Health Shared Services Ontario
Annual Report FY2018/19

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1. Message from the CEO and Board Chair of HSSOntario

On behalf of Health Shared Services Ontario (HSSOntario), we are pleased to share with you its Board-approved 2018-2019 Annual Report. In addition to presenting audited financials, this report also highlights key outcomes achieved over the past year—including the important groundwork HSSOntario has laid that can potentially support and enable future system transformation.

HSSOntario has continued to deliver health system value in several important ways:

- Expanding innovative, secure, scalable and cost-effective digital health solutions to meet evolving front-line patient and clinical needs;
- Further integrating and connecting the health care system through improved tools and technologies;
- Leveraging rich provincial data to inform ongoing, value-for-money quality improvements;
- Supporting consistency and standardization in the delivery of home and community care and long-term care placement, in addition to vital program-level reporting; and
- Finding economies of scale and enhancing system sustainability via high-value, centralized business and corporate supports.

HSSOntario's provincial digital assets provide the foundation to enable home and community care delivery and manage long-term care placements province-wide. As HSSOntario moves forward into Ontario Health we will continue to advance the exceptional digital platforms and quality shared services that patients and providers depend on in the delivery of care in Ontario.

Sincerely,

Bill Hatanaka
Board Chair
Health Shared Services Ontario

Catherine Brown
CEO
Health Shared Services Ontario

2. Introduction

HSSOntario is a provincial Crown agency created in January 2017 with the amalgamation of three entities—the Ontario Association of Community Care Access Centres (OACCAC), the LHIN Shared Services Office (LSSO) and the LHIN Collaborative (LHINC). HSSOntario became operational as a shared services entity in March 2017.

HSSOntario plays a key role in the delivery of services across various functional areas including:

- Information technology, data management, and the advancement of provincial digital health assets;
- Home, community and long-term care program support and implementation, including support for policy development, implementation and quality improvement;
- Management of long-term care placement and waitlists province-wide;
- Labour relations and collective bargaining across Ontario;
- Finance and administration, including accounts payable and inventory management; and
- Centralized procurement.

HSSOntario acts as a delivery agent for the Ministry of Health and Long-Term Care and as a leader in the delivery of digital health care solutions. Through these functions, it has supported and driven ongoing:

- Health system integration to support front-line care, through expanding scalable digital technologies that are informed by input from key stakeholders, including care providers;
- Health system standardization and consistency, leading to a better, common patient experience;
- Health system sustainability, efficiencies and cost savings, realized through economies of scale and the centralization of key shared services; and
- Centralization of policy and quality improvement supports to enable implementation of provincial health system improvement strategies and government priorities.

HSSOntario has a number of well-established program and service areas, through which it delivers on its objectives and goals.

Digital Health Assets – HSSOntario engineers, manages and continuously improves key provincial digital health assets, including the Client Health and Related Information System (CHRIS), which are essential to the delivery of high-quality, safe and cost-effective patient care across Ontario. In-house development and architecture capability allows HSSOntario to implement cost effective, pragmatic and scalable solutions that address front-line business and clinical needs.

Through the CHRIS suite of applications (e.g., Health Partner Gateway, provincial assessment solutions, the Document Management System, etc.), HSSOntario provides well-established, field-tested digital

tools that support patient intake, evidence-based clinical assessment, home care service provisioning, long-term care placement and waitlist management, medical equipment and supply ordering, billing and other functions that enable efficient and reliable care. Tools like HPG offer our health system partners such as home care services organizations, hospitals and long-term care homes, access to information and data that further support the delivery of care across the continuum.

These systems also play an important role in integrating the health care system by enabling seamless patient transitions from one health care organization to another.

