Central Community Care Access Centre
Financial Statements
For the year ended March 31, 2014

Contents

BDO

Tel: 905 898 1221
Fax: 905 898 0028
Toll-free: 866 275 8836
www.bdo.ca

BDO Canada LLP
The Gates of York Plaza
17310 Yonge Street, Unit 11
Newmarket ON L3Y 7R9 Canada

Independent Auditor's Report

To the Members of Central Community Care Access Centre

We have audited the accompanying financial statements of Central Community Care Access Centre which comprise the statements of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2014 and 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.

Auditor's 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 the 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 the auditor's 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, the auditor considers 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 Central Community Care Access Centre as at March 31, 2014, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

June 16, 2014
Newmarket, Ontario

Central Community Care Access Centre
Statement of Financial Position

March 31	2014	2013
Assets		
Current		
Cash (Note 2)	$ 29,331,245	$ 23,255,267
Accounts receivable (Note 3)	2,529,865	1,196,798
Prepaid expenses (Note 4)	1,043,040	776,469
	32,904,150	25,228,534
Property, plant and equipment (Note 5)	2,308,643	1,789,659
	$ 35,212,793	$ 27,018,193
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 32,562,787	$ 25,004,913
Deferred revenue	273,098	169,140
Current portion of employee post-retirement benefits (Note 10)	2,500	6,122
	32,838,385	25,180,175
Deferred contributions related to property, plant and equipment (Note 7)	2,308,643	1,789,659
Employee post-retirement benefits (Note 10)	-	2,500
Contingencies (Note 13)		
Commitments (Note 11)		
Net Assets		
Internally restricted - donation fund	68,265	65,790
Internally restricted - employee post-retirement benefits	(2,500)	(8,622)
Unrestricted - employee post-retirement benefits	-	(11,309)
	65,765	45,859
	$ 35,212,793	$27,018,193

On behalf of the Board:

Director ____________________ Director ____________________

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

Central Community Care Access Centre
Statement of Operations

Year ended March 31	2014	2013
Revenues		
Central LHIN (Note 8)	$ 258,359,457	$ 238,614,829
Recoveries	917,772	1,086,951
Interest and other income	214,037	182,069
Amortization of deferred contributions related to property, plant and equipment	786,217	762,827
	260,277,483	240,646,676
Expenses		
Purchased Services, Supplies and Equipment		
Purchased services (Note 15)	169,040,488	157,808,366
Medical lab and supplies	11,886,807	10,463,128
Medical equipment	3,666,933	4,147,448
	184,594,228	172,418,942
Salary and benefits	62,219,482	57,170,319
General Administration		
Building occupancy	2,403,721	2,247,904
Office equipment and supplies	2,549,957	1,375,777
Amortization of property, plant and equipment and intangible assets	786,217	762,827
Office administration	7,703,972	6,668,360
	260,257,577	240,644,129
Excess of revenues over expenses	$ 19,906	$ 2,547

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

Central Community Care Access Centre
Statement of Changes in Net Assets

Year ended March 31

	Internally Restricted	Unrestricted	2014 Total	2013 Total
Balance, beginning of the year	$ 57,168	$ (11,309)	$ 45,859	$ 43,312
Excess of revenues over expenses for the year	2,475	17,431	19,906	2,547
Interfund transfer	6,122	(6,122)	-	-
Balance, end of the year	$ 65,765	$ -	$ 65,765	$ 45,859

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

Central Community Care Access Centre
Statement of Cash Flows

Year ended March 31	2014	2013
Cash provided by (used in)		
Cash flows from operating activities		
Excess of revenues over expenses	$ 19,906	$ 2,547
Charges (credits) to operations not involving cash		
Amortization of deferred contributions	(786,217)	(762,827)
Amortization of property, plant and equipment	786,217	762,827
Change in non-cash working capital balances related to operations		
Accounts receivable	(1,333,067)	(73,116)
Prepaid expenses	(266,571)	288,968
Accounts payable and accrued liabilities	7,557,874	3,686,607
Deferred revenue	103,958	(78,751)
Employee post-retirement benefits	(6,122)	(5,498)
	6,075,978	3,820,757
Cash flows from capital activities		
Purchase of property, plant and equipment	(1,305,201)	(885,979)
Cash flows from financing activities		
Deferred contributions from property, plant and equipment	1,305,201	885,979
Increase in cash in the year	6,075,978	3,820,757
Cash, beginning of the year	23,255,267	19,434,510
Cash, end of the year	$ 29,331,245	$ 23,255,267

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

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

The Central Community Care Access Centre (Central CCAC) is incorporated as a statutory not for profit organization under the Community Care Access Central CCAC Corporations Act, 2001 and regulation 336/06. The Central CCAC is a Registered Charitable Organization under the Income Tax Act.

