North Simcoe Muskoka **LHIN**

Building Better Health Care Together

2007-2008 Annual Report

Ontario
Local Health Integration Network

Message from the Chair and CEO

Ruben Rosen

Board Chair

Jean Trimnell

Chief Executive Officer

"Through local professional leadership, relevant investment and strong community relationships, we will create and maintain the best health care. Here."

2007-08 has been a very exciting and productive year for our LHIN. Although much credit for the success is due to the LHIN staff, we would not have been able to achieve these excellent results without the assistance and support of our community and provider partners. For example, in the course of the year, over 3,500 people participated in more than sixty Regional Action Groups, Working Groups, Planning and Steering Committees, Community Forums and similar sessions to exchange views and ideas, and provide much appreciated input to many of the LHIN-sponsored activities. We are very thankful for this extensive participation and continue to welcome your ongoing support. The following are just three examples of the significant support we have been receiving from our community.

Arthroplasty Intake Clinic. This successful program, coordinated by three clinic sites at Royal Victoria Hospital, Orillia Soldiers' Memorial Hospital and Collingwood General and Marine Hospital, ensures patients receive the right orthopedic care, in the right place, at the right time which has led to a decrease in patients' lengths of stay in hospital. With the implementation of this clinic, 2007-08 hospital stays following hip surgery went from an average of seven days to five days.

Aging at Home. We asked the community to suggest innovative initiatives which would help Seniors age at home. We received forty-seven very interesting proposals for a total value of over $7 million, which was more than twice our Year 1 budget of $3 million. After careful consideration of each proposal, the Aging at Home Planning Team, comprised of 12 Community Members, presented their recommendations to the LHIN Staff and Board. Ultimately, nineteen proposals were approved by the LHIN Board, and submitted to the Ministry for final review to ensure compliance with legislation and regulations. The approved projects will be announced as soon as this process is completed.

Health Professionals Advisory Committee. After interviewing over fifty excellent candidates, the Board approved the appointment of fifteen members for the inaugural year of the Health Professionals Advisory Committee. The Committee will provide advice to the LHIN on how to achieve patient-centred health care within the local health system. At the initial meeting of the Committee, Co-Chairs were selected, a mission was developed and critical success drivers were agreed upon. We anticipate this Committee will be an invaluable resource for the LHIN**.**

There were many more examples of active community participation, and we want to sincerely thank our entire community for their ongoing commitment and support as we all work together to improve the healthcare of the residents of North Simcoe Muskoka.

Finally, we would like to acknowledge the significant commitment and dedication of the LHIN Board and staff over the past year. It was a year of many 'firsts', and our ability to adapt and excel in an ever-changing environment was in large part due to their efforts.

Ruben Rosen Board Chair

Jean Trimnell, Chief Executive Officer

Local is better.

The **North Simcoe Muskoka Local Health Integration Network** (LHIN) is one of 14 regional organizations created by the Province of Ontario to improve the way health services are planned and delivered at the local level.

The North Simcoe Muskoka LHIN is responsible for planning, coordinating and funding health services to meet the specific needs of our communities in order to keep us healthier, have better access to health care services and reduce wait times.

The LHIN does not provide direct services. Rather, the LHIN helps ensure that health care services are well-organized, appropriately funded and meet the needs of residents.

Services coordinated by the North Simcoe Muskoka LHIN include hospitals, the community care access centre, community support service organizations, mental health and addiction agencies, community health centres and long-term care homes.

The North Simcoe Muskoka LHIN asked health service providers and people living in our communities to share their vision for a better health care system. More than 5,000 people told us what works best in today's health care system and what needs to be fixed.

Based on this input, we developed an **Integrated Health Service Plan** to make this vision a reality with three specific goals:

- Improve the health of residents.
- Provide the right care, in the right place, at the right time.
- Use our resources wisely.

The North Simcoe Muskoka Local Health Integration Network …**Health care managed in our communities, by our communities, for our communities.**

Members of the Board

Ruben Rosen, Chair

Committee Membership:

- CEO Performance & Compensation
- Finance & Audit
- Governance
- Health Services

Lynn Stevenson, Vice-Chair

Committee Membership:

- Finance & Audit (C)
- Governance
- Health Services

Carolyn Bray, Director

Committee Membership:

- Governance
- Health Services

Lynda Coad, Director

Committee Membership:

- CEO Performance & Compensation
- Health Services (C)

Erica Curtis, Director

Appointed to the Board April 2008

Anne Gagné, Director

Committee Membership:

- CEO Performance & Compensation
- Finance & Audit
- Governance (C)

Mick Peters, Director

Committee Membership:

- CEO Performance & Compensation (C)
- Finance & Audit
- Health Services

Marg Raynor, Director

Appointed to the Board January 2008

Governance

'Open, accessible and accountable decision-making'

The North Simcoe Muskoka LHIN is governed by a skills-based Board of Directors. Currently one position is vacant and we are actively recruiting to bring our numbers to the mandated total of nine. This year, the Board focused its attention on implementing mechanisms to ensure effective governance of the North Simcoe Muskoka LHIN.

Four Board committees were established to address some of the Board's key responsibilities:

- Finance and Audit Committee, whose responsibilities include oversight of financial reporting, audit activities, risk management and internal control.
- Governance Committee, whose responsibilities include overseeing all governance matters of the North Simcoe Muskoka LHIN, supported by a comprehensive orientation and education program and nomination of potential Board members.
- CEO Performance and Compensation Committee responsible for developing and implementing a process to evaluate the performance of the North Simcoe Muskoka LHIN's CEO.

and most recently,

- Health Services Committee whose responsibilities include oversight of the Integrated Health Service Plan, health services aspects of integration decisions considered by the Board and impacts of proposed changes to programs and initiatives.

