Erie St. Clair Community Care Access Centre CCAC

CASC Centre d'accès aux soins communautaires d'Érié St-Clair

2007 - 2008
CCAC FINANCIAL STATEMENTS

APRIL 1, 2007 – MARCH 31, 2008

SUBMITTED BY:
BETTY KUCHTA, EXECUTIVE DIRECTOR
ROSE SCOTT, CHAIR OF THE BOARD

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Ontario

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2008

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MARCH 31, 2008

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AUDITORS' REPORT

To the Members of
Erie St. Clair Community Care Access Centre

We have audited the statement of financial position of Erie St. Clair Community Care Access Centre as at March 31, 2008 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the organization'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 organization as at March 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Bailey Kearney Ferguson LLP

May 30, 2008

Chartered Accountants
Licensed Public Accountants

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE
(Incorporated without share capital under the Laws of Ontario)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2008

ASSETS	2008	2007
CURRENT		
Cash and bank (Note 2)	$ 7,508,489	$ 11,233,260
Sundry receivables	593,164	2,421,837
Prepaid expenses	441,911	74,768
	8,543,564	13,729,865
CAPITAL ASSETS (Note 3)	1,511,400	424,371
	$ 10,054,964	$ 14,154,236

LIABILITIES AND NET ASSETS	2008	2007
CURRENT		
Accounts payable and accrued liabilities	$ 7,866,552	$ 8,744,848
Due to the Province of Ontario	1,340,803	3,184,016
Deferred revenue (Note 4)	130,660	1,881,509
	9,338,015	13,810,373
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	1,511,400	424,371
EMPLOYEE FUTURE BENEFITS (Note 6)	902,100	836,700
NET ASSETS		
Unrestricted (Note 7)	(1,696,551)	(917,208)
	$ 10,054,964	$ 14,154,236

CONTINGENT LIABILITIES (Note 9)

APPROVED ON BEHALF OF THE BOARD

______________________ **DIRECTOR**

Rose Scott ______________________ **DIRECTOR**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2008
(with comparative figures for the three month period ended March 31, 2007)

	2008	2007
REVENUE		
MOHLTC Provincial Grant	$ 91,046,602	$ 20,958,240
MOHLTC Provincial Grant - One-time Funding	2,405,031	1,492,545
Recovery Externals - Service Equipment	281,009	68,701
Bank interest	380,366	116,792
Miscellaneous	-	55,874
Amortization of deferred capital contributions	188,635	36,585
Undistributed marketed services	20,070	-
	94,321,713	22,728,737
EXPENDITURES		
Program		
Administrative and support services	6,915,383	2,539,940
Community and social services (patient care)	87,530,837	20,009,393
Health promotion and education	634,666	277,337
	95,080,886	22,826,670
Other		
Undistributed marketed services	20,170	32,195
	95,101,056	22,858,865
EXCESS OF EXPENDITURES OVER REVENUES BEFORE THE UNDERNOTED	(779,343)	(130,128)
PROVISION FOR MINISTRY OF HEALTH SURPLUS RECOVERY AS PER ANNUAL RECONCILIATION REPORT (Note 10)	-	(511,538)
EXCESS OF EXPENDITURES OVER REVENUE	$ (779,343)	$ (641,666)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2008
(with comparative figures for the three month period ended March 31, 2007)

	Invested in Capital Assets	Unrestricted	Total 2008	Total 2007
BALANCE (DEFICIT), beginning of the period	$ -	$ (917,208)	$ (917,208)	$ -
Excess of expenditures over revenues	-	(779,343)	(779,343)	(641,666)
Transfer in on amalgamation	-	-	-	(2,878,263)
Received from MOHLTC	-	-	-	2,602,721
BALANCE (DEFICIT), end of the period	$ -	$ (1,696,551)	$ (1,696,551)	$ (917,208)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2008
(with comparative figures for the three month period ended March 31, 2007)

	2008	2007
OPERATING ACTIVITIES		
Excess of expenditures over revenue	$ (779,343)	$ (641,666)
Items not requiring cash		
Amortization of capital assets	188,635	36,585
Amortization of deferred capital contributions	(188,635)	(36,585)
	(779,343)	(641,666)
Net change in non-cash working capital balances		
Sundry receivables	1,828,673	(1,408,173)
Prepaid expenses	(367,143)	139,339
Accounts payable and accrued liabilities	(878,296)	568,857
Due to the Province of Ontario	(1,843,213)	514,043
Deferred revenue	(1,750,849)	1,699,631
Cash provided by (used in) operating activities	(3,790,171)	872,031
INVESTING ACTIVITIES		
Purchase of capital assets	(1,275,664)	-
Deferred capital contributions	1,275,664	-
Cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Recovery of prior period deficit	-	2,602,721
Employee future benefits	65,400	567,924
Cash received on amalgamation	-	7,190,584
Cash provided by financing activities	65,400	10,361,229
INCREASE (DECREASE) IN CASH, during the period	(3,724,771)	11,233,260
CASH AND BANK, beginning of the period	11,233,260	-
CASH AND BANK, end of the period	$ 7,508,489	$ 11,233,260

