



**Ontario
Health**

Financial Statements

March 31, 2024



Ontario Health

June 27, 2024

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, 2024, 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 Ontario Health

Opinion

I have audited the financial statements of Ontario Health (OH), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, 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 OH as at March 31, 2024, and the results of its operations, changes in its net debt and its cash flows for the year then ended 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 OH 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 OH'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 OH either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OH'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 OH'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 OH'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 OH 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 27, 2024

Shelley Spence, CPA, CA, LPA
Auditor General

Statement of Financial Position

As at March 31, 2024
(in thousands of dollars)

	2024	2023
	\$	\$
Financial assets		
Cash	514,106	612,049
Due from the Ministries and Health Service Providers (note 4)	2,016,255	1,651,581
Accounts receivable (note 5 and 20)	45,763	36,395
	<u>2,576,124</u>	<u>2,300,025</u>
Liabilities		
Due to the Ministries and Health Service Providers (note 6)	2,424,818	2,118,868
Accounts payable and accrued liabilities (note 7 and 20)	53,896	45,329
Deferred revenue (note 8)	132,264	174,273
Obligations under capital leases (note 9)	3,652	5,226
Post-employment benefits other than pension plan (note 10)	1,542	1,700
Deferred revenue related to capital assets (note 11)	15,207	25,757
	<u>2,631,379</u>	<u>2,371,153</u>
Net debt	(55,255)	(71,128)
Non-financial assets		
Tangible capital assets (note 12)	19,116	31,680
Prepaid expenses (note 13)	37,275	40,584
	<u>56,391</u>	<u>72,264</u>
Accumulated surplus	1,136	1,136

Commitments and contingencies (note 17 and 18)

Guarantees (note 19)

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

Approved by the Board of Directors



Dr. Catherine Zahn
Chair, Board



Lynda Hawton
Chair, Finance, Audit & Risk Committee

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024

(in thousands of dollars)

	2024	2024	2023
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
The Ministry of Health	32,700,374	35,028,475	32,080,227
The Ministry of Long-Term Care	4,811,676	5,029,286	4,530,338
Amortization of deferred revenue related to capital assets	13,734	10,550	12,896
Other revenue and grant funding (note 14)	9,557	9,522	9,364
	37,535,341	40,077,833	36,632,825
Expenses (note 15)			
Transfer payments:			
Transfer payments to Health Service Providers	32,026,931	34,313,560	31,435,432
Transfer payments to Long-Term Care	4,811,676	5,029,186	4,530,338
Operations:			
Direct program delivery	636,093	673,071	600,992
Corporate services	44,372	46,876	45,634
Occupancy	12,973	11,044	16,265
Patient Ombudsman (schedule 2)	3,296	4,096	4,164
	37,535,341	40,077,833	36,632,825
Annual operating surplus	-	-	-
Accumulated surplus, beginning of year	1,136	1,136	1,136
Accumulated surplus, end of year	1,136	1,136	1,136

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

Statement of Changes in Net Debt

For the year ended March 31, 2024

(in thousands of dollars)

	2024	2024	2023
	Budget	Actual	Actual
	\$	\$	\$
Net debt, beginning of year	(71,128)	(71,128)	(67,210)
Annual surplus (deficit)	-	-	-
Changes in non-financial assets:			
Acquisition of tangible capital assets (note 12)	-	-	(11,708)
Disposal of tangible capital assets (note 12)	-	14	1
Amortization of tangible capital asset (note 12 and 15)	14,823	12,550	15,433
Changes in prepaid expenses (note 13)	-	3,308	(7,644)
Changes in net assets (debt)	14,823	15,872	(3,918)
Net debt, end of year	(56,305)	(55,256)	(71,128)

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

Statement of Cash Flows

For the year ended March 31, 2024

(in thousands of dollars)

