Financial Statements

Scarborough Community Care Access Centre

March 31, 2004

AUDITORS' REPORT

To the Directors of
Scarborough Community Care Access Centre

We have audited the statement of financial position of **Scarborough Community Care Access Centre** as at March 31, 2004 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Centre'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 Centre as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Toronto, Canada,
April 30, 2004.

Chartered Accountants

Scarborough Community Care Access Centre

STATEMENT OF FINANCIAL POSITION

As at March 31

	2004 $	**2003** $
ASSETS		
Current		
Cash	**6,856,315**	8,120,100
Accounts receivable	**103,179**	187,584
Prepaid expenses	**204,024**	215,471
Total current assets	**7,163,518**	8,523,155
Capital assets, net *[note 3]*	**1,014,739**	1,240,280
	8,178,257	9,763,435
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**3,751,448**	3,368,834
Operating funds due to Ministry of Health	**623,762**	2,254,388
Deferred contributions *[note 4]*	**2,788,308**	2,899,933
Total current liabilities	**7,163,518**	8,523,155
Deferred capital contributions *[note 5]*	**1,014,739**	1,240,280
	8,178,257	9,763,435

See accompanying notes

On behalf of the Board:

Director Director

Scarborough Community Care Access Centre

STATEMENT OF OPERATIONS

Year ended March 31

	2004 $	**2003** $
REVENUES		
Funding from the Ministry of Health *[note 10]*	**52,797,469**	46,142,743
Amortization of deferred capital contributions	**518,561**	249,087
Interest income	**149,018**	164,270
Miscellaneous income and recoveries	**236,945**	129,158
	53,701,993	46,685,258
EXPENSES		
Direct services to clients		
Purchased services *[schedule]*	**34,992,927**	31,153,735
Medical supplies and equipment rental	**2,748,421**	2,260,584
Co-ordination of in-home client services	**8,357,006**	7,312,204
Placement services	**1,499,923**	1,340,232
	47,598,277	42,066,755
Administration	**4,784,057**	3,979,249
Computer leases and other projects *[note 4]*	**801,098**	390,167
Amortization of capital assets	**518,561**	240,344
Loss on disposal of capital assets	**—**	8,743
	53,701,993	46,685,258
Excess of revenues over expenses for the year	**—**	—

See accompanying notes

Scarborough Community Care Access Centre

STATEMENT OF CASH FLOWS

Year ended March 31

	2004 $	2003 $
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	**—**	—
Add (deduct) items not involving cash		
Amortization of capital assets	**518,561**	240,344
Amortization of deferred capital contributions	**(518,561)**	(249,087)
Loss on disposal of capital assets	**—**	8,743
	—	—
Changes in non-cash working capital balances related to operations		
Accounts receivable	**84,405**	(64,959)
Prepaid expenses	**11,447**	124,653
Accounts payable and accrued liabilities	**382,614**	1,128,266
Operating funds due to Ministry of Health	**(1,630,626)**	381,985
Deferred contributions	**(111,625)**	2,432,805
Cash provided by (used in) operating activities	**(1,263,785)**	4,002,750
FINANCING AND INVESTING ACTIVITIES		
Amounts funded by deferred capital contributions	**293,020**	743,470
Purchase of capital assets	**(293,020)**	(743,470)
Cash provided by financing and investing activities	**—**	—
Net increase (decrease) in cash during the year	**(1,263,785)**	4,002,750
Cash, beginning of year	**8,120,100**	4,117,350
Cash, end of year	**6,856,315**	8,120,100

See accompanying notes

SCHEDULE OF PURCHASED SERVICES

Year ended March 31

	2004 $	2003 $
Personal Support/Homemaking	**19,692,509**	16,249,190
Nursing	**11,448,427**	10,918,551
Occupational Therapy	**1,387,273**	1,482,521
Physiotherapy	**1,131,023**	1,144,050
Speech-Language Pathology	**701,357**	706,607
Acquired Brain Injury	**157,098**	128,266
Social Work	**169,641**	224,109
Nutrition	**150,012**	154,467
Client Transportation	**95,564**	74,734
Diagnostic/Laboratory	**60,023**	71,240
	34,992,927	31,153,735

See accompanying notes

Scarborough Community Care Access Centre

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. PURPOSE AND BASIS OF PRESENTATION

The Scarborough Community Care Access Centre [the "Centre"], which is funded by the Ontario Ministry of Health and Long-Term Care ["Ministry of Health"], supports residents of all ages, and their care givers, at home and in the community by providing information about and access to individualized community-based health and support services, co-ordinating and monitoring the provision of these services and arranging admission for persons requiring residence in long-term care facilities. The Centre is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

The corporate status of the Centre changed during fiscal 2002 as a result of the introduction of legislation, Community Care Access Corporation Act, referred to as Bill 130. The Centre ceased to have corporate status under the Business Corporation Act (Ontario), and now continues, by virtue of Bill 130, under this separate legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The most significant accounting policies are summarized as follows:

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable.

