ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2010

MARCH 31, 2010

CONTENTS

PARTNERS
JAMES D. KEARNEY, C.A.
STEPHEN J. OUTRIDGE, C.A
KEVIN M. SABOURIN, C.A.

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, 2010 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, 2010 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.

May 18, 2010

Bailey Kearney Ferguson LLP
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, 2010

ASSETS

	2010	2009
CURRENT		
Cash and bank (Note 2)	$ 10,458,739	$ 5,738,873
Sundry receivables	697,614	703,296
Prepaid expenses and supplies	838,943	521,173
	11,995,296	6,963,342
CAPITAL ASSETS (Note 3)	2,049,405	1,399,623
	$ 14,044,701	$ 8,362,965

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT		
Accounts payable and accrued liabilities	$ 10,441,300	$ 8,450,393
Due to the Province of Ontario	1,539,112	1,539,112
Deferred revenue (Note 4)	59,696	150,844
	12,040,108	10,140,349
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	2,049,405	1,399,623
EMPLOYEE FUTURE BENEFITS (Note 6)	798,274	969,200
NET ASSETS		
Unrestricted (Note 7)	(843,086)	(4,146,207)
	$ 14,044,701	$ 8,362,965

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, 2010

	2010	2009
REVENUE		
MOHLTC Provincial Grant - Base Allocation	$101,285,135	$ 96,467,373
MOHLTC Provincial Grant - One-time Funding	1,598,803	1,661,672
External recoveries	626,450	1,351,505
Bank interest	55,885	161,322
Aging at Home	2,116,069	2,237,651
Amortization of deferred capital contributions	263,435	280,904
Undistributed marketed services	413,083	96,971
	106,358,860	102,257,398
EXPENDITURES		
Program		
Administrative and support services	8,463,084	8,274,042
Community and social services (patient care)	93,905,339	95,940,396
Health promotion and education	274,233	395,645
	102,642,656	104,610,083
Other		
Undistributed marketed services	413,083	96,971
	103,055,739	104,707,054
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	$ 3,303,121	$ (2,449,656)

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2010

	Invested in Capital Assets	Unrestricted	Total 2010	Total 2009
DEFICIT, beginning of the year	$ -	$ (4,146,207)	$ (4,146,207)	$ (1,696,551)
Excess of revenue over expenditures (expenditures over revenue)	-	3,303,121	3,303,121	(2,449,656)
DEFICIT, end of the year	$ -	$ (843,086)	$ (843,086)	$ (4,146,207)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue)	$ 3,303,121	$ (2,449,656)
Items not requiring cash		
Amortization of capital assets	263,434	280,904
Amortization of deferred capital contributions	(263,434)	(280,904)
	3,303,121	(2,449,656)
Net change in non-cash working capital balances		
Sundry receivables	5,682	(110,132)
Prepaid expenses and supplies	(317,770)	(79,262)
Accounts payable and accrued liabilities	1,990,907	583,841
Due to the Province of Ontario	-	198,309
Deferred revenue	(91,148)	20,184
Cash provided by (used in) operating activities	4,890,792	(1,836,716)
INVESTING ACTIVITIES		
Purchase of capital assets	(913,216)	(169,127)
Deferred capital contributions	913,216	169,127
Cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Employee future benefits	(170,926)	67,100
Cash provided by (used in) financing activities	(170,926)	67,100
INCREASE (DECREASE) IN CASH, during the year	4,719,866	(1,769,616)
CASH AND BANK, beginning of the year	5,738,873	7,508,489
CASH AND BANK, end of the year	$ 10,458,739	$ 5,738,873

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

NATURE OF BUSINESS

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 (ESCCCAC) 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) BASIS OF ACCOUNTING

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue 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.

(b) GOVERNMENT TRANSFER PAYMENTS

The ESCCCAC is funded primarily by the Erie St. Clair Local Health Integration Network (ESCLHIN) This funding is governed by a service accountability agreement entered into annually by both parties. The ESCLHIN is funded solely by the Province of Ontario through an accountability agreement with the Ministry of Health and Long-Term Care.

Government transfer payments 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 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. Unspent amounts are recorded as repayable to the ESCLHIN unless otherwise authorized. The ESCCCAC received permission from the ESCLHIN on December 21, 2009 specifically authorizing the use of any surpluses from the 2009/2010 and 2010/2011 fiscal years to repay prior year deficits.

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 the Base Technology Infrastructure (BTI) equipment program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(d) FINANCIAL INSTRUMENTS

The organization utilizes various financial instruments. On initial recognition, all financial instruments are measured and recognized at their fair value using the transaction date.

Subsequently, 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

Sundry receivables are classified as loans and receivables. They 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

Accounts payable and accrued liabilities are classified as other financial liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Due to the nature of these financial instruments, it is management's opinion that the organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

(e) DEFERRED CAPITAL CONTRIBUTIONS

Any amounts received that are used to fund expenses that are recorded as capital assets, are recorded as deferred capital contributions and are recognized over the useful life of the asset. The amount recorded under "revenue" in the statement of operations, is in accordance with the amortization policy applied to 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) MANAGEMENT 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, the disclosure of contingent 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.