Highlights include:

- ***More than 720,000 patients*** have their care managed through the system
- ***More than 1,000,000 home and community care services*** are authorized annually resulting in over ***46,000,000 patient visits***
- ***More than 6,000,000 referrals/updates***, and ***more than 3,900,000 supporting medical documents***, are automatically sent to contracted service provider organizations, long-term care homes, etc., annually.
- ***More than 195,000 long-term placement*** requests are managed and waitlisted
- ***Integration is in place with 151 hospitals***
    - ***Over 15,000 eNotifications*** are received ***daily*** from hospitals (to inform primary care and home care service providers of when a patient presents, is admitted or discharged from hospital)
    - ***Over 45,000 eReferrals*** are received from hospitals annually

Home and Community Care Program Support – HSSOntario has experience working collaboratively with the Ministry of Health and Long-Term Care and other health system partners to advance the delivery of high-quality, efficient and integrated home and community care by:

- Supporting the development and implementation of new or enhanced provincial policies, programs and technologies
- Developing operational guidelines, communications and other tools that facilitate provincial deployments
- Identifying areas for improvement and making recommendations to the Ministry of Health and Long-Term Care, LHINs and other stakeholders

Program Innovation and Performance Management – HSSOntario works to support provincial strategic priorities in collaboration with other health system partners. This work includes providing strategic counsel, analysis and implementation support for provincial programs.

Information and Performance Management – HSSOntario manages business-intelligence solutions and provides a single point of access to key provincial data holdings. It also gathers, analyzes and leverages

provincial data to inform research and policy initiatives, and supports the development of Service Accountability Agreements with care providers.

IT Services – HSSOntario designs, manages and improves technologies that meet real, front-line business and clinical needs. It manages the complex information technology and network infrastructure essential for the delivery of home and community care and long-term care home placement across the province.

Procurement Process Support – HSSOntario manages and/or coordinates provincial procurement of provincial goods and services, including vendor supports, services and supplies. A strong partnership is in place with the Ministry of Health and Long-Term Care and the Ministry of Government and Consumer Services to ensure alignment with government procurement directions.

Privacy and Information Security – HSSOntario is a Health Information Network Provider (HINP) that plays a key role in supporting the secure use of personal health information across health delivery partners. This function includes facilitating data-sharing and network-services agreements to enable patient information-sharing between authorized health partners, establishing detailed privacy and security processes and protocols, and managing a robust cybersecurity program.

Provincial Labour Relations and Human Resources – HSSOntario provides central support for labour relations and collective bargaining for all 14 LHINs. It also manages all employee benefits contracts, including provincial procurement, vendor management and transaction support.

Finance and Administration – HSSOntario provides finance and administration support to the 14 LHINs finance and workforce systems. As well, HSSOntario's systems support the financial billing management related to the delivery of home and community care province-wide. HSSOntario works through both of these functional areas to identify areas for improvements and cost savings.

3. Key Outcomes Achieved in FY18/19

The following section provides an update on outcomes achieved in relation to gaols and targets set at the outset of the year.

Legend	
●	Goals and targets defined at the beginning of the year have been attained.
●	Goals and targets defined the beginning of the year have not been met or only partially met.

Priority – Maximize the Value of Provincial Digital Health Assets

HSSOntario manages the operations of a number of digital health assets that enable the delivery of home and community care services and long-term care placements that connect patients to care across the province. HSSOntario developed this foundational suite of digital health assets and is ideally positioned to enable greater integration of the health system, effectively leading to better patient experience and improved information access by health care providers.

Goals and Performance Targets	Status	Outcomes
Enable health system integration through the expanded use of digital health assets and innovations		
Work with LHINs and other health-sector partners to progress the proliferation and adoption of the Coordinated Care Plan (CCP) within the province across health care providers. The CCP allows multiple Health Services Providers to collaborate in establishing a single comprehensive care plan for patients that they serve.	●	CCPs have been adopted by 145 health system partners. Over 90,000 CCPs have been completed.
Continue to deploy eNotification capability across the province. eNotification capability electronically notifies primary care and home care service providers when a patient presents, is admitted and discharged from hospital. Health partners are able to avoid missed visits and redirect resources to others in need.	●	By the end of FY 18/19 eNotification integration was established with over 135 hospitals across the province. eNotification functionality was expanded to include Paramedic eNotifications and Opioid Events to Public Health.
Enable LHINs to permit enhanced health service provider (e.g. SPOs, primary care, etc.) access to patient care digital health assets.	●	CHRIS infrastructure changes have been completed to support hospital access.

