



**Ontario  
Health**

# **Financial Statements**

March 31, 2021



**Ontario  
Health**

June 23, 2021

### **Management's Responsibility for Financial Information**

Management and the Board of Directors are responsible for the financial statements and all other information presented in this financial statement. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and, where appropriate, include amounts based on management's best estimates and judgements.

Ontario Health is dedicated to the highest standards of integrity and patient care. To safeguard Ontario Health's assets, a sound and dynamic set of internal financial controls and procedures that balance benefits and costs has been established. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Finance, Audit and Risk Committee.

For the period ended March 31, 2021, Ontario Health's Board of Directors, through the Finance, Audit and Risk Committee was responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal controls. The Committee meets regularly with management and the Auditor General to satisfy itself that each group had properly discharged its respective responsibility, and to review the financial statements before recommending approval by the Board of Directors. The Auditor General had direct and full access to the Finance, Audit and Risk Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Ontario Health's financial reporting and the effectiveness of the system of internal controls.

The financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

On behalf of Ontario Health Management,

A handwritten signature in black ink, appearing to read "Matthew Anderson".

Matthew Anderson,  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Elham Roushani".

Elham Roushani, BSc, CPA, CA  
Chief Financial Officer



## INDEPENDENT AUDITOR'S REPORT

### To the Ontario Health

### Opinion

I have audited the financial statements of the Ontario Health, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net debt and cash flows for the year then ended March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Health as at March 31, 2021, and the results of its operations, changes in its net debt and its cash flows for the year then ended March 31, 2021 in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Ontario Health in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Ontario Health'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 Ontario Health either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ontario Health's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Ontario Health'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 Ontario Health's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Ontario Health 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.

I 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 I identify during my audit.

Toronto, Ontario  
June 23, 2021



Bonnie Lysyk, MBA, FCPA, FCA, LPA  
Auditor General

# Statement of Financial Position

As at March 31, 2021  
(in thousands of dollars)

	2021 \$	2020 \$
<b>Financial assets</b>		
Cash (note 4)	154,524	31,924
Investments (note 5)	-	54,016
Accounts receivable (note 6)	423,258	162,564
	<hr/> 577,782	<hr/> 248,504
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	559,823	231,912
Deferred revenue (note 8)	3,710	4,764
Obligations under capital leases (note 9)	513	830
Post-employment benefits other than pension plan (note 10)	2,014	2,175
Deferred revenue related to capital assets (note 11)	45,324	63,148
	<hr/> 611,384	<hr/> 302,829
<b>Net debt</b>	<b>(33,602)</b>	<b>(54,325)</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 12)	48,758	67,648
Prepaid expenses and other assets (note 13)	21,880	23,533
	<hr/> 70,638	<hr/> 91,181
<b>Accumulated surplus</b>	<b>37,036</b>	<b>36,856</b>

Commitments and contingencies (notes 18 and 19)

Guarantees (note 20)

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

Approved by the Board of Directors



Director



Director

# Statement of Operations

For the period  
(in thousands of dollars)

	April 1 to March 31 2021 Budget \$	April 1 to March 31 2021 Actual \$	June 6 to March 31 2020 Actual \$
<b>Revenues</b>			
Ministry of Health (note 8a)	2,875,202	3,650,053	999,080
Amortization of deferred revenue related to capital assets (note 11)	27,512	28,150	8,945
Other revenue and recoveries (note 14)	12,420	20,449	1,393
Grant funding (note 8a)	-	2,300	680
	<b>2,915,134</b>	<b>3,700,952</b>	<b>1,010,098</b>
<b>Expenses</b>			
Health system performance and support	1,185,513	1,789,339	415,070
Clinical institutes and quality programs	1,258,585	1,464,785	468,364
Digital excellence in health	353,526	326,429	98,268
Corporate services	59,741	55,983	24,241
Population health and value-based health systems	54,434	61,400	3,200
Patient Ombudsman	3,335	3,016	955
	<b>2,915,134</b>	<b>3,700,952</b>	<b>1,010,098</b>
<b>Operating surplus</b>	-	-	-
Net Assets transferred to Ontario Health (note 3)	-	180	36,856
<b>Surplus</b>	-	<b>180</b>	<b>36,856</b>
Accumulated surplus, beginning of period	<b>36,856</b>	<b>36,856</b>	-
<b>Accumulated surplus, end of period</b>	<b>36,856</b>	<b>37,036</b>	<b>36,856</b>

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

## Statement of Changes in Net Debt

For the period  
(in thousands of dollars)

	April 1 to March 31 2021 Budget \$	April 1 to March 31 2021 Actual \$	June 6 to March 31 2020 Actual \$
<b>Net debt, beginning of period</b>	(54,325)	(54,325)	-
Surplus	-	180	36,856
Non-financial assets transferred to Ontario Health (note 3)	-	(2,826)	(98,585)
Change in non-financial assets:			
Acquisition of tangible capital assets	(26,715)	(9,369)	(7,112)
Disposal of tangible capital assets (note 12)	-	213	205
Amortization of tangible capital asset	28,705	29,973	9,243
Change in prepaid expenses and other non-financial assets	-	2,552	5,068
Change in net debt	<b>1,990</b>	<b>20,723</b>	<b>(54,325)</b>
<b>Net debt, end of period</b>	<b>(52,335)</b>	<b>(33,602)</b>	<b>(54,325)</b>

