North Simcoe Muskoka
Community Care Access Centre
Financial Statements
For the year ended March 31, 2015

Contents

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Independent Auditor's Report

To the Members of
North Simcoe Muskoka Community Care Access Centre

We have audited the accompanying financial statements of **North Simcoe Muskoka Community Care Access Centre**, which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of changes in net assets and statement of 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 these financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, 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 **North Simcoe Muskoka Community Care Access Centre** as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 21, 2015

North Simcoe Muskoka Community Care Access Centre
Statement of Financial Position

March 31	2015	2014 (note 1)
Assets		
Current		
Cash and short-term investments (note 2)	$ 10,295,119	$ 9,826,074
Accounts receivable	748,307	671,710
Due from the Local Health Integration Network (LHIN)	233,947	-
Prepaid expenses	478,346	422,466
	11,755,719	10,920,250
Capital Assets, at cost less accumulated amortization (note 3)	300,685	406,372
	$ 12,056,404	$ 11,326,622
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 10,172,735	$ 9,364,929
Due to the Ministry of Health and Long-Term Care (note 4)	887,741	816,693
Deferred revenue (note 6)	139,946	125,386
	11,200,422	10,307,008
Deferred Contributions Related to Capital Assets (note 5)	300,685	406,372
Post-Employment Benefits and Compensated Absences (note 11)	1,294,600	1,257,300
Net Assets		
Internally restricted		
Invested in capital assets (note 8)	-	-
Internally restricted - Care Fund (note 14)	555,297	613,242
Post-employment benefits and compensated absences	(1,294,600)	(1,257,300)
Unrestricted	-	-
	(739,303)	(644,058)
	$ 12,056,404	$ 11,326,622

On behalf of the Board:

_______________ Director

_______________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

North Simcoe Muskoka Community Care Access Centre
Statement of Operations

For the year ended March 31	2015	2014 (note 1)
Revenues		
Ministry of Health and Long-Term Care (note 7)	$ 98,707,758	$ 95,008,591
Community partnerships	1,014,774	1,041,643
Cancer Care Ontario	594,696	-
Other	552,042	395,990
Interest	65,980	68,981
Amortization of deferred contributions related to capital assets	105,687	154,278
	101,040,937	96,669,483
Expenses		
Home Health/Home Support		
Compensation	1,668,174	1,051,958
Supplies	4,252,110	3,798,930
Sundry	585,119	243,029
Equipment	1,268,801	1,387,317
Contracted out services	65,154,108	61,907,762
	72,928,312	68,388,996
Case Management		
Compensation	18,713,482	19,160,962
Supplies	87,774	69,585
Sundry	400,466	436,757
Equipment	20,628	28,714
	19,222,350	19,696,018
Administration/Education/Marketed Services		
Compensation	5,678,634	5,265,857
Supplies	36,810	30,777
Sundry	788,432	866,056
Equipment	452,400	474,928
Contracted out services	730,170	729,996
Building and grounds	1,098,142	1,062,577
Amortization of capital assets	105,687	154,278
	8,890,275	8,584,469
Total expenses	101,040,937	96,669,483
Excess of revenues over expenses before post-employment benefits and compensated absences and Care Fund activities	-	-
Post-employment benefits and compensated absences expense (note 11)	(37,300)	(41,200)
Care Fund activities - net (note 14)	(57,945)	(27,316)
Excess of expenses over revenues for the year	$ (95,245)	$ (68,516)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

North Simcoe Muskoka Community Care Access Centre
Statement of Changes in Net Assets

For the year ended March 31				2015	2014
	Invested in Capital Assets	Other Internally Restricted	Unrestricted	Total	Total
	(note 8)				(note 1)
Balance, beginning of the year as previously reported	$ -	$ (141,458)	$ -	$ (141,458)	$ (94,142)
Prior period adjustment (note 1)	-	(502,600)	-	(502,600)	(481,400)
Balance, beginning of year, as restated	-	(644,058)	-	(644,058)	(575,542)
Excess of expenses over revenue for the year	-	-	(95,245)	(95,245)	(68,516)
Net change in investment in capital assets	-	-	-	-	-
Interfund transfer	-	(95,245)	95,245	-	-
Balance, end of the year	$ -	$ (739,303)	$ -	$ (739,303)	$ (644,058)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

