Financial Statements of

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Year ended March 31, 2012

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Financial Statements

Year ended March 31, 2012

Auditors' Report to the Members

Financial Statements

KPMG

KPMG LLP
Chartered Accountants
618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8

Telephone (519) 251-3500
Fax (519) 251-3530
(519) 251-3540
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Erie St. Clair Community Care Access Centre which comprise the statement of financial position as at March 31, 2012, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Erie St. Clair Community Care Access Centre as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 14, 2012

Windsor, Canada

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

		2012		2011
Assets				
Current assets:				
Cash (note 2)	$	8,816,747	$	8,617,593
Sundry receivables		609,594		1,147,399
Prepaid expenses and supplies		797,436		816,468
		10,223,777		10,581,460
Capital assets (note 3)		1,539,653		1,918,980
	$	11,763,430	$	12,500,440
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	9,383,747	$	10,095,556
Due to the Province of Ontario		935,169		529,875
Deferred revenue (note 4)		160,288		114,698
		10,479,204		10,740,129
Deferred capital contributions (note 5)		1,539,653		1,918,980
Employee future benefits (note 6)		355,400		541,500
Net assets				
Unrestricted (note 7)		(610,827)		(700,169)
Commitments and contingencies (notes 8 and 10)				
	$	11,763,430	$	12,500,440

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

		2012		2011
Revenue:				
MOHLTC Provincial Grant - Base Allocation	$	113,043,720	$	106,118,025
MOHLTC Provincial Grant - One-time Funding		5,746,303		3,261,076
External recoveries		577,514		467,519
Interest		67,191		71,839
Aging at Home		3,388,019		3,067,406
Amortization of deferred capital contributions		399,350		356,466
		123,222,097		113,342,331
Expenditures:				
Program:				
Administrative and support services		9,617,542		9,999,975
Community and social services (patient care)		112,693,446		102,794,202
Health promotion and education		821,767		405,237
		123,132,755		113,199,414
Excess of revenue over expenditures	$	89,342	$	142,917

See accompanying notes to financial statements.

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative figures for 2011

	Invested in capital assets	Unrestricted	Total 2012	Total 2011
Deficit, beginning of year	$ -	$ (700,169)	$ (700,169)	$ (843,086)
Excess of revenue over expenditures	-	89,342	89,342	142,917
Deficit, end of year	$ -	$ (610,827)	$ (610,827)	$ (700,169)

See accompanying notes to financial statements.

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 89,342	$ 142,917
Items not involving cash:		
Amortization of capital assets	399,350	356,466
Amortization of deferred capital contributions	(399,350)	(356,466)
Change in non-cash operating working capital:		
Sundry receivables	537,805	(449,785)
Prepaid expenses and supplies	19,032	22,475
Accounts payable and accrued liabilities	(711,809)	(345,744)
Due to the Province of Ontario	405,294	(1,009,237)
Deferred revenue	45,590	55,002
Employee future benefits	(186,100)	(256,774)
	199,154	(1,841,146)
Investing activities:		
Purchase of capital assets	(20,033)	(226,041)
Deferred capital contributions	20,033	226,041
	-	-
Increase (decrease) in cash	199,154	(1,841,146)
Cash, beginning of year	8,617,593	10,458,739
Cash, end of year	$ 8,816,747	$ 8,617,593

See accompanying notes to financial statements.

Erie St. Clair Community Care Access Centre ("ESCCCAC") 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 ESCCCAC 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 ("CCAC's"). 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.

The ESCCCAC is a registered charity under the Income Tax Act and, accordingly, is 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.

1. Summary of significant accounting policies (continued):

(b) Government transfer payments (continued):

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 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.

(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. 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:

(i) Held-for-trading:

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

(ii) 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.

(iii) 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:

(i) The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, mortality and termination rates, and retirement ages of employees;

(ii) For the purpose of calculating expected return on plan assets, these assets are valued at fair value;

(iii) 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;

(iv) 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.

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.

1. Summary of significant accounting policies (continued):

(g) 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowance for sundry receivable and obligations relating to employee future benefits. Actual results could differ from those estimates.

(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.

(i) Future changes in accounting policies:

In November 2010, the Accounting Standards Board of the Canadian Institute of Chartered Accountants (the “CICA”) issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. Erie St. Clair CCAC is currently evaluating the impact of these standards.

2. Cash:

The Centre's bank accounts are held at a chartered bank. Interest is earned at prime minus 1.85% on balances up to $3,000,000 and at prime minus 1.75% at balances over $3,000,000.