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

## Statement of Cash Flows

For the period  
(in thousands of dollars)

	<b>April 1 to March 31 2021</b>	<b>June 6 to March 31 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Operating transactions:</b>		
Surplus	180	36,856
Changes in non-cash items:		
Amortization of tangible capital assets (note 15)	29,973	9,243
Recognition of deferred capital revenue (note 11)	(28,150)	(8,945)
Loss on disposal of tangible capital assets (note 12)	213	205
Decrease (increase) in:		
Accounts receivable	(258,691)	(14,253)
Prepaid expenses and other non-financial assets	2,552	5,068
Accounts payable and accrued liabilities	323,050	(34,498)
Non-pension post-retirement benefits (note 10)	(161)	(43)
Deferred revenue (note 8)	(8,759)	(65,075)
Non-cash balances transferred to Ontario Health (note 3)	9,029	73,089
	<hr/> 69,236	<hr/> 1,647
<b>Capital transactions:</b>		
Acquisition of tangible capital assets (note 12)	(9,369)	(7,112)
<b>Investing transactions:</b>		
Proceeds on maturity of investments (note 5)	54,016	30,489
<b>Financing transactions:</b>		
Restricted capital contributions received (note 11)	9,034	7,003
Payments on obligations under capital leases (note 9)	(317)	(103)
	<hr/> 8,717	<hr/> 6,900
<b>Increase in cash</b>	<b>122,600</b>	<b>31,924</b>
<b>Cash, beginning of period</b>	<b>31,924</b>	<b>-</b>
<b>Cash, end of period</b>	<b>154,524</b>	<b>31,924</b>

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

# Notes to Financial Statements

For the year ended March 31, 2021

(in thousands of dollars)

## 1. Nature of operations

Ontario Health (the Agency) is a Crown Agency established on June 6, 2019 pursuant to the Connecting Care Act, 2019 (the CCA). This legislation is a key component of the government's plan to build an integrated health care system. The Agency is responsible for implementing the health system strategies developed by the Ministry of Health (the Ministry) and for managing health service needs across Ontario consistent with the Ministry's health system strategies to ensure the quality and sustainability of the Ontario health system. The Agency's objectives are contained in the CCA and associated Ontario regulations.

Under the CCA, the Lieutenant Governor in Council appoints the members to form the board of directors of the Agency. The members of the board of directors of the Agency, also form the majority of the board of directors for Trillium Gift of Life Network (TGLN), and of each of the 14 Local Health Integration Networks (LHINs) in the province. The financial transactions of these entities are not included within the statements of the Agency.

The CCA grants the Minister of Health (the Minister) the power to transfer assets, liabilities, rights, obligations and employees of certain government organizations 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. The transition process is ongoing and expected to occur over a number of years.

On November 13, 2019, the Minister issued transfer orders to the following five provincial agencies: Cancer Care Ontario, Ontario Health Quality Council, eHealth Ontario, Health Shared Services Ontario, and HealthForceOntario Marketing and Recruitment Agency. Effective December 2, 2019, the employees, assets, liabilities, rights and obligations of each of the five agencies were fully transferred to Ontario Health.

Effective December 2, 2019, pursuant to 14 concurrent transfer orders from the Minister made under the CCA, the LHINs collectively transferred 183 non-home and community care employee positions to Ontario Health (see note 17). LHINs are the health authorities responsible for regional administration of public healthcare services in Ontario, including planning, integrating, and distributing provincial healthcare services funding.

On March 13, 2019, the Minister issued a transfer order to Ontario Telemedicine Network (OTN). Effective April 1, 2020, the employees, assets, liabilities, rights and obligations of OTN were fully transferred to Ontario Health.

To execute the Agency's mandate the work has been aligned to the following portfolios:

**Health System Performance and Support** is responsible for funding and accountability agreements, performance management, and data and analytics to assess, inform and improve overall health system performance.

**Clinical Institutes and Quality Programs** is responsible for advancing evidence-based clinical excellence, setting standards that drive consistency within the health system, and enabling the delivery of quality care and positive health outcomes.

**Digital Excellence in Health** is responsible for developing and implementing Ontario Health's digital strategy, aligned to the province's Digital First for Health strategy. It is also responsible for delivering high-impact digital solutions to improve the patient and provider experience and outcomes.

**Population Health and Value-Based Health Systems** is responsible for advancing population health with a focus on the equitable distribution of health care across the system. The portfolio is also accountable for Ontario Health Teams.

**Corporate Services** provides strategic advice, support, and corporate services, in areas of Legal, Privacy and Risk, Finance, Human Resources, Communications and Engagement and Strategy and Planning.

The Agency is primarily funded by the Province of Ontario through the Ministry of Health. As a Crown Corporation of the Province of Ontario, the Agency is exempt from income taxes.

## 2. Significant accounting policies

### Basis of presentation

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) and reflect the following significant accounting policies.

### Revenue Recognition

Revenue is recognized in the period in which the transactions or events that give rise to the revenue occurs, as described below. All revenue is recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable.

#### (i) Government transfers

Transfers from the Ministry and other government entities are referred to as government transfers.