North Simcoe Muskoka Community Care Access Centre
Statement of Cash Flows

For the year ended March 31	2015	2014 (note 1)
Cash flows from operating activities		
Excess of expenses over revenues for the year	$ (95,245)	$ (68,516)
Charges (credits) to operations not involving cash		
Amortization of deferred contributions	(105,687)	(154,278)
Amortization of capital assets	105,687	154,278
Post-employment benefits and compensated absences	37,300	41,200
	(57,945)	(27,316)
Change in non-cash working capital balances related to operations		
Accounts receivable	(76,597)	(168,865)
Prepaid expenses	(55,880)	(214,441)
Accounts payable and accrued liabilities	807,806	1,675,580
Due to/from the Ministry of Health and Long-Term Care	(162,899)	(239,156)
Deferred revenue	14,560	66,604
	469,045	1,092,406
Net increase in cash and short-term investments during the year	469,045	1,092,406
Cash and short-term investments, beginning of the year	9,826,074	8,733,668
Cash and short-term investments, end of the year	$ 10,295,119	$ 9,826,074

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

For the year ended March 31, 2015

Management's Responsibility for the Financial Statements

The financial statements of North Simcoe Muskoka Community Care Access Centre (the "Centre") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

Nature of Organization

The Centre is an incorporated not-for-profit organization without share capital under the Corporations Act (Ontario).

The Centre supports residents of Simcoe County and Muskoka by providing health and related social services and equipment, managing the placement for persons requiring residence in long-term care facilities and providing information to the public about access to community-based health and support services.

Basis of Accounting

These financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations.

Revenue Recognition

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

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 capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the asset.

For the year ended March 31, 2015

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets 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 capital assets on the straight-line basis over their estimated useful lives as follows:

Computers and software	3 - 4 years
Furniture and fixtures	10 years
Telephone system	10 years
Leasehold improvements	10 years
Other equipment	4 years

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions 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 period. The principal estimates used in the preparation of these financial statements are the estimated useful life of capital assets and the actuarial estimation of post-employment benefits and compensated absences liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Income Taxes

The Centre is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

For the year ended March 31, 2015

Retirement and Post-Employment Benefits and Compensated Absences

The Centre provides defined retirement and post-employment benefits and compensated absences to certain employee groups. These benefits include pension, health, dental and insurance and non-vesting sick leave. The Centre has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, expected salary escalation, retirement ages of employees and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis;

(ii) The costs of multi-employer defined benefit pension are the employer's contributions due to the plan in the period;

(iii) The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees;

(iv) The discount rate used in the determination of the above mentioned liabilities is management's best estimate of the Centre's cost of borrowing.

For the year ended March 31, 2015

1. Prior Period Adjustment

During the year the Centre engaged its actuary to prepare an actuarial valuation of its post-employment benefits and compensated absences. This valuation is required to be completed every three years. During the completion of the valuation in the current year, it was determined that one of the assumptions used in the completion of the previous actuarial report was incorrect. As a result, the post-employment benefits and compensated absences liability and expense had been understated in previous years. The comparative figures for 2014 have been restated to reflect the correction of those understated amounts.

Specifically, the 2014 figures have been adjusted as follows:

Post-employment benefits and compensated absences liability increased by	$	502,600
Internally restricted net assets decreased by	$	502,600
Post-employment benefits and compensated absences expense increased by	$	21,200
Excess of expenses over revenues increased by	$	21,200

2. Cash and Short-Term Investments

The Centre's bank accounts are held at a chartered bank. These bank accounts earn interest at the bank's prime rate minus 1.85% on balances under $3,000,000 and at the bank's prime rate minus 1.75% on balances over $3,000,000. In addition, cash and short-term investments include the following:

	2015	2014
Guaranteed Investment Certificate, Royal Bank of Canada, 1.6% interest (2014 - 1.7%), matures March 14, 2016 (2014 - September 12, 2014)	$ 449,975	$ 523,123

For the year ended March 31, 2015

3. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers and software	$ 167,459	$ 167,459	$ 167,459	$ 167,459
Furniture and fixtures	422,622	422,622	422,622	422,622
Telephone system	538,086	408,431	538,086	354,623
Leasehold improvements	944,310	773,280	944,310	721,401
Other equipment	622,558	622,558	622,558	622,558
	$ 2,695,035	$ 2,394,350	$ 2,695,035	$ 2,288,663
Net book value		$ 300,685		$ 406,372

For the year ended March 31, 2015

4. Due to the Ministry of Health and Long-Term Care

The Centre received restricted funding for the following initiatives:

