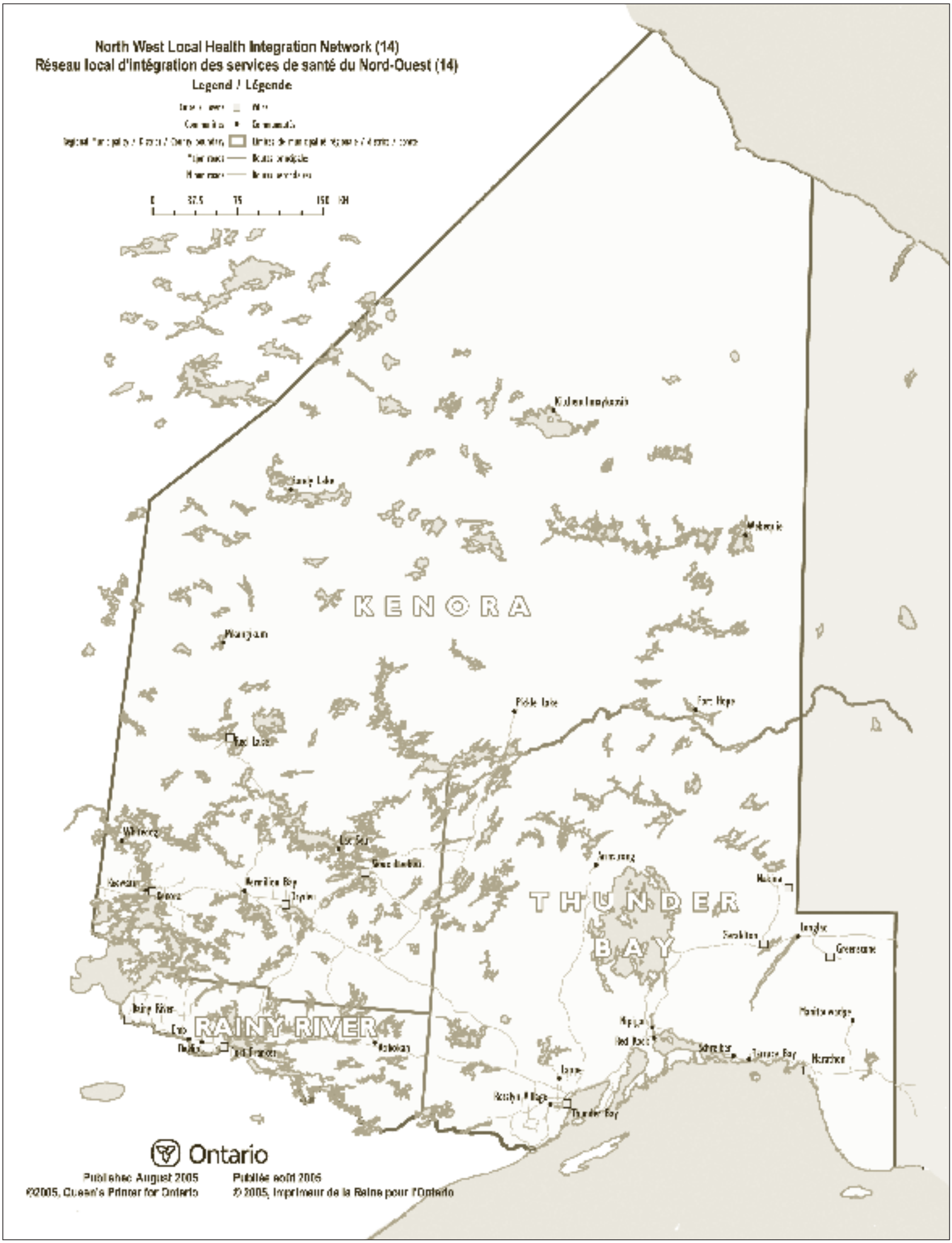
North West
LOCAL HEALTH INTEGRATION NETWORK

Healthier people, a strong health system – our future.

