Financial Statements of

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Years ended March 31, 2013 and 2012

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Financial Statements

Years ended March 31, 2013 and 2012

Auditors' Report to the Members

Financial Statements

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, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 public sector accounting standards, 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 audits. We conducted our audits 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 in our audits 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, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 27, 2013

Windsor, Canada

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash (note 2)	$ 11,389,049	$ 8,816,747	$ 8,617,593
Sundry receivables	731,920	609,594	1,147,399
Prepaid expenses and supplies	743,450	797,436	816,468
	12,864,419	10,223,777	10,581,460
Capital assets (note 3)	2,742,178	1,539,653	1,918,980
	$ 15,606,597	$ 11,763,430	$ 12,500,440
Liabilities, Deferred Contributions and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities (note 12)	$ 9,528,726	$ 9,383,747	$ 10,095,556
Due to the Province of Ontario	2,639,783	935,169	529,875
Deferred revenue (note 4)	95,375	160,288	114,698
	12,263,884	10,479,204	10,740,129
Deferred capital contributions (note 5)	2,742,178	1,539,653	1,918,980
Employee future benefits (note 6)	2,411,400	2,655,300	2,337,000
Net assets			
Unrestricted (note 7)	(1,810,865)	(2,910,727)	(2,495,669)
Commitments and contingencies (notes 8 and 10)			
	$ 15,606,597	$ 11,763,430	$ 12,500,440

See accompanying notes to financial statements.

On behalf of the Board:

James W. Greenway Director

Walter E. H. Hopkins Director

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statements of Operations

Years ended March 31, 2013 and 2012

	2013	2012
Revenue:		
MOHLTC Provincial Grant - Base Allocation	$ 118,813,220	$ 116,431,739
MOHLTC Provincial Grant - One-time Funding	817,386	5,746,303
External recoveries	232,132	577,514
Interest	86,656	67,191
Amortization of deferred capital contributions	346,015	399,350
	120,295,409	123,222,097
Expenditures:		
Program:		
Administrative and support services	9,699,015	10,121,942
Community and social services (patient care)	108,456,922	112,693,446
Health promotion and education	1,039,610	821,767
	119,195,547	123,637,155
Excess of revenue over expenditures (expenditures over revenue)	$ 1,099,862	$ (415,058)

See accompanying notes to financial statements.

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

	Invested in capital assets	Unrestricted	Total
Deficit, beginning of year	$ -	$ (2,910,727)	$ (2,910,727)
Excess of revenue over expenditures	-	1,099,862	1,099,862
Deficit, end of year	$ -	$ (1,810,865)	$ (1,810,865)

	Invested in capital assets	Unrestricted	Total
Deficit, beginning of year	$ -	$ (2,495,669)	$ (2,495,669)
Excess of expenditures over revenue	-	(415,058)	(415,058)
Deficit, end of year	$ -	$ (2,910,727)	$ (2,910,727)

See accompanying notes to financial statements.

ERIE ST. CLAIR COMMUNITY CARE ACCESS CENTRE

Statements of Cash Flows

Years ended March 31, 2013 and 2012

		2013		2012
Cash provided by (used in):				
Operating activities:				
Excess of revenue over expenditures (expenditures over revenue)	$	1,099,862	$	(415,058)
Items not involving cash:				
Amortization of capital assets		346,015		399,350
Amortization of deferred capital contributions		(346,015)		(399,350)
Change in non-cash operating working capital:				
Sundry receivables		(122,326)		537,805
Prepaid expenses and supplies		53,986		19,032
Accounts payable and accrued liabilities		144,979		(711,809)
Due to the Province of Ontario		1,704,614		405,294
Deferred revenue		(64,913)		45,590
Employee future benefits		(243,900)		318,300
		2,572,302		199,154
Investing activities:				
Purchase of capital assets		(1,548,540)		(20,033)
Deferred capital contributions		1,548,540		20,033
		-		-
Increase (decrease) in cash		2,572,302		199,154
Cash, beginning of year		8,816,747		8,617,593
Cash, end of year	$	11,389,049	$	8,816,747

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.

On April 1, 2012, the Organization adopted Canadian Public Sector Accounting Standards. The Organization has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these public sector accounting standards.

In accordance with the transitional provisions in Public Sector Accounting Standards, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying public sector accounting standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenditures is provided in note 13.

1. Summary of significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(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.

1. Summary of significant accounting policies (continued):

(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 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%

1. Summary of significant accounting policies (continued):

(c) Capital assets (continued):

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

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. As the Organization has no financial instruments recognized at fair value, the Organization does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expenses as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(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) 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 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.

(v) Past service costs arising from plan amendements are recognized immediately in the period the plan amendments occur.

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.

The Organization also accrues its non-vested sick leave obligation.

1. Summary of significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements in accordance with public sector accounting standards 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.

2. Cash:

The Organization'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:

March 31, 2013	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 1,310,223	$ 748,686	$ 561,537
Computer equipment	997,804	604,451	393,353
Leasehold improvements	2,855,806	1,068,518	1,787,288
	$ 5,163,833	$ 2,421,655	$ 2,742,178

3. Capital assets (continued):

March 31, 2012	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 1,244,460	$ 664,511	$ 579,949
Computer equipment	720,209	486,265	233,944
Leasehold improvements	1,650,623	924,863	725,760
	$ 3,615,292	$ 2,075,639	$ 1,539,653

April 1, 2011	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 1,251,478	$ 582,581	$ 668,897
Computer equipment	693,158	341,792	351,366
Leasehold improvements	1,650,623	751,906	898,717
	$ 3,595,259	$ 1,676,279	$ 1,918,980

During the year, amortization of $346,015 (2012 - $399,350) 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.