	2015	2014
Physiotherapy Reform Targeted Funding	$ 374,819	$ -
Quality Based Procedures - Hip and Knee Funding	187,129	22,980
Telehomecare Initiative Funding	145,273	228,944
Dedicated School Services Funding	97,103	82,841
Personal Support Wage Enhancement Directive	83,417	-
Base Funding Surplus	-	5,804
Direct Nursing Initiatives	-	354,615
Regional Seniors Health Program	-	121,509
	$ 887,741	$ 816,693

These funds were restricted and could not be redirected to other programs or service lines. The Centre receives Physiotherapy and Quality Based Procedure funding to provide rehabilitation services in the community. The funding allocated to the Centre is based on the service levels in prior years and demand fluctuations year over year. A large portion of service is driven by the number of hospital surgeries across the province that are referred to the Centre, which the Centre has no control over. Funding for the Telehomecare initiative that was not recognised during the fiscal year resulted from implementation delays and lower than expected start-up costs. There is a dedicated funding envelope for school services. A small portion of this funding was unused in the fiscal year due to weather related issues. The Centre received flow-through funds under the Personal Support Wage Enhancement Directive. Based on the hours of service provided to patients these funds were transferred to personal support service provider agencies to support wage and benefit increases to front line staff personal support workers. Actual volumes were slightly lower than funding projections resulting in the unused funds.

For the year ended March 31, 2015

5. Deferred Contributions Related to Capital Assets

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.

	2015	2014
Balance, beginning of year	$ 406,372	$ 560,650
Amounts amortized to revenue	(105,687)	(154,278)
Balance, end of year	$ 300,685	$ 406,372

6. Deferred Revenue

This amount includes funding received from various government agencies for programs administered by the Centre. The funds are to be used to offset future expenses incurred by the Centre on behalf of these programs.

7. Ministry of Health and Long-Term Care Revenue

	2015	2014
Base funding	$95,938,113	$ 91,349,298
Base technology infrastructure	192,803	194,132
One-time funding	2,805,572	3,677,891
	98,936,488	95,221,321
Paymaster funding flow through	(228,730)	(212,730)
	$98,707,758	$ 95,008,591

For the year ended March 31, 2015

8. Net Assets Invested in Capital Assets

a) The amount invested in capital assets is calculated as follows:

	2015	2014
Capital assets	$ 300,685	$ 406,372
Deferred contributions related to capital assets	(300,685)	(406,372)
	$ -	$ -

b) Changes in the amount invested in capital assets is calculated as follows:

	2015	2014
Excess of revenues over expenses:		
Amortization of deferred contributions	$ 105,687	$ 154,278
Amortization of capital assets	(105,687)	(154,278)
	$ -	$ -

9. Pension Plan

All full-time and certain part-time employees of the Centre 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 and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest 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's investment policy.

Pension expense is based on the best estimates of management of the Plan, 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, 2014 indicates the Plan is 115% funded (2013 - 114% funded). The results of this valuation disclosed total actuarial liabilities of $46,923 million (2013 - $41,478 million) in respect of benefits accrued for service with actuarial net assets of $53,873 million (2013 - $47,180 million) indicating an actuarial surplus of $6,950 million (2013 - $5,702 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 Centre 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 Centre amount to $1,831,270 (2014 - $1,766,572) and is included in compensation expense.

10. Credit Facility

The Centre has an authorized line of credit with RBC Royal Bank for $5,500,000. There is no balance outstanding as at March 31, 2015.

For the year ended March 31, 2015

11. Post-Employment Benefits and Compensated Absences Liability

The following tables outline the components of the Centre's post-employment benefits and compensated absences liabilities and related expenses.

			2015
	Post-employment Benefits	Non-vesting Sick Leave	Total Liability
Accrued employee future benefit obligations	$ 1,084,000	$ 371,700	$ 1,455,700
Unamortized actuarial losses	(101,400)	(59,700)	(161,100)
Total liability	$ 982,600	$ 312,000	$ 1,294,600

			2014
	Post-employment Benefits	Non-vesting Sick Leave	Total Liability (note 1)
Accrued employee future benefit obligations	$ 972,000	$ 314,700	$ 1,286,700
Unamortized actuarial losses	(14,700)	(14,700)	(29,400)
Total liability	$ 957,300	$ 300,000	$ 1,257,300