Government transfers are recorded as deferred revenue when the eligibility criteria for the use of the transfer, or the stipulations together with the Agency's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Agency complies with its communicated use of the transfer.

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and the Agency meets the eligibility criteria.

Government transfers received for the purpose of capital assets are recorded as deferred capital revenue and are amortized on the same basis as the related capital assets.

#### (ii) Non-government contributions

The Agency has received approval from the Lieutenant Governor of Ontario to receive funding from sources other than the Ministry of Health and to generate revenue in connection with specified activities as specified in the Order in Council 322/2020. These other revenues and recoveries, without stipulations, are recorded as revenue when the transfer is authorized and the Agency meets the eligibility criteria.

Externally restricted, non-government contributions, are recorded as deferred revenue if the terms for their use, or the terms along with the Agency's actions and communications as to their use create a liability.

These resources are recognized as revenue as the terms are met and, when applicable, the Agency complies with its communicated use.

### **(iii) Interest income**

Interest income earned is recorded as a liability payable to Ministry.

### **Expenses**

Expenses are reported on an accrual basis. The cost of all services received during the year are expensed.

Expenses include grants and transfer payments to recipients under funding agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient. Recoveries of grants and transfers are recorded as a reduction to expenses when the recovery is reasonably estimated and likely to occur. Due to this process, each year expenses will equal revenues on the Statement of Operations.

The Agency records a number of its expenses by program. The cost of each program includes the transfer payments that are directly related to providing the program.

### **Cash and cash equivalents**

The Agency considers deposits in banks as cash.

### **Financial instruments**

Financial instruments are measured at fair value when acquired or issued. In subsequent periods, financial instruments (including investments) are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when there is objective evidence of impairment. When there has been a loss in value of investments that is other than a temporary decline, the investment is written down and the loss is recorded in the statement of operations. For receivables, when a loss is considered probable, the receivable is reflected at its estimated net recoverable amount, with the loss reported on the statement of operations. Transaction costs on the acquisition or sale of financial instruments are charged to the financial instrument. All Financial instruments of the Agency are categorized Level 2 in the fair value hierarchy.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than the Level 1 quoted prices that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market inputs (unobservable inputs).

### **Tangible capital assets**

Tangible capital assets are recorded at cost, less accumulated amortization and accumulated impairment losses, if any. The cost of capital assets includes the cost directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Third party and internal labour costs are capitalized under software in connection with the development of information technology projects.

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Asset</b>	<b>Useful Life</b>
Computer hardware	4 years
Computer software	3 years
Software – internally developed business applications	3-10 years
Office furniture and equipment	5 years
Leasehold improvements	Remaining term of lease

Land and buildings includes four lodges transferred to the Agency from Cancer Care Ontario, which were originally donated by the Canadian Cancer Society - Ontario Division. They are recorded at nominal value, as the fair value was not reasonably determinable at the time of the donation.

When a capital asset no longer has any long-term service potential to the Agency, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the statement of operations.

For assets acquired or brought into use during the year, amortization is calculated for the remaining months.

### **Pension costs**

The Agency has continued pension plan enrollment of transferred employees in their applicable plan. New employees are enrolled in the Public Service Pension Plan (PSPP).

The Agency accounts for its participation in the Healthcare of Ontario Pension Plan (HOOPP) and the PSPP, both multi-employer defined benefit pension plans, as defined contribution plans because the Agency has insufficient information to apply defined benefit plan accounting. Therefore, the Agency's contributions are accounted for as if the plans were a defined contribution plan with the Agency's contributions being expensed in the period they come due.

The Agency also administers a defined contribution pension plan for employees transferred from eHealth Ontario. The investments are managed by Sun Life Financial Services of Canada Inc. Under the plan, the Agency matches employees' contributions up to a maximum of 6% of their annual earnings. The Agency's contributions to the plan are expensed on an accrual basis.

### **Post-employment benefits other than pension plan**

The cost of post-employment benefits other than pension plan is actuarially determined using the projected benefit method pro-rated on services and expensed as employment services are rendered. Adjustments to these costs arising from changes in estimates and actuarial experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis.

### **Use of estimates**

The preparation of financial statements 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 year. Items subject to such estimates and assumptions include accruals related to drug expenditures, accruals and recoveries of grants and transfers, useful life of tangible capital assets, and liability for post-employment benefits other than pension plan. Actual results could differ from those estimates.

### 3. Transfers to Ontario Health

On April 1, 2020, the employees, assets, liabilities, rights and obligations of Ontario Telemedicine Network were fully transferred to Ontario Health for no compensation. The net effect of this restructuring transaction on the Agency was \$180. Below are the details of the net assets transferred to the Agency based on their carrying values at March 31, 2020:

	<b>Ontario Telemedicine Network \$</b>
<b>Financial assets</b>	
Cash	9,209
Accounts receivable	2,003
	<u>11,212</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	4,861
Deferred revenue (note 8)	7,705
Deferred contributions related to capital assets (note 11)	1,292
	<u>13,858</u>
<b>Net assets (debt)</b>	<b>(2,646)</b>
<b>Non-financial assets</b>	
Tangible capital assets (note 12)	1,927
Prepaid expenses and other assets	899
	<u>2,826</u>
<b>Net assets (debt) and non-financial assets transferred to Ontario Health</b>	<b><u>180</u></b>

During the prior year, net assets transferred to Ontario Health was \$36,856 from Cancer Care Ontario, eHealth Ontario, Health Shared Services Ontario, Health Quality Ontario and HealthForceOntario Marketing and Recruitment Agency.