The Central CCAC is one of fourteen CCACs that play an important role in Ontario's health system by coordinating quality in-home and community-based care for over 650,000 people each year. Services provided by the Central CCAC include nursing, personal support and therapy services, as well as specialized services such as rapid response nursing, mental health and addictions nurses in schools, palliative care and child and family services.

We also help people of all ages understand and choose from a wide range of health, community and social services, so they can live independently at home for as long as possible. These options include adult day programs, retirement homes, assisted living and supportive housing, and short- or long-term care.

One million and eight hundred thousand people live in the highly diverse communities of South Simcoe, York Region, North York and areas of northern Toronto that are served by the Central CCAC.

Central CCAC's mission is "to deliver a seamless experience through the health system for people in our diverse communities, providing equitable access, individualized care coordination and quality health care."

Basis of Presentation

The financial statements of the Central CCAC have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition

The Central CCAC follows the deferral method of accounting for contributions which include donations and government grants. Under the Health Insurance Act and Regulations thereto, the Central CCAC is funded primarily by the Central Local Health Integration Network (Central LHIN) in accordance with budget arrangements established by the Ministry of Health and Long-Term Care. Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued. When a portion of a grant relates to a future year, it is deferred and recognized in that subsequent year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of property, plant and equipment are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related property, plant and equipment.

Financial Instruments

The Central CCAC classifies its financial instruments as either fair value or amortized cost. The Central CCAC's accounting policy for each category is as follows:

Fair value

This category includes cash.

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Amortized cost

This category includes accounts receivable, accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

1. Summary of Significant Accounting Policies (continued)

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. The principal estimates used in the preparation of these financial statements include useful life and valuation of property, plant and equipment and significant accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Pension Plan

The Central CCAC's contribution to a multi-employer defined benefit pension plan are expensed when contributions are payable.

Property, Plant and Equipment

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal amount.

Amortization is provided on property, plant and equipment on the straight-line basis over their estimated useful lives as follows:

Computers	3 years
Software	2 years
Furniture, fixtures and general equipment	5 years
Leasehold improvements	Term of lease

2. Cash

The Central CCAC's bank accounts are held at one chartered bank. These bank accounts earn interest at a variable rate dependent on the monthly minimum balances. The Central CCAC has available an unsecured $15,000,000 operating line of credit which bears interest at prime. As at March 31, 2014, the balance outstanding on this facility is $0 (March 31, 2013 - $0). There were no draws over the course of the year.

3. Accounts Receivable

	2014	2013
Due from Central LHIN	$ 5,079	$ 11,404
Recoveries receivable	620,059	342,824
HST/GST rebates	1,904,727	842,570
	$ 2,529,865	$ 1,196,798

4. Prepaid Expenses

	2014	2013
Insurance	$ 44,370	$ 39,719
Rent	180,662	177,176
Base technology infrastructure	273,098	163,076
Maintenance and other	544,910	396,498
	$ 1,043,040	$ 776,469

5. Property, Plant and Equipment

	2014 Cost	2014 Accumulated Amortization	2013 Cost	2013 Accumulated Amortization
Furniture, fixtures and general equipment	$ 4,146,432	$ 2,888,600	$ 3,426,804	$ 2,682,706
Leasehold improvements	2,562,804	2,015,774	2,295,937	1,813,926
Computers and software	4,627,227	4,123,446	4,308,522	3,744,972
	$ 11,336,463	$ 9,027,820	$ 10,031,263	$ 8,241,604
Net book value		$ 2,308,643	$	$ 1,789,659

6. Accounts Payable and Accrued Liabilities

	2014	2013
Due to Central LHIN and Ministry of Health and Long Term Care	$ 2,536,924	$ 1,860,005
Salary and benefits payable	6,855,312	6,545,526
Trade accounts payable	20,784,171	14,929,461
Accrued liabilities	2,386,380	1,669,921
	$ 32,562,787	$ 25,004,913

7. Deferred Contributions Related to Property, Plant and Equipment

Deferred contributions represent the unamortized amount of grants received to be used in the purchase of certain assets or in the settlement of certain obligations. The amortization of these contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of the year	$ 1,789,659	$ 1,666,507
Additions in the year	1,305,201	885,979
Amounts amortized to revenue	(786,217)	(762,827)
Balance, end of the year	$ 2,308,643	$ 1,789,659

8. Central LHIN Revenue

	2014	2013
Base funding	$ 255,434,230	$235,315,879
Base technology infrastructure (BTI)	382,750	506,435
One-time funding	2,432,455	2,871,266
	258,249,435	238,693,580
Deferred BTI funding:		
Fiscal 2013	-	(78,751)
Fiscal 2014	110,022	-
	$ 258,359,457	$238,614,829

9. Pension Plan

Approximately 652 employees of the Central CCAC are members of the Healthcare of Ontario Pension Plan (the Plan) which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service (years participating in the plan) and on the average of annualized earnings (calculated by averaging the best five consecutive years of earnings).