Public Education

The Board held bi-monthly meetings throughout the year that were open to the public. Prior to each meeting, a one-hour education and development session was held and members of the public were encouraged to attend.

Education topics were posted on the NSM LHIN website (www.nsmlhin.on.ca) in advance of each session. The sessions were well-attended, with our 'Aging at Home' session drawing more than 60 attendees.

Other education topics included:

- Balanced Scorecards
- Risk Management
- Governance in a LHIN Environment
- Integration

Board Orientation and Development

The North Simcoe Muskoka LHIN Board is committed to ensuring the ongoing education of its members and developed an education program which was carried out during the course of the year.

This program totaled 54 hours of training and included such topics as:

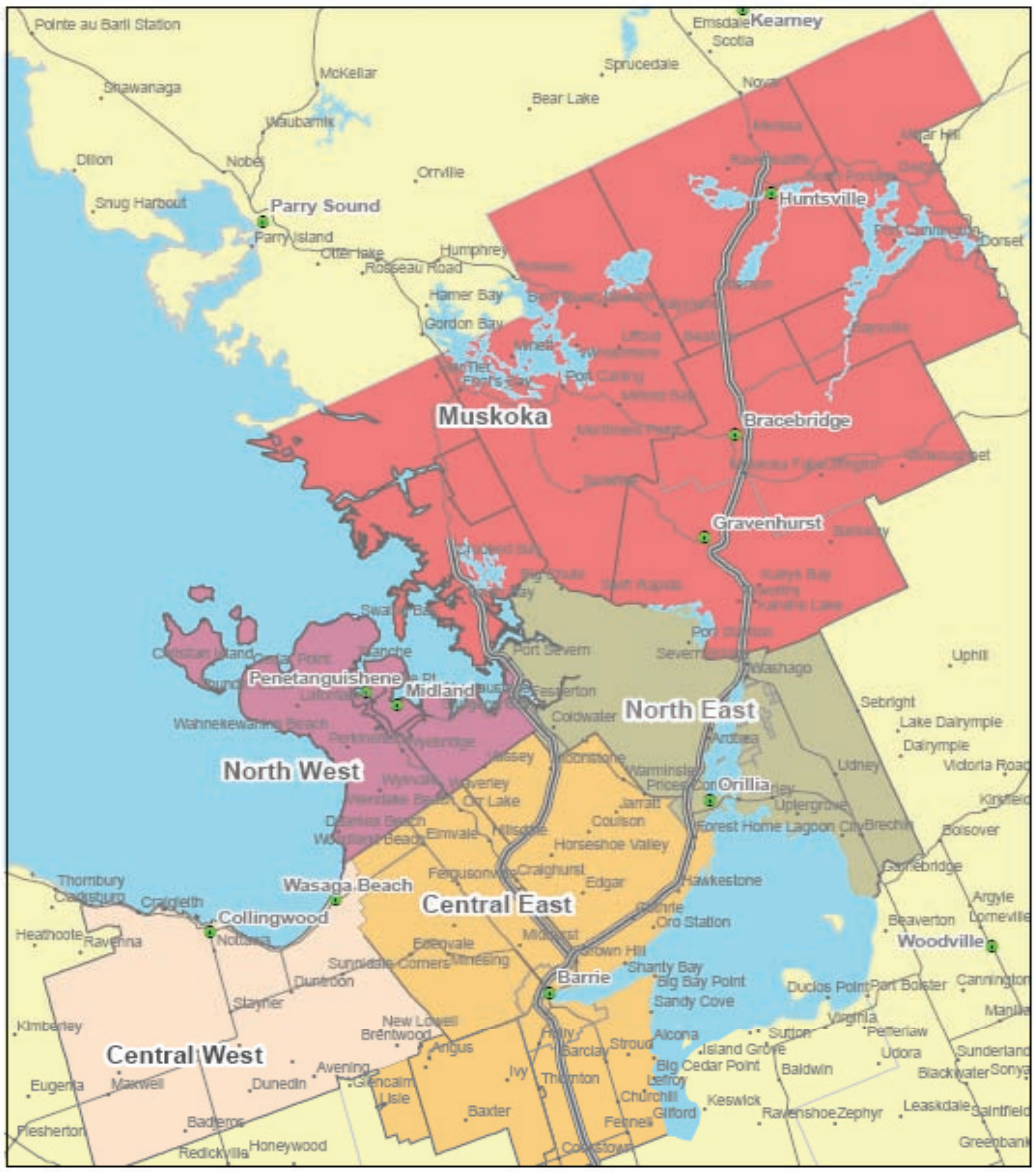
- Decision-making in a LHIN environment
- Francophone issues
- LHIN Hospitals Overview
- Stakeholder Analysis

The members of our Board are enthusiastic participants in all community engagement activities, including strategic planning sessions, speaking engagements and attending functions important

to our Health Service Providers. These and other activities provide Board members with excellent insights into the health care needs and experiences of our communities.

The total annual remuneration for members of the Board of Directors for fiscal 2007-2008 was $102,775.