	2024	2023
	\$	\$
Operating transactions:		
Annual surplus (deficit)	-	-
Changes in non-cash items:		
Amortization of tangible capital assets (note 12 and 15)	12,550	15,433
Amortization of deferred revenue related to capital assets (note 11)	(10,550)	(12,896)
Loss on disposal of tangible capital assets (note 12)	14	1
Decrease (increase) in:		
Due from the Ministries and Health Service Providers	(364,674)	(267,675)
Accounts receivable	(9,368)	(4,439)
Prepaid expenses	3,309	(7,644)
Due to the Ministries and Health Service Providers	305,950	760,411
Accounts payable and accrued liabilities	8,567	(16,219)
Non-pension post-retirement benefits (note 10)	(158)	(157)
Deferred revenue (note 8)	(42,009)	(64,601)
	<u>(96,369)</u>	<u>402,214</u>
Capital transactions:		
Acquisition of tangible capital assets (note 12)	-	(11,708)
Financing transactions:		
Deferred revenue related to capital assets received (note 11)	-	5,212
Payments on obligations under capital leases (note 9)	(1,574)	5,049
	<u>(1,574)</u>	<u>10,261</u>
(Decrease) increase in cash	(97,943)	400,767
Cash, beginning of year	<u>612,049</u>	<u>211,282</u>
Cash, end of year	<u>514,106</u>	<u>612,049</u>

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

Notes to Financial Statements

For the year ended March 31, 2024

(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). The Agency is responsible for implementing the health system strategies developed by the Ministry of Health, the Ministry of Long-Term Care (collectively referred to as the Ministries) and for managing health service needs across Ontario. The Agency's objectives are contained in the CCA and associated Ontario regulations.

The Agency's work includes:

- measuring and reporting on health system performance,
- overseeing the delivery and quality of clinical care services, such as cancer, renal, cardiac, palliative, mental health, transplant and tissue donation,
- managing funding and accountability for the health system,
- creating a provincial digital strategy to provide access for patients and health care providers, and
- setting quality standards and developing evidence-based guidelines to monitor clinical care.

The Agency is primarily funded by the Province of Ontario through the Ministries. 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.

Adoption of new accounting standards

The Public Sector Accounting Board (PSAB) issued PS 3400, Revenue, effective for fiscal periods on or after April 1, 2023. This standard had no impact on the financial statements.

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 Ministries 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.

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

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

Transfer payments to Health Service Providers (HSPs) for hospital operations from the Ministries are based on the terms of the HSP Accountability Agreement with Ontario Health, including any amendments made throughout the year. The cash associated with these transfer payments flow directly from the Ministries to the HSP and does not flow through Ontario Health's bank account. Ontario Health ensures that payments made for hospital operations and long-term care operations are in accordance with and cannot exceed the allocations approved within the agreements in place. The amounts for hospital operations and long term-care operations are disclosed in note 15.

(ii) Other revenue and grant funding

The Agency has received approval from the Lieutenant Governor of Ontario to receive funding from sources other than the Ministries, to generate revenue in connection with specified activities as specified in the Order in Councils 322/2020. These other revenues are recorded when any performance obligations are met.

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.

Expenses

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

Expenses include transfer payments to recipients under funding agreements. Transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient. Any recoveries from transfer payments are recorded as a reduction to expenses and as a reduction in revenue 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 and Accumulated Surplus.

Cash

Cash includes balances with banks.

Financial instruments

Financial assets and liabilities are measured at fair value when acquired or issued. In subsequent periods, financial assets and liabilities are reported at cost or amortized cost less impairment, if applicable. Financial assets and liabilities measured at amortized cost include cash, due from the Ministries and Health Service Providers, accounts receivables, due to the Ministries and Health Service Providers, accounts payable and accrued liabilities.

Tangible capital assets

Tangible capital assets are recorded at cost, less accumulated amortization and write-downs, if any. The cost of capital assets includes the cost directly related to the acquisition, design, construction,

Notes to Financial Statements

For the year ended March 31, 2024

(in thousands of dollars)

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:

Asset	Useful Life
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

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 and Accumulated Surplus.