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Healthcare of Ontario Pension Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2013 indicates the Plan is 114% funded (December 31, 2012 - 104% funded). The results of this valuation disclosed total actuarial liabilities of $41,478 million (December 31, 2012 - $39,919 million) in respect of benefits accrued for service with net assets at that date of $47,180 million (December 31, 2012 - $41,592 million) indicating an actuarial surplus of $5,702 million (December 31, 2012 - surplus of $1,673 million). Because the Healthcare of Ontario Pension Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of all organizations within the Plan and their employees. As a result, the Central CCAC does not recognize any share of the Healthcare of Ontario Pension Plan surplus or deficit.

Employer contributions made to the Plan during the year by the Central CCAC amount to $4,347,907 (2013 - $3,990,313) and is included in salary and benefits expense.

10. Employee Post-retirement Benefits

The Central CCAC provides 100% of the premiums for extended healthcare, dental and a lump sum life insurance for certain retirees.

During December 2008, a collective bargaining agreement was settled with the union. In this agreement, these employee post-retirement benefits were removed. Only individuals that are already receiving these benefits will continue to receive them. An estimate was made of the remainder liability and the remainder of $227,309 was credited against salaries and benefits expenses.

For the year ended March 31, 2014, the Central CCAC's obligation related to accrued benefits have been recorded as follows:

Accrued benefit obligation

	2014	2013
Total estimated accrued benefit obligation as at March 31, 2014	$ 2,500	$ 8,622
Less current portion due within one year	2,500	6,122
	$ -	$ 2,500

11. Lease Commitments

The Central CCAC is committed to minimum annual operating lease payments on its premises and office equipment. These leases have expiry dates ranging from 2014 to 2028.

The minimum annual lease payments for the next five years and beyond are as follows:

Fiscal year	
2015	$ 1,762,689
2016	1,618,773
2017	1,480,858
2018	1,462,114
2019 and beyond	186,796

In addition to the above commitments, the Central CCAC has entered into various commitments with its service providers.

12. Financial Instruments

Credit risk

Credit risk is the risk of financial loss to the Central CCAC if a debtor fails to make payments of interest and principal when due. The Central CCAC is exposed to this risk relating to its cash and accounts receivable.

Accounts receivable are primarily due from government sources. Credit risk is mitigated by the financial solvency of the federal and provincial governments. (See Note 3 for amounts outstanding at year end).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. The Central CCAC is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Central CCAC will not be able to meet all cash outflow obligations as they come due. The Central CCAC mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

13. Contingencies

(a) The nature of the Central CCAC's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2014, management believes the Central CCAC has appropriate insurance coverage in place. In the event any potential claims are successful, management believes that such claims are not expected to have a material effect on the Central CCAC's financial position.

(b) The Central CCAC participates in the Healthcare Insurance Reciprocal of Canada, a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No assessments have been made to March 31, 2014.

(c) Effective April 1, 1997, employees of the former York Region CCAC previously covered under the Ontario Municipal Employees Retirement System (OMERS) were transferred to the Healthcare of Ontario Pension Plan (HOOPP). A settlement was reached on December 3, 2012. In the settlement, the Ministry of Health and Long Term Care is to pay settlement benefits to Class Members. The claims process is ongoing and the exact amount each Class Member will receive is not precisely known until the claims process is complete. No liability has been recorded in the books and records of the Central CCAC.

(d) Recently the Ontario Nurses Association (ONA) filed a complaint alleging the Central CCAC has failed to maintain pay equity. The Central CCAC has received a letter from the Pay Equity Commission and in the opinion of management, the ultimate resolution will not have a material adverse effect on the financial position of the Central CCAC.

14. Economic Dependence

The Central CCAC received 99% (2013 - 99%) of its revenue from the Central LHIN.

15. Schedule of Purchased Services

	2014	2013
Personal support	$ 91,042,420	$ 87,586,123
Nursing	55,452,577	50,362,510
Pharmacy	390,150	684,900
Occupational therapy	5,847,580	5,654,795
Physiotherapy	6,417,352	4,399,117
Speech-language pathology	6,755,264	5,255,122
Social work	219,480	401,630
Nutrition	485,065	412,486
Community Support Services	2,430,600	3,051,683
	$ 169,040,488	$ 157,808,366