### 4. Cash

Cash includes \$330 (2020 - \$348) held in escrow for a pension plan that has been dissolved in the event that former members put forth a claim, and \$88 (2020 - \$88) held as restricted cash for an endowment. These funds are subject to externally imposed restrictions and are not available for general use.

### 5. Investments

Guaranteed investments certificates were redeemed during the year upon maturity. Proceeds are held as cash.

### 6. Accounts receivable

	<b>2021 \$</b>	<b>2020 \$</b>
Due from Ministry	401,745	155,180
Recoverable HST	8,304	6,828
Drug rebate receivable	7,700	-
Other accounts receivable	5,509	556
	<u>423,258</u>	<u>162,564</u>

## 7. Accounts payable and accrued liabilities

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	206,443	79,907
Accrued liabilities	258,664	114,461
Payable to Ministry	90,628	34,714
Payable to Ministry – interest earned	3,758	2,482
Pension escrow (note 4)	330	348
	<u>559,823</u>	<u>231,912</u>

## 8. Deferred revenue

a) The change in the deferred revenue balance is as follows:

	<b>Ministry of Health</b>	<b>Other Funders</b>	<b>2021 Total</b>	<b>2020 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deferred revenue – beginning of period	3,286	1,478	4,764	-
Transferred to Ontario Health (note 3)	5,853	1,852	7,705	69,839
Funding received	3,651,523	21,554	3,673,077	941,688
Amounts recognized as revenue	(3,650,053)	(22,749)	(3,672,802)	(999,760)
Amounts utilized for capital purchases (note 11)	(9,034)	-	(9,034)	(7,003)
	<u>(7,564)</u>	<u>(1,195)</u>	<u>(8,759)</u>	<u>(65,075)</u>
Deferred revenue – end of period	<u>1,575</u>	<u>2,135</u>	<u>3,710</u>	<u>4,764</u>

b) The deferred revenue balance at the end of the period is restricted for the following purposes:

	<b>Ministry of Health</b>	<b>Other Funders</b>	<b>2021 Total</b>	<b>2020 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cancer and screening services	-	109	109	1,405
Virtual care network	-	641	641	318
Research and Education	-	46	46	1,390
Endowment & Restricted Funds	-	1,234	1,234	88
Other	1,575	105	1,680	1,563
	<u>1,575</u>	<u>2,135</u>	<u>3,710</u>	<u>4,764</u>

## 9. Obligations under capital leases

The Agency has capital leases, with interest rates ranging from 5.7% to 6.1% and bargain purchase options for \$1 at the end of the lease, for computer hardware. The computer hardware is amortized on a straight-line basis over its economic life of 4 years. The following is a schedule of future minimum lease payments, which expire in January 2023 together with the balance of the obligations.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
2021	-	359
2022	359	359
2023	185	185
<b>Total minimum lease payments</b>	<u>544</u>	<u>903</u>

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest	(31)	(73)
Balance of the obligations	513	830
Less: current portion	(336)	(359)
Non-current obligations under capital leases	177	471

Total interest expense on capital leases for the period was \$42 (2020 - \$17).

## 10. Pension costs and post-employment benefits

### Multi-employer contributory defined benefit pension plans

The Agency has 1074 employees who are members of the Healthcare of Ontario Pension Plan (HOOPP) and 278 employees who are members of the Public Service Pension Plan (PSPP). Both are multi-employer contributory defined benefit pension plans, and the members will receive benefits based on length of service and the average annualized earnings.

Contribution expense made to multi-employer plans during the period by the Agency on behalf of its employees amounted to \$11,923 (2020 - \$3,568) and are included in salaries and benefits expense, as detailed in note 15.

### eHealth Ontario Employees' Retirement Plan

The Agency has 650 employees who are members of the eHealth Ontario Employees' Retirement Plan. The Agency's contributions to this defined contribution plan for the period of April 1, 2021 to March 31, 2021 amounted to \$5,122 (2020 - \$2,751) and are included in salaries and benefits expense, as detailed in note 15.

### Post-employment benefits plan other than pension plan

A closed post-employment non-pension benefit plan which provides health and dental benefits to employees who retired prior to January 1, 2006 was transferred to the Agency on December 2, 2019. Benefits paid during the period from April 1, 2020 to March 31, 2021 were \$180 (2020 - \$60). The actuarial valuation report for the post-employment benefits other than pension plan is dated November 30, 2019 and was extrapolated to March 31, 2021.