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

Pension costs

Pursuant to an Order in Council, the Agency is an employer under the Public Service Pension Plan (PSPP), to which new employees are enrolled. The Order in Council permits employees who were members of the Healthcare of Ontario Pension Plan (HOOPP) as at the date of their transfer into Ontario Health, to remain as members of that pension plan. Bargaining-represented employees participate in either PSPP or HOOPP, as stipulated in their collective agreement.

The Agency accounts for its participation in PSPP and HOOPP, 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 defined contribution plans with the Agency's contributions being expensed in the period they come due.

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 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, accounts payable and accrued liabilities, Due to/from the Ministries and Health Service Providers, useful life of tangible capital assets, and liability for post-employment benefits other than pension plan. Actual results could differ from those estimates.

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

3. Cash

Cash includes \$356 (2023 - \$338) held in escrow for a pension plan that has been dissolved in the event that former members put forth a claim. This fund is subject to externally imposed restrictions and is not available for general use.

4. Due from the Ministries and Health Service Providers

	2024	2023
	\$	\$
Due from the Ministry of Health	997,730	1,126,206
Due from the Ministry of Long-Term Care	298,932	7,318
Due from Health Service Providers	660,270	518,057
Transfer payment advances	59,323	-
	<u>2,016,255</u>	<u>1,651,581</u>

At the request of the Ministry of Health, Ontario Health has advanced transfer payment funding to hospitals during the year.

5. Accounts receivable

	2024	2023
	\$	\$
HST recoverable	14,923	15,329
Drug rebate receivable	30,302	18,518
Other receivables	538	2,548
	<u>45,763</u>	<u>36,395</u>

6. Due to the Ministries and Health Service Providers

	2024	2023
	\$	\$
Due to the Ministry of Health	1,143,375	941,736
Due to the Ministry of Long-Term Care	40,326	24,749
Due to Health Service Providers	1,241,117	1,152,383
	<u>2,424,818</u>	<u>2,118,868</u>

7. Accounts payable and accrued liabilities

	2024	2023
	\$	\$
Trade payables	303	621
Accrued liabilities	53,237	44,370
Pension escrow (note 3)	356	338
	<u>53,896</u>	<u>45,329</u>

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

8. Deferred revenue

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

	The Ministries \$	Other Funders \$	2024 Total \$	2023 Total \$
Deferred revenue – beginning of year	172,578	1,695	174,273	238,874
Funding received	40,016,223	7,786	40,024,009	36,559,716
Amounts recognized as revenue	(40,057,761)	(8,257)	(40,066,018)	(36,619,105)
Amounts utilized for capital purchases (note 11)	-	-	-	(5,212)
	(41,538)	(471)	(42,009)	(64,601)
Deferred revenue – end of year	131,040	1,224	132,264	174,273

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

	The Ministries \$	Other Funders \$	2024 Total \$	2023 Total \$
Personal support worker investments	87,042	-	87,042	-
Health service providers through regions	43,998	-	43,998	171,203
Endowment & restricted funds	-	1,211	1,211	1,652
Virtual care network	-	13	13	13
Cancer and screening services	-	-	-	30
Other	-	-	-	1,375
	131,040	1,224	132,264	174,273

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

9. Obligations under capital leases

The Agency has capital leases, with interest rates ranging from 4.51% to 5.74% 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 October 2026 together with the balance of the obligations.

	2024	2023
	\$	\$
2024	-	1,749
2025	1,749	1,749
2026	1,749	1,749
2027	283	283
Total minimum lease payments	<u>3,781</u>	<u>5,530</u>
Interest	(129)	(304)
Balance of the obligations	<u>3,652</u>	<u>5,226</u>
Less: current portion	<u>(1,647)</u>	<u>(1,574)</u>
Non-current obligations under capital leases	<u>2,005</u>	<u>3,652</u>

Total interest expense on capital leases for the period was \$174 (2023 - \$202).

10. Pension costs and post-employment benefits

(i) Multi-employer contributory defined benefit pension plans

The Agency has 1,519 employees who are members of the Healthcare of Ontario Pension Plan (HOOPP) and 1,721 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 \$28,257 (2023 - \$25,700) and are included in salaries and benefits expense, as detailed in note 15.