3. Capital assets:

	Cost	Accumulated amortization	Net book value 2012	Net book value 2011
Furniture and fixtures	$ 1,244,460	$ 664,511	$ 579,949	$ 668,897
Computer equipment	720,209	486,265	233,944	351,366
Leasehold improvements	1,650,623	924,863	725,760	898,717
	$ 3,615,292	$ 2,075,639	$ 1,539,653	$ 1,918,980

During the year, amortization of $399,350 (2011 - $356,466) 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.

	2012	2011
Balance, beginning of the year	$ 1,918,980	$ 2,049,405
Additional contributions received	20,033	226,041
Less: amounts amortized to revenue	(399,350)	(356,466)
	$ 1,539,653	$ 1,918,980

6. Employee future benefits:

Total employee future benefit net liability consists of:

		2012		2011
(a) Pension plans – accrued future benefit asset	$	326,600	$	285,900
(b) Other benefits – accrued future benefit liability		(682,000)		(827,400)
Employee future benefits liability	$	(355,400)	$	(541,500)

(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 HOOPP, 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, 2010 and the next required valuation is to be as of December 31, 2013. The measurement date is March 31, 2012.

6. Employee future benefits (continued):

(a) Pension plans (continued):

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

	2012	2011
Assumptions:		
The significant actuarial assumptions used are as follows: (weighted average)		
Accrued benefit obligation as of March 31:		
Discount rate	4.30%	5.50%
Rate of compensation	3.50%	3.50%
Benefit costs for years ended March 31:		
Discount rate	5.50%	6.00%
Expected long-term rate of return on plan assets	5.00%	7.00%
Rate of compensation increase	3.50%	3.50%

	2012	2011
Measurement date - March 31		
Plan assets at end of year consist of:		
Equity security	64.50%	64.80%
Debt securities	32.40%	32.60%
Other	3.10%	2.60%
Total	100.00%	100.00%

6. Employee future benefits (continued):

(a) Pension plans (continued):

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

	2012	2011
Accrued benefit obligation:		
Accrued benefit obligation, beginning of year	$ 1,285,200	$ 1,143,000
Interest cost	75,800	67,200
Benefits paid	(134,400)	(46,300)
Actuarial losses	460,400	121,300
	$ 1,687,000	$ 1,285,200

	2012	2011
Plan assets:		
Fair value of plan assets, beginning of year	$ 1,197,600	$ 1,134,000
Actual return on plan assets	3,200	109,900
Contributions	92,700	–
Benefits paid	(134,400)	(46,300)
	$ 1,159,100	$ 1,197,600

	2012	2011
Funded status – Plan surplus:		
Unamortized net actuarial loss	$ 854,500	$ 373,500
Funded status deficit	(527,900)	(87,600)
	$ 326,600	$ 285,900

6. Employee future benefits (continued):

(a) Pension plans (continued):

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

		2012		2011
Interest cost	$	75,800	$	67,200
Actual return on plan assets		(3,200)		(109,900)
Amortization of net actuarial loss		460,400		(121,300)
Elements of defined benefit plan costs before adjustments		533,000		(164,000)
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		(55,600)		32,100
Difference between actuarial gain (loss) recognized for the year and actual actuarial gain (loss) on accrued benefit obligation for the year		(425,400)		155,300
Defined benefit plan expense	$	52,000	$	23,400

Some employees are also members of the Healthcare of Ontario Pension Plan (“HOOPP”), which is a multi-employer final average pay contributory pension plan. Employer contributions to the plan made during the year amounted to $2,408,092 (2011 - $2,163,126).

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:

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	$ 497,100	$ 918,800
Service cost	–	6,700
Interest cost	23,900	27,800
Benefits paid	(38,900)	(41,600)
Amortization of past service costs	9,000	9,000
Amortization of net actuarial gains	(139,400)	(89,500)
Plan amendments	–	(141,500)
Curtailment gain	–	(192,600)
Balance, end of year	351,700	497,100
Unamortized actuarial gains	330,300	330,300
	$ 682,000	$ 827,400

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

	2012	2011
Accrued benefit obligation as of March 31:		
Discount rate	5.00%	5.00%
Health care trend rate	4.50%	4.50%

Increasing or decreasing the assumed health care trend rates by 1 percentage point would have had the following effect for 2012:

1 Percentage Point Increase	1 Percentage Point Decrease
$ 17,100	$ 16,400

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 expected to be recovered by the MOHLTC unless authorization to carryover the surplus has been obtained from the Ministry.

8. Commitments:

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

2013	$ 1,130,366
2014	577,127
2015	485,428
2016	489,606
2017 and thereafter	675,388

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, 2012, 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.