Information about the Agency's post-employment benefits other than pension plan is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit obligation	1,461	1,591
Unamortized actuarial gains/(losses)	553	584
Post-employment benefits other than pension plan	2,014	2,175

The movement in the employee future benefits liability during the period is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Post-employment benefits other than pension plan – opening balance	2,175	-
Transferred to Ontario Health	-	2,218
Interest cost	49	17
Funding contributions	(180)	(60)
Amortization of actuarial gains	(30)	-
Post-employment benefits other than pension plan – ending balance	<u>2,014</u>	<u>2,175</u>

The actuarially determined present value of the accrued benefit obligation is measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action as follows:

Discount rate	3.25%
Extended health care trend rate	6.75% in 2020 to 3.75% in 2029 and after
Dental cost trend rates	3.75%
Employee average remaining service life	9.0 years

#### 11. Deferred contributions related to capital assets

The change in the deferred contributions related to capital assets is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Balance – beginning of period	63,148	-
Transferred to Ontario Health (note 3)	1,292	65,090
Amounts received related to capital assets (note 8a)	9,034	7,003
Less: amounts recognized as revenue	(28,150)	(8,945)
Balance – end of period	<u>45,324</u>	<u>63,148</u>

#### 12. Tangible capital assets

Cost					<b>2021</b>
	<b>Beginning of Period</b>	<b>Transferred to Ontario Health (note 3)</b>	<b>Additions</b>	<b>Disposals</b>	<b>End of Period</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer hardware	117,130	12,330	5,319	(17,416)	117,363
Computer software	182,426	-	6,158	(107)	188,477
Furniture and equipment	15,409	993	-	(538)	15,864
Leasehold improvements	19,595	2,696	1	-	22,292
Land and building	1	-	-	-	1
Work in progress	2,470	-	(2,109)	(140)	221
	<u>337,031</u>	<u>16,019</u>	<u>9,369</u>	<u>(18,201)</u>	<u>344,218</u>

	<b>2021</b>				
<b>Accumulated Amortization</b>	<b>Beginning of Period</b>	<b>Transferred to Ontario Health (note 3)</b>	<b>Amortization</b>	<b>Disposals</b>	<b>End of Period</b>
	\$	\$	\$	\$	\$
Computer hardware	87,725	12,041	17,508	(17,382)	99,892
Computer software	151,152	-	10,507	(68)	161,591
Furniture and equipment	14,235	725	419	(538)	14,841
Leasehold improvements	16,271	1,326	1,539	-	19,136
	<u>269,383</u>	<u>14,092</u>	<u>29,973</u>	<u>(17,988)</u>	<u>295,460</u>

	<b>2020</b>				
<b>Cost</b>	<b>Beginning of Period</b>	<b>Transferred to Ontario Health (note 3)</b>	<b>Additions</b>	<b>Disposals</b>	<b>End of Period</b>
	\$	\$	\$	\$	\$
Computer hardware	-	114,007	5,217	(2,094)	117,130
Computer software	-	181,357	1,069	-	182,426
Furniture and equipment	-	15,430	4	(25)	15,409
Leasehold improvements	-	19,493	102	-	19,595
Land and building	-	1	-	-	1
Work in progress	-	1,750	720	-	2,470
	<u>-</u>	<u>332,038</u>	<u>7,112</u>	<u>(2,119)</u>	<u>337,031</u>

	<b>2020</b>				
<b>Accumulated Amortization</b>	<b>Beginning of Period</b>	<b>Transferred to Ontario Health (note 3)</b>	<b>Amortization</b>	<b>Disposals</b>	<b>End of Period</b>
	\$	\$	\$	\$	\$
Computer hardware	-	85,544	4,070	(1,889)	87,725
Computer software	-	147,140	4,012	-	151,152
Furniture and equipment	-	13,679	581	(25)	14,235
Leasehold improvements	-	15,691	580	-	16,271
	<u>-</u>	<u>262,054</u>	<u>9,243</u>	<u>(1,914)</u>	<u>269,383</u>

	<b>2021</b>	<b>2020</b>
<b>Net Book Value</b>	\$	\$
Computer hardware	17,471	29,405
Computer software	26,886	31,274
Furniture and equipment	1,023	1,174
Leasehold improvements	3,156	3,324
Land and building	1	1
Work in progress	221	2,470
	<u>48,758</u>	<u>67,648</u>

### 13. Prepaid expenses and other assets

	2021	2020
	\$	\$
Prepaid hardware and software maintenance	21,691	22,128
Other prepaid expenses and other assets	189	1,405
	<u>21,880</u>	<u>23,533</u>

### 14. Other revenues and recoveries

The Lieutenant Governor of Ontario has authorized Ontario Health to receive funding from sources other than the Ministry and to generate revenue in connection with the following activities as specified in the Order in Council dated February 26, 2020: Receive funds from charities or government agencies for the purpose of conducting or funding research or undertaking projects that are consistent with the objects of Ontario Health; collect service fees revenue on a cost-recovery basis for providing virtual care technology-related services to health care providers and other organizations that support the provision of health care; and hold educational conferences.

### 15. Operating expenses by object

	2021	2020
	\$	\$
Transfer Payment - Cancer and screening services	1,268,955	430,168
Transfer Payment - Chronic kidney disease services	685,075	223,567
Transfer Payment - Cancer drug reimbursement program	648,448	195,777
Transfer Payment - Laboratory services	543,850	-
Transfer Payment - Digital health services	81,488	12,954
Transfer Payment - Other	7,724	317
Salaries and benefits	242,590	78,149
Information technology support and maintenance	94,581	24,602
Purchased services	64,314	21,473
Amortization	29,973	9,243
Occupancy costs	18,863	6,295
Screening services	6,545	3,585
Other operating expenses	8,333	3,763
Loss on disposal	213	205
Total	<u>3,700,952</u>	<u>1,010,098</u>

### 16. Board remuneration

During the period 13 members served on the Board of Directors. Total remuneration paid to members of the Board of Directors during the period amounted to \$150 (2020 - \$125).