Planning Zones of North Simcoe Muskoka LHIN



Health and Population Profiles

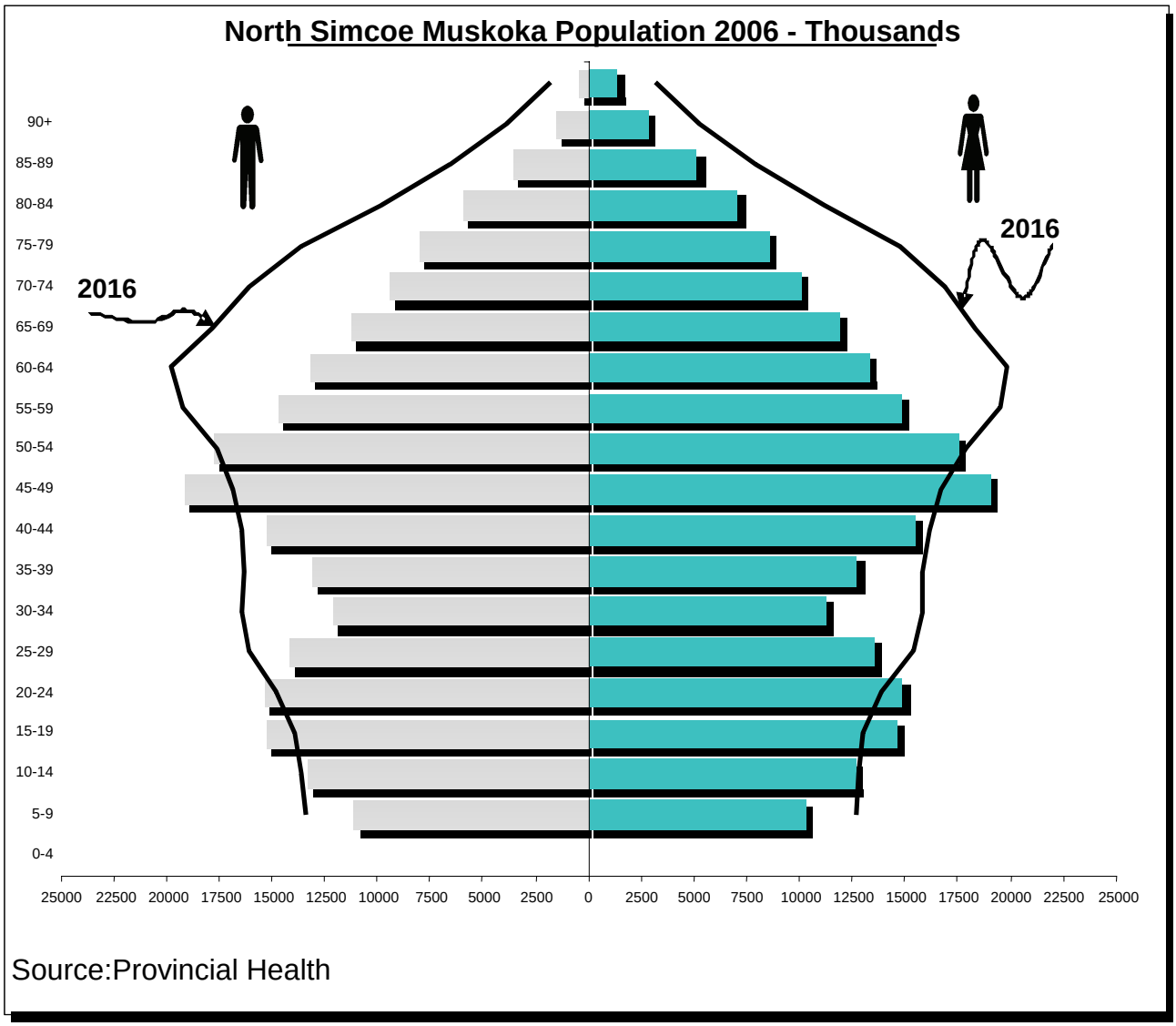
‘Growing by Leaps and Bounds’

The North Simcoe Muskoka region enjoys a wide variety of characteristics, including a large and thriving younger metropolitan area, popular seasonal destinations and many mature retirement communities. With a population of 423,000, North Simcoe Muskoka represents about 3.5% of Ontario’s population. The region includes the District of Muskoka, most of Simcoe County and a portion of Grey County and has 26 different communities. The largest is Barrie, where almost 25% of the total North Simcoe Muskoka population lives. In addition, there are four First Nations communities within the region’s boundaries and 3% of our residents are Francophones.

North Simcoe Muskoka is one of the fastest growing areas in Ontario. Over the past 10 years, the population of North Simcoe Muskoka increased by 2.6%, while the Ontario average population growth was just 1.5%. Much of the growth in North Simcoe Muskoka is occurring in Barrie and Wasaga Beach and among those aged 65 and over. According to growth predictions, the current average age in our region will increase from 37 years in 2001 to 42 years in 2016. One area that does not follow this trend is the City of Barrie, where 21% of its residents are under 14 years-of-age.

Like the nature of its population, North Simcoe Muskoka’s health care needs also vary across the region. For example, during summer months tourists and seasonal visitors account for over 20% of all hospital emergency visits, climbing to over 50% in the Muskoka area.

Residents of North Simcoe Muskoka have higher obesity, smoking and drinking rates compared to the rest of the province – a dangerous situation when combined with an aging population. The incidence of most chronic diseases, such as arthritis, hypertension, heart disease, diabetes, depression and cancer, is higher in our region than the provincial average. The largest disparity is for diabetes among those 65 to 74 years-of-age, affecting 22% of the population in North Simcoe Muskoka, compared to 14% provincially. This is why managing and preventing chronic disease is a major focus of the Integrated Health Service Plan for North Simcoe Muskoka.



Source:Provincial Health

Building on Local Success

Our Integrated Health Service Plan, *Imagine a Better Health Care System*, laid the groundwork for the planning, integration and community engagement activities that took place throughout 2007-08, the first year of our three-year plan. With three strategic directions, 11 supporting strategic goals and 17 action steps, the stage was set for a very active year. Here are some of the highlights.

We developed strong relationships with our stakeholders.

By maintaining and building strong relationships with our health service providers, we created a firm foundation for the implementation of our Integrated Health Service Plan (IHSP). Over the year, nine events were held to launch many of our planning initiatives and to solicit interest and involvement in the LHIN activities and accomplishments among our partners.

We developed centralized access to Complex Continuing Care.

