

**Waterloo Wellington Community
Care Access Centre
Financial Statements
For the year ended March 31, 2016**

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Community Care Access Centre
Financial Statements
For the year ended March 31, 2016**

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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, 2016, 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, 2016 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, 2016

Waterloo Wellington Community Care Access Centre Balance Sheet

March 31

2016

2015

	Capital Fund	Operating Fund	Donations Fund	Total	Total
Assets					
Current					
Cash (Note 2)	\$ -	\$ 4,705,788	\$ 146,098	\$ 4,851,886	\$ 8,957,697
Accounts receivable (Note 3)	82,153	7,884,847	-	7,967,000	3,051,019
Prepaid expenses	-	721,891	-	721,891	801,844
	82,153	13,312,526	146,098	13,540,777	12,810,560
Capital assets (Note 4)	462,680	-	-	462,680	557,544
	\$ 544,833	\$13,312,526	\$ 146,098	\$14,003,457	\$ 13,368,104
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities (Note 5)	\$ 82,153	\$11,198,254	\$ -	\$11,280,407	\$ 10,201,304
eHealth Connections Project (Note 6)	-	1,425,050	-	1,425,050	1,488,958
Operational funding repayable (Note 7)	-	686,873	-	686,873	996,415
Deferred revenue (Note 8)	-	58,281	-	58,281	4,870
	82,153	13,368,458	-	13,450,611	12,691,547
Post-employment benefits and compensated absences					
Early retirement benefits (Note 9)	-	1,002,126	-	1,002,126	878,222
Sick leave benefits (Note 10)	-	31,071	-	31,071	37,419
	82,153	14,401,655	-	14,483,808	13,607,188
Fund balances					
Internally restricted	462,680	-	146,098	608,778	732,491
Unrestricted	-	(1,089,129)	-	(1,089,129)	(971,575)
	462,680	(1,089,129)	146,098	(480,351)	(239,084)
	\$ 544,833	\$13,312,526	\$ 146,098	\$14,003,457	\$ 13,368,104

On behalf of the Board:

Director

Director

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

For the year ended March 31 2016 2015

	Capital Fund	Operating Fund	Donations Fund	Total	Total
Fund balances, beginning of year	\$ 557,544	\$ (971,575)	\$ 174,947	\$ (239,084)	\$ (75,978)
Deficiency of revenue over expenses for the year	(133,085)	(79,333)	(28,849)	(241,267)	(163,106)
Interfund transfers (Note 11)	38,221	(38,221)	-	-	-
Fund balances, end of year	\$ 462,680	\$ (1,089,129)	\$ 146,098	\$ (480,351)	\$ (239,084)

Waterloo Wellington Community Care Access Centre Statement of Operations

For the year ended March 31

2016 2015

	Capital Fund	Operating Fund	Donations Fund	Total	Total
Revenue					
LHIN/Ministry of Health & LTC (Note 14)	\$ 248,054	\$ 144,647,624	\$ -	\$ 144,895,678	\$ 131,983,765
Interest income	-	54,387	1,575	55,962	115,961
Miscellaneous income	-	1,628,562	-	1,628,562	1,662,906
Donations	-	-	7,856	7,856	8,604
	248,054	146,330,573	9,431	146,588,058	133,771,236
Expenses					
Salaries and wages	-	29,107,884	-	29,107,884	26,660,418
Employee benefits (Note 12)	-	7,605,660	-	7,605,660	7,022,805
Training	-	121,028	-	121,028	378,931
Travel	-	408,587	-	408,587	379,461
Building occupancy	-	1,698,666	-	1,698,666	1,736,484
Office expenses	-	794,526	-	794,526	805,534
Other operating expenses	248,054	4,081,915	-	4,329,969	4,423,520
Supplies and equipment	-	6,222,215	-	6,222,215	5,769,151
Funding provided to assist clients	-	-	38,280	38,280	25,364
Purchased client services	-	95,865,288	-	95,865,288	85,248,950
Amortization	133,085	-	-	133,085	139,365
	381,139	145,905,769	38,280	146,325,188	132,589,983
Excess (deficiency) of revenue over expenses before other items	(133,085)	424,804	(28,849)	262,870	1,181,253
Other items					
Early retirement benefits (Note 9)	-	(123,904)	-	(123,904)	(117,093)
Sick leave benefits (Note 10)	-	6,348	-	6,348	7,120
	-	(117,556)	-	(117,556)	(109,973)
Excess (deficiency) of revenue over expenses before operational funding repayable	(133,085)	307,248	(28,849)	145,314	1,071,280
Operational funding repaid/repayable	-	(386,581)	-	(386,581)	(1,234,386)
Deficiency of revenue over expenses for the year	\$ (133,085)	\$ (79,333)	\$ (28,849)	\$ (241,267)	\$ (163,106)

Waterloo Wellington Community Care Access Centre Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (241,267)	\$ (163,106)
Items not involving cash		
Amortization	133,085	139,365
Early retirement benefits	123,904	117,093
Sick leave benefits	(6,348)	(7,120)
	<u>9,374</u>	<u>86,232</u>
Changes in non-cash working capital balances		
Accounts receivable	(4,915,981)	(1,425,512)
Prepaid expenses	79,953	(170,823)
Accounts payable and accrued liabilities	1,079,103	150,338
Deferred revenue	53,411	(1,409)
eHealth Connections Project	(63,908)	-
Operational funding repayable	(309,542)	304,286
	<u>(4,067,590)</u>	<u>(1,056,888)</u>
Cash flows from capital activities		
Purchase of capital assets	(38,221)	(100,699)
	<u>(38,221)</u>	<u>(100,699)</u>
Decrease in cash during the year	(4,105,811)	(1,157,587)
Cash, beginning of year	8,957,697	10,115,284
Cash, end of year	\$ 4,851,886	\$ 8,957,697

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies

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.

With the release of the discussion paper "Patients First" on December 17, 2015, the Ontario Ministry of Health and Long-Term Care signaled its intention to transfer the direct