
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, 2024

Independent Auditors' Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net debt	5
Statement of cash flows	6
Notes to the financial statements	7-13

Independent Auditor's Report (continued)

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

Opinion

We have audited the financial statements of Hamilton Niagara Haldimand Brant Health Integration Network O/A Home and Community Care Support Services Hamilton Niagara Haldimand Brant (the "LHIN"), which comprise the statement of financial position as at March 31, 2024, the statement of operations, statement of changes in net debt, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2024, and its results of operations, changes in net debt 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. 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 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.

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 generally accepted auditing standards 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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 28, 2024

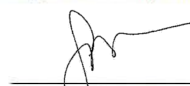
**Hamilton Niagara Haldimand Brant Local Health Integration Network
O/A Home and Community Care Support Services Hamilton Niagara
Haldimand Brant**

Statement of financial position

As at March 31, 2024

	Notes	2024	2023
		\$	\$
Assets			
Current assets			
Cash		21,263,143	38,528,599
Due from Ministry of Health ("MOH")		17,900,000	900,000
Accounts receivable		2,174,967	2,174,563
Prepaid expenses		3,009,376	4,094,820
		44,347,486	45,697,982
Capital assets	3	306,936	415,096
		44,654,422	46,113,078
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	28,755,912	26,340,135
Due to MOH	4	21,098,942	19,160,179
Deferred operating contributions		182,235	197,668
		50,037,089	45,697,982
Deferred capital contributions	5	306,936	415,096
Employee future benefits	6	3,834,893	3,843,511
		54,178,918	49,956,589
Commitments and contingencies	7 and 8		
Net debt		(9,524,496)	(3,843,511)
		44,654,422	46,113,078

Approved by the Board



Joe Parker, Board Chair



Kate Fyfe, Finance, Audit and Information Committee Chair

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 operations

Year ended March 31, 2024

		2024	2023
		\$	\$
Revenue			
MOH funding		494,933,217	425,751,271
Amortization of deferred capital contributions	5	108,160	108,160
		495,041,377	425,859,431
Expenses			
Contracted out			
In-home/clinic services		351,692,064	285,206,444
School services		11,472,896	9,353,030
Hospice services		8,921,358	7,983,795
Salaries and benefits	10	97,520,129	92,612,596
Medical supplies		19,452,447	18,030,098
Medical equipment rental		2,989,797	2,998,980
Supplies and sundry		5,979,145	6,060,744
Building and ground		2,594,984	2,863,473
Amortization		108,160	108,160
		500,730,980	425,217,320
Excess (deficiency) of revenue over expenses before the undernoted			
		(5,689,603)	642,111
Accrued non vested sick benefits	6	8,618	1,515
Excess (deficiency) of revenue over expenses		(5,680,985)	643,626

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 debt

Year ended March 31, 2024

	Unrestricted	Employee benefits	2024 Total	2023 Total
	\$	\$	\$	\$
Net debt, beginning of year	—	(3,848,511)	(3,843,511)	(4,484,107)
Excess (deficiency) of revenue over expenses	(5,680,985)	—	(5,680,985)	640,596
Transfer to Employee Benefits	(8,618)	8,618	—	—
Net debt, end of year	(5,689,603)	(3,839,893)	(9,524,496)	(3,843,511)

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, 2024

	Notes	2024	2023
		\$	\$
Operating activities			
Excess (deficiency) of revenue over expenses		(5,680,985)	640,596
Less: amounts not affecting cash			
Amortization of capital assets		108,160	108,160
Amortization of deferred capital contributions	5	(108,160)	(108,160)
		(5,680,985)	640,596
Changes in non-cash working capital items	9	(11,584,471)	13,890,611
		(17,265,456)	14,531,207
Net increase (decrease) in cash		(17,265,456)	14,531,207
Cash, beginning of year		38,528,599	23,997,392
Cash, end of year		21,263,143	38,528,599

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

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.

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 the 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 Hamilton Niagara Haldimand Brant and continues to be responsible for the provision of home and community 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.

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 arrangements approved by the MOH to the operations of the LHIN. Due to the nature of the Accountability Agreement, the LHIN is economically dependent on the MOH.

LHIN Financial Statements include LHIN operating funds including 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	3 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.

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, 2024.

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. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Computer equipment and software	633,809	633,809	-	—
Leasehold improvements	5,836,582	5,529,646	306,936	406,299
Furniture and equipment	6,471,421	6,471,421	-	8,797
	12,941,812	12,634,876	306,936	415,096

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, 2024

4. Due to 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. The MOH requires any deficits incurred to be remediated by the LHIN generating a surplus equal to the deficit, in the following fiscal year. 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:

	2024	2023
	\$	\$
Due to MOH, beginning of year	19,160,179	7,134,965
Funding repaid during year	(1,505,144)	—
Interest Income for the current year	2,305,207	1,392,738
Funding repayable to the MOH related to current year activities	1,138,700	10,632,476
Due to MOH, end of year	21,098,942	19,160,179

5. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	415,096	523,256
Amortization for the year	(108,160)	(108,160)
Balance, end of year	306,936	415,096

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, 2024

6. 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.