The integration of Complex Continuing Care into a regionally-accessed service was a major accomplishment for North Simcoe Muskoka this year. It involved all hospitals in the region, as well as the Community Care Access Centre. The facilitation process involved a regional action group, a number of working groups, steering committee and an extensive communication and consultation process. A key component critical to the success of this initiative, was physician support. Centralized access to Complex Continuing Care services is an important first step in our goal of developing new approaches to delivering clinical programs.

We supported the creation of the Aboriginal Health Circle.

By working with the LHIN Aboriginal Liaison, a vision for the Aboriginal Health Circle was developed. The process involved all First Nation, Métis and Aboriginal agencies, organizations and communities throughout North Simcoe Muskoka. A very positive outcome is a better understanding of the health status and service needs of our Aboriginal communities. The Health Circle is supported by a small Secretariat that is funded through the LHIN's Urgent Priorities Fund.

We initiated an Aging at Home strategy that supports seniors.

In an energetic undertaking, we worked with health care leaders in geriatric and seniors' care to create a three-year vision for the provincial Aging at Home strategy. The NSM LHIN Aging at Home Planning Team, comprised of:

Val Armstrong
Jack Greenlaw
Jennifer Jilks
Dr. Andrea Moser
Louise Pope
Ernie Vaillancourt
Marliese Gause
Debbie Islam
Greg McGregor
Tamara Nowak-Lennard
Gail Saulnier
Philippa Welch

received forty-seven proposals, from which nineteen were chosen for implementation in 2008-09. These proposals total almost $3 million and will support seniors living at home. The Aging at Home process also provided us with a much clearer picture of the health care needs of the frail elderly in our region.

A process was initiated through key informant interviews to develop a proposal recommending service enhancements for the local Long-Term Care System including the development of a severe behaviours unit. The proposal will be presented to the Seniors Regional Action Group for development of an implementation plan.

We helped establish a regional Acute Care Mental Health Bed Registry.

We developed an Addictions and Mental Health Regional Action Group to support this initiative, led by the Simcoe Muskoka Network One partners and the Canadian Mental Health Association, Simcoe County. The registry for acute care beds provides much needed practitioner support and access to crisis service and risk assessment. It will streamline patient transfers, establish clinical practice standards and improve continuous care between hospital and community programs, all helping to ensure quality service.

We fast-tracked a Management Information System for measuring performance of our Community Support Services.

The full implementation of new Management Information Systems (MIS) will take place within one year, rather than three years as originally planned. All 27 Community Support Services (CSS) will have updated software for collecting and standardizing data, which will support sector-wide performance standards as required through the Service Accountability Agreements for 2008-09. Enabling all CSS agencies to become compliant at the same time will also ensure timely and accurate measurement of indicators and targets for the Aging at Home strategy.

Community Involvement

"Through local professional leadership, relevant investment and strong community relationships, we will create and maintain the best health care. Here."

This statement of commitment to the communities in North Simcoe Muskoka has guided us over the past year. One of the fundamental responsibilities of our LHIN is to involve the community in all aspects of our work. We have focused on the people who use local health care, consulted with our local service providers and have consistently created opportunities for community input into decision-making. With the implementation of our Integrated Health Service Plan (IHSP) well underway, maintaining current relationships and involving new community partners is critical for our ongoing success to building an efficient and effective health care system, here.

Community engagement is a key component of the LHIN's legislative and reporting requirements. Section 16 of the Local Health System Integration Act, 2006 (Bill 36) mandates Local Health Integration Networks to engage with their communities on an ongoing basis. Under the Ministry of Health and Long-Term Care – LHIN Accountability Agreement, each LHIN is obligated to regularly review its community engagement strategy, measure its effectiveness and outline engagement activities that have occurred in the community related to the implementation of the IHSP.

Community Engagement Strategy

The North Simcoe Muskoka Community Engagement Strategy was launched in 2006-2007. It was refreshed in 2007-2008 to reflect the implementation of the IHSP initiatives moving forward and to effectively align stakeholder engagement with the LHIN's priority planning.

The goals of the NSM LHIN Community Engagement Strategy are to:

- Focus on the people who use health care
- Enhance local accountability
- Balance priorities
- Develop system capacity and sustainability

A set of guiding principles was also established to lay the foundation for creating and maintaining stakeholder relationships with everyone involved in the transformation of the local health care system. In all engagement efforts and stakeholder activities, the LHIN will be:

- Transparent
- Responsive
- Inclusive
- Appropriate
- Accessible
- Balanced
- Accountable

Guided by our strategy, over the next three years, the LHIN's community engagement will be targeted towards ensuring that:

- The LHIN stakeholders understand the IHSP and are involved in its implementation within the community.
- The North Simcoe Muskoka LHIN is seen as a valued source of information, expertise, management and most important – as a catalyst for change.
- Stakeholder relationships are characterized by trust and positive management through the ongoing provision of accountable and transparent information.
- Community engagement and collaboration among health service providers within the broader community is stimulated and sustained.
- Confidence in the health care system amongst the LHIN stakeholders (including the public) is built and maintained through the delivery of the LHIN's key messages.
- Strategies are in place for leveraging opportunities and reducing barriers to change.

Regional Action Groups Working Well

The formation of Regional Action Groups has proven to be an effective way to involve the community in the implementation of our IHSP. Over the past year, we have set up five Regional Action Groups that focus on strategic goals identified in the IHSP. These goals focus on a number of areas, including: chronic disease prevention and management, addictions and mental health, alternate level of care, complex continuing care and non-clinical services. Other working groups, task forces and secretariat groups were formed to help plan palliative and hospice care, Aboriginal health care needs, quality of care measurement and physician engagement.

