Erie St. Clair
Community Care Access Centre CCAC
CASC Centre d'accès aux soins communautaires d'Érié St-Clair

2008 - 2009
CCAC Financial Statements

April 1, 2008 – March 31, 2009

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, 2009

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MARCH 31, 2009

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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, 2009 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, 2009 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 20, 2009

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, 2009

ASSETS	2009	2008
CURRENT		
Cash and bank (Note 2)	$ 5,738,873	$ 7,508,489
Sundry receivables	703,296	593,164
Prepaid expenses	521,173	441,911
	6,963,342	8,543,564
CAPITAL ASSETS (Note 3)	1,399,623	1,511,400
	$ 8,362,965	$ 10,054,964

LIABILITIES AND NET ASSETS	2009	2008
CURRENT		
Accounts payable and accrued liabilities	$ 8,450,394	$ 7,866,552
Due to the Province of Ontario	1,539,112	1,340,803
Deferred revenue (Note 4)	150,844	130,660
	10,140,350	9,338,015
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	1,399,623	1,511,400
EMPLOYEE FUTURE BENEFITS (Note 6)	969,200	902,100
NET ASSETS		
Unrestricted (Note 7)	(4,146,208)	(1,696,551)
	$ 8,362,965	$ 10,054,964

CONTINGENT LIABILITIES (Note 10)

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, 2009

	2009	2008
REVENUE		
MOHLTC Provincial Grant	$ 96,467,373	$ 91,046,602
MOHLTC Provincial Grant - One-time Funding	1,661,672	2,405,031
External recoveries	1,351,505	281,009
Bank interest	161,322	380,366
Aging at Home	2,237,650	-
Amortization of deferred capital contributions	280,904	188,635
Undistributed marketed services	96,971	20,070
	102,257,397	94,321,713
EXPENDITURES		
Program		
Administrative and support services	8,274,042	6,915,383
Community and social services (patient care)	95,940,396	87,530,837
Health promotion and education	395,645	634,666
	104,610,083	95,080,886
Other		
Undistributed marketed services	96,971	20,170
	104,707,054	95,101,056
EXCESS OF EXPENDITURES OVER REVENUE	$ (2,449,657)	$ (779,343)

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2009

	Invested in Capital Assets	Unrestricted	Total 2009	Total 2008
DEFICIT, beginning of the year	$ -	$ (1,696,551)	$ (1,696,551)	$ (917,208)
Excess of expenditures over revenue	-	(2,449,657)	(2,449,657)	(779,343)
DEFICIT, end of the year	$ -	$ (4,146,208)	$ (4,146,208)	$ (1,696,551)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess of expenditures over revenue	$ (2,449,657)	$ (779,343)
Items not requiring cash		
Amortization of capital assets	280,904	188,635
Amortization of deferred capital contributions	(280,904)	(188,635)
	(2,449,657)	(779,343)
Net change in non-cash working capital balances		
Sundry receivables	(110,132)	1,828,673
Prepaid expenses	(79,262)	(367,143)
Accounts payable and accrued liabilities	583,842	(878,296)
Due to the Province of Ontario	198,309	(1,843,213)
Deferred revenue	20,184	(1,750,849)
Cash used in operating activities	(1,836,716)	(3,790,171)
INVESTING ACTIVITIES		
Purchase of capital assets	(169,127)	(1,275,664)
Deferred capital contributions	169,127	1,275,664
Cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Employee future benefits	67,100	65,400
Cash provided by financing activities	67,100	65,400
DECREASE IN CASH, during the year	(1,769,616)	(3,724,771)
CASH AND BANK, beginning of the year	7,508,489	11,233,260
CASH AND BANK, end of the year	$ 5,738,873	$ 7,508,489

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

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 under the Income Tax Act and accordingly are exempt from income taxes provided certain requirements are satisfied.

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 revenue 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 is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care. Operating grants are recorded as revenue in the period to which they relate.