Financial instruments

The book value of financial instruments recorded in the Centre's financial statements approximates their fair values.

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Furniture and office equipment	10% - 20%
Computer software and equipment	33 1/3%
Leasehold improvements	over the term of the lease

Deferred capital contributions

Contributions externally restricted for the purpose of acquiring depreciable capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

Pension plan

The Centre's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2004		
	Cost $	**Accumulated amortization** $	**Net book value** $
Furniture and office equipment	**1,179,234**	**745,261**	**433,973**
Computer software and equipment	**995,286**	**534,060**	**461,226**
Leasehold improvements	**293,871**	**174,331**	**119,540**
	2,468,391	**1,453,652**	**1,014,739**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

	2003		
	Cost $	**Accumulated amortization** $	**Net book value** $
Furniture and office equipment	1,079,703	638,407	441,296
Computer software and equipment	989,679	225,976	763,703
Leasehold improvements	200,466	165,185	35,281
	2,269,848	1,029,568	1,240,280

4. DEFERRED CONTRIBUTIONS

The deferred contributions balance consists of the following:

	2004 $	**2003** $
COMPUTER LEASES AND OTHER PROJECTS		
Deferred contributions, beginning of year	**2,899,933**	467,128
Contributions approved by the Ministry of Health to be used for various future projects *[note 10]*	**1,105,000**	3,244,700
Other contributions received during the year	**49,239**	321,742
Amounts recognized as revenue during the year related to computer leases and other projects expenses *[note 10]*	**(801,098)**	(390,167)
Transferred to deferred capital contributions *[note 5]*	**(293,020)**	(743,470)
Contributions from previous funds transferred to operating funds due to Ministry of Health	**(171,746)**	—
Deferred contributions, end of year	**2,788,308**	2,899,933

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions externally restricted for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2004 $	**2003** $
Deferred capital contributions, beginning of year	**1,240,280**	745,897
Transferred from deferred contributions *[note 4]*	**293,020**	743,470
Amortization of deferred capital contributions	**(518,561)**	(249,087)
Deferred capital contributions, end of year	**1,014,739**	1,240,280

6. LEASE COMMITMENTS

Future minimum annual lease payments for the Centre's premises and equipment are approximately as follows:

	$
2004	840,000
2005	826,000
2006	816,000
2007	589,000
2008	11,000
	3,082,000

7. LINE OF CREDIT

The Centre has available an unsecured operating line of credit of $1,000,000 which bears interest at the bank's prime rate minus 0.25% and is due on demand.

8. CONTINGENCIES

[a] The nature of the Centre's activities is such that there may be litigation pending or in prospect at any time. With respect to potential claims at March 31, 2004, management believes the Centre has appropriate insurance coverage in place for any potential claims. In the event any potential claims are successful, management believes that such claims are not expected to have a material effect on the Centre's financial position.

[b] The Centre participates in the Healthcare Insurance Reciprocal of Canada, a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No assessments have been made to March 31, 2004.

9. PENSION PLAN

Substantially all of the employees of the Centre are members of the Hospitals of Ontario Pension Plan [the "Plan"], which is a multi-employer defined benefit pension plan available to all eligible employees. The most recent actuarial valuation of the Plan as at December 31, 2002 indicates the Plan is fully funded. Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $861,875 [2003 - $513,738] and are included in the statement of operations.

10. FUNDING FROM THE MINISTRY OF HEALTH

Funding from the Ministry of Health consists of the following:

	2004 $	**2003** $
Base budget	**50,581,061**	50,157,261
One-time SARS funding	**2,590,363**	—
In-year recovery	**—**	(778,000)
Transferred to deferred contributions *[note 4]*	**(1,105,000)**	(3,244,700)
Surplus for the year transferred to operating funds due to Ministry of Health	**(70,053)**	(381,985)
Net operating revenue recognized	**51,996,371**	45,752,576
Computer leases and other projects *[note 4]*	**801,098**	390,167
	52,797,469	46,142,743

Scarborough Community Care Access Centre

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

11. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2004 financial statements.