Waterloo Wellington
Community Care Access Centre
Financial Statements
For the year ended March 31, 2015

Contents

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Independent Auditor's Report

To the Board of Directors of Waterloo Wellington Community Care Access Centre

We have audited the accompanying financial statements of Waterloo Wellington Community Care Access Centre, which comprise the balance sheet as at March 31, 2015, the statements of changes in fund balances, 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 these financial statements in accordance with Canadian public sector accounting standards for government 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 Waterloo Wellington 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 government not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
May 25, 2015

Waterloo Wellington Community Care Access Centre
Balance Sheet

March 31				2015	2014
	Capital Fund	Operating Fund	Donations Fund	Total	Total
Assets					
Current					
Cash (Note 2)	$ -	$ 8,782,750	$ 174,947	$ 8,957,697	$ 10,115,284
Accounts receivable (Note 3)	19,641	3,031,378	-	3,051,019	1,625,507
Prepaid expenses	-	801,844	-	801,844	631,021
	19,641	12,615,972	174,947	12,810,560	12,371,812
Capital assets (Note 4)	557,544	-	-	557,544	596,210
	$ 577,185	$12,615,972	$ 174,947	$13,368,104	$ 12,968,022
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities (Note 5)	$ 19,641	$10,181,663	$ -	$10,201,304	$ 10,050,966
eHealth Connections Project (Note 6)	-	1,488,958	-	1,488,958	1,488,958
Operational funding repayable (Note 7)	-	996,415	-	996,415	692,129
Deferred revenue (Note 8)	-	4,870	-	4,870	6,279
Current portion of early retirement benefits (Note 9)	-	189,600	-	189,600	126,287
	19,641	12,861,506	-	12,881,147	12,364,619
Long-term					
Early retirement benefits (Note 9)	-	688,622	-	688,622	634,842
Sick leave benefits (Note 10)	-	37,419	-	37,419	44,539
	19,641	13,587,547	-	13,607,188	13,044,000
Fund balances					
Internally restricted	557,544	-	174,947	732,491	785,622
Unrestricted	-	(971,575)	-	(971,575)	(861,600)
	557,544	(971,575)	174,947	(239,084)	(75,978)
	$ 577,185	$12,615,972	$ 174,947	$13,368,104	$ 12,968,022

On behalf of the Board:

_______________ Director

_______________ Director

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

Waterloo Wellington Community Care Access Centre
Statement of Changes in Fund Balances

For the year ended March 31

	Capital Fund	Operating Fund	Donations Fund	2015 Total	2014 Total
Fund balances, beginning of year	$ 596,210	$ (861,600)	$ 189,412	$ (75,978)	$ 84,427
Deficiency of revenue over expenses for the year	(139,365)	(9,276)	(14,465)	(163,106)	(160,405)
Interfund transfers (Note 11)	100,699	(100,699)	-	-	-
Fund balances, end of year	$ 557,544	$ (971,575)	$ 174,947	$ (239,084)	$ (75,978)