North West **LHIN** – **2006/07 Annual Report**

Ontario



Published August 2005
Publiée août 2005

The North West Local Health Integration Network

The North West Local Health Integration Network (LHIN), with its partners, is working towards its vision for the northwest: ***Healthier people, a strong health system – our future.*** The North West LHIN has responsibility for planning, integrating and funding many local health services, including hospitals, the Community Care Access Centre, community health centres, long-term care homes, community support service agencies and community mental health and addiction services.

Planning, delivering and accessing health services within the northwest can be challenging. We have the lowest population, spread over the largest geographic area. The North West LHIN extends from White River in the east to the Manitoba border in the west and from James Bay and Hudson Bay in the north down to the United States border in the south. Portions of our Aboriginal[1] population live in remote areas with road access only in the winter; others are accessible only by air.

LHINs are based on the premise that local communities best understand their local health care needs and priorities. In our commitment to ongoing community engagement, we continue to seek knowledge and input in developing local solutions.

By working together, we will succeed at improving the quality of and access to health care services for the residents of Northwestern Ontario.

1. Including First Nations, Métis and Inuit.

Message from the Chair and CEO

John Whitfield, Chair

Gwen DuBois-Wing, Chief Executive Officer

As Chair and CEO of the North West Local Health Integration Network (LHIN), we have collaborated with individuals, groups, organizations and communities from across the northwest over the past year, as we work toward our vision ***Healthier people, a strong health system - our future.***

Significant development has occurred during this year of transition. The North West LHIN's first *Integrated Health Services Plan* (IHSP) was released November 2006, after extensive community engagement and data collection. Over the past year (our first full year of operation), the North West LHIN and its partners have completed a number of activities related to the IHSP. We continue to build internal capacity through staff recruitment and knowledge transfer from the Ministry of Health and Long-Term Care (MOHLTC).

Community engagement is a fundamental principle of the North West LHIN and will be ongoing. Activities this year have included dialogues/discussions, consultations, forums, presentations, roundtables, an open house, focus groups and education sessions. Opportunities for engagement continue, with the collection of expressions of interest for North West LHIN Advisory Teams. We will continue to build on the work being done in e-Health and Wait Times, and look forward to advancing our work in other priority areas outlined in the *Integrated Health Services Plan*. We have launched our newsletter *LHINkages* and our website at www.northwestlhin.on.ca as tools for communication.

We look forward to working with our partners throughout the region to develop innovative solutions to improving our health system. At the 2006 *Celebrating Innovations in Health Care Expo* in Toronto, our LHIN was well represented by excellent presentations and participation. The North West LHIN continues to be recognized for innovation, with seven agencies/projects featured at the 2007 Expo.

As of April 1, 2007, the North West LHIN is responsible for funding many health services within the northwest. This additional responsibility allows the LHIN to address its full mandate of planning, integrating and funding local health services.

Service accountability agreements between the North West LHIN and health service providers will replace those between health service providers and the MOHLTC. Agreements between the North West LHIN and the hospitals have been completed.

We continue to be grateful for the support we receive from communities, health service providers and individuals from across the northwest - your knowledge, experience and enthusiasm have been invaluable. The future is bright; we have the opportunity to improve the health of our communities as we work together to realize our vision.

Members of the Board

Dr. John Whitfield - Chair

Thunder Bay

Term:
June 8, 2005
to June 7, 2008

Janice Beazley - Vice Chair

Fort Frances

Term:
June 1, 2005
to May 31, 2008

Ennis Fiddler - Secretary

Sandy Lake

Term:
June 1, 2005
to May 31, 2008

Kevin Bähm

Terrace Bay

Term:
January 5, 2006 to
January 4, 2008

Marleen Wong

Kenora

Term:
January 5, 2006 to
January 4, 2008

Chantelle Bryson

Thunder Bay

Term:
May 17, 2006
to June 16, 2007

Reappointed to
June 16, 2010

Bob Gregor

Marathon

Term:
May 17, 2006
to May 16, 2008

Judy Morrison

Fort Frances

Term:
May 17, 2006
to June 16, 2007

Reappointed to
June 16, 2010

Governance

The North West LHIN is governed by an appointed Board of Directors and has an Accountability Agreement with the Ministry of Health and Long-Term Care.