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2008
(with comparative figures for the three month period ended March 31, 2007)

GENERAL

The organization was incorporated without share capital under the Community Care Access Corporation Act, 2001 and is engaged in the provision of long-term care health and social services in the Erie St. Clair region.

The organization was created on October 2, 2006 to facilitate the amalgamation of the operations of the Windsor/Essex, Sarnia-Lambton and Chatham-Kent Community Care Access Centres. All assets, liabilities and net assets of the prior CCAC's were amalgamated on January 1, 2007 and operations related to the provision of long-term care health and social services commenced on that date.

Erie St. Clair Community Care Access Centre is a registered charity and, as such , is exempt from income tax and may issue income tax receipts to donors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of receipts and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when reasonably estimated and collection is reasonably assured

Deferred revenue are funds received in the current period that relate to expenditures to be made in the future periods. These expenditures relate to transitional costs, BTI equipment program, future relocation expenses and future operating expenses.

(c) CAPITAL ASSETS

Capital assets are recorded at cost and amortized using the straight-line basis over the estimated useful life of the asset at the following annual rates:

Furniture and fixtures	20 %
Computer equipment	33 %

Leasehold improvements are amortized on the straight-line basis over the remaining terms of the leases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, sundry receivables, accounts payable and accrued liabilities and due to the Province of Ontario. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

(e) DEFERRED CAPITAL CONTRIBUTIONS

The organization records their capital contributions using the deferral method. Deferred capital contributions are amortized on the straight-line basis over the estimated useful life of the related capital asset.

(f) EMPLOYEE FUTURE BENEFITS

The organization accrues its obligations relating to the defined benefit pension plan administered by the organization as the employees render services necessary to earn pension benefits. The assets of this plan are managed by Standard Life of Canada. The organization has adopted the following policies:

> The cost of pension benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees;
>
> For the purpose of calculating expected return on plan assets, these assets are valued at fair value;
>
> The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of the employees;
>
> Differences arising from plan amendments, changes in assumptions and experience gains and losses are being amortized on a straight-line basis over the average remaining service period of the employees.

Some employees are also members of the Hospitals of Ontario Pension Plan (HOOPP) which is a multi-employer final average pay contributory pension plan. Defined contribution plan accounting is applied to this plan, as the organization has insufficient information to apply defined benefit plan accounting standards.

In addition to the pension plans, upon retirement some employees may be eligible for the continuation of medical benefits. The organization accrues its obligations relating to these benefits as the employees render the services necessary to earn them.

2. CASH AND BANK

The Centre's bank accounts are held at a chartered bank. Interest is earned at prime minus 1.85%.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2008	Net 2007
Furniture and fixtures	$ 778,795	$ 411,709	$ 367,086	$ 183,961
Computer equipment	358,475	56,996	301,479	4,106
Leasehold improvements	1,186,190	343,355	842,835	236,304
	$ 2,323,460	$ 812,060	$ 1,511,400	$ 424,371

During the period, amortization of $188,635 ($36,585 in 2007) was recorded and is included with Administrative and Support Services and Community and Social Services (Patient Care) on the Statement of Operations.

4. DEFERRED REVENUE

Deferred revenue consists of amounts related to the BTI equipment program.

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to capital assets represent the unamortized amount of grants received for purchase of capital assets. The amortization of capital contributions is recorded in the statement of operations.

	2008	2007
Balance, beginning of the period	$ 424,371	$ 460,956
Additional contributions received	1,275,664	-
Less: amounts amortized to revenue	(188,635)	(36,585)
Balance, end of the period	$ 1,511,400	$ 424,371

6. EMPLOYEE FUTURE BENEFITS

(a) PENSION PLANS

The organization has a defined benefit pension plan administered by the organization and managed by Standard Life of Canada, which provides pension benefits based on years of service prior to January 1, 1999 for some unionized employees and prior to January 1, 2002 for some non-unionized employees. Subsequent to the above-mentioned dates, some of the respective employees became members of HOOP, a multi-employer final average pay contributory pension plan.