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

Waterloo Wellington Community Care Access Centre
Statement of Operations

For the year ended March 31	Capital Fund	Operating Fund	Donations Fund	2015 Total	2014 Total
Revenue					
LHIN/Ministry of Health & LTC (Note 14)	$ 241,232	$ 131,742,533	$ -	$ 131,983,765	$126,597,128
Interest income	-	113,666	2,295	115,961	114,580
Miscellaneous income	-	1,662,906	-	1,662,906	1,786,107
Donations	-	-	8,604	8,604	6,455
	241,232	133,519,105	10,899	133,771,236	128,504,270
Expenses					
Salaries and wages	-	26,660,418	-	26,660,418	26,233,133
Employee benefits (Note 12)	-	7,022,805	-	7,022,805	6,830,776
Training	-	378,931	-	378,931	135,571
Travel	-	379,461	-	379,461	392,626
Building occupancy	-	1,736,484	-	1,736,484	1,786,000
Office expenses	-	805,534	-	805,534	773,046
Other operating expenses	241,232	4,182,288	-	4,423,520	5,369,556
Supplies and equipment	-	5,769,151	-	5,769,151	5,974,996
Funding provided to assist clients	-	-	25,364	25,364	27,962
Purchased client services	-	85,248,950	-	85,248,950	75,895,649
Amortization	139,365	-	-	139,365	217,775
	380,597	132,184,022	25,364	132,589,983	123,637,090
Excess (deficiency) of revenue over expenses before other items	(139,365)	1,335,083	(14,465)	1,181,253	4,867,180
Other items					
Early retirement benefits (Note 9)	-	(117,093)	-	(117,093)	(208,817)
Sick leave benefits (Note 10)	-	7,120	-	7,120	(290)
	-	(109,973)	-	(109,973)	(209,107)
Excess (deficiency) of revenue over expenses before operational funding repayable	(139,365)	1,225,110	(14,465)	1,071,280	4,658,073
Operational funding repaid/repayable	-	(1,234,386)	-	(1,234,386)	(4,818,478)
Deficiency of revenue over expenses for the year	$ (139,365)	$ (9,276)	$ (14,465)	$ (163,106)	$ (160,405)

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

Waterloo Wellington Community Care Access Centre
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	$ (163,106)	$ (160,405)
Items not involving cash		
Amortization	139,365	217,775
Early retirement benefits	117,093	208,817
Sick leave benefits	(7,120)	290
	86,232	266,477
Changes in non-cash working capital balances		
Accounts receivable	(1,425,512)	50,672
Prepaid expenses	(170,823)	(37,277)
Accounts payable and accrued liabilities	150,338	3,869,133
Deferred revenue	(1,409)	(192,696)
eHealth Connections Project	-	244,244
Operational funding repayable	304,286	(1,226,850)
	(1,056,888)	2,973,703
Cash flows from capital activities		
Purchase of capital assets	(100,699)	(258,424)
Increase (decrease) in cash during the year	(1,157,587)	2,715,279
Cash, beginning of year	10,115,284	7,400,005
Cash, end of year	$ 8,957,697	$ 10,115,284

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements

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

Nature and Purpose of Organization

The organization is a non-profit community organization governed by a community Board. The organization is incorporated without share capital. The Waterloo Wellington Community Care Access Centre provides access to in-home health care and community support services. The organization is a registered charity, and as such, is not subject to income taxes.

Basis of Accounting

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

Fund Accounting

The organization follows the restricted fund method of accounting for revenues and expenses.

Revenues and expenses related to program delivery and administration activities are reported in the Operating Fund.

Revenues received from donations are used to provide funding to assist clients. These amounts cannot be funded through the operating budget. These donations are reported in the Donations Fund. The related expenses are also reported in this fund.

Assets, liabilities, revenues and expenses related to the organization's capital assets are reported in the Capital Fund.

Revenue Recognition

All funding is received from the Local Health Integration Network/Ministry of Health and Long-Term Care. Annual Reconciliation Reports are submitted to the Local Health Integration Network/Ministry of Health and Long-Term Care by the organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Revenues related to delivery of specific programs are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

1. Significant Accounting Policies (continued)

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	- 3	year straight line basis
Furniture and fixtures	- 3-5	year straight line basis
Leasehold improvements	- 10	year straight line basis
Computer software	- 5	year straight line basis

One half of the annual rate is provided in the year of acquisition and no amortization is provided in the year of disposal.

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Harmonized Sales Tax

The organization claims a 50% rebate from the federal portion and a 82% rebate for the provincial portion for HST paid on non-medical qualified expenditures and a 83% rebate from the federal portion and a 87% rebate for the provincial portion for HST paid on medical qualified expenditures.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for government 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. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates are required for the following: valuation of accounts receivable, accrued liabilities, operational funding repayable, accrual for early retirement benefits and the accrual for sick leave benefits.

1. Significant Accounting Policies (continued)

Retirement and Post-employment Benefits

The organization provides post-employment benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered. Actuarial gains and losses are amortized to income over the estimated average remaining service life of the employee group on a straight line basis.