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 utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis. Transaction costs for all categories are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

HELD-FOR-TRADING

This category is comprised of cash and bank. They are recorded in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

LOANS AND RECEIVABLES

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for the promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

HELD-TO-MATURITY INVESTMENTS

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the organization's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

OTHER FINANCIAL LIABILITIES

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(g) CAPITAL DISCLOSURE

The organization considers its capital to be its net assets, restricted and unrestricted. The organization's objectives when managing its capital are to safeguard its ability to continue to provide services to its clients. The strategic plan and annual budgets are developed and performance is measured against these documents to ensure the organization's capital is maintained at an appropriate level.

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 2009	Net 2008
Furniture and fixtures	$ 847,197	$ 489,743	$ 357,454	$ 367,086
Computer equipment	459,200	138,735	320,465	301,479
Leasehold improvements	1,186,190	464,486	721,704	842,835
	$ 2,492,587	$ 1,092,964	$ 1,399,623	$ 1,511,400

During the year, amortization of $280,904 ($188,635 in 2008) 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.

	2009	2008
Balance, beginning of the year	$ 1,511,400	$ 424,371
Additional contributions received	169,127	1,275,664
Less: amounts amortized to revenue	(280,904)	(188,635)
Balance, end of the year	$ 1,399,623	$ 1,511,400

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, 2007 and the next required valuation was to be as of December 31, 2010.

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

	2009	2008
Expected long-term rate of return on plan assets (%)	7.00	7.00
Discount rate (%) for accrued benefit obligation	5.50	5.25
Rate of compensation increase (%)	3.50	3.50
Discount rate (%) for benefit costs	5.50	5.50

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

	2009	2008
ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation, beginning of year	$ 1,611,300	$ 1,697,100
Interest cost	79,700	87,300
Benefits paid	(418,400)	(67,400)
Actuarial gains (losses)	(331,100)	(105,700)
Accrued benefit obligation, end of year	$ 941,500	$ 1,611,300
PLAN ASSETS		
Fair value of plan assets, beginning of year	$ 1,710,000	$ 1,681,300
Actual return on plan assets	(226,400)	16,200
Employer contributions	13,300	79,900
Benefits paid	(418,400)	(67,400)
Fair value of plan assets, end of year	$ 1,078,500	$ 1,710,000
FUNDED STATUS - PLAN SURPLUS		
Unamortized net actuarial gains	$ 174,400	$ 174,000
Increase (decrease) in valuation allowance	(137,000)	(98,700)
Funded status surplus (deficit)	137,000	98,700
	$ 174,400	$ 174,000

6. EMPLOYEE FUTURE BENEFITS (continued)

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

	2009	2008
Interest cost	$ 79,700	$ 87,300
Actual return on plan assets	226,400	(16,200)
Increase (decrease) in valuation allowance	38,300	98,700
Actuarial (gains) losses	331,100	105,700
Elements of defined benefit plan costs before adjustments	675,500	275,500
Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for the year	(331,900)	(101,900)
Difference between actuarial gain (loss) recognized for the year and actual actuarial gain (loss) on accrued benefit obligation for the year	(330,700)	(104,300)
Defined benefit plan income	$ 12,900	$ 69,300

Contributions to the HOOPP pension plan during the year totalled $1,873,161 ($1,685,911 for 2008).

(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:

	2009	2008
ACCRUED BENEFIT OBLIGATION		
Balance, beginning of year	$ 878,800	$ 929,900
Service cost	65,700	57,200
Interest cost	46,300	48,600
Benefits paid	(34,500)	(30,800)
Employer contributions	-	1,000
Amortization of past service costs	-	(127,100)
Balance, end of year	956,300	878,800
Unamortized actuarial losses	187,300	197,300
Accrued benefit liability	$ 1,143,600	$ 1,076,100

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

6. EMPLOYEE FUTURE BENEFITS (continued)

		2009		2008
TOTAL EMPLOYEE FUTURE BENEFIT LIABILITY CONSISTS OF:				
Pension plans - accrued future benefit asset	$	(174,400)	$	(174,000)
Other benefits - accrued future benefit liability		1,143,600		1,076,100
Employee Future Benefits Liability	$	969,200	$	902,100

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 revenue 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:

2010	$	1,014,000
2011	$	1,020,000
2012	$	647,000
2013	$	535,000
2014	$	366,000

9. CREDIT FACILITIES

The organization has entered into an agreement whereby the financial institution has extended credit facilities to the organization to a maximum of $5,000,000.

10. 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, 2009, 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.