The significant assumptions used are as follows:

	2024	2023
	%	%
Discount rate	3.95%	4.04%
Rate of compensation/inflation increases	2.00%	2.00%

Accrued benefit liability is determined as follows:

	2024	2023
	\$	\$
Accrued benefit obligation	3,731,149	3,337,348
Unamortized actuarial gain	103,744	506,163
Accrued benefit liability	3,834,893	3,843,511

Continuity of the accrued benefit liability is as follows:

	2024	2023
	\$	\$
Employee future benefits, beginning of year	3,843,511	3,841,996
Benefit expense	523,538	524,107
Less: benefits paid	(532,156)	(522,592)
Employee future benefits, end of year	3,834,893	3,843,511

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

	2024	2023
	\$	\$
Benefit cost	440,901	427,216
Interest on accrued benefit obligation	141,892	135,694
Amortization of actuarial losses	(59,255)	(38,803)
Accrued non-vested sick benefits expense	523,538	524,107

The current year expense in excess of actual benefits paid of \$8,618 (2023 - \$1,515) is recorded in the statement of operations.

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, 2024

7. Commitments

The LHIN is committed to the following operating lease payments extending to 2029 as follows:

	<u>\$</u>
2025	1,591,371
2026	966,242
2027	814,846
2028	831,433
2029	848,021
	<u>5,051,913</u>

8. Contingencies

The LHIN has been named as defendants in various claims due to the nature of its operations as well as grievances filed by its various unions. Management has recorded its best estimate of the outcome of these claims in these financial statements.

The LHIN is a member of the Healthcare Insurance Reciprocal of Canada (HIROC), which is a pooling of the liability insurance risks of its members. Members of the pool pay annual premiums that are actuarially determined. HIROC members are subject to reassessment for losses, if any, experienced by the pool for the years in which they are members, and these losses could be material. \$Nil reassessments have been made to March 31, 2024.

Should these result in additional revenues or costs, the difference will be recorded in the year of settlement.

9. Change in non-cash working capital items

	2024	2023
	\$	\$
Due from MOH	(17,000,000)	7,302,944
Accounts receivable	(404)	166,440
Prepaid expenses	1,085,444	(1,611,886)
Accounts payable and accrued liabilities	2,415,777	(4,086,887)
Due to MOH	1,938,763	12,025,214
Deferred operating contributions	(15,433)	93,271
Employee future benefits	(8,618)	1,515
Total change in non-cash working capital items	(11,584,471)	13,890,611

10. Pension Plan

The HNHB LHIN contributes to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 1,063 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 2024 was \$7,052,226 (2023 - \$6,447,948) for current service costs and is included in salaries and benefits in the statement of operations. The last actuarial valuation was completed by HOOPP as at December 31, 2023 disclosed net assets available for benefits of \$112,635,000,000 with pension obligations of \$102,454,000,000, resulting in a surplus of \$10,181,000,000.

11. Related party transactions

The Hamilton Niagara Haldimand Brant LHIN is related to other LHIN entities by virtue of having a common controlling Board of Directors and CEO. The HNHB LHIN incurred expenses totaling \$222,977 during fiscal 2024 (2023 - \$81,612) relating to other LHINS (North East \$209,341, Champlain \$8,240, South West \$5,397) during the year for shared cost recoveries. These transactions were incurred in the normal course of operations and were measured at exchange amount. Included in Accounts Payable and accrued liabilities is \$125,097 (2023 - \$56,771) due to other LHINS (North East \$119,780, South West \$5,397).

12. 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.

13. The Convenient Care at Home Act

On December 4th, 2023, the Convenient Care at Home Act, 2023 received royal assent. When proclaimed on a day named by the Lieutenant Governor, it will amend the Connecting Care at Home Act, 2019 (the "CCA") and consolidate the 14 Local Health Integration Networks into a new service organization named Ontario Health atHome. LHINs would no longer exist, and the Local Health System Integration Act, 2006 (LHSIA), would be repealed.

Ontario Health atHome would assume all staff, service contracts with Service Provider Organizations (SPOs), and assets, liabilities, rights, and obligations of the LHINs. Ontario Health (OH) would be responsible for funding and overseeing Ontario Health atHome, and Ontario Health atHome would be a Crown agency, a subsidiary of Ontario Health and a health service provider (HSP) under the CCA.