	March 31, 2013	March 31, 2012
Balance, beginning of the year	$ 1,539,653	$ 1,918,980
Additional contributions received	1,548,541	20,033
Less: amounts amortized to revenue	(346,015)	(399,350)
	$ 2,742,179	$ 1,539,653

6. Employee future benefits:

Total employee future benefit net liability consists of:

	March 31, 2013	March 31, 2012	April 1, 2011
(a) Pension plans – accrued future benefit asset (liability)	$ 181,000	$ (144,400)	$ 219,900
(b) Other benefits – accrued future benefit liability	(1,310,600)	(1,194,800)	(1,086,900)
(c) Accumulated sick leave liability	(1,281,800)	(1,316,100)	(1,470,000)
Employee future benefits liability	$(2,411,400)	$ (2,655,300)	$ (2,337,000)

(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 November 30, 2011 and the next required valuation is to be as of November 30, 2014. The measurement date is March 31, 2013.

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:

	March 31, 2013	March 31, 2012	April 1, 2011
Assumptions:			
The significant actuarial assumptions used are as follows: (weighted average)			
Accrued benefit obligation as of March 31:			
Discount rate	4.35%	4.52%	5.50%
Rate of compensation	2.75%	3.50%	3.50%
Benefit costs for years ended March 31:			
Expected long-term rate of return on plan assets	5.00%	5.00%	7.00%
Rate of compensation increase	2.75%	3.50%	3.50%

6. Employee future benefits (continued):

(a) Pension plans (continued):

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

	March 31, 2013	March 31, 2012
Accrued benefit obligation:		
Accrued benefit obligation, beginning of year	$ 1,625,700	$ 1,417,500
Interest cost	66,000	76,000
Benefits paid	(331,700)	(134,400)
Actuarial losses (gains)	(58,000)	266,600
	$ 1,302,000	$ 1,625,700

	March 31, 2013	March 31, 2012
Plan assets:		
Fair value of plan assets, beginning of year	$ 1,159,100	$ 1,197,600
Actual return on plan assets	59,100	3,200
Contributions	378,300	92,700
Benefits paid	(331,700)	(134,400)
Actuarial gain	5,200	–
	$ 1,270,000	$ 1,159,100

	March 31, 2013	March 31, 2012
Funded status – Plan surplus:		
Unamortized net actuarial loss	$ 213,000	$ 322,200
Funded status deficit	(32,000)	(466,600)
	$ 181,000	$ (144,400)

Most 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 $2,560,416 (2012 - $2,408,092).

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:

	March 31, 2013	March 31, 2012
Accrued benefit obligation:		
Balance, beginning of year	$ 1,194,800	$ 1,086,900
Service cost	93,400	89,000
Interest cost	63,400	57,800
Benefits paid	(41,000)	(38,900)
Balance, end of year	1,310,600	1,194,800
Unamortized actuarial losses	73,400	–
	$ 1,384,000	$ 1,194,800

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

	March 31, 2013	March 31, 2012
Accrued benefit obligation as of March 31:		
Discount rate	4.35%	5.00%
Health care trend rate	4.50%	4.50%

(c) Sick leave benefits:

Under the sick leave benefit plan, unused sick leave can accumulate. The liability for these accumulated days, amounted to $1,281,800 (March 31, 2012 - $1,316,100).

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 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:

2014	$ 932,362
2015	767,372
2016	737,037
2017	725,255
2018 and thereafter	1,837,333

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, 2013, 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.

11. Financial risks and concentration of credit risk:

(a) Currency risk:

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Organization purchases inventories denominated in U.S. dollars. The Organization does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2012.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

12. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $411,637 (2012 - $394,503), which includes amounts payable for payroll related taxes.

13. Transitional adjustments:

(a) Net assets:

The following table summarizes the impact of the transition to Public Sector Accounting Standards in the Organization's net assets as of April 1, 2011:

Net assets:	
As previously reported under Canadian generally accounting principles, March 31, 2011	$ (700,169)
Transition election to recognize all cumulative actuarial gains and losses on employee future benefits	318,300
Adjustments to recognize unamortized past service costs on employee future benefits	(643,800)
Adjustment to recognize non-vested sick leave	(1,470,000)
Restated April 1, 2011	$ (2,495,669)

In accordance with transitional provisions of Public Sector Accounting Standards, the Organization has elected to use the exemption for employee future benefits. The Organization has elected to recognize all cumulative actuarial gains and losses and past service costs in opening net assets.

13. Transitional adjustments (continued):

(b) Statement of operations:

As a result of the above noted elections and the retrospective application of public sector accounting standards the Organization recorded the following adjustments to excess of revenue over expenses for the year ended March 31, 2012:

Excess of revenue over expenses:		
As previously reported under Canadian generally accepted accounting principles for the year ended March 31, 2012	$	89,342
Decrease to employee future benefit expense as a result of recognizing non-vested sick leave plans		153,900
Increase to employee future benefit expense as a result of electing to recognize all cumulative actuarial gains and losses and past service costs		(658,300)
Restated for the year end March 31, 2012	$	(415,058)