### 17. Related party transactions

Under the CCA, the Lieutenant Governor in Council appoints the members to form the board of directors of the Agency. The members of the board of directors of the Agency, also form the majority of the board of directors for Trillium Gift of Life Network (TGLN), and of each of the 14 Local Health Integration Networks (LHINs) in the province.

To carry out the Agency's objectives, the Agency provided the 14 LHINs with funding for Business Technology Infrastructure expenditures totaling \$3,617 (2020 - \$2,206) and funding to support the delivery of chronic kidney disease services on a volume-based methodology totaling \$9,121 (2020 - \$2,266). Other

transactions in which the entities supported each other, were completed on a cost-recovery basis, and are recorded on a gross basis.

Pursuant to 14 concurrent transfer orders from the Minister made under the CCA, effective December 2, 2019, the LHINs collectively transferred 183 non-home and community care employee positions to Ontario Health. Effective December 2, 2019 the Agency entered into a Memorandum of Understanding with each of the five regions representing the 14 LHINs to set out the expectations for the financial, administrative and staffing procedures and requirements for the provision of services between the LHINs and OH. As part of this MOU, the LHINs continue to provide compensation and applicable benefits to the transferred employees. Transferred employees remain on the payroll of the LHINs and the associated salary and benefit expenses, and corresponding funding, is reported on the financial statements of the LHINs. As a result, these expenditures are not included in the Agency's financial statements. The total expenditure related to these employees for the period amounted to \$29,187 (2020 - \$11,540).

The Agency provides funding, in accordance with Transfer Payment Agreements to hospitals. As at March 31, within trade payables is \$163,060 (2020 - \$65,269) due to Hospitals, and \$195,149 (2020 - \$80,813) recorded as an accrued liability for Hospitals. The Agency reconciles funding with the transfer payment recipients. For fiscal year 2021, the Agency does not expect any funding to be returned. As at March 31, the Agency has a receivable for \$1,034 (2020 - \$7) due from Hospitals related to prior year settlements.

The Agency is a related party to other organizations that are controlled by or subject to significant influence by the Province of Ontario. Transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- a) The Agency incurred expenses of \$21,193 (2020 - \$6,451) to Hydro One for network and telecommunication services. As at March 31, accounts payable and accrued liabilities include \$3,409 (2020 - \$3,418) payable to Hydro One.
- b) The Agency incurred expenses of \$6,671 (2020 - \$2,570) and \$2,840 (2020 - \$673) for the rental of office space and other facility related expenses from Infrastructure Ontario and the Ministry of Government and Consumer Services, respectively. As at March 31, accounts payable and accrued liabilities include \$0 (2020 - \$1,283) and \$811 (2020 - \$406) payable to Infrastructure Ontario and the Ministry of Government and Consumer Services, respectively.
- c) The Agency recorded expenses of \$698 (2020 - \$309) for the provision of administrative and other support services from the Ministry of Government and Consumer Services. As at March 31, accounts payable and accrued liabilities include \$73 (2020 - \$698) in respect of these services.

## 18. Commitments

- a) The Agency has various multi-year contractual commitments for operating and information technology services. Payments required on these contracts are as follows.

	\$
<b>2022</b>	18,558
<b>2023</b>	8,943
<b>2024</b>	-
<b>2025</b>	-
<b>2026 and thereafter</b>	-
	<u>27,501</u>

Commitments above include \$18,797 payable to Hydro One under a network services contract.

- b) The Agency has various multi-year contractual commitments rental of office space. Minimum base rental payments required on these contracts are as follows.

	\$
<b>2022</b>	7,115
<b>2023</b>	4,390
<b>2024</b>	1,900
<b>2025</b>	1,307
<b>2026 and thereafter</b>	2,696
	<u>17,408</u>

The Agency is committed to pay associated realty taxes and operating expenses for the office space for the period ended March 31, 2021, which amounted to \$9,017 (2020 - \$2,644).

## 19. Contingencies

The Agency is a member of the Healthcare Insurance Reciprocal of Canada (HIROC), which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid are not sufficient to cover claims, the Agency will be required to provide additional funding on a participatory basis. Since the inception, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses.

In the normal course of operations, the Agency is subject to various claims and potential claims. Management has recorded its best estimate of the potential liability related to these claims where potential liability is likely and able to be estimated. In other cases, the ultimate outcome of the claims cannot be determined at this time.

Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to any amount recorded are determined to be required.

## 20. Guarantees

### Director/officer indemnification

The Agency's general by-laws contained an indemnification of its directors/officers, former directors/officers and other persons who have served on board committees against all costs incurred by them in connection with any action, suit or other proceeding in which they are sued as a result of their service, as well as all other costs sustained in or incurred by them in relation to their service. This indemnity excludes costs that are occasioned by the indemnified party's own dishonesty, wilful neglect or default.