		Actively working with Trillium Health Partners, as an early adopter, to enable direct hospital staff access to CHRIS.
Establish tighter integration between primary care and LHIN home care in a number of areas of focus, e.g. integration of the CCP with Primary Care EMRs, eReferrals from Primary Care for home care services, etc.		Working with OntarioMD and the Ministry of Health and Long-Term Care to establish roadmap to execute on opportunities noted.
Develop tools and processes to support more effective and efficient delivery of front-line patient care		
Continue to enhance assessment tools and practices to support more efficient and effective delivery of home and community care.		interRAI Home Care Assessment delivered to ensure Care Coordinators are utilizing the most up-to-date standards for patient assessments. interRAI Community Health Assessment introduced to enable Community Support Agencies to implement the provincial assessment solution. This will enable more streamlined assessment processes across home and community care sectors.
Implement tools and supports to protect against cyber risks to LHIN/HSSOntario information, networks and products		Policies, practices and procedures have been updated to align with National Institute of Standards and Technology (NIST) cybersecurity framework. Cyber-threat intelligence capability has been established within the organization. Independent cybersecurity maturity assessment conducted by third-party confirmed that HSSOntario has implemented

		controls and safeguards aligned with industry good practices.
Embed digital patient access channels into the client and caregiver home care experience		
Develop a digital clinical documentation strategy to support the needs of all LHIN-employed health care practitioners (e.g., nurse practitioners).		This work is currently on pause to ensure alignment with the provincial digital health strategy and pending implementation of *The People's Health Care Act, 2019*.
Establish a strategy that will allow patients to have direct access to their community based health care information.		This work is currently on pause to ensure alignment with the provincial digital health strategy and pending implementation of *The People's Health Care Act, 2019*.

Priority – Optimize Health System Performance

HSSOntario will continue to leverage its expertise in the home, community and long-term care sector to advance programs that enable consistency and quality standards in care delivery. The organization will also support broader health system objectives related to performance and integration through the delivery of programs in partnership with key health system stakeholders.

Goals and Performance Targets	Status	Outcomes
Supporting the MOHLTC in enabling transformation priorities		
Implement key strategic system priorities by supporting provincial projects on emerging issues, as well as contributing to improved efficiency and adoption of leading practices across the province.		Led data collection to enable Ministry of Health and Long-Term Care evaluation of Health Link performance.
Support LHINs with ongoing work related to establishing and refreshing accountability agreements with Health Service Providers (HSPs).		Developed and finalized, in collaboration with the LHINs, templates required for the renewal of over 1600 Service Accountability Agreements.
Support consistency and quality standards in home care		
Support the implementation of Ministry of Health and Long-Term Care priorities to progress programs that enhance patient experience and delivery of home care services across the province.		Worked with the Ministry of Health and Long-Term Care and health system partners to support consistent implementation of the bundled care program.

		Developed the transition framework that facilitated the devolution of school-based rehab services from LHINs to Children's Treatment Centers.
Support the implementation of Ministry of Health and Long-Term Care priorities to establish a Family Managed Care model.		Developed supporting tools and processes to implement the Ministry of Health and Long-Term Care's Family Managed Home Care program.
Support the LHINs in the implementation of Ministry of Health and Long-Term Care initiatives related to contract modernization in home care.		On hold, pending government direction and implementation of *The People's Health Care Act, 2019*.
Expand and formalize business-intelligence capability across the sector to support increased data analytics.		Implemented a new reporting tool in CHRIS to support home and community care coordinators in managing patient care. Implemented new software to enhance the user experience in accessing HSSOntario's reports.
Continue to leverage data and partnerships with leading research and quality improvement organizations, such as Health Quality Ontario, the Canadian Institute for Health Information (CIHI), interRAI, etc.		All Service Level Agreement targets met.

Priority – Deliver Outstanding Corporate and Business Support Services

HSSOntario has continued to work with the Ministry of Health and Long-Term Care and other health system partners to identify opportunities to centralize and rationalize supports, where possible. The goal is to avoid duplication, create greater efficiencies, and streamline corporate back-office functions in the areas of IT infrastructure, finance, administration, procurement and human resources.