(ii) 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, 2023, to March 31, 2024 were \$114 (2023 - \$116). The actuarial valuation report for the post-employment benefits other than pension plan is dated March 31, 2022 and was extrapolated to March 31, 2025.

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

	2024	2023
	\$	\$
Accrued benefit obligation	770	854
Unamortized actuarial gains/(losses)	772	846
Post-employment benefits other than pension plan	<u>1,542</u>	<u>1,700</u>

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

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

	2024	2023
	\$	\$
Post-employment benefits other than pension plan – opening balance	1,700	1,857
Interest cost	30	33
Funding contributions	(114)	(116)
Amortization of actuarial gains	(74)	(74)
Post-employment benefits other than pension plan – ending balance	<u>1,542</u>	<u>1,700</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		3.75%
Extended health care trend rate	5.0834% in 2025 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:

	2024	2023
	\$	\$
Balance – beginning of period	25,757	33,441
Amounts received related to capital assets	-	5,212
Less: amounts recognized as revenue	(10,550)	(12,896)
Balance – end of period	<u>15,207</u>	<u>25,757</u>

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

12. Tangible capital assets

				2024
	Beginning of Year	Additions	Disposals	End of Year
Cost	\$	\$	\$	\$
Computer hardware	107,419	-	(10,740)	96,679
Computer software	168,324	-	(34,002)	134,322
Furniture and equipment	8,706	-	(2,997)	5,709
Leasehold improvements	27,439	-	(11,678)	15,761
	311,888	-	(59,417)	252,471

				2024
	Beginning of Year	Amortization	Disposals	End of Year
Accumulated Amortization	\$	\$	\$	\$
Computer hardware	90,785	6,396	(10,740)	86,441
Computer software	156,631	5,181	(34,002)	127,810
Furniture and equipment	8,400	241	(2,997)	5,644
Leasehold improvements	24,392	732	(11,664)	13,460
	280,208	12,550	(59,403)	233,355

				2023
	Beginning of Year	Additions	Disposals	End of Year
Cost	\$	\$	\$	\$
Computer hardware	117,797	11,708	(22,086)	107,419
Computer software	190,285	-	(21,961)	168,324
Furniture and equipment	17,664	-	(8,958)	8,706
Leasehold improvements	27,439	-	-	27,439
Land and building	1	-	(1)	-
	353,186	11,708	(53,006)	311,888

				2023
	Beginning of Year	Amortization	Disposals	End of Year
Accumulated Amortization	\$	\$	\$	\$
Computer hardware	105,144	7,727	(22,086)	90,785
Computer software	172,606	5,986	(21,961)	156,631
Furniture and equipment	16,949	409	(8,958)	8,400
Leasehold improvements	23,081	1,311	-	24,392
	317,780	15,433	(53,005)	280,208

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

	2024	2023
Net Book Value	\$	\$
Computer hardware	10,238	16,634
Computer software	6,512	11,693
Furniture and equipment	65	306
Leasehold improvements	2,301	3,047
	<u>19,116</u>	<u>31,680</u>

13. Prepaid expenses

	2024	2023
	\$	\$
Prepaid maintenance for hardware and software	37,006	39,752
Other prepaid expenses	270	832
	<u>37,276</u>	<u>40,584</u>

14. Other revenue and grant funding

Other revenue and grant funding are comprised of:

	2024	2023
	\$	\$
Interest income	3,251	-
Grant funding	3,354	3,928
Other	2,917	5,436
	<u>9,522</u>	<u>9,364</u>