Sick leave benefits that accumulate but do not vest are determined using management's best estimate of future cost trends associated with such benefits and interest rates, and are expensed as services are rendered. Adjustments to these costs arising from changes in estimates and experience gains and losses are recorded in income in the period in which the changes in estimates are made.

The contribution to the Healthcare of Ontario Pension Plan, a multi-employer defined pension plan benefits are expensed when contributions are due.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. The organization subsequently measures all its financial instruments 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 charged to the financial instrument for those measured at amortized cost.

2. Cash

The organization's bank account is held at one chartered bank and earns interest at the prime rate less 1.70%. As at March 31, 2015, the organization has undrawn credit capacity under a credit facility agreement in the amount of $4,250,000. Withdrawals made under this facility bear interest at prime less 0.85% and are due on demand.

3. Accounts Receivable

	2015	2014
Due from the Local Health Integration Network	$ 570,885	$ -
HST Recoverable	1,982,080	974,331
Other	498,054	651,176
	$ 3,051,019	$ 1,625,507

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 1,722,420	$ 1,607,562	$ 1,659,766	$ 1,545,683
Furniture and fixtures	2,177,445	2,166,499	2,168,881	2,155,276
Leasehold improvements	906,428	477,956	876,946	422,640
Computer software	93,280	90,012	93,280	79,064
	$ 4,899,573	$ 4,342,029	$ 4,798,873	$ 4,202,663
Net book value		$ 557,544		$ 596,210

5. Accounts Payable and Accrued Liabilities

	2015	2014
Trade accounts payable	$ 5,311,367	$ 5,579,235
Accrued liabilities	4,889,937	4,471,731
	$ 10,201,304	$ 10,050,966

6. eHealth Connections Project

	2015	2014
Balance, beginning of year	$ 1,488,958	$ 1,244,714
Funding received	-	530,000
Expenses incurred	-	(285,756)
Balance, end of year	$ 1,488,958	$ 1,488,958

Amounts were received by the organization from the Ministry of Health and Long-Term Care in order to fund eHealth Connections projects. The organization had no expenditures in the current year. This amount is interest free and will be offset against future project expenses to be incurred.

7. Operational Funding Repayable

	2015	2014
Nurse Practitioner Program - 2014	$ 3,807	$ 3,807
Nurse Practitioner Program - 2015	3,994	-
Local Health Integration Network - 2014	686,776	686,776
Local Health Integration Network - 2015	19,513	-
9000 Nurses Initiative - 2014	1,546	1,546
9000 Nurses Initiative - 2015	280,779	-
	$ 996,415	$ 692,129

This amount is interest free and will be recovered through reduced cash flow.

8. Deferred Revenue

Deferred revenue reported in the Operating Fund relates to restricted funds received that are related to the subsequent period. Changes in the deferred revenue balance reported in the Operating Fund are as follows:

	2015	2014
Balance, beginning of year	$ 6,279	$ 198,975
Less amount recognized as revenue in the year	(1,409)	(193,276)
Add amounts received related to the following year	-	580
Balance, end of year	$ 4,870	$ 6,279

9. Early Retirement Benefits

The organization has a defined early retirement benefit plan that provides benefits to employees who are 55 years of age, have retired and are withdrawing funds from the pension plan. The early retirement benefits cease when the individual reaches 65 years of age.

The accrued benefit obligation for early retirement benefits as at March 31, 2015 is based on an actuarial valuation for accounting purposes using the projected benefit method pro-rated on service. The most recent actuarial valuation of the early retirement benefits obligation was completed March 31, 2015 and the next required valuation will be March 31, 2018. Due to the most recent actuarial valuation being in the current year, no comparative information has been presented.

