Financial statements of

South West Community Care Access Centre

March 31, 2012

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Deloitte.

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Independent Auditor's Report

To the Chair and Members of
South West Community Care Access Centre

We have audited the accompanying financial statements of South West Community Care Access Centre, which comprise the balance sheet as at March 31, 2012, and the statements of operations and cash flows for the year then ended, 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 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.

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 South West 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.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 27, 2012

South West Community Care Access Centre
Statement of operations
year ended March 31, 2012

	2012	2011
	$	$
Revenue		
Ontario Ministry of Health and Long-Term Care grant	**177,793,408**	168,850,699
Amortization of deferred capital contributions (Note 7)	**1,213,248**	759,286
Hospice revenue	**947,554**	612,252
Other revenues	**578,356**	1,383,439
Interest earned	**157,607**	75,475
Donation revenue (expense)	**17,066**	(51,223)
Total revenue	**180,707,239**	171,629,928
Expenditures		
Purchased client services	**101,258,903**	93,427,913
Salaries and benefits	**52,828,067**	49,079,561
Medical supplies	**10,070,231**	8,709,921
Supplies and sundry	**9,350,775**	10,451,090
Building and ground	**2,112,439**	2,104,348
Depreciation	**1,441,159**	776,307
Medical equipment rental	**1,356,163**	1,166,769
Hospice purchased services	**947,554**	612,252
Equipment	**613,638**	946,504
Total expenditures	**179,978,929**	167,274,665
Excess of revenue over expenditures for the year (see supplementary information below)	**728,310**	4,355,263
Due to Ontario Ministry of Health and Long-Term Care (Note 4)	**(728,310)**	(4,355,263)
	-	-

Supplementary information

The prior year surplus of $4,355,263 includes $1,616,210 related to the recovery of the 2010 deficit. Resulting in a net surplus of $2,739,053 for the year ended March 31, 2011. See Note 4 for further details.

See accompanying notes to the financial statements.

South West Community Care Access Centre
Balance sheet
as at March 31, 2012

	2012	2011
	$	$
Assets		
Current assets		
Cash (Note 13)	**17,197,230**	14,966,776
Restricted cash	**-**	171,879
Accounts receivable	**2,131,015**	2,280,832
Prepaid expenses	**392,039**	326,623
	19,720,284	17,746,110
Rental, security and benefit deposits	**120,154**	165,632
Capital assets (Note 5)	**7,578,964**	6,994,952
	27,419,402	24,906,694
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**15,503,402**	14,489,871
Due to Ontario Ministry of Health and Long-Term Care (Note 4)	**3,935,574**	2,819,458
Current portion of capital lease obligations (Note 6)	**520,270**	264,357
Current portion of deferred contributions for capital expenditures (Note 7)	**1,315,955**	1,248,210
	21,275,201	18,821,896
Commitments and contingencies (Note 8)		
Long-term capital lease obligations (Note 6)	**476,096**	466,453
Long-term deferred contributions for capital expenditures (Note 7)	**5,668,105**	5,618,345
	27,419,402	24,906,694

Approved by

____________________ Chair

____________________ Chief Executive Officer

See accompanying notes to the financial statements.

South West Community Care Access Centre
Statement of cash flows
year ended March 31, 2012

	2012	2011
	$	$
Operating activities		
Excess of revenue over expenditures	**728,310**	4,355,263
Reimbursement of surplus to		
Ministry of Health and Long-Term Care	**(728,310)**	(4,355,263)
Adjustments for		
Depreciation of capital assets	**1,441,159**	776,307
Amortization of deferred capital contributions	**(1,213,248)**	(759,286)
Changes in non-cash working capital items (Note 9)	**2,259,526**	6,760,179
	2,487,437	6,777,200
Investing activities		
Purchase of capital assets	**(1,232,434)**	(1,622,268)
Increase in deferred contributions	**1,330,753**	2,286,937
	98,319	664,669
Financing activity		
Repayment of capital lease obligations	**(527,181)**	(79,275)
Net change in cash	**2,058,575**	7,362,594
Cash and restricted cash, beginning of year	**15,138,655**	7,776,061
Cash and restricted cash, end of year	**17,197,230**	15,138,655
Cash and restricted cash consists of		
Cash	**17,197,230**	14,966,776
Restricted cash	**-**	171,879
	17,197,230	15,138,655

See accompanying notes to the financial statements.