The nature of the indemnification prevents the Agency from making a reasonable estimate of the maximum amount that it could be required to pay to counterparties. To offset any potential future payments, the Agency has purchased from HIROC directors' and officers' liability insurance to the maximum available coverage. The Agency has not made any payments under such indemnifications, and no amount has been accrued in the accompanying financial statements with respect to the contingent aspect of these indemnities.

## Other indemnification agreements

In the normal course of its operations, the Agency executes agreements that provide for indemnification to third parties. These include, without limitation: indemnification of the landlords under the Agency's leases of premises; indemnification of the Ministry from claims, actions, suits or other proceedings based upon the actions or omissions of the representative groups of medical, radiation and gynaecology/oncology physicians under certain Alternate Funding Agreements; and indemnification of the Integrated Cancer Program host hospitals from claims, actions, costs, damages and expenses brought about as a result of any breach by the Agency of its obligations under the Cancer Program Integration Agreement and the related documentation.

While the terms of these indemnities vary based upon the underlying contract, they normally extend for the term of the contract. In most cases, the contract does not provide a limit on the maximum potential amount of indemnification, which prevents the Agency from making a reasonable estimate of its maximum potential exposure. The Agency has not made any payments under such indemnifications, and no amount has been accrued in the accompanying financial statements with respect to the contingent aspect of these indemnities.

## 21. Financial instruments

The Agency's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk.

### Credit risk

Credit risk arises from cash held with financial institutions and credit exposures on outstanding receivables. Cash is held at major financial institutions that have high credit ratings assigned to them by credit-rating agencies minimizing any potential exposure to credit risk. The risk related to receivables is minimal as most of the receivables are from federal and provincial governments and organizations controlled by them.

The Agency's maximum exposure to credit risk related to accounts receivable at March 31, 2020 was as follows:

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	91+ days \$	Total \$
Due from Ministry	401,745	-	-	-	401,745
Recoverable HST	8,304	-	-	-	8,304
Other accounts receivable	13,075	17	5	112	13,209
Amount receivable	<u>423,124</u>	<u>17</u>	<u>5</u>	<u>112</u>	<u>423,258</u>

No impairment allowance has been recognized in the above amounts (2020 - \$10).

### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

### Liquidity risk

Liquidity risk is the risk the Agency will not be able to meet its cash flow obligations as they fall due. The Agency mitigates this risk by monitoring cash activities and expected outflows that may be converted to

cash in the near term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	<b>0 to 30 days \$</b>	<b>31 to 60 days \$</b>	<b>61 to 90 days \$</b>	<b>91+ days \$</b>	<b>Total \$</b>
Trade payable	204,725	1,084	1	633	206,443
Accrued liabilities	258,664	-	-	-	258,664
Payable to Ministry	90,628	-	-	-	90,628
Payable to Ministry – interest income	3,758	-	-	-	3,758
Pension escrow	-	-	-	330	330
Amount payable	<u>557,775</u>	<u>1,084</u>	<u>1</u>	<u>963</u>	<u>559,823</u>

## 22. Budget

Subsequent to budget approval, the Agency received Ministry funding letters to support various programs and initiatives within the 2021 fiscal year. Most significantly this included increased funding for the New Drug Funding Program and COVID-19 testing volumes and related initiatives.

## 23. Subsequent Event

On March 17, 2021, the Minister issued transfer orders to the 14 LHINs to transfer the LHIN's health system funding, planning and community engagement functions to Ontario Health. Effective April 1, 2021, certain employees, assets, liabilities, rights and obligations, as specified within the Transfer Orders, were transferred to Ontario Health. A total of 332 positions were transferred to Ontario Health effective April 1, 2021. This transfer is in addition to the December 2, 2019 transfer of 183 positions from the LHINs (Note 17).

On March 17, 2021, the Minister issued a transfer order to Trillium Gift of Life Network (TGLN). Effective April 1, 2021, employees, assets, liabilities, rights and obligations of TGLN were fully transferred to Ontario Health.

## 24. Comparative figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation of the March 31, 2021 financial statements.

# Schedule 1 Ministry of Health Funding Reconciliation

As at March 31, 2021  
(in thousands of dollars)