The Board of Directors is accountable, through the Chair, to the Minister of Health and Long-Term Care for the LHIN's use of public funds, and for its results in terms of goals and performance of the local health system. Directors are appointed by Order-in-Council for a term of one to three years, subject to a six-year maximum. Currently, the North West LHIN has 8 of its 9 members.

In 2006/07, the North West LHIN Board of Directors was involved in a number of activities including, but not limited to:

- Development of the mission, vision, values and strategic directions for the North West LHIN.
- Community engagement activities across the northwest.
- Presentations to and meetings with various individuals and groups.
- Participation in governance development activities on a provincial and local basis.
- Establishment of the Governance and Audit Committees; policy development and advancement in these areas.
- Participation in a number of provincial activities and committees.
- Approval of the Conflict of Interest Policy for LHIN Board Directors.
- Meeting with the Conflict of Interest Commissioner who stated:

  "All Board members of the North West LHIN met with a Conflict of Interest Commissioner in 2006/07 and completed their declarations. The Conflict of Interest Commissioner provided advice in accordance with the LHIN Conflict of Interest Policy."

Mission, Vision and Values

The Mission, Vision and Values for the North West LHIN, developed by the Board of Directors, provide direction and guide our activities.

Our Mission:

Develop an innovative, sustainable and efficient health system in service to the health and wellness of the people of the North West LHIN.

Our Vision:

Healthier people,
a strong health system
– our future.

Our Values:

1. Person-Centred
2. Culturally Sensitive
3. Sustainable
4. Accountable
5. Collaborative
6. Innovative

North West LHIN At-A-Glance

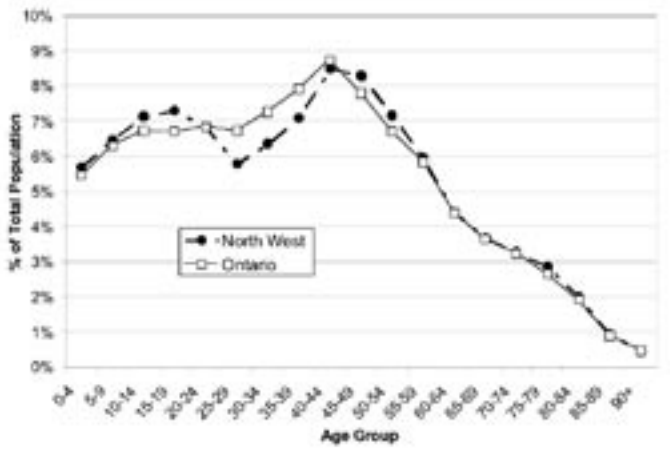
Our Geography

- The largest geographic area of all the LHINs at 458,010 square kilometres or 47% of Ontario's land mass.
- Includes the Rainy River and Thunder Bay Districts and most of the Kenora District.
- Boundaries reach from White River in the east to the Manitoba border in the west, and from James Bay and Hudson Bay in the north to the United States border in the south.
- Many First Nation communities in the northwest are not accessible by road year-round.
- The least populated of all the LHINs; 11 of the 14 have population densities above 25 people per square kilometre, while the North West LHIN has 0.5 people per square kilometre.

Our Population

- The North West LHIN is home to 242,450 people (2004) or 2.0% of the population of Ontario.
- Between 1994 and 2004, the population of the northwest decreased an average of 0.4% each year; the population of Ontario increased by 1.5% annually during this time.
- The percentage of those aged 10 to 19 exceeds the provincial average. The smaller percentage of 25 to 39 year olds in the northwest relative to the province, however, suggests youth out-migration.

Comparison of North West LHIN and Ontario % Distribution of Population by Age Cohort[2]



- 13.9% of those in the northwest identify as Aboriginal[3]. This is the highest of the 14 LHINs and much higher than the provincial average of 1.7%.
- The proportion of residents who are Francophone is similar to the province as a whole (4.1% versus 4.7%).
- The northwest is in the lowest quartile (at 64.9%) in Ontario for percentage of population in the labour force.
- Those living in the northwest are, on average, less educated than elsewhere in the province, with higher proportions of those with less than a grade 9 education (10.6% vs. 8.7%), without a high school graduation certificate (32.0% vs. 25.7%) and the lowest proportion having completed post-secondary education (43.9% vs. 48.7%).
- Daily smoking and heavy drinking rates are significantly higher in the North West LHIN relative to the province, as is the prevalence of being overweight/obese. These poor health practices are related to the risk of chronic disease, mortality and disability.