1. Organization

The South West Community Care Access Centre ("SWCCAC") was created under Regulation 366/06 of the Community Care Access Corporations Act, 2007 as a statutory corporation without share capital.

The Mission of the SWCCAC is as follows:

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.

SWCCAC provides the following services:

- case management;
- nursing;
- personal support;
- physiotherapy;
- occupational therapy;
- speech-language therapy;
- system navigation;
- social work;
- nutritional counseling;
- information & referral to community support services;
- medical supplies and equipment;
- placement co-ordination; and
- coordinated access to adult day programs, assisted living and supportive housing services, complex continuing care beds; and rehabilitation beds.

All of these services are fully funded by the Ontario Ministry of Health and Long-Term Care.

2. Changes in accounting policies

Future accounting changes

New accounting framework

In 2010, the Accounting Standards Board in Canada finalized their deliberations with respect to which frameworks non-for-profit organizations should be following in the future. The choice of framework that an organization must follow depends on how the not-for-profit organization is classified. The not-for-profit organization is either controlled by the government and classified as a government not-for-profit organization (GNFPO) or is outside the control of the government and is classified as a not-for-profit organization in the private sector (NPO). The accounting alternatives available to GNFPO's and NPOs are not the same.

GNFPO's will be required to select from either (a) the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook, including Section PS 4200 or, alternatively, (b) the CICA Public Sector Accounting Handbook without Section PS 4200.

NPO's will be required to select from either (a) Accounting Standards for Private Enterprises with the not-for-profit accounting standards, or (b) International Financial Reporting Standards.

These changes are effective for the SWCCAC's fiscal year beginning April 1, 2012.

The SWCCAC has determined that they are classified as a government not-for-profit organization (GNFPO). However, the impact of the transition has not yet been determined.

3. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Basis of accounting

Revenue and expenditures are recorded on the accrual basis.

Cash

Cash consists of short-term bank balances.

Ontario Ministry of Health and Long-Term Care grant

According to the agreement with the Ontario Ministry of Health and Long-Term Care, the grant for the fiscal period is refundable to the Ministry to the extent that the grant exceeds expenditures. Similarly, any excess of expenditures over grants received may be reimbursed at the discretion of the Ontario Ministry of Health and Long-Term Care.

Capital assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is computed on a declining balance basis as follows:

Computer equipment and software	33%
Communications equipment	20%
Equipment capital leases	Straight-line
Leasehold improvements	10%
Furniture and equipment	10%

Deferred contributions

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets.

Use of estimates

The preparation of financial statements in conformity with Canadian 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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include depreciation rates for capital assets and certain accruals. Actual results could differ from those estimates.

Financial instruments

As permitted for non-profit organizations, the SWCCAC has decided to apply Section 3861, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosure, and Section 3863, Financial Instruments - Presentation"

Section 3855, *Financial Instruments - Recognition and Measurement* and Section 3861 *Financial Instruments - Disclosure and Presentation* establish standards for the classification, recognition, measurement, disclosure and presentation of financial instruments (including derivatives) and non-financial derivatives in the financial statements. Under the standards, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

All of the SWCCAC's financial assets, with the exception of cash, are classified as loans and receivables, and all financial liabilities are classified as "Other liabilities" and these are measured at amortized cost. Cash is classified as held for trading and is measured at fair value.

a) *Held for trading*

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

b) *Loans and receivables*

Loans and receivables are accounted for at amortized cost using the effective interest method.

c) *Other liabilities*

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

4. Due to/from Ontario Ministry of Health and Long-Term Care

The balance payable with the Ontario Ministry of Health and Long-Term Care comprises the following:

	2012	2011
	$	$
Surplus of revenue over expenditures for the year	**728,310**	4,355,263
2012 program payable	**767,756**	-
Recoveries of prior year surpluses	**(379,950)**	(638,548)
Recovery of 2010 deficit	**-**	(1,616,210)
Ontario Ministry of Health and Long-Term Care opening balance	**2,819,458**	718,953
Due to Ontario Ministry of Health and Long-Term Care	**3,935,574**	2,819,458

In fiscal 2010, the SWCCAC incurred a deficit of $1,616,210 which was recovered through fiscal 2011 funding.