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

15. Operating expenses by object

	2024	2023
	\$	\$
Transfer Payments to Health Service Providers:		
Hospital operations	26,170,493	24,389,374
Clinical programs - cancer & screening	1,626,332	1,561,864
Clinical programs - drugs	1,112,598	846,283
Clinical programs - renal & transplant	736,452	733,752
Clinical programs - genetics & labs	138,101	189,465
Community mental health programs	1,079,100	1,061,615
Community support services	880,132	780,378
Community health centre	527,088	522,338
Assisted living services supportive housing	457,988	415,480
Addictions	362,200	334,478
Primary care	276,124	-
Provincial clinical recruitment program	191,211	11,991
Digital services/technology	180,091	163,812
Mental health	145,999	121,451
Other	429,651	303,151
	<u>34,313,560</u>	<u>31,435,432</u>
Transfer Payments to Long-Term Care:		
Long-Term Care operations	5,029,186	4,530,338
	<u>5,029,186</u>	<u>4,530,338</u>
Operating Expenses:		
Salaries and benefits	395,497	351,485
Information technology support and maintenance	110,651	104,757
Purchased services	161,091	140,430
Screening, lab and medical supplies	26,644	20,329
Amortization	12,550	15,433
Occupancy costs	11,093	16,502
Other operating expenses	17,547	18,118
Loss on disposal	14	1
	<u>735,087</u>	<u>667,055</u>
Total expenses	<u><u>40,077,833</u></u>	<u><u>36,632,825</u></u>

Within transfer payments, transfer payments amounting to \$34,769,704 (2023 - \$32,246,168) flow directly from the Ministries to the Health Service Providers and does not flow through Ontario Health's bank account.

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

16. Related party transactions

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.

Transactions with these related parties were as follows:

- a) Under the CCA, the Lieutenant Governor in Council appoints the members to form the board of directors of the Agency. Board remuneration paid to members of the Board of Directors during the year amounted to \$39 (2023 - \$73).
- b) The Agency incurred expenses of \$18,299 (2023 - \$19,285) to Acronym Solutions Inc (formerly known as Hydro One Inc) for network and telecommunication services.
- c) The Agency incurred expenses of \$1,306 (2023 - \$3,384) and \$2,376 (2023 - \$2,376) 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 \$594 (2023 - \$396) payable to the Ministry of Government and Consumer Services.
- d) The Agency recorded expenses of \$653 (2023 - \$672) 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 \$30 (2023 - \$150) in respect of these services.
- e) Other related party transactions are described in note 10 and 17.

17. Commitments

The Agency has various multi-year contractual commitments for rental of office space and a network service contract, where the following are the minimum annual payments:

	Base Rent	Network Services Contract	Total
	\$	\$	\$
2025	4,326	14,842	19,168
2026	3,702	13,796	17,498
2027	3,715	13,403	17,118
2028	1,933	9,947	11,879
2029 and thereafter	385	-	385
	<u>14,061</u>	<u>51,987</u>	<u>66,048</u>

The Agency is required to pay associated realty taxes and operating expenses for the office space, which amounted to \$3,908 (2023 - \$7,437).

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

18. 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.

19. 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, willful 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 of Health from claims, actions, suits or other proceedings based upon the actions or omissions of the representative groups of medical, radiation and gynecology/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.

Notes to Financial Statements

For the year ended March 31, 2024

(in thousands of dollars)

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.

20. Financial risk management

The Agency is exposed to certain financial risks, including credit 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 provincial governments and organizations controlled by them. Credit risk associated with other receivables is mitigated through collection practices and regular monitoring of the accounts.

The Agency's maximum exposure to credit risk related to accounts receivable was as follows:

	0 to 30 days	31 to 60 days	61 to 90 days	91+ days	2024 Total	2023 Total
	\$	\$	\$	\$	\$	\$
HST recoverable	14,923	-	-	-	14,923	15,329
Other receivables	30,799	12	-	29	30,840	21,066
Total receivable	45,722	12	-	29	45,763	36,395

No impairment allowance has been recognized in the above amounts (2023 - \$0).

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's exposure to liquidity risk is minimal as the majority of funding is sourced primarily by the Province of Ontario. The Agency mitigates liquidity risk by monitoring and controlling cash activities and expected outflows.