This valuation was based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2015
Inflation	2.0 %
Discount on accrued benefit obligation	3.7 %
Rate of compensation increase	3.0 %
Dental cost trends	4.0 %
Health care cost trends	8.0 %

A reconciliation of the early retirement benefit obligation for the year is as follows:

	2015
Obligation, April 1, 2014	$ 761,129
Current period benefit cost	151,184
Interest expense	63,131
Amortized actuarial loss	66,305
Benefits paid	(163,527)
Obligation, March 31, 2015	878,222
Less current portion	189,600
	$ 688,622

Due to the actuarial revaluation in the current year, there were unamortized actuarial losses of $861,969. Actuarial gains and losses are amortized over a reasonable future period. A reasonable future period is the expected average remaining service life of the related employee group, which is 13 years. At year end, there were unamortized actuarial losses of $795,664 not recorded in the financial statements.

10. Sick Leave Benefits

The organization has a number of employees that can utilize a frozen bank of days for illness. The benefits cease when the employee retires or leaves the organization.

The accrued benefit obligation for sick leave benefits as at March 31, 2015 is based on valuations for accounting purposes using the average annual usage rate, the employee's current wage rates and number of days banked. This valuation was based on assumptions about future events. The economic assumptions used are management's best estimates of expected rates of:

	2015	2014
Inflation	**1.5 %**	1.5 %
Discount on accrued benefit obligations	**5.0 %**	5.0 %

The liability below was calculated using the average annual usage rate and the above assumptions. This resulted in a $7,120 decrease in the accrual in the current year, which was recorded in other revenue on the statement of operations.

	2015	2014
Sick leave benefits accrual	**$ 37,419**	$ 44,539

11. Interfund Transfers

In order to fund the cash outlays for capital asset acquisitions, $100,699 was transferred from the Operating Fund to the Capital Fund during the year.

12. Pension Plan

The Waterloo Wellington Community Care Access Centre makes contributions to the Healthcare of Ontario Pension Plan (HOOPP). This plan is a final average pay, defined benefit pension, multi-employer plan. Employer contributions during the period were $2,320,636 for current service (2014 - $2,158,921) and are included as an expense in the Statement of Operations.

HOOPP is a multi-employer pension plan and therefore any pension surpluses or deficits are a joint responsibility of the employers. WWCCAC does not recognize any share of the HOOPP surplus or deficit. The last available report for the HOOPP pension plan was at December 31, 2014. The plan reported a $6.95 billion regulatory surplus (2013 - $5.7 billion) at that time based on liabilities of $53.9 billion (2013 - $45.9 billion) and assets of $60.85 billion (2013 - $51.6 billion).

13. Commitments

The organization leases building space and computer equipment under operating leases expiring between June 2016 and August 2022. Future minimum lease payments (excluding taxes) over the next five years are as follows:

Year	Amount
2016	$ 1,309,402
2017	1,267,182
2018	1,183,165
2019	1,136,656
2020	956,848
Thereafter	2,159,770
	$ 8,013,023

14. Economic Dependence

Approximately 98.7% of the organization's funding is from one source. The loss of this funding could have a material adverse affect on operations.

15. Financial Instrument Risks

General objectives, policies, and processes

The Board of Directors has overall responsibility for the determination of the organization's risk management objectives and policies and, whilst 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 organization's Chief Executive Officer (CEO). The Board of Directors, through its committees, receives quarterly reports from the organization's CEO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

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

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risk.

Credit Risk

The organization is exposed to credit risk through the possibility of non-collection of its accounts and contributions receivable. The majority of the organization's receivables are from government entities which minimizes the risk of non-collection. The organization makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding. The entity measures impairment based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the organizations maximum exposure to credit risk related to accounts and contributions receivable, were as follows:

	0 - 30 days	30 to 60 days	60 to 90 days	91 days & over
Government receivables	$1,138,848	$-	$-	$979,652
Other receivables	918,356	-	-	14,163
Net amount receivable	$2,057,204	$-	$-	$993,815

15. Financial Instrument Risks (continued)

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization has a planning and budgeting process in place to help determine the funds required to support the organization's normal operating requirements on an ongoing basis. The organization ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain cash balances to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	0 - 30 days	30 to 90 days	90 to 365 days	1 - 5 years
Accounts payable	$5,274,155	$37,212	$-	$-
Accrued liabilities	2,097,476	-	615,785	2,176,676
Total financial liabilities	$7,371,631	$37,212	$615,785	$2,176,676