(h) 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 2010	Net 2009
Furniture and fixtures	$ 1,177,166	$ 521,033	$ 656,133	$ 357,454
Computer equipment	549,485	231,938	317,547	320,465
Leasehold improvements	1,642,568	566,843	1,075,725	721,704
	$ 3,369,219	$ 1,319,814	$ 2,049,405	$ 1,399,623

During the year, amortization of $263,434 ($280,904 in 2009) 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.

	2010	2009
Balance, beginning of the year	$ 1,399,623	$ 1,511,400
Additional contributions received	913,216	169,127
Less: amounts amortized to revenue	(263,434)	(280,904)
Balance, end of the year	$ 2,049,405	$ 1,399,623

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:

	2010	2009
Assumptions		
The significant actuarial assumptions used are as follows (weighted average)		
	%	%
Accrued benefit obligation as of March 31:		
Discount rate	6.00	7.25
Rate of compensation	3.50	3.50
Benefit costs for years ended March 31:		
Discount rate	7.25	5.50
Expected long-term rate of return on plan assets	7.00	7.00
Rate of compensation increase	3.50	3.50
Measurement date		
The measurement date is March 31.		
Plan assets at end of year consist of:		
Equity securities	61.40%	50.50%
Debt securities	36.80%	44.90%
Real estate	0.00%	0.00%
Other	1.80%	4.60%
Total	100%	100%

6. EMPLOYEE FUTURE BENEFITS (continued)

	2010	2009
Method used to determine Accrued Benefit Obligation	Projected Unit Credit	Projected Unit Credit
Amortization method		
Past service costs	Straight-line	Straight-line
Actuarial (gain) loss	Corridor Straight-line	Corridor Straight-line
Transitional (asset) obligation	N/A	N/A
Amortization period		
Past service costs	EARSL	EARSL
Actuarial (gain) loss	EARSL	EARSL
Transitional (asset) obligation	EARSL	EARSL

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

	2010	2009
ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation, beginning of year	$ 941,500	$ 1,611,300
Interest cost	63,700	79,700
Benefits paid	(124,900)	(418,400)
Actuarial gains (losses)	262,700	(331,100)
Accrued benefit obligation, end of year	$ 1,143,000	$ 941,500

	2010	2009
PLAN ASSETS		
Fair value of plan assets, beginning of year	$ 1,078,500	$ 1,710,000
Actual return on plan assets	180,400	(226,400)
Employer contributions	-	13,300
Benefits paid	(124,900)	(418,400)
Fair value of plan assets, end of year	$ 1,134,000	$ 1,078,500
FUNDED STATUS - PLAN SURPLUS		
Unamortized net actuarial loss (gain)	$ 318,300	$ 174,400
Increase (decrease) in valuation allowance	-	(137,000)
Funded status surplus (deficit)	(9,000)	137,000
	$ 309,300	$ 174,400

6. EMPLOYEE FUTURE BENEFITS (continued)

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

	2010	2009
Interest cost	$ 63,700	$ 79,700
Actual return on plan assets	(180,400)	226,400
Increase (decrease) in valuation allowance	(137,000)	38,300
Actuarial (gains) losses	(262,700)	331,100
Elements of defined benefit plan costs before adjustments	(516,400)	675,500
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	109,300	(331,900)
Difference between actuarial gain (loss) recognized for the year and actual actuarial gain (loss) on accrued benefit obligation for the year	272,200	(330,700)
Defined benefit plan expense (income)	$ (134,900)	$ 12,900

Contributions to the HOOPP pension plan during the year totalled $2,017,880 ($1,873,161 for 2009).

6. EMPLOYEE FUTURE BENEFITS (continued)

(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:

	2010	2009
ACCRUED BENEFIT OBLIGATION		
Balance, beginning of year	$ 956,300	$ 878,800
Service cost	5,400	65,700
Interest cost	44,600	46,300
Benefits paid	(36,000)	(34,500)
Amortization of past service costs	9,000	-
Amortization of net actuarial losses (gains)	(60,500)	-
Balance, end of year	918,800	956,300
Unamortized actuarial losses	188,774	187,300
Accrued benefit liability	$ 1,107,574	$ 1,143,600

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

	2010	2009
TOTAL EMPLOYEE FUTURE BENEFIT LIABILITY CONSISTS OF:		
Pension plans - accrued future benefit asset	$ (309,300)	$ (174,400)
Other benefits - accrued future benefit liability	1,107,574	1,143,600
Employee Future Benefits Liability	$ 798,274	$ 969,200

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 unless authorization to carryover the surplus has been obtained from the Ministry. The ESCCAC received permission from the ESCLHIN on December 21, 2009 specifically authorizing the use of any surpluses from the 2009/2010 and 2010/2011 fiscal years to repay prior year deficits.

8. COMMITMENTS

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

2011	$ 632,000
2012	$ 634,000
2013	$ 574,000
2014	$ 455,000
2015	$ 462,000

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 may be litigation pending or in prospect at any time. With respect to claims at March 31, 2010, 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.

During the year, the organization received a request from the Ministry of Health and Long-Term Care to repay certain deferred revenue related to transition and amalgamation of the ESCCCAC from the period ended March 31, 2007. The organization subsequently filed an appeal with the Ministry requesting reconsideration of the matter. Subsequent to the year-end, the organization and the Ministry of Health and Long-Term Care resolved the matter. The agreed upon settlement amount has been reflected in the financial statements on the Statement of Financial Position under Due to the Province of Ontario.