5. Capital assets

			2012	2011
	Cost	Accumulated depreciation	Net book value	Net book value
	$	$	$	$
Computer equipment	**2,703,079**	**(1,478,343)**	**1,224,736**	731,715
Computer software	**1,417,643**	**(966,358)**	**451,285**	521,139
Equipment capital lease	**2,678,732**	**(1,504,036)**	**1,174,696**	790,803
Communications equipment	**632,115**	**(391,069)**	**241,046**	19,066
Leasehold improvements	**3,247,391**	**(1,662,969)**	**1,584,422**	1,745,586
Furniture and equipment	**4,869,714**	**(2,560,102)**	**2,309,612**	2,445,332
Phone system	**1,209,135**	**(615,968)**	**593,167**	741,311
	16,757,809	**(9,178,845)**	**7,578,964**	6,994,952

The total amount owing in accounts payable related to the purchase of capital assets was $927,241 as at March 31, 2012 (2011 - $1,084,531).

6. Obligations under capital lease

	2012	2011
	$	$
Computer lease maturing in March 2014. Annual combined interest and principal payments of $34,462 plus applicable taxes are required until maturity	**35,820**	69,887
Computer lease maturing in October 2013. Annual combined interest and principal payments of $5,020 plus applicable taxes are required until maturity	**5,218**	10,306
Computer lease maturing in December 2013. Annual combined interest and principal payments of $12,333 plus applicable taxes are required until maturity	**12,819**	25,321
Computer lease maturing in January 2014. Annual combined interest and principal payments of $10,724 plus applicable taxes are required until maturity	**11,147**	22,019
Computer lease maturing in March 2014. Monthly combined interest and principal payments of $17,186 plus applicable taxes are required until maturity	**401,449**	603,277
Computer lease maturing in June 2014. Annual combined interest and principal payments of $1,334 plus applicable taxes are required until maturity	**2,664**	-

6. Obligations under capital lease (continued)

	2012	2011
	$	$
Computer lease maturing in July 2014. Annual combined interest and principal payments of $98,324 plus applicable taxes are required until maturity	**196,263**	-
Computer lease maturing in August 2014. Annual combined interest and principal payments of $80,834 plus applicable taxes are required until maturity	**161,352**	-
Computer lease maturing in September 2014. Annual combined interest and principal payments of $3,642 plus applicable taxes are required until maturity	**7,270**	-
Computer lease maturing in November 2014. Annual combined interest and principal payments of $1,216 plus applicable taxes are required until maturity	**2,427**	-
Computer lease maturing in March 2015. Annual combined interest and principal payments of $36,587 plus applicable taxes are required until maturity	**73,030**	-
Computer lease maturing in March 2017. Annual combined interest and principal payments of $13,318 plus applicable taxes are required until maturity	**51,764**	-
Computer lease maturing in March 2015. Annual combined interest and principal payments of $17,606 plus applicable taxes are required until maturity	**35,143**	-
	996,366	730,810
Less current portion of capital lease obligation	**520,270**	264,357
Long-term portion of capital lease obligation	**476,096**	466,453

Pledged as security for the above borrowings are the equipment under capital lease.

The minimum payments over the remaining terms of the leases are as follows:

	$
2013	542,187
2014	459,320
2015	13,843
2016	13,843
2017	-
Total minimum payment	1,029,193
Less: interest	32,827
	996,366

7. Deferred contributions for capital expenditures

	2012	2011
	$	$
Balance beginning of the year	**6,866,555**	5,338,904
Contributions received during the period for capital purposes	**1,330,753**	2,286,937
	8,197,308	7,625,841
Amortization of deferred capital contributions	**1,213,248**	759,286
	6,984,060	6,866,555
Less: current portion of deferred contributions for capital expenditures	**1,315,955**	1,248,210
Long-term deferred contributions for capital expenditures	**5,668,105**	5,618,345

Deferred capital contributions represent the unamortized amount of funding received for the purchase of capital assets. The amortization of the deferred capital contributions is recorded as revenue in the statement of operations.