For the year ended March 31, 2015

10. Post-Employment Benefits and Compensated Absences Liability (continued)

	Post-employment Benefits	Non-vesting Sick Leave	Total Expense
			2015
Current year benefit cost	$ 46,100	$ 45,300	$ 91,400
Interest on accrued benefit obligation	37,100	12,600	49,700
Amortized actuarial losses/gains	1,300	1,200	2,500
Estimated payments during the year	(59,200)	(47,100)	(106,300)
Total actuarial expense	$ 25,300	$ 12,000	$ 37,300

	Post-employment Benefits	Non-vesting Sick Leave	Total Expense (note 1)
			2014
Current year benefit cost	$ 45,800	$ 42,800	$ 88,600
Interest on accrued benefit obligation	34,200	11,500	45,700
Amortized actuarial losses/gains	2,400	1,400	3,800
Estimated payments during the year	(49,800)	(47,100)	(96,900)
Total actuarial expense	$ 32,600	$ 8,600	$ 41,200

The amount of benefits paid during the year were $43,362 (2014 - $29,748) for post-employment benefits and $466,925 (2014 - $448,415) for non-vesting sick leave.

Post-Employment Benefits

The Centre extends post employment life insurance, health and dental benefits to certain employee groups subsequent to their retirement. The Centre contributes 50% towards the premiums for these benefits for its non-union retirees. The Centre recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation for accounting purposes as at March 31, 2015.

The major actuarial assumptions employed for the valuations are as follows:

	2015	2014
Inflation	2.00%	2.00%
Salary grid placement	2.00%	2.00%
Health care cost escalation	6.75%	7.25%
Dental costs escalation	3.75%	4.00%
Discount on accrued benefit obligations	2.75%	3.75%

10. Post-Employment Benefits and Compensated Absences Liability (continued)

Non-Vesting Sick Leave

The Centre allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days are paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation for accounting purposes as at March 31, 2015.

The assumptions used in the valuation of non-vesting sick leave are the Centre's best estimates of expected rates of:

	2015	2014
Salary grid placement	**2.00%**	2.00%
Discount rate	**2.75%**	3.75%

12. Lease Commitments

The Centre leases office space at its main office in Barrie and for its branch offices in Huntsville and Midland. These leases have varying expiry dates ranging from 2017 to 2021. The Centre also leases office equipment which have varying expiry dates ranging from 2016 to 2020.

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

2016	$ 595,500
2017	579,370
2018	555,574
2019	453,035
2020	23,975
Thereafter	429,060
	$ 2,636,514

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

13. Economic Dependence

The Centre received 98% (2014 - 98%) of its revenue from the Ministry of Health and Long-Term Care.

14. Internally Restricted Care Fund

Charitable donations received by the Centre are used to support Care Fund activities. The Care Fund is used to support patient needs including caregiver respite and the purchase of medical equipment. Funds are also used to support staff education and organizational development activities.

15. Contingent Liabilities

The Centre has been notified by the Pay Equity Commission that the Ontario Nurses Association (ONA) and Ontario Public Service Employees Union (OPSEU) have filed complaints alleging the Centre has failed to maintain pay equity. This matter is in the early stages, and the ultimate resolution, including the amount of award, if any, is undeterminable at this time.

16. Financial Instrument Risks

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Centre's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Centre's Executive Director.

The Centre's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

Interest Rate Risk

The Centre is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of fixed income denominated investments. The Centre's objective is to minimize interest rate risk by locking in fixed rates on its investments.

16. Financial Instrument Risks (continued)

Credit Risk

The Centre is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the Centre's receivables are from government entities and other not-for-profit organizations which minimizes the risk of non-collection. The Centre also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding from the government entities. The Centre measures impairment based on how long the amounts have been outstanding.

The amounts outstanding at year end, which is the Centre's maximum exposure to credit risk related to accounts receivable, were as follows:

	Current	31-60 days	61 days and over
HST receivable	$ 404,789	$ -	$ -
Other receivables	281,988	51,619	9,911
Total receivables	$ 686,777	$ 51,619	$ 9,911

Liquidity Risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations as they come due. The Centre mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the contractual maturities of financial liabilities:

	Current	31-60 days	61 days and over
Accounts payable	$ 6,413,474	$ 9	$ -
Government remittances	313,592	-	-
Other payables	3,445,660	-	-
Total financial liabilities	$ 10,172,726	$ 9	$ -

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.