Goals and Performance Targets	Status	Outcomes
Lead provincial pan-LHIN initiatives that will result in more efficient and effective corporate and business support services for the sector		

Lead a multi-year Enterprise Review to identify opportunities for efficiencies across the LHINs and HSSOntario in areas such as information technology, human resource and financial administration, insurance, procurement and standardization.		Efficiency opportunities identified. Findings have been shared with the Ministry of Health and Long-Term Care.
Implement a provincial Workforce and Financial Information System (WFIS) platform for all LHINs and consolidate legacy payroll, financial and workforce solutions.		Planning work complete; progression to implementation on hold, pending implementation of *The People's Health Care Act, 2019*
Continue to manage certain procurements centrally on behalf of the LHINs.		Established and maintained a number of provincial vendors of record, including the IT VOR (hardware, software), External Audit Services, Client and Caregiver Experience Evaluation Surveys, Voice Over IP hardware/software, etc.
Define and execute strategies that improve and scale HSSOntario IT infrastructure service		
Harmonize IT infrastructure that was in place with external vendor to support the LHINs prior to transition.		Achieved savings of $1M annually
Evaluate opportunities to further strengthen system redundancy, business continuity planning and disaster recovery processes associated with the CHRIS suite of applications.		Disaster recovery strategy established
Support sector with labor relations and provincial human resource initiatives		
Support the LHIN collective bargaining process of negotiating 15 collective agreements.		Achieved collective agreements with CUPE (8 agreements), OPSEU (5 agreements), COPE (1 agreement) and ONA (1 agreement)

4. Risks and External Factors

With the introduction of *The People's Health Care Act, 2019*, there have been some changes in focus from commitments made in the Annual Business Plan published at the outset of FY18/19. As the

Government continues to move forward with health system transformation initiatives, HSSOntario continually re-evaluates its priorities to align with changes and new direction as it emerges.

- **Expenditure Management** - The Secretary of Cabinet issued Expenditure Restrictions to the Ontario Public Service (OPS) via memo to all Deputy Ministers outlining restrictions for hiring and discretionary spending; these requirements were also extended by the Ministry of Health and Long-Term Care to its agencies. To ensure compliance, HSSOntario has put all discretionary procurement and hires on hold.
- **Funding** - A number of key strategic priorities require additional funding to proceed. Some of these priorities have progressed from a strategy and planning perspective, however execution is on hold until future mandates are more clearly defined.

5. Corporate Governance

HSSOntario's Board of Directors is the organization's governing body. Drawing on a broad range of expertise, the Board provides strategic leadership and direction, establishes policies and monitors HSSOntario's performance.

Membership of the Board of Directors has been established by the Public Appointments Secretariat through Order in Council (OIC) appointments. HSSOntario's Board of Director Appointments are as follows:

Position	Member Name
Chair	**Bill Hatanaka**
Vice Chair	**Elyse Allan**
Board Member	**Jay Aspin**
Board Member	**Andrea Barrack**
Board Member	**Dr. Alexander Barron**
Board Member	**Dr. Adalsteinn Brown**
Board Member	**Rob Devitt**
Board Member	**Garry Foster**
Board Member	**Shelly Jamieson**
Board Member	**Jackie Moss**
Board Member	**Paul Tsaparis**
Board Member	**Anju Virmani**

Appendix A- Financial Statements for Health Shared Services Ontario

F I N A N C I A L S T A T E M E N T S

For

HEALTH SHARED SERVICES ONTARIO

For the year ended

MARCH 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the directors of

HEALTH SHARED SERVICES ONTARIO

Opinion

We have audited the financial statements of Health Shared Services Ontario (the "HSSOntario"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the HSSOntario as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the HSSOntario in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, 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 HSSOntario's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the HSSOntario or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the HSSOntario's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the HSSOntario's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the HSSOntario's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the HSSOntario to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 14, 2019.

HEALTH SHARED SERVICES ONTARIO

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 2,580,413	$ 12,389,352
Accounts receivable (note 7)	5,367,547	2,608,750
Prepaid expenses	4,385,952	2,911,171
	12,333,912	17,909,273
TANGIBLE CAPITAL ASSETS (note 3)	5,505,425	2,349,211
	$ 17,839,337	$ 20,258,484
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	$ 6,076,289	$ 8,940,745
Due to Ministry of Health and Long-Term Care (note 4)	241,121	3,358,456
	6,317,410	12,299,201
DEFERRED CONTRIBUTIONS (note 4)	1,573,117	642,272
DEFERRED CAPITAL CONTRIBUTIONS (note 5)	5,108,965	1,840,998
	12,999,492	14,782,471
NET ASSETS		
Invested in capital assets	396,460	508,213
Internally restricted	1,873,666	1,873,666
Unrestricted net assets	2,569,719	3,094,134
	4,839,845	5,476,013
	$ 17,839,337	$ 20,258,484