The following table sets out the accounts payable and accrued liabilities:

	0 to 30 days	31 to 60 days	61 to 90 days	91+ days	2024 Total	2023 Total
	\$	\$	\$	\$	\$	\$
Trade payable	287	12	2	2	303	621
Accrued liabilities	53,237	-	-	-	53,237	44,370
Pension escrow	-	-	-	356	356	338
Total payable	53,524	12	2	358	53,896	45,329

Notes to Financial Statements

For the year ended March 31, 2024
(in thousands of dollars)

21. Subsequent events

On December 4, 2023, Bill 135 received Royal Assent that amends the *Connecting Care Act, 2019* to establish the new service organization, Ontario Health atHome.

On June 28, 2024, the 14 Home and Community Care Support Services organizations (Local Health Integration Networks, operating as "HCCSS") will officially amalgamate into Ontario Health atHome, which will be a subsidiary of Ontario Health.

22. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Schedule 1: The Ministry of Health and the Ministry of Long-Term Care Funding Reconciliation

As at March 31, 2024
(in thousands of dollars)

	Due from the Ministries beginning of period	Payable to the Ministries beginning of period	Deferred Revenue beginning of period	Funding Received (Recovered)	Amounts recognized as revenue	Deferred Revenue end of period	Due from the Ministries end of period	Payable to the Ministries end of period
Prior Years								
Digital	-	2,474	-	-	718	-	-	3,192
Hospitals and Capital	(46,876)	180,568	-	490	(30,891)	-	(23,043)	126,334
Mental Health and Addictions	-	11,767	-	-	388	-	-	12,155
Strategic Partnerships	-	4,596	1,375	-	38	-	-	4,634
Health Programs and Delivery	(222,451)	245,646	-	205,622	7,475	-	(16,829)	253,121
Office of Chief Medical Officer of Health, Public Health	-	118	-	-	-	-	-	118
Digital and Analytics Strategy	(4,719)	17,253	-	3,711	2,798	-	-	19,043
Strategic Policy, Planning	-	30	-	-	2,230	-	-	2,260
Nursing and Professional Practice	(9,973)	2,323	-	13,728	(70)	-	(108)	6,116
Physician and Provider Services	(2,200)	-	-	2,200	-	-	-	-
Region Health Service Providers	(847,274)	478,381	171,203	766,127	39,942	-	-	359,166
Current Year								
Hospitals and Capital	-	-	-	2,537,025	(2,528,412)	-	(11,798)	20,411
Access to Care Operations	-	-	-	16,948	(16,835)	-	-	113
Cancer Care Program	-	-	-	1,549,675	(1,547,933)	-	(6,917)	8,659
Cancer Screening Program	-	-	-	94,535	(93,782)	-	(1,598)	2,351
CorHealth	-	-	-	7,214	(7,193)	-	-	21
Diagnostic Medical Equipment Program (Capital Funding)	-	-	-	40,600	(40,600)	-	-	-
Ontario Renal Network	-	-	-	734,841	(729,299)	-	-	5,542
Organ and Tissue Donation and Transplantation	-	-	-	69,075	(68,685)	-	(3,283)	3,673
Criticall Ontario	-	-	-	12,303	(12,303)	-	-	-
Critical Care Services Ontario	-	-	-	4,471	(4,471)	-	-	-