2. Population estimates from unpublished, draft population data from Ontario Ministry of Finance, spring 2006.
3. Population estimates are based on Statistics Canada Census data and may under - represent the First Nations population.

Health Population Profile

- Fewer of our residents report their health as "excellent" or "very good" (51.0%) compared to people in the province as a whole (57.4%).
- A significant proportion of residents (37.5%, compared to 29.4% provincially) report their activities are limited because of a physical or mental condition or health problem which has lasted or is expected to last longer than six months.
- Life expectancy among males and females in the northwest is the lowest in the province.
- The northwest has high mortality rates for all major causes of death. Almost 25% of deaths occur before the age of 65 and 44.5% occur before the age of 75 (the Ontario percentages are 21.3% and 41.2% respectively).
- The potential years of life lost (PYLL) for northwest residents is the highest in Ontario.
- In 2001 the age standardized rate of deaths due to suicide for northwest residents was more than double the provincial average and much higher than for any other region.
- Northwest residents report higher than average rates of chronic diseases, including diabetes, heart disease, high blood pressure, arthritis/rheumatism and asthma.

Number of Health Care Facilities and Programs Funded by the North West LHIN

Community Care Access Centre	1
Community Health Centres	2
Community Mental Health and Addictions Services	55
Community Support Services	90
Long-Term Care Homes	14
Hospitals	13
Total	**178**

Accomplishments

Working with our partners from across the region, the North West LHIN has achieved a number of milestones in 2006/07.

Community Engagement

From April 2006 to March 2007, the North West LHIN held provider and public sessions in 13 communities across the region. Various formats (roundtables; focus groups; a forum; and provider and public consultation sessions) were used during community engagement activities. Close to 2,000 individuals participated in these sessions.

Participants included:

- General public;
- Municipal representatives;
- Physicians;
- Health system providers;
- Mental health and addiction service providers, long-term care providers, community support service providers, acute care providers, community health centre and family health team providers; and
- Hospital CEOs, Board Chairs and/or senior leadership teams.

A meeting with Francophone stakeholders was convened and conducted in French. Ongoing communications with Francophone leaders will continue.

Aboriginal Engagement

Northwestern Ontario has the largest Aboriginal population in the province (13.9% vs. 1.7%). Canadian

studies of Aboriginal health consistently show that Aboriginal populations have reduced life expectancy; poor health status compared to the general Canadian population; and may also develop chronic diseases earlier in their lifespan.

The North West LHIN recognizes that input from Aboriginal people is necessary for regional and joint planning initiatives. Meetings with some Aboriginal leaders have taken place. In addition, two focus groups with Aboriginal stakeholders from across the northwest (including Treaty 3, Treaty 9, the Robinson-Superior Treaty regions and Métis) were held to begin a dialogue and planning process for the development of an Aboriginal Community Engagement Plan.

We will continue to develop our Aboriginal community engagement and involve Aboriginal people in various activities.

"The North West LHIN, together with stakeholders from across the region, is working to address the priorities outlined in the IHSP."

Our Integrated Health Services Plan

A key initiative of the North West LHIN was the development of an *Integrated Health Services Plan* (IHSP) for Northwestern Ontario. This plan, released November, 2006, sets out broad health care priorities and strategies to guide the activities of the North West LHIN for the three-year period beginning April 2007.

The IHSP was developed through involvement and consultation with local health service providers, communities and the public across Northwestern Ontario (see Community Engagement). More than 1,500 individuals, organizations and agencies provided information and input into the plan. Current data on the local population's health status and needs and on existing services across the entire health care system was also analyzed.

The IHSP will be updated annually to reflect changing needs in the local population and health system, and it will be refined through ongoing consultation with the communities and providers in the North West LHIN.

