Financial Statements

Scarborough Community Care Access Centre

March 31, 2005

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, 2005 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, 2005 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,
May 4, 2005.

Chartered Accountants

Scarborough Community Care Access Centre

STATEMENT OF FINANCIAL POSITION

As at March 31

	2005 $	**2004** $
ASSETS		
Current		
Cash	**6,848,516**	6,856,315
Accounts receivable	**411,607**	103,179
Prepaid expenses	**498,702**	204,024
Total current assets	**7,758,825**	7,163,518
Capital assets, net *[note 3]*	**1,100,643**	1,014,739
	8,859,468	8,178,257
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**4,695,380**	3,751,448
Operating funds due to Ministry of Health	**2,114,424**	623,762
Deferred contributions *[note 4]*	**949,021**	2,788,308
Total current liabilities	**7,758,825**	7,163,518
Deferred capital contributions *[note 5]*	**1,100,643**	1,014,739
	8,859,468	8,178,257

See accompanying notes

On behalf of the Board:

Director Director

Scarborough Community Care Access Centre

STATEMENT OF OPERATIONS

Year ended March 31

	2005 $	2004 $
REVENUES		
Funding from the Ministry of Health *[note 10]*	**54,685,870**	52,797,469
Amortization of deferred capital contributions	**433,913**	518,561
Interest income	**175,952**	149,018
Miscellaneous income and recoveries	**304,946**	236,945
	55,600,681	53,701,993
EXPENSES		
Direct services to clients		
Purchased services *[schedule]*	**32,933,500**	34,992,927
Medical supplies and equipment rental	**3,259,993**	2,748,421
Co-ordination of in-home client services	**8,633,139**	7,906,625
Placement services	**1,735,589**	1,499,923
	46,562,221	47,147,896
Administration	**6,062,780**	5,234,438
Other projects *[note 4]*	**2,541,767**	801,098
Amortization of capital assets	**433,913**	518,561
	55,600,681	53,701,993
Excess of revenues over expenses for the year	**—**	—

See accompanying notes

Scarborough Community Care Access Centre

STATEMENT OF CASH FLOWS

Year ended March 31

	2005 $	2004 $
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	**—**	—
Add (deduct) items not involving cash		
Amortization of capital assets	**433,913**	518,561
Amortization of deferred capital contributions	**(433,913)**	(518,561)
	—	—
Changes in non-cash working capital balances related to operations		
Accounts receivable	**(308,428)**	84,405
Prepaid expenses	**(294,678)**	11,447
Accounts payable and accrued liabilities	**943,932**	382,614
Operating funds due to Ministry of Health	**1,490,662**	(1,630,626)
Deferred contributions	**(1,839,287)**	(111,625)
Cash used in operating activities	**(7,799)**	(1,263,785)
FINANCING AND INVESTING ACTIVITIES		
Amounts funded by deferred capital contributions	**519,817**	293,020
Purchase of capital assets	**(519,817)**	(293,020)
Cash provided by financing and investing activities	**—**	—
Net decrease in cash during the year	**(7,799)**	(1,263,785)
Cash, beginning of year	**6,856,315**	8,120,100
Cash, end of year	**6,848,516**	6,856,315

See accompanying notes

SCHEDULE OF PURCHASED SERVICES

Year ended March 31

	2005 $	**2004** $
Personal Support/Homemaking	**18,565,299**	19,692,509
Nursing	**10,998,358**	11,448,427
Occupational Therapy	**1,355,355**	1,387,273
Physiotherapy	**929,791**	1,131,023
Speech-Language Pathology	**607,265**	701,357
Acquired Brain Injury	**118,207**	157,098
Social Work	**115,119**	169,641
Nutrition	**114,573**	150,012
Client Transportation	**56,481**	95,564
Diagnostic/Laboratory	**73,052**	60,023
	32,933,500	34,992,927

See accompanying notes

Scarborough Community Care Access Centre

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

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.

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
Medical equipment	10% - 20%

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 fixed 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:

	2005		
	Cost $	**Accumulated amortization** $	**Net book value** $
Furniture and office equipment	**1,231,139**	**870,016**	**361,123**
Computer software and equipment	**1,074,032**	**813,003**	**261,029**
Leasehold improvements	**318,789**	**204,546**	**114,243**
Medical equipment	**364,248**	**—**	**364,248**
	2,988,208	**1,887,565**	**1,100,643**

	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

4. DEFERRED CONTRIBUTIONS

The deferred contributions balance consists of the following:

	2005 $	**2004** $
OTHER PROJECTS		
Deferred contributions, beginning of year	**2,788,308**	2,899,933
One time contributions and amounts from base budget funding approved by the Ministry of Health to be used for various one-time projects *[note 10]*	**1,492,800**	1,105,000
Other contributions received during the year	**59,343**	49,239
Amounts recognized as revenue during the year related to other projects *[note 10]*	**(2,541,767)**	(801,098)
Transferred to deferred capital contributions *[note 5]*	**(519,817)**	(293,020)
Amounts transferred to operating funds due to Ministry of Health	**(329,846)**	(171,746)
Deferred contributions, end of year	**949,021**	2,788,308

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

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:

	2005 $	**2004** $
Deferred capital contributions, beginning of year	**1,014,739**	1,240,280
Transferred from deferred contributions *[note 4]*	**519,817**	293,020
Amortization of deferred capital contributions	**(433,913)**	(518,561)
Deferred capital contributions, end of year	**1,100,643**	1,014,739

6. LEASE COMMITMENTS

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

	$
2006	963,000
2007	952,000
2008	691,000
2009	11,000
	2,617,000

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, 2005, 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, 2005.

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 of December 31, 2003 indicates the Plan is fully funded. Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $993,310 [2004 - $861,875] 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:

	2005 $	**2004** $
Base budget	**55,254,234**	50,581,061
One-time funding	**665,501**	2,590,363
In-year recovery	**(670,000)**	—
Transferred to deferred contributions *[note 4]*	**(1,492,800)**	(1,105,000)
Surplus from base budget and one-time funding for the year transferred to operating funds due to Ministry of Health	**(1,612,832)**	(70,053)
Net operating revenue recognized	**52,144,103**	51,996,371
Other projects *[note 4]*	**2,541,767**	801,098
	54,685,870	52,797,469

Scarborough Community Care Access Centre

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

11. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 financial statements.