Lease commitments and contractual obligations (note 9)

Approved by the Board of Directors:

William Hatanaka, Board Chair

Garry Foster, Director

HEALTH SHARED SERVICES ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2019

	2019	2018
Revenue		
Ministry of Health and Long-Term Care (note 4)	$ 43,510,993	$ 46,075,782
Amortization of deferred contributions (note 4)	108,353	-
Amortization of deferred capital contributions (note 5)	1,069,772	304,361
Interest and other income	241,121	194,885
	44,930,239	46,575,028
Expenses		
Salaries and benefits	24,633,193	25,442,192
Information technology	14,348,634	16,571,332
Professional dues, fees and other services	2,200,941	1,357,644
Occupancy	1,679,532	1,622,867
Office supplies and other	197,073	160,436
Telecommunication	194,183	217,844
Training and meetings	84,310	133,679
Education sessions	103,281	93,251
Travel and accommodation	46,816	54,413
Conference	526,690	505,188
Bad debts	17,287	-
Amortization of tangible capital assets	1,181,525	367,415
	45,213,465	46,526,261
Excess of revenue over expenses (expenses over revenue) before the following	(283,226)	48,767
Impairment of tangible capital assets (note 3)	-	(48,767)
Additional payment to Ministry of Health and Long-Term Care (note 4)	(111,821)	-
Surplus payable to Ministry of Health and Long-Term Care (note 4)	(241,121)	-
Excess expenses over revenue	$ (636,168)	$ -

(See accompanying notes)

HEALTH SHARED SERVICES ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

	2019			
	Invested in capital assets	Internally restricted	Unrestricted	Total
Net assets, beginning of year	$ 508,213	$ 1,873,666	$ 3,094,134	$ 5,476,013
Excess of revenue over expenses	-	-	(636,168)	(636,168)
Purchase of tangible capital assets	4,337,739	-	(4,337,739)	-
Capital contributions received	(4,337,739)	-	4,337,739	-
Amortization of tangible capital assets	(1,181,525)	-	1,181,525	-
Amortization of deferred capital contributions	1,069,772	-	(1,069,772)	-
Net assets, end of year	$ 396,460	$ 1,873,666	$ 2,569,719	$ 4,839,845

	2018			
	Invested in capital assets	Internally restricted	Unrestricted	Total
Net assets, beginning of year	$ 620,034	$ 1,873,666	$ 2,982,313	$ 5,476,013
Excess of revenue over expenses	-	-	-	-
Purchase of capital assets	1,812,154	-	(1,812,154)	-
Capital contributions received	(1,812,154)	-	1,812,154	-
Amortization of tangible capital assets	(367,415)	-	367,415	-
Impairment of tangible capital assets	(48,767)	-	48,767	-
Amortization of deferred capital contributions	304,361	-	(304,361)	-
Net assets, end of year	$ 508,213	$ 1,873,666	$ 3,094,134	$ 5,476,013

(See accompanying notes)

HEALTH SHARED SERVICES ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

	2019	2018
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	$ (636,168)	$ -
Items not involving cash:		
Amortization of tangible capital assets	1,181,525	367,415
Impairment of tangible capital assets	-	48,767
Amortization of deferred capital contributions	(1,069,772)	(304,361)
	(524,415)	111,821
Change in non-cash operating working capital:		
Accounts receivable	(2,758,797)	(1,383,076)
Prepaid expenses	(1,474,781)	(141,151)
Accounts payable and accrued liabilities	(2,864,456)	2,434,787
Due to Ministry of Health and Long-Term Care	(3,117,335)	-
Deferred contributions	930,845	642,272
	(9,808,939)	1,664,653
CASH FLOWS FROM (USED IN) CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(4,337,739)	(1,812,154)
Deferred capital contributions received	4,337,739	1,812,154
	-	-
INCREASE (DECREASE) IN CASH	(9,808,939)	1,664,653
CASH, BEGINNING OF PERIOD	12,389,352	10,724,699
CASH, END OF PERIOD	$ 2,580,413	$ 12,389,352

(See accompanying notes)

1. NATURE OF OPERATIONS

Health Shared Services Ontario (hereafter referred to as "HSSOntario") is a provincial agency, incorporated without share capital on January 1, 2017 by Ontario Regulation 456/16 made under the *Local Health System Integration Act, 2006*, with a mandate to provide shared services to Local Health Integration Networks (LHINs), health service providers and other entities whose primary function is to deliver health services. As a provincial agency, HSSOntario is subject to legislation, directives and policies of the Government of Ontario and is a party to a Memorandum of Understanding with the Minister of Health and Long-Term Care.