Ministry funding envelope	Due from Ministry beginning of period	Payable to Ministry beginning of period	Deferred revenue beginning of period	Transferred to Ontario Health *	Funding received net of recoveries	Amounts recognized as revenue	Amounts utilized for capital purchases	Deferred revenue end of period	Due from Ministry end of period	Payable to Ministry end of period
<b>Prior years</b>										
Cancer Care Ontario	136,955	28,790	1,393	-	124,839	(8,137)	-	-	11,470	37,674
eHealth Ontario Capital & Operating	2,210	290	-	-	1,896	(24)	-	-	-	-
eHealth Ontario Recoverable Project	7,894	-	-	-	7,894	-	-	-	-	-
HealthForceOntario Marketing and Recruitment Agency	-	667	-	-	-	-	-	-	-	667
Health Quality Ontario	-	4,833	1,575	-	(3,390)	-	-	1,575	-	1,443
Health Shared Services Ontario	-	-	318	-	-	318	-	-	-	-
Ontario Health	8,121	134	-	-	7,987	-	-	-	-	-
Ontario Telemedicine Network (OTN)	-	-	-	2,544	225	1,614	-	-	-	1,155
<b>2020-21</b>										
Cancer, Screening, Renal and Other Programs	-	-	-	-	2,102,834	2,061,879	-	-	-	40,955
New Drug Funding Program	-	-	-	-	580,842	648,448	-	-	67,606	-
Oversight of Provincial Genetics Advisory Program	-	-	-	-	-	-	-	-	-	-
Expansion of Genetic Testing Services	-	-	-	-	-	641	-	-	641	-
Additional Support for the Ministry's Out of Country Genetic Testing Program	-	-	-	-	-	-	-	-	-	-
eHealth Capital	-	-	-	-	9,548	204	8,837	-	-	507
eHealth Operating	-	-	-	-	196,992	196,508	-	-	-	484
eHealth Recoverable Project	-	-	-	-	-	8,787	-	-	8,787	-
Electronic Child Health Network	-	-	-	-	4,925	4,925	-	-	-	-
Ontario MD	-	-	-	-	21,239	21,239	-	-	-	-
eHealth Lab Automation	-	-	-	-	7,600	7,423	-	-	-	177
Ontario Health Data Platform	-	-	-	-	1,130	933	197	-	-	-
Health Force Ontario	-	-	-	-	7,982	5,685	-	-	-	2,297
Health Quality Ontario Operating	-	-	-	-	26,397	25,971	-	-	-	426
Health Quality Ontario Patient Ombudsman Office	-	-	-	-	3,296	2,977	-	-	-	319
Health Shared Services Ontario	-	-	-	-	38,710	38,392	-	-	-	318
Ontario Health Corporate	-	-	-	-	2,321	7,643	-	-	5,322	-
Costs associated with the storage, distribution, and clinical review of personal protective equipment (PPE) to support the provincial response to COVID-19	-	-	-	-	-	1,943	-	-	1,943	-
PPE Program Operations Staffing Costs	-	-	-	-	-	124	-	-	124	-
Provincial Lab Network	-	-	-	-	3,000	2,743	-	-	-	257
Hamilton Research Team & Swab Distribution	-	-	-	-	3,000	2,908	-	-	-	92

Ministry funding envelope	Due from Ministry beginning of period	Payable to Ministry beginning of period	Deferred revenue beginning of period	Transferred to Ontario Health *	Funding received net of recoveries	Amounts recognized as revenue	Amounts utilized for capital purchases	Deferred revenue end of period	Due from Ministry end of period	Payable to Ministry end of period
Community Lab Volumes	-	-	-	-	55,442	113,784	-	-	58,342	-
Transportation Coordination/Enhancement for Lab Tests	-	-	-	-	562	2,213	-	-	1,651	-
Quest US Lab Volumes & Ontario-Based In-Common Laboratories	-	-	-	-	12,126	16,831	-	-	4,705	-
Nova Scotia Lab Volumes (Additional Capacity for Tests)	-	-	-	-	-	-	-	-	-	-
Hospital Lab Volumes	-	-	-	-	95,635	236,806	-	-	141,171	-
Rapid Testing - Community Labs and Coordination	-	-	-	-	-	402	-	-	402	-
Swabs and Media	-	-	-	-	-	-	-	-	-	-
Assessment Centers	-	-	-	-	83,088	165,699	-	-	82,611	-
Specimen Collection Centers	-	-	-	-	192	1,365	-	-	1,173	-
Thermo Fisher Lab Equipment	-	-	-	-	-	6,750	-	-	6,750	-
Mobile Testing Services	-	-	-	-	-	6,283	-	-	6,283	-
Project Management Support	-	-	-	-	-	1,123	-	-	1,123	-
Ontario Health Lab Volumes	-	-	-	-	-	-	-	-	-	-
Ontario Health Lab Volumes Out of Country	-	-	-	-	-	-	-	-	-	-
OTN Operating	-	-	-	-	21,981	21,945	-	-	-	36
OTN Programs	-	-	-	-	3,723	5,364	-	-	1,641	-
OTN Enhanced Access to Primary Care Expansion	-	-	-	-	169	132	-	-	-	37
OTN Network Upgrades	-	-	-	-	2,331	1,779	-	-	-	552
OTN Mental Health & Addictions Expansion	-	-	-	4,239	12,776	16,144	-	-	-	871
OTN Remote Monitoring	-	-	-	-	9,483	8,017	-	-	-	1,466
OTN Virtual Home and Community Care	-	-	-	-	2,146	1,927	-	-	-	219
OTN Virtual Surgery Appointment	-	-	-	-	6,446	5,825	-	-	-	621
OTN Virtual Emergency Department	-	-	-	-	4,200	4,146	-	-	-	54
OTN Virtual Addiction	-	-	-	-	375	374	-	-	-	1
<b>Total</b>	<b>155,180</b>	<b>34,714</b>	<b>3,286</b>	<b>6,783</b>	<b>3,459,942</b>	<b>3,650,053</b>	<b>9,034</b>	<b>1,575</b>	<b>401,745</b>	<b>90,628</b>

\* Amounts transferred from the Ontario Telemedicine Network, which comprise of due from / payable to the Ministry of Health, and deferred revenue from the Ministry. These amounts are included in accounts receivable, accounts payable and accrued liabilities, and deferred revenue in note 3.