8. Commitments and contingencies

The SWCCAC has entered into operating leases for their office facilities. Future payments under the leases aggregate to $10,054,823 including the following amounts over the next five years and thereafter:

	$
2013	1,432,831
2014	1,224,199
2015	988,533
2016	753,684
2017	753,684
Thereafter	4,901,892

The SWCCAC leases computer equipment under operating leases expiring between November 2012 and March 2014. Future payments under the leases aggregate to $40,600 including the following amounts over the next three years:

	$
2013	31,106
2014	9,494

Contingencies

The SWCCAC is involved in certain claims arising in the ordinary course of business. An amount has been accrued in the financial statements for SWCCAC's best estimate of the exposure. Although the ultimate outcome of these matters cannot be ascertained at this time, it is the opinion of management that these claims should be resolved without material effect on the SWCCAC's financial position.

9. Additional information to the statement of cash flows

Changes in non-cash working capital items:

	2012	2011
	$	$
Accounts receivable	**149,817**	(1,770,678)
Due from Ontario Ministry of Health and Long-Term Care	**-**	1,616,210
Prepaid expenses	**(65,416)**	(296,235)
Rental, security and benefit deposit	**45,478**	-
Accounts payable and accrued liabilities	**1,013,531**	5,110,377
Due to Ontario Ministry of Health and Long-Term Care	**1,116,116**	2,100,505
Long-term deferred contributions for capital expenditures	**2,259,526**	6,760,179

During the year, capital assets were acquired at an aggregate cost of $1,232,434 (2011 - $1,622,268) of which $792,737 (2011- $810,085) were acquired by means of capital leases and the balance of the purchase price of $439,697 (2011 - $812,183) was paid by SWCCAC in cash.

10. Pension plan

Substantially all of the employees of the SWCCAC are eligible to be members of the Hospitals of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. As there is insufficient information to apply defined benefit plan accounting, defined contribution plan accounting has been used by the SWCCAC. Employer contributions made to the plan during the fiscal period amounted to $3,399,119 (2011 - $3,404,033) and are included in benefits expense in the statement of operations

11. Financial instruments

Fair value

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, due to Ministry of Health and Long-Term Care and capital lease obligations are approximately equal to their carrying values.

12. Capital management

The SWCCAC's objectives when managing capital are to develop and maintain a financial model and a capital expenditure process which supports the strategic directions of the SWCCAC, and safeguards the SWCCAC's ability to continue to provide benefits to its clients.

Capital at the entity is comprised of net assets. In order to maintain or adjust the capital structure, the entity must obtain additional funding or use surplus operating funds.

The entity is not subject to any externally imposed capital requirements.

13. Bank indebtedness

The SWCCAC has an unsecured available operating line of $13,000,000 bearing interest at prime minus 0.25%. There was no balance outstanding at March 31, 2012 or 2011.

14. Regional Coordination Centre

In November 2009, the Government directed the Ministry of Health to establish 14 Regional Coordination Centres (RCC's) across the Province to coordinate diabetes care across the disease continuum and to disseminate standards and best practices to providers consistently across the province. The RCC is one of the elements of the Ontario Diabetes Strategy. In the south west region, the Regional Coordination Centre is hosted by the South West CCAC.

The mandate for the RCCs is to improve the integration and coordination of care across the system and to improve the quality of diabetes care.

The following table outlines the costs of operating the Regional Coordination Center for the fiscal year ending March 31, 2012:

South West LHIN - South West Community Care Access Centre
Regional Coordination Centre
2011-12 Financial Report

	2012	2011
	$	$
Project activities	**502,962**	269,227
Other program delivery expenses		
Rent	**40,000**	40,000
Professional Development	**7,861**	1,504
Travel	**21,938**	10,689
Legal Fees	-	4,069
Cell phone/IT/wireless	**4,023**	1,770
Audit Fees	**2,600**	2,600
Meeting Expenses	**745**	563
One-time recruitment	-	7,096
Non-recurring expenses	-	5,132
Total other program delivery expenses	**77,167**	73,423
Total program expenses	**580,129**	342,650
Total budget	**707,200**	722,600

*Included in the 2011 balance are items that have been capitalized in the records of the SWCCAC in accordance with generally accepted accounting principles. These capital items have been included in this statement to reflect how the funding provided to the RCC was used.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.