The company uses actuarial reports prepared by independent actuaries for funding and accounting purposes. The most recent actuarial valuation of the pension plan for funding purposes was as of December 31, 2004 and the next required valuation was to be as of December 31, 2007.

The following significant actuarial assumptions were employed to determine the periodic pension expense and the accrued benefit obligations:

	2008	2007
Expected long-term rate of return on plan assets (%)	7.00	7.00
Discount rate (%) for accrued benefit obligation	5.25	5.50
Rate of compensation increase (%)	3.50	3.50
Discount rate (%) for benefit costs	5.50	5.25

Information about the organization's defined pension benefit plan is as follows:

	2008	2007
ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation, beginning of period	$ 1,620,900	$ 1,601,850
Interest cost	87,300	21,800
Benefits paid	(67,400)	(24,525)
Actuarial gains (losses)	(105,700)	21,775
Accrued benefit obligation, end of period	$ 1,535,100	$ 1,620,900
PLAN ASSETS		
Fair value of plan assets, beginning of period	$ 1,545,300	$ 1,511,300
Actual return on plan assets	16,200	37,850
Employer contributions	79,900	20,675
Benefits paid	(67,400)	(24,525)
	$ 1,574,000	$ 1,545,300
FUNDED STATUS - PLAN SURPLUS		
Unamortized net actuarial gains	$ 174,000	$ 179,200
Increase (decrease) in valuation allowance	(98,700)	-
Funded status surplus (deficit)	98,700	(15,800)
	$ 174,000	$ 163,400

6. EMPLOYEE FUTURE BENEFITS (continued)

The elements of the organization's defined benefit plan costs relating to the Standard Life Plan recognized in the period as follows:

	2008	2007
Interest cost	$ 87,300	$ 21,800
Actual return on plan assets	(16,200)	(37,850)
Increase (decrease) in valuation allowance	98,700	-
Actuarial (gains) losses	105,700	(21,775)
Elements of defined benefit plan costs before adjustments	275,500	(37,825)
Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for the period	(101,900)	10,950
Difference between actuarial gain (loss) recognized for the period and actual actuarial gain (loss) on accrued benefit obligation for the period	(104,300)	21,775
Defined benefit plan income (loss)	$ 69,300	$ (5,100)

Contributions to the HOOPP pension plan during the period totalled $1,685,911 ($363,794 for the three months ended March 31, 2007).

(b) OTHER BENEFITS

The organization also provides for the continuation of medical benefits to its employees upon retirement. Information about the plan is as follows:

	2008	2007
ACCRUED BENEFIT OBLIGATION		
Balance, beginning of period	$ 929,900	$ 277,200
Service cost	57,200	14,100
Interest cost	48,600	12,300
Benefits paid	(30,800)	(600)
Employer contributions	1,000	300
Amortization of past service costs	(127,100)	626,600
Balance, end of period	878,800	929,900
Unamortized actuarial losses	197,300	70,200
Accrued benefit liability	$ 1,076,100	$ 1,000,100

The discount rate adopted in measuring the organization's other benefit plans was 5.0%.

6. EMPLOYEE FUTURE BENEFITS (continued)

		2008		2007
TOTAL EMPLOYEE FUTURE BENEFIT LIABILITY CONSISTS OF:				
Pension plans - accrued future benefit asset	$	(174,000)	$	(163,400)
Other benefits - accrued future benefit liability		1,076,100		1,000,100
Employee Future Benefits Liability	$	902,100	$	836,700

7. UNRESTRICTED NET ASSETS

The Erie St. Clair Community Care Access Centre receives substantially all of its funding from the Ontario Ministry of Health/Long-Term Care (MOHLTC) under an annual contract for services. The ministry will match, dollar for dollar, all allowable expenditures by the organization. Any excess of receipts over allowable expenditures is excepted to be recovered by the MOHLTC.

8. COMMITMENTS

The organization is committed to lease payments for space and equipment under various operating leases as follows:

2009	$	920,000
2010	$	730,000
2011	$	700,000
2012	$	300,000

9. CONTINGENT LIABILITIES

The nature of the organization's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2008, management believes the organization has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the organization's financial position.

The organization is periodically subject to grievances. In the opinion of management, the ultimate resolution of any current grievances would not have a material effect on the financial position or results of operations of the organization.

10. COMPARATIVE FIGURES

In 2007, the financial statements of Erie St. Clair Community Care Access Centre were reported by other auditors.

Certain of the comparative figures have been reclassified to conform with the method of financial statement presentation adopted for the current year.

The 2007 figures have been adjusted to reflect the $511,538 payable to the Ministry of Health for the recovery of surplus calculated on the Annual Reconciliation Report.