Partnerships and Collaborative Efforts

In 2007-2008 the North Simcoe Muskoka LHIN, along with over 3,500 community members, was involved in the following activities:

- 5 Regional Action Groups
- 17 Working Groups
- 5 Steering Committees
- 5 Board Education Sessions
- 9 Surveys
- 253 Key Informant Interviews
- 28 Community forums / events held
- 14 Presentations done in the community
- 16 Displays / exhibits set up in the community

Community Understanding

We asked our community partners: "What's changed as a result of engaging the community in the work of the North Simcoe Muskoka LHIN?" The responses most often reflected the community's increased understanding of the current health care system, the challenges faced by health service providers and the possible solutions. Following is a selection of comments.

- "We have a better understanding of the entire health care system."
- "I now understand the challenges experienced by other organizations."
- "I have gained insight into how many issues there are and how many are shared by other health service providers."
- "It has provided the opportunity to dialogue – this did not exist before."
- "I am seeing more support of one another, a real sense of connection that has reduced the competitiveness of our work."
- "The process has forced us to go out into the community and see the gaps."
- "I know that change is going to be possible, even when it is so complex."

Effective Engagement

Our early efforts in community engagement provided a strong foundation for the relationship building that was accomplished during the past year. We have succeeded in creating greater collaboration and integration among health service providers, as well as among the broader community service sector.

Improving Aboriginal Health

In early 2007, a steering committee of Aboriginal community representatives was formed to develop an Aboriginal Health Circle (AHC) and an Aboriginal Health Secretariat (AHS). A draft summary of the plan to form the two groups was presented to all 13 Aboriginal communities and stakeholder organizations within North Simcoe Muskoka. The LHIN staff also participated in a Health Fair at Rama Mnjikaning First Nation in the fall of 2007 and an Aboriginal Career Fair in the spring of 2008.

Following community consultation, the Aboriginal engagement plan was finalized and put into action. The two new Aboriginal groups began operating in February 2008. The Aboriginal Health Circle is a health planning body made up of representatives from First Nation communities, Métis and urban Aboriginal service agencies located in North Simcoe Muskoka. The Circle will work in collaboration with the North Simcoe Muskoka LHIN to improve health services for Aboriginal people in the region. Membership is open to all Aboriginal communities and organizations within North Simcoe Muskoka that wish to participate in a planned regional approach to health service delivery.

The Aboriginal Health Secretariat is the working arm of the Circle and consists of four staff members – a health planner, community engagement liaison, information specialist and administrative support person. The Secretariat is responsible for planning and carrying out tasks as determined by the Circle.

Understanding Francophone Health

The Integrated Health Service Plan identified the need to gather information on francophone health issues as a first step in addressing francophone health needs. In response to this, we conducted an extensive survey in 2007 of all volunteers and staff working in North Simcoe Muskoka hospitals. We received over 7,000 responses to the survey which helped us better understand the resources, as well as the gaps in health services for francophones.

Two New Community Health Centres Under Development

A new community health centre in the Midland-Penetanguishene area will help to improve the health services to both the Aboriginal and francophone communities. The Chigamik Community Health Centre/Centre de santé communitaire “The Peoples’ Place – Le place du people,” reflects the three different populations that will form the Community Health Centre Board: Aboriginal (including First Nations and Métis), francophone and anglophone.

The second community health centre is the South Georgian Bay Community Health Centre which will serve the Collingwood, Wasaga Beach, Town of Blue Mountains, Clearview and Elmvale areas.

The community engagement phase for both Community Health Centres was completed during 2007-08. The input gathered from these consultations will assist the LHIN in determining the services to be offered at each new Centre.