While HSSOntario was incorporated on January 1, 2017, operations did not officially commence until March 1, 2017.

On April 18, 2019, *The People's Health Care Act* (the "Act") received Royal Assent. This legislation is a key component of the government's plan to build a modern, sustainable and integrated health care system. The Act grants the Minister of Health and Long-Term Care (the "Minister") the power to transfer assets, liabilities, rights, obligations and employees of certain government organizations, including HSSOntario, into Ontario Health (a new Crown Agency created by the Act), a health service provider, or an integrated care delivery system. The Act also grants the Minister the power to dissolve these organizations.

On March 8, 2019, the members of the board of directors of Ontario Health were appointed to also constitute the board of HSSOntario. The board of directors of Ontario Health is tasked with overseeing the transition process of transferring multiple provincial agencies into Ontario Health. Following the transfer, HSSOntario would be dissolved.

The transition process is expected to occur over a number of years. A potential transfer and dissolution date is currently unknown. In the meantime, HSSOntario continues to operate as required under the Memorandum of Understanding dated June 17, 2017 with the Minister of Health and Long-Term Care.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations and consist of the following accounting policies:

Basis of accounting

HSSOntario follows 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.

Government transfer payments

Government transfer payments from the Ministry of Health and Long-Term Care (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.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value. HSSOntario subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Tangible capital assets

Tangible capital assets are recorded at historical cost. Historical cost includes the cost directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets.

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.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and office equipment	5 years
Computer hardware	3 years
Leasehold improvements	term of lease

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

Deferred lease inducements

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of operations and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

HSSOntario recognizes rent expense on its premises on a straight-line basis over the term of the lease. Lease inducements received by HSSOntario as rent free periods are deferred and amortized on a straight-line basis over the term of the lease as a reduction of occupancy expense.

Deferred capital contributions

Any amounts received and used to fund expenditures that are recorded as tangible capital assets, are initially recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Net assets

The net asset balances are defined as follows:

- Designated reserve for capital assets - reflects amounts that have been designated for the purchase of capital assets net of accumulated amortization expense.
- Designated reserve for operations - includes reserves for unanticipated business interruption and the net accumulated surplus balances from the HSSOntario conferences, which are reserved for educational purposes, including conference development. The designated reserve for operations is not available for use without the Board of Directors' approval.
- Unrestricted net assets - includes the cumulative surpluses (deficits).

Use of estimates

The preparation of these financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the collectability of accounts receivable, the useful lives of capital assets, and the amount of accrued liabilities. For all estimates, actual results could differ materially from those estimates.

3. **TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and office equipment	$ 599,571	$ 598,511	$ 599,571	$ 595,576
Computer hardware	8,314,298	3,205,668	3,976,559	2,137,743
Leasehold improvements	1,105,880	710,145	1,105,880	599,480
	10,019,749	$ 4,514,324	5,682,010	$ 3,332,799
Less: accumulated amortization	(4,514,324)		(3,332,799)	
Net book value	$ 5,505,425		$ 2,349,211	

Following the close of one of its data centres during the 2018 fiscal year, due to consolidation of all the legacy LSSO and LHINC operations into HSSOntario environment, HSSOntario wrote off computer hardware of $48,767 relating to servers that were no longer in use. No such write off occurred in the 2019 fiscal year.