	Due from the Ministries beginning of period	Payable to the Ministries beginning of period	Deferred Revenue beginning of period	Funding Received (Recovered)	Amounts recognized as revenue	Deferred Revenue end of period	Due from the Ministries end of period	Payable to the Ministries end of period
Rehabilitative Care Alliance	-	-	-	490	(490)	-	-	-
Provincial Vision Task Force	-	-	-	50	(50)	-	-	-
Emergency Department Peer-to-Peer	-	-	-	6,122	(6,102)	-	-	20
Neonatal Intensive Care Units Clinical Leads	-	-	-	375	(343)	-	-	32
Surrey Place (Fetal Alcohol Syndrome Disorder)	-	-	-	326	(326)	-	-	-
Mental Health and Addictions	-	-	-	160,893	(156,151)	-	(638)	5,380
Mobile Mental Health Clinics	-	-	-	4,587	(4,587)	-	-	-
ConnexOntario	-	-	-	4,317	(4,317)	-	-	-
Community Mental Health	-	-	-	5,518	(5,133)	-	-	385
MHA TPAs (Other)	-	-	-	22,824	(22,519)	-	-	305
MHA Data Digital Infrastructure	-	-	-	16,120	(12,828)	-	-	3,292
OSP Expansion	-	-	-	73,430	(72,986)	-	-	444
CAMH New Youth MH	-	-	-	10,457	(10,113)	-	-	344
Mental Health and Addiction Healthcare Workers Support	-	-	-	-	(638)	-	(638)	-
CAMH System Supports	-	-	-	5,395	(5,350)	-	-	45
Systems Enabler	-	-	-	1,605	(1,530)	-	-	75
Breaking Free	-	-	-	2,933	(2,833)	-	-	100
CAMH Preventure Education	-	-	-	525	(525)	-	-	-
Coordinated Access	-	-	-	13,182	(12,792)	-	-	390
Strategic Partnerships	-	-	-	210,968	(211,578)	-	-	765
Health Quality Programs	-	-	-	26,493	(26,451)	-	-	42
Office of the Patient Ombudsman	-	-	-	4,216	(4,096)	-	-	120
Ontario Health Operations	-	-	-	2,321	(2,319)	-	-	2
Ontario Palliative Care Network	-	-	-	10,003	(9,707)	-	-	296
Patient Reported Outcomes: Orthopedic Surgery	-	-	-	1,554	(1,530)	-	-	24
Regional Coordination Initiatives	-	-	-	10,539	(10,539)	-	-	-
Regional Coordination Operations Support	-	-	-	51,987	(53,357)	-	-	5
Regional Coordination Operations Support - Shared Services	-	-	-	35,559	(35,358)	-	-	201
Ontario Health Teams	-	-	-	68,296	(68,221)	-	-	75

	Due from the Ministries beginning of period	Payable to the Ministries beginning of period	Deferred Revenue beginning of period	Funding Received (Recovered)	Amounts recognized as revenue	Deferred Revenue end of period	Due from the Ministries end of period	Payable to the Ministries end of period
Health Programs and Delivery	-	-	-	928,004	(1,276,991)	-	(352,571)	3,584
Digitizing provincial diagnostic network	-	-	-	-	(5,866)	-	(5,866)	-
New Drug Funding Program	-	-	-	832,095	(1,115,569)	-	(283,474)	-
Genetics	-	-	-	95,909	(92,325)	-	-	3,584
COVID 19 Testing and Care	-	-	-	-	(63,231)	-	(63,231)	-
Office of Chief Medical Officer of Health, Public Health	-	-	-	908	(837)	-	-	71
Health Promotion Programs: Indigenous Tobacco Program	-	-	-	608	(537)	-	-	71
Public Health Programs	-	-	-	300	(300)	-	-	-
Digital and Analytics Strategy	-	-	-	561,009	(556,081)	-	(3,575)	8,503
Digital - Electronic medical record and pediatric clinical viewer programs	-	-	-	29,050	(29,020)	-	-	30
Digital Health Drug Repository	-	-	-	1,969	(1,877)	-	-	92
eHealth the Ministry of Health Recoverable Projects	-	-	-	5,275	(8,528)	-	(3,253)	-
Integrated Assessment Record	-	-	-	6,613	(6,612)	-	-	1
Regional Coordination Digital Initiatives	-	-	-	3,884	(3,758)	-	-	126
Health 811	-	-	-	52,688	(47,872)	-	-	4,816
Comprehensive Medication Record for Ontarians	-	-	-	3,300	(3,183)	-	-	117
Ontario Case Costing	-	-	-	8,572	(8,464)	-	-	108
Telemedicine Nursing	-	-	-	934	(934)	-	-	-
One Mail Transition	-	-	-	254	(576)	-	(322)	-
Evidence 2 Practice	-	-	-	5,247	(5,246)	-	-	1
Medical Imaging Digital Projects	-	-	-	3,500	(3,500)	-	-	-
Digital - Operating	-	-	-	221,117	(221,104)	-	-	13
Ontario Telemedicine Network	-	-	-	27,174	(27,140)	-	-	34
Digital Integration of Primary Care and Home and Community Care Providers	-	-	-	24,900	(24,471)	-	-	429
Patient Access to Digital Services	-	-	-	18,900	(18,428)	-	-	472
Centralized Waitlist Management	-	-	-	29,900	(28,846)	-	-	1,054
Provincial Health Digital Data Services	-	-	-	5,080	(5,079)	-	-	1
Cyber Security	-	-	-	22,000	(21,999)	-	-	1