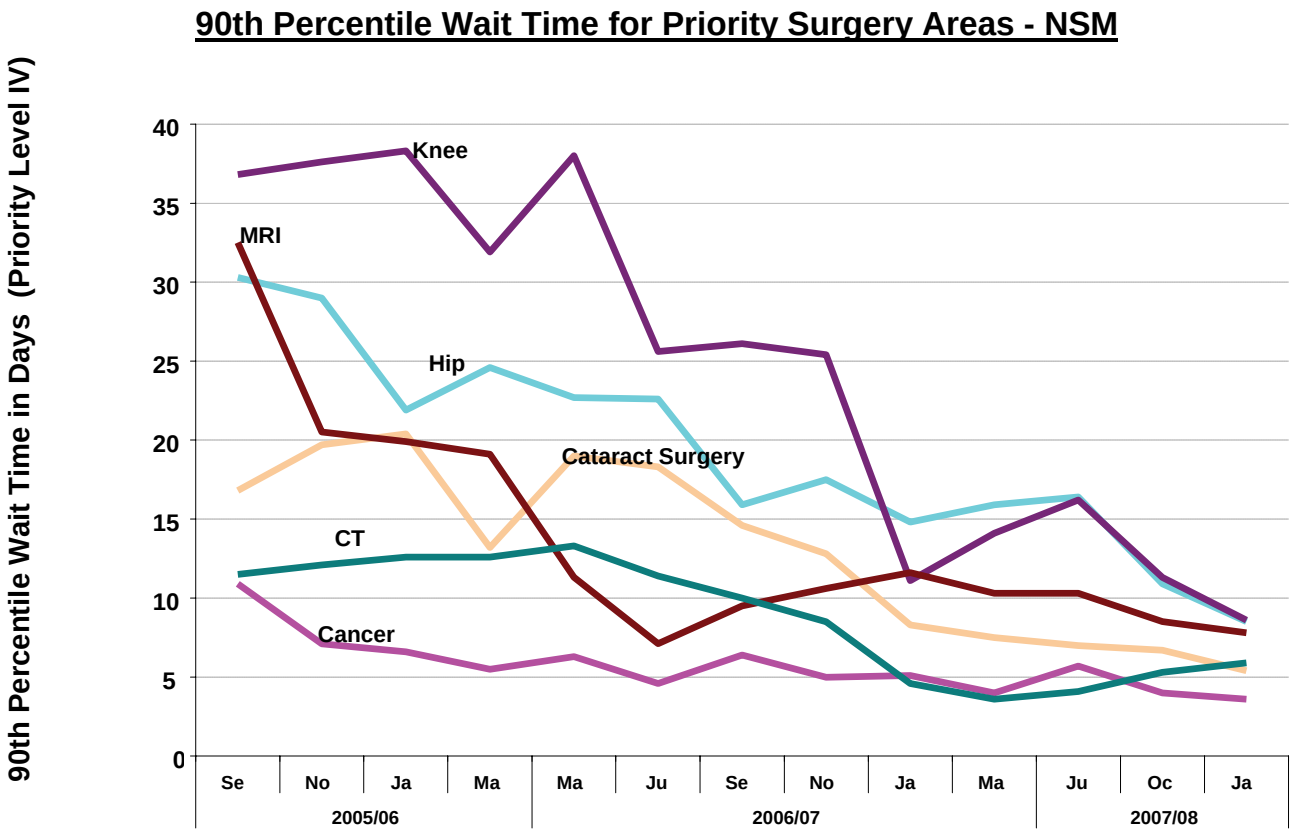
Performance

Wait Times

North Simcoe Muskoka LHIN is one of the top three LHINs in the province with the shortest wait times for most priority health needs. North Simcoe Muskoka has the third shortest waits for both cancer and cataract surgeries and the shortest wait times for hip and knee replacement surgeries and MRIs.

From September 2005 to February 2008, wait times for cancer and cataract surgeries and CT scans have gone down by more than 50%. For the same period, hip and knee replacement wait times have been reduced by 74% and 69% respectively, while MRI wait times have dropped by 76%.

These drastic reductions have been due, in part, to collaborative efforts between the North Simcoe Muskoka LHIN and the hospitals in the region. The North Simcoe Muskoka Arthroplasty Clinic is an example of one such collaboration. Three clinic sites throughout NSM are working together to ensure the process leading to hip and knee surgeries is streamlined. Upon the implementation of the initiative in March 2007, wait times for hip and knee replacement surgeries began to go down and continue to steadily decrease.



Integration

The purpose of the Local Health System Integration Act, 2006, (LHSIA) as stated in *Section 1* of the *Act,* is to provide for an integrated health system as a means of improving the health of the people of Ontario. Integrated health systems provide coordinated, accessible and high quality health care that focuses on client needs, improves patient care and makes service delivery more efficient.

The North Simcoe Muskoka Local Health Integration Network and our health service providers have a responsibility, under LHSIA, to separately, and in conjunction with each other, identify opportunities to integrate the services of the local health system to provide appropriate, coordinated, effective and efficient services.

Voluntary Integrations

Voluntary integrations involve two or more Health Service Providers informing the LHIN they wish to integrate funded services. The LHIN's role is to ensure the integration aligns with the Integrated Health Service Plan and is in the public interest.

The following are voluntary integrations that innovative Health Service Providers initiated in 2007-08:

1. **Deaf Access Simcoe** and **Canadian Hearing Society**
   These two agencies amalgamated services into one office location to improve services and information for consumers and to increase office efficiencies.

2. **North Simcoe, Muskoka-East Parry Sound and West Parry Sound Community Care Access Centres (CCAC)**
   The operations of the CCACs for North Simcoe, Muskoka-East Parry Sound and a portion of West Parry Sound (within the boundaries of North Simcoe Muskoka) were combined to create one Community Care Access Centre for North Simcoe Muskoka.

3. **New Path Youth** and **Family Counselling Services of Simcoe County** and **Collingwood General & Marine Hospital**
   These two agencies partnered to facilitate the availability of psychiatric and psychological assessments for child and transitional youth in the Collingwood area.

4. **Orillia Soldiers' Memorial Hospital and Muskoka Algonquin Healthcare**
   A joint position was created to facilitate the recruitment of a single Vice President of Human Resources and Organizational Development for both organizations.

5. **Shared Service Agreement: Central Ontario Healthcare Purchasing Alliance (COHPA)**
   Royal Victoria Hospital partnered with hospitals in other LHINs in a shared services organization that will provide procurement, invoice payments and contract management of medical/surgical supplies and contracted services. This initiative will result in human resources and financial efficiencies for the hospitals involved.

Facilitated Integrations

In a facilitated integration, the North Simcoe Muskoka LHIN negotiates or facilitates the integration of services. The integration idea may originate with the LHIN and at least one of the parties must be a health service provider. Facilitated integrations require an integration decision by the LHIN Board of Directors.

Facilitated integrations that occurred during 2007-08 were:

1. **Regional Laboratory Coordinator**
   The Simcoe Muskoka Network One hospitals partnered to hire a Regional Laboratory Coordinator to create regional system efficiencies.

2. **The Friends** and **Caregivers Muskoka/Parry Sound**
   These two organizations amalgamated and are working to establish a new entity with a new name and look. A fully integrated service delivery model is being developed to provide the best continuum of care for clients of these Community Support Services organizations across the North Simcoe Muskoka and North East LHINs.

3. **Centralized Access for Complex Continuing Care Beds**
   The integration of Complex Continuing Care into a regionally-accessed service involved all hospitals in the region, as well as the Community Care Access Centre. This integration ensures CCC patients will have equitable access through a coordinated access system to the unique, transitional care they require.