4. DUE TO MINISTRY OF HEALTH AND LONG-TERM CARE

The amount due to MOHLTC consists of the following activity:

	2019	2018
Balance, beginning of year	$ 3,358,456	$ 3,358,456
Add:		
Funding received	49,530,202	48,530,208
Prior year funding settlement		
Additional payment to MOHLTC	111,821	-
Deferred contributions clawed back by MOHLTC	642,272	-
Surplus repayable to MOHLTC	241,121	-
	53,883,872	51,888,664
Less:		
Amounts repaid to MOHLTC	(4,112,549)	-
Amounts recognized as revenue	(43,510,993)	(46,075,782)
Deferred contributions	(1,681,470)	(642,272)
Deferred capital contributions	(4,337,739)	(1,812,154)
Balance, end of year	$ 241,121	$ 3,358,456

The amount repaid to MOHLTC of $4,112,549 (including the reported 2018 balance $3,358,456 and the $754,093 prior year funding settlement per MOHLTC) was paid to the MOHLTC within the 2019 fiscal year.

The surplus repayable to MOHLTC is calculated as follows:

	2019	2018
Funding	$ 49,530,202	$ 48,530,208
Expenses reported	(45,213,465)	(46,526,261)
Add: tangible capital asset purchases from funding	(4,337,739)	(1,812,154)
Less: amortization of tangible capital assets	1,181,525	367,415
Add: prepaid purchases from funding	(1,681,470)	-
Less: expense of prepaids	108,353	-
	(49,942,796)	(47,971,000)
Expenses in excess of (under) funding	$ (412,594)	$ 559,208
Expenses in excess of funding not receivable from MOHLTC	412,594	-
	-	559,208
Add: interest income payable to MOHLTC	241,121	194,885
Surplus payable to MOHLTC	$ 241,121	$ 754,093

5. DEFERRED CAPITAL CONTRIBUTIONS

Changes in deferred capital contributions are as follows:

	2019	2018
Balance, beginning of year	$ 1,840,998	$ 333,205
Add: capital contributions received from MOHLTC	4,337,739	1,812,154
Less: amortization of deferred capital contributions	(1,069,772)	(304,361)
Balance, end of year	$ 5,108,965	$ 1,840,998

6. GUARANTEES

HSSOntario is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, HSSOntario 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.

7. GOVERNMENT REMITTANCES

Government remittances consist of harmonized sales tax and provincial sales taxes and payroll source deductions required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, a receivable of $5,264,056 (2018 - $2,487,961) for outstanding sales tax rebates is included in accounts receivable and a liability of $nil (2018 - $47,720) is included in accounts payable and accrued liabilities.

8. PENSION PLAN

HSSOntario makes contributions to the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer plan, on behalf of most of its employees. 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. Eligible employees contribute a range of 6.9% to 9.2% of their earnings. HSSOntario is required to match the employees' contributions at 1.26 times the employees' contributions. The amount contributed to HOOPP for the year-ended March 31, 2019 was $1,667,016 (2018 - $1,665,376) for current service costs and is included in salaries and benefits. The last actuarial valuation was completed for the plan as of December 31, 2018. At that time, the plan was fully funded.

9. LEASE COMMITMENTS AND CONTRACTUAL OBLIGATIONS

HSSOntario has leases for office premises expiring July 30, 2022. In addition, HSSOntario has commitments under various operating leases related to equipment with varying terms that expire in January 2023. The commitments related to these leases are as follows:

2020	$ 842,863
2021	714,863
2022	530,416
2023	192,963
2024	-
	$ 2,281,105

HSSOntario has contractual obligations for various licences and support services with varying terms that expire in March 2023. The commitments related to these contractual obligations are as follows:

2020	$ 151,164
2021	50,178
2022	50,178
2023	50,178
	$ 301,698

10. FINANCIAL INSTRUMENTS

Financial instrument transactions may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to HSSOntario's financial instruments.

Liquidity risk

Liquidity risk is the risk that HSSOntario will not be able to fund its obligations as they come due. To mitigate this risk, HSSOntario commits to spending on the various projects only after the funds are received from various funders or has reasonable assurance that the funds will be received.

Credit risk

HSSOntario is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The maximum exposure to credit risk of HSSOntario is the sum of the carrying value of its cash, and receivables. HSSOntario's cash is with a Canadian chartered bank and HSSOntario actively manages and monitors its receivables on a regular basis and as a result management believes the risk of loss on these items to be remote.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, currency risk and other price risk. HSSOntario's cash earns interest at prevailing market rates and as a result HSSOntario's exposure to market risk is negligible.

11. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.