to MOH, end of year	5,463,203	2,435,589

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, 2020

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

The LHIN's financial statement reflects its share of the MOH funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN was allocated funding from Central West LHIN of \$104,238 (\$289,437 in 2019). The LHIN incurred eligible expenditures related to this funding totaling \$136,624 (\$289,437 in 2019).

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.

During the year, the LHIN received Business Technology Infrastructure (BTI) funding from HSSO/Ontario Health of \$219,164 (\$280,590 in 2019).

On December 2, 2019 the assets, liabilities, rights and obligations of HSSO were transferred to Ontario Health who continued to provide the shared services to the LHIN

Ontario Health

Ontario Health is a Crown Agency established under the Connecting Care Act, 2019 and is a related party to the LHIN through the common control of the Province of Ontario (see Note 17).

On December 2, 2019, the LHIN signed a Memorandum of Understanding ("MOU") with Ontario Health and certain non-home and community care employees of the LHIN were transferred to Ontario Health. Under the MOU, for the period of December 2, 2019 to March 31, 2020, the LHIN continued to provide compensation and benefits to transferred employees.

During this period, the LHIN incurred \$688,270 in salaries and benefits expense for the transferred employees, of which \$85,294 remained in accounts payable and accrued charges as at March 31, 2020. All amounts were recorded at cost in the Statement of operations and changes in net assets and the Statement of financial position.

On December 2, 2019 the assets, liabilities, rights and obligations of Cancer Care Ontario were transferred to Ontario Health.

6. Capital assets

	Cost \$	Accumulated depreciation \$	2020 Net book value \$	2019 Net book value \$
Computer equipment	259,375	218,701	40,674	62,481
Computer software	124,146	124,146	—	—
Equipment	68,841	61,707	7,134	11,892
Leasehold improvements	1,720,170	1,720,170	—	2,933
Furniture and fixtures	1,249,230	1,247,241	1,989	3,979
Phone system	538,086	538,086	—	5,106
	3,959,848	3,910,051	49,797	86,391

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2020

7. Deferred capital contributions

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

	2020 \$	2019 \$
Balance, beginning of year	86,391	149,648
Capital contributions received during the year	—	—
Amortization for the year	(36,594)	(63,257)
Balance, end of year	<u>49,797</u>	<u>86,391</u>

8. Commitments

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

	\$
2021	1,207,454
2022	428,540
2023	28,090
	<u>1,664,084</u>

9. Contingencies

The LHIN enters into accountability agreements with HSPs, which include planned funding targets. The actual funding provided by the LHIN is contingent on the MOH providing the funding.

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

	2020 \$	2019 \$
Due from MOH	(3,283,610)	2,487,374
Due from other LHINs	39,059	(47,051)
Accounts receivable	32,433	709,528
Prepaid expenses	(146,732)	57,189
Deposit	(2,036)	(4,442)
Accounts payable and accrued liabilities	(1,983,023)	1,344,157
Due to HSPs	4,502,710	(3,284,274)
Due to MOH	3,027,612	325,943
Due to Ontario Health	62,224	52,471
Deferred revenue	13,928	66,799
Employee future benefits	1,200	(3,600)
Total change in non-cash working capital items	<u>2,263,765</u>	<u>1,704,094</u>

11. Employee future benefits

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

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2020

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, 2020.

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	2.80%

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, 2020.

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	2.80%

The post-employment liability is determined as follows:

	Post- employment benefits \$	Non- vesting sick leave \$	Total liability \$
Accrued employee future benefit obligations	783,100	504,700	1,287,800
Unamortized actuarial gains (losses)	175,000	(100,400)	74,600
Total liability	958,100	404,300	1,362,400

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2020

11. Employee future benefits (continued)

The benefit expense for the year is as follows:

	Post- employment benefits \$	Non- vesting sick leave \$	Total expense \$
Current period benefit cost	31,800	70,000	101,800
Interest on accrued benefit obligation	22,400	14,800	37,200
Amortized actuarial (gains) losses	(17,400)	10,800	(6,600)
Total actuarial expense	36,800	95,600	132,400

The unfunded portion of benefit expense is \$1,200 recover of \$3,600 in 2019).

12. Pension plan

The LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 358 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 2020 was \$2,438,758 (\$2,505,359 in 2019) for current service costs and is included as an expense in the 2020 Statement of Operations. The last actuarial valuation was completed for the plan as of December 31, 2019. At that time, the plan was fully funded.

13. Transfer payments to HSPs

The LHIN has authorization to allocate funding of \$887,400,597 (\$864,106,108 in 2019) to various HSPs in its geographic area. The LHIN approved transfer payments to various sectors in 2020 as follows:

	2020 \$	2019 \$
Operations of hospitals	505,773,788	493,927,605
Grants to compensate for municipal taxation – public hospitals	79,500	79,500
Long-Term Care Homes	159,635,325	156,681,645
Community support services	18,695,629	16,910,992
Assisted living services in supportive housing	15,902,606	12,372,595
Community health centres	13,311,519	12,394,177
Community mental health	32,541,758	32,729,564
Addictions program	8,219,596	7,077,662
Specialty psychiatric hospitals	132,007,664	130,700,664
Grants to compensate for municipal taxation – psychiatric hospitals	23,400	23,400
Acquired brain injury	1,209,812	1,208,304
	887,400,597	864,106,108

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2020

13. Transfer payments to HSPs (continued)

The LHIN receives funding from the MOH and in turn allocates it to the HSPs. As at March 31, 2020, an amount of \$4,825,043 (\$322,333 in 2019) 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.

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. 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.

17. The Connecting Care Act

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. This legislation is a key component of the government's plan to build an integrated health care system. The CCA grants the Minister of Health (the "Minister") the power to transfer assets, liabilities, rights, obligations and employees of certain government organizations, including the LHINS, into Ontario Health, a health service provider, or an integrated care delivery system. The CCA also grants the Minister the power to dissolve the transferred 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 will oversee the process of transferring multiple provincial agencies into Ontario Health.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements

March 31, 2020

17. The Connecting Care Act (continued)

Effective December 2, 2019, pursuant to an order from the Minister made under the CCA, the LHIN transferred (11) non-home and community care employee positions to Ontario Health.

The transition process is ongoing and expected to occur over a number of years. A potential full transfer and dissolution date is currently unknown. In the meantime, the LHIN continues to operate as required under the *Local Health System Integration Act, 2016* and in accordance with its accountability agreement with the Minister.

18. Corresponding figures

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