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Auditors' Report

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

We have audited the statement of financial position of the North Simcoe Muskoka Local Health Integration Network (the "LHIN") as at March 31, 2008 and the statements of financial activities, changes in net debt and cash flows for the year then ended. These financial statements are the responsibility of the LHIN's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the North Simcoe Muskoka Local Health Integration Network as at March 31, 2008 and the results of its operations, its changes in its net debt and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 25, 2008

North Simcoe Muskoka Local Health Integration Network

Statement of financial position
as at March 31, 2008

	2008	2007
	$	$
Financial assets		
Cash	**935,429**	660,197
Due from Ministry of Health and Long-Term Care ("MOHLTC")	**1,676,620**	-
Accounts receivable	**249**	4,214
	2,612,298	664,411
Liabilities		
Accounts payable and accrued liabilities	**833,374**	530,501
Due to the MOHLTC (Note 3b)	**112,598**	50,545
Due to Health Service Providers ("HSPs")	**1,676,620**	-
Due to the LHIN Shared Services Office (Note 4)	**3,756**	83,365
Deferred capital contributions (Note 5)	**444,475**	627,481
	3,070,823	1,291,892
Commitments (Note 6)		
Net debt	**(458,525)**	(627,481)
Non-financial assets		
Prepaid expenses	**14,050**	-
Capital assets (Note 7)	**444,475**	627,481
Accumulated surplus	-	-

Approved by the Board

RJ Rosen, Director

Lynn Stevenson, Director

North Simcoe Muskoka Local Health Integration Network

Statement of financial activities
year ended March 31, 2008

	2008 Budget (unaudited) (Note 8)	2008 Actual	2007 Actual
	$	$	$
Revenue			
MOHLTC funding			
HSP transfer payments (Note 9)	**527,742,875**	**534,187,234**	-
Operations of LHIN	**3,462,171**	**3,439,387**	3,012,721
E-Health (Note 10a)	-	**275,000**	129,000
Aging at Home Strategy (Note 10b)	-	**161,000**	-
Emergency Department Lead (Note 10c)	-	**25,000**	-
Wait List Management (Note 10d)	-	**70,000**	-
Amortization of deferred capital contributions (Note 5)	-	**235,790**	223,561
	531,205,046	**538,393,411**	3,365,282
Expenses			
Transfer payments to HSPs (Note 9)	**527,742,875**	**534,187,234**	-
General and administrative (Note 11)	**3,462,171**	**3,658,322**	3,191,591
E-Health (Note 10a)	-	**270,719**	123,146
Aging at Home Strategy (Note 10b)	-	**129,443**	-
Emergency Department Lead (Note 10c)	-	**15,640**	-
Wait List Management (Note 10d)	-	**70,000**	-
	531,205,046	**538,331,358**	3,314,737
Annual surplus before funding repayable to the MOHLTC	-	**62,053**	50,545
Funding repayable to the MOHLTC (Note 3a)	-	**(62,053)**	(50,545)
Annual surplus	-	-	-
Opening accumulated surplus	-	-	-
Closing accumulated surplus	-	-	-

North Simcoe Muskoka Local Health Integration Network

Statement of changes in net debt
year ended March 31, 2008

	2008	2007
	$	$
Annual surplus	-	-
Acquisition of tangible capital assets	(52,784)	(94,417)
Amortization of capital assets	235,790	223,561
Change in other non-financial assets	(14,050)	-
Decrease in net debt	168,956	129,144
Opening net debt	(627,481)	(756,625)
Closing net debt	(458,525)	(627,481)

North Simcoe Muskoka Local Health Integration Network

Statement of cash flows
year ended March 31, 2008

	2008	2007
	$	$
Operating		
Annual surplus	-	-
Less items not affecting cash		
Amortization of capital assets	235,790	223,561
Amortization of deferred capital contributions (Note 5)	(235,790)	(223,561)
	-	-
Changes in non-cash operating items		
Increase in prepaid expenses	(14,050)	-
Increase in due from MOHLTC	(1,676,620)	-
Decrease (increase) in accounts receivable	3,965	(4,214)
Increase in accounts payable and accrued liabilities	302,873	530,501
Increase in due to the MOHLTC	62,053	19,227
Increase in due to HSPs	1,676,620	-
(Decrease) increase in due to the LHIN Shared Services Office	(79,609)	83,365
	275,232	628,879
Capital transactions		
Acquisition of capital assets	(52,784)	(94,417)
Financing		
Increase in deferred capital contributions (Note 5)	52,784	94,417
Net change in cash	275,232	628,879
Cash, beginning of year	660,197	31,318
Cash, end of year	935,429	660,197

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2008

1. Description of business

The North Simcoe Muskoka Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act, 2006* (the "Act") as the North Simcoe Muskoka Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The LHIN is funded solely by the Province of Ontario in accordance with the Ministry LHIN Accountability Agreement ("MLAA"), which describes budget arrangements established by the MOHLTC and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account.

The LHIN statements do not include any Ministry managed programs.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the municipalities of Muskoka, most of Simcoe County and part of Grey County. The LHIN enters into service accountability agreements with service providers.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with generally accepted accounting principles for governments as established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA") and, where applicable, the recommendations of the Accounting Standards Board ("AcSB") of the CICA as interpreted by the Province of Ontario. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets, and losses in the value of assets.

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Funding payments to Health Service Providers in the LHIN geographic area flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized Health Service Providers ("HSPs") are expensed in the LHIN's financial statements for the year ended March 31, 2008.

Deferred capital contributions

Any amounts received that are used to fund expenditures that are recorded as tangible capital assets, are recorded as deferred capital revenue and are recognized over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of Financial Activities, is in accordance with the amortization policy applied to the related capital asset recorded.

Capital assets

Capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of capital assets. The cost of capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a capital asset are capitalized. Computer software is recognized as an expense when incurred.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives as follows:

Computer equipment	3 years straight-line method
Leasehold improvements	Remaining life of lease straight-line method
Office furniture and equipment	5 years straight-line method

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

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Funding repayable to the MOHLTC

In accordance with the MLAA, the LHIN is required to be in a balanced position at year end. Thus, any excess of funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

	Revenue	Expenses	Surplus
	$	$	$
LHIN operations	**3,675,177**	**3,658,322**	**16,855**
E-Health	**275,000**	**270,719**	**4,281**
Aging at Home	**161,000**	**129,443**	**31,557**
Emergency Department Lead	**25,000**	**15,640**	**9,360**
Wait List Management	**70,000**	**70,000**	**-**
	4,206,177	**4,144,124**	**62,053**

b) The amount due to the MOHLTC at March 31 is made up as follows:

	2008	2007
	$	$
Due to MOHLTC, beginning of year	**50,545**	-
Funding repayable to the MOHLTC related to current year activities (Note 3a)	**62,053**	50,545
Due to MOHLTC, end of year	**112,598**	50,545

4. Related party transactions

The LHIN Shared Services Office (the “LSSO”) is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs is responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs on an equal basis. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year end are recorded as a receivable (payable) to the LSSO. This is all done pursuant to the Shared Service Agreement the LSSO has with all the LHINs.

5. Deferred capital contributions

	2008	2007
	$	$
Balance, beginning of year	**627,481**	756,625
Capital contributions received during the year	**52,784**	94,417
Amortization for the year	**(235,790)**	(223,561)
Balance, end of year	**444,475**	627,481

6. Commitments

The LHIN has commitments under various operating leases related to building and equipment. Lease renewals are likely. Minimum lease payments due in each of the next four years and thereafter are as follows:

	$
2009	173,757
2010	172,507
2011	70,883
2012 and thereafter	-

The LHIN also has funding commitments to certain HSPs associated with accountability agreements for fiscal 2009.

7. Capital assets

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture and equipment	**219,653**	**108,440**	**111,213**	114,900
Computer equipment	**113,910**	**88,427**	**25,483**	50,913
Leasehold improvements	**767,753**	**459,974**	**307,779**	461,668
	1,101,316	**656,841**	**444,475**	627,481

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2008

8. Budget figures

The budgets were approved by the Government of Ontario. The budget figures reported on the Statement of Financial Activities reflect the initial budget at April 1, 2007. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approves budget adjustments. The following reflects the adjustments for the LHIN during the year:

The total HSP funding budget of $534,187,234 is made up of the following:

	$
Initial budget	**527,742,875**
Adjustment due to announcements made during the year	**6,444,359**
Total budget	**534,187,234**

The total revised operating budget of $4,023,171 is made up of the following:

	$
Initial budget as reported onth statement of financial activities	**3,462,171**
Additional funding received during the year for	
Aboriginal Initiative	**30,000**
E-Health	**275,000**
Aging at Home Strategy	**161,000**
Emergency Department Leader	**25,000**
Wait List Management	**70,000**
Total budget	**4,023,171**

9. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $534,187,234 to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in 2008 as follows:

	$
Operation of hospitals	**335,639,971**
Grants to compensate for municipal taxation - public hospitals	**77,625**
Long term care homes	**96,629,262**
Community care access centres	**61,553,536**
Community support services	**8,592,378**
Assisted living services in supportive housing	**4,480,800**
Community health centres	**3,404,923**
Community mental health and addictions programs	**23,808,739**
	534,187,234

The LHIN did not authorize any funding to HSPs in fiscal 2007.

10. a) E-Health

The LHIN received funding of $275,000 (2007 - $129,000) related to the E-Health project. E-Health expenses incurred during the year are as follows:

	2008	2007
	$	$
Salaries and benefits	**219,913**	15,711
Consulting services	**35,000**	104,627
Other services	**957**	2,808
Supplies and equipment	**12,539**	-
Travel	**1,819**	-
Mail, courier and telecommunications	**491**	-
	270,719	123,146

b) Aging at Home

The LHIN received funding of $161,000 (2007 - $Nil) related to the Aging at Home Strategy. Aging at Home Strategy expenses incurred during the year are as follows:

	2008	2007
	$	$
Salaries and benefits	**101,227**	-
Consulting services	**19,567**	-
Other services	**3,211**	-
Travel	**5,242**	-
Mail, courier and telecommunications	**196**	-
	129,443	-

c) Emergency Department Lead

The LHIN received funding of $25,000 (2007 - $Nil) related to the Emergency Department Leader. Emergency Department Leader expenses incurred during the year are as follows:

	2008	2007
	$	$
Consulting services	**15,000**	-
Travel	**163**	-
Mail, courier and telecommunications	**477**	-
	15,640	-

10. d) Wait List Management

The LHIN received funding of $70,000 (2007 - $Nil) related to Wait List Management activities. Wait list management expenses incurred during the year are as follows:

	2008	2007
	$	$
Consulting services	**69,398**	-
Other services	**602**	-
	70,000	-

11. General and administrative expenses

The Statement of Financial Activities presents the expenses by function, the following classifies these same expenses by object:

	2008	2007
	$	$
Salaries and benefits	**2,238,177**	1,419,288
Occupancy	**182,669**	170,099
Amortization	**235,790**	223,561
Shared services	**300,000**	290,201
Advertising and public relations	**6,723**	52,696
Consulting services	**252,407**	564,776
Other services	**93,281**	79,218
Supplies and equipment	**131,199**	149,890
Board member expenses	**138,800**	164,005
Travel	**42,525**	45,416
Mail, courier and telecommunications	**36,751**	32,441
	3,658,322	3,191,591

12. Pension agreements

The LHIN makes contributions to the Hospitals of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 20 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2008 was $169,515 (2007 - $96,342) for current service costs and is included as an expense in the Statement of Financial Activities.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2008

13. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act.* As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act, 2006* and in accordance with s. 28 of the *Financial Administration Act.*

14. Segment disclosures

The LHIN was required to adopt Section PS 2700 - Segment Disclosures, for the fiscal year beginning April 1 2007. A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the Statement of Financial Activities and within the related notes for both the prior and current year sufficiently discloses information of all appropriate segments and therefore no additional disclosure is required.

15. Comparative figures

Certain of the prior year's comparative amounts have been reclassified to conform with the presentation adopted for the current year.

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