	Due from the Ministries beginning of period	Payable to the Ministries beginning of period	Deferred Revenue beginning of period	Funding Received (Recovered)	Amounts recognized as revenue	Deferred Revenue end of period	Due from the Ministries end of period	Payable to the Ministries end of period
Ontario Health Teams supports – Virtual	-	-	-	29,266	(28,605)	-	-	661
Equip Health Care Providers with Modernized Access to Patient Health Records	-	-	-	23,600	(23,600)	-	-	-
Digital eServices	-	-	-	27,486	(27,471)	-	-	15
Patients Before Paperwork	-	-	-	10,300	(9,768)	-	-	532
Nursing and Professional Practice	-	-	-	97,852	(197,184)	-	(101,347)	2,015
Community Commitment Program for Nurses	-	-	-	21,566	(24,878)	-	(3,312)	-
Health Force Ontario	-	-	-	4,756	(4,899)	-	(143)	-
Personal Support Worker (PSW)	-	-	-	4,020	(4,110)	-	(90)	-
Temporary Reimbursement of Fees for Internationally Educated and Inactive Nurses	-	-	-	6,680	(6,601)	-	-	79
Medical Resident Expense Reimbursement Program for Northern Ontario	-	-	-	2,573	(637)	-	-	1,936
Emergency Department (ED) Nursing Education, Retention and Workforce Strategy	-	-	-	4,724	(4,724)	-	-	-
Enhanced Extern Program	-	-	-	49,796	(119,989)	-	(70,193)	-
Supervised Experience Partnership Program	-	-	-	3,737	(10,000)	-	(6,263)	-
Clinical Scholar Program	-	-	-	-	(21,346)	-	(21,346)	-
Physician and Provider Services	-	-	-	279,111	(278,324)	-	-	787
Best Care in Primary Care	-	-	-	2,200	(2,200)	-	-	-
Nurse Practitioner-Led Clinics and Family Health Teams	-	-	-	276,911	(276,124)	-	-	787
Long Term Care Policy Division	-	-	-	8,681	(6,831)	87,042	(85,191)	-
PSW Investments Long Term Care	-	-	-	8,681	(6,831)	87,042	(85,191)	-
Strategic Policy and French Language Services	-	-	-	58,408	(58,354)	-	(1,026)	1,080
Black Health Initiatives	-	-	-	11,300	(10,292)	-	-	1,008
High priority communities' strategy	-	-	-	25,000	(24,928)	-	-	72
Population Health	-	-	-	22,108	(23,134)	-	(1,026)	-
Region Health Service Providers	-	-	-	34,449,906	(34,809,646)	43,998	(700,859)	297,121
Region Health Service Providers	-	-	-	34,449,906	(34,809,646)	43,998	(700,859)	297,121
Grand Total	(1,133,493)	943,156	172,578	40,284,643	(40,057,761)	131,040	(1,296,985)	1,125,856

Schedule 2: Patient Ombudsman

For the year-ended March 31, 2024

(in thousands of dollars)

Operating expenses by object	Budget 2024	Actual 2024	Actual 2023
Salaries and benefits	2,924	3,597	3,489
Occupancy costs	60	49	237
Purchased services	17	76	164
Information technology support and maintenance	176	136	162
Other operating expenses	119	238	112
Total	3,296	4,096	4,164