The North West LHIN, together with stakeholders from across the region, is working to address the priorities outlined in the IHSP. Education sessions, a forum, focus groups, discussion papers and environmental scans have been completed in many of the priority areas.

Advancing the Integrated Health Services Plan

Involving Our Communities

Over 160 expressions of interest for Advisory Teams have been collected from across the northwest. Advisory Teams for Wait Times and e-Health have been struck, building on the extensive work that has been done in the northwest.

Wait Times

In 2006, a Wait Time Strategy Advisory Team, members with both administrative and clinical expertise, was formed to address wait times within the North West LHIN. Common care pathways were developed for the northwest and regional capacity was assessed. The North West LHIN has the shortest wait time for cancer surgery in the province and significant progress has been made on wait times for hip and knee replacements. Initiatives have been put in place to improve wait times for cataract surgery and CT scans.

e-Health

The e-Health Advisory Team builds on the work of the Northern Ontario Information and Communication Technology (ICT) Blueprint.

The purpose of the ICT Planning Project was three-fold:

- Conduct an inventory of the current state of ICT in Northern Ontario.
- Identify opportunities to partner and strengthen ICT linkages between northern health care providers and sectors.
- Develop a common vision and strategic blueprint for action for ICT in Northern Ontario.

Phase 1 of the ICT Blueprint included all of the hospitals, Community Care Access Centres, mental health centres, regional cancer centres, and community health centres of Northern Ontario. Phase 2 (launched June 2006) focused on aligning mental health, addictions, long-term care, primary/specialist medical care, public health, children's rehabilitation, private laboratory diagnostic sectors, pharmacies/Ontario Drug Benefits, community support services and patient self-management with Ontario's broader e-Health vision and strategy. Phase 3 is focused on priority setting, tactical and implementation planning and will be completed in the summer of 2007. Involvement of the broader health sector is a key feature of the Northern e-Health initiative.

Accountability Agreements

Beginning April 1, 2007, the North West LHIN is responsible for funding many local health services, allowing us to address our full mandate of planning, integrating and funding local health services. Service Accountability Agreements will now be between the North West LHIN and local health service providers, rather than the MOHLTC. In 2006/07, many meetings were held with health service providers about local health system performance development and the achievement of provincial targets (e.g. Wait Times).

The North West LHIN fulfilled the performance measures set out in its 2006/07 Accountability Agreement with the Ministry of Health and Long-Term Care MOHLTC; the Agreement outlines the mutually-understood performance obligations of both parties during the fiscal year. A Memorandum of Understanding (between the LHIN and the Minister) was approved by the North West LHIN Board of Directors in October 2006 and became effective April 1, 2007.

The LHINs and MOHLTC formed planning groups to discuss system accountability, data quality and information management; this partnership has enhanced the North West LHIN's ability to leverage information and knowledge.

Financial Statements of

North West Local Health Integration Network

March 31, 2007

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Auditors' Report

To the Members of the Board of Directors of the
North West Local Health Integration Network

We have audited the statement of financial position of North West Local Health Integration Network (the "LHIN") as at March 31, 2007 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 West Local Health Integration Network as at March 31, 2007 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

Toronto, Ontario
April 30, 2007

NORTH WEST LOCAL HEALTH INTEGRATION NETWORK
Statement of Financial Position
March 31, 2007

	2007	2006 (Notes 3, 14)
FINANCIAL ASSETS		
Cash	$ 401,935	$ 30,807
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	330,313	-
Due to Ministry of Health and Long-Term Care ("MOHLTC")	-	30,807
Due to the LHIN Shared Services Office (Note 5)	71,622	-
Deferred capital contributions (Note 6)	476,512	578,718
	878,447	609,525
NET DEBT	(476,512)	(578,718)
NON-FINANCIAL ASSETS		
Capital assets (Note 7)	476,512	578,718
ACCUMULATED SURPLUS	$ -	$ -

APPROVED BY THE BOARD

..... Director

..... Director

NORTH WEST LOCAL HEALTH INTEGRATION NETWORK

Statement of Financial Activities

Year ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
	(unaudited) (Note 8)		(Notes 3, 14)
REVENUE			
MOHLTC funding	$ 3,295,353	$ 2,746,016	$ 203,246
E-Health funding (Note 10)	129,000	129,000	-
Amortization of deferred capital contributions (Note 6)	-	165,138	144,679
	3,424,353	3,040,154	347,925
EXPENSES			
General and administrative (Note 9)	3,295,353	2,911,154	347,925
E-Health (Note 10)	129,000	129,000	-
	3,424,353	3,040,154	347,925
ANNUAL SURPLUS	-	-	-
OPENING ACCUMULATED SURPLUS	-	-	-
CLOSING ACCUMULATED SURPLUS	$ -	$ -	$ -

NORTH WEST LOCAL HEALTH INTEGRATION NETWORK

Statement of Changes in Net Debt

Year ended March 31, 2007

	2007	2006 (Notes 3, 14)
ANNUAL SURPLUS	$ -	$ -
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(62,932)	(723,397)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	165,138	144,679
DECREASE (INCREASE) IN NET DEBT	102,206	(578,718)
OPENING NET DEBT	(578,718)	-
CLOSING NET DEBT	$ (476,512)	$ (578,718)

NORTH WEST LOCAL HEALTH INTEGRATION NETWORK

Statement of Cash Flows

Year ended March 31, 2007

	2007	2006 (Notes 3, 14)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Annual surplus	$ -	$ -
Less items not affecting cash		
Amortization of capital assets	165,138	144,679
Amortization of deferred capital contributions (Note 6)	(165,138)	(144,679)
	-	-
USES		
Decrease in due to MOHLTC	(30,807)	-
	(30,807)	-
SOURCES		
Increase in due to LHIN Shared Services Office	71,622	-
Increase in due to MOHLTC	-	30,807
Increase in accounts payable	330,313	-
	401,935	30,807
CAPITAL TRANSACTIONS		
Acquisition of capital assets	(62,932)	(723,397)
FINANCING TRANSACTIONS		
Increase in deferred capital contributions (Note 6)	62,932	723,397
NET INCREASE IN CASH	371,128	30,807
CASH, BEGINNING OF YEAR	30,807	-
CASH, END OF YEAR	$ 401,935	$ 30,807

NORTH WEST LOCAL HEALTH INTEGRATION NETWORK
Notes to the Financial Statements
March 31, 2007

1. DESCRIPTION OF BUSINESS

Formation and status

The North West Ontario Local Health Integration Network was incorporated by Letters Patent on June 16, 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 West Ontario 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 both the Act and the Memorandum of Understanding between the LHIN and the Ministry of Health and Long-Term Care (the "MOHLTC").

The LHIN has also entered into an annual Accountability Agreement for the 2007 fiscal year with the Ministry of Health and Long Term Care which describes the responsibilities of the LHIN and the performance standards that are required to be maintained and achieved in order to obtain funding from the Province.

As of April 1, 2007, funding payments to providers will flow through the LHIN's financial statements. These transfer payments will be reflected as revenue and expenses in the LHIN's financial statements for the year ended March 31, 2008 and thereafter.

LHIN operations

The objects 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 North West LHIN includes the Districts of Thunder Bay, Rainy River and most of Kenora.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian 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:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Ministry of Health and Long-Term Care Funding

The LHIN is funded solely by the Province of Ontario in accordance with budget arrangements established by the MOHLTC. These financial statements reflect agreed funding arrangements approved by the MOHLTC.

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.

Deferred contributions

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.

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. This amortization revenue is in accordance with the amortization policy applied to the related capital asset recorded.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible 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 tangible 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 tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

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

Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office furniture and fixtures	5 years straight-line method
Infrastructure/web development	3 years straight-line method

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

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. ADOPTION OF PUBLIC SECTOR ACCOUNTING RECOMMENDATIONS

At the direction of the MOHLTC, commencing in 2007, the LHIN has adopted generally accepted accounting principles, applying government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The comparative figures included in these financial statements have been restated to conform with accounting standards adopted for the current year.

As a result of this change, during the year the LHIN obtained the fair market value for the donated tangible capital assets received in the prior fiscal period and chose to reflect this more meaningful valuation in the financial statements. This change has been applied retroactively and the prior period has been restated resulting in an increase in deferred capital contributions, net debt and capital assets of $578,718 on the statement of financial position. On the statement of financial activities amortization of deferred capital contributions increased by $144,679 as did general and administrative expenses. On the statement of changes in net debt acquisition of tangible capital assets increased by $723,397 amortization of tangible capital assets increased by $144,679 and closing net debt increased by $578,718.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The MOHLTC has included accounts payable and accrued liabilities totaling $182,557 in its records on behalf of the LHIN as at March 31, 2006. These expenses are included in amounts disclosed in Note 9 related to the prior period.

5. 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 LHINs.

6. DEFERRED CAPITAL CONTRIBUTIONS

	2007	2006
Balance, beginning of year	$ 578,718	$ -
Capital contributions received during the year	62,932	723,397
Amortization for the year	(165,138)	(144,679)
Balance, end of year	$ 476,512	$ 578,718

7. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and fixtures	$ 237,865	$ (94,368)	$ 143,497	$ 187,182
Computer equipment	42,006	(14,002)	28,004	-
Leasehold improvements	489,420	(195,768)	293,652	391,536
Web development	17,039	(5,679)	11,359	-
	$ 786,330	$ (309,817)	$ 476,512	$ 578,718

8. BUDGET FIGURES

The total operating budget of $3,295,353 has been approved by the MOHLTC. The figures have been reported for the purposes of these statements to comply with PSAB reporting principles.

9. GENERAL AND ADMINISTRATIVE EXPENSES

For the period ended March 31, 2006, certain operating expenses, other than those disclosed on the Statement of Financial Activities, were approved and paid for on behalf of the LHIN by the MOHLTC. These amounts were not included with the LHIN's financial activities and are disclosed below for information purposes. These expenses are as follows:

Salaries and benefits	$ 94,162
Accommodation/occupancy	1,083,399
Common services	42,126
Information technology	87,896
Other expenditures	282,041
	$ 1,589,624

For the first three months of fiscal 2007, all financial information was processed by the MOHLTC on behalf of the LHIN. Unlike 2006, these amounts are considered expenses of the LHIN directly and are included as part of the financial activities of the LHIN and included in the Statement of Financial Activities.

As part of these transition amounts totaling $21,510 of prior period expenses were not accrued and these amounts were included in the March 31, 2007 Statement of Financial Activities of the LHIN.

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

	2007	2006
Salaries and benefits	$ 1,172,799	$ 198,821
Occupancy	173,880	-
Amortization	165,138	144,679
Equipment and maintenance	81,439	-
Shared services	290,276	-
Public relations and community forums	64,055	-
Professional fees	13,416	-
Staff travel	111,672	-
Staff development and recruitment	69,488	-
Consulting services	350,536	-
Supplies, printing and office	153,575	3,178
Board member per diems	107,499	-
Board member expenses	99,693	-
Mail, courier and telecommunications	56,458	157
Other	1,230	1,090
	$ 2,911,154	$ 347,925

10. E-HEALTH

The E-Health office of the Ministry of Health and Long-Term Care provided $129,000 to the LHIN. The LHIN had a contract and retained the services of the Group Health Centre (the "GHC") during 2007. The GHC provided services and deliverables as described in the contract. In return, the LHIN agreed to reimburse the GHC for expenses incurred during the performance of this work. The total amount of expenses reimbursed during the duration of this contract was $129,000.

11. PENSION AGREEMENTS

The LHIN makes contributions to the Hospitals of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 15 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 2007 was $85,174 (2006 - $20,149) for current service costs and is included as an expense in the Statement of Financial Activities.

12. 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*.

13. COMMITMENTS

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

2008	$ 179,327
2009	178,817
2010	176,267
2011	45,261
	$ 579,672

14. COMPARATIVE FIGURES

The prior period figures are from the date of incorporation, June 16, 2005 to March 31, 2006. The comparative figures have been reclassified to conform to the current year's presentation. During the 2007 fiscal year, the LHIN received direction from the MOHLTC in its Memorandum of Understanding to follow PSAB accounting. Presentation changes are a result of the change in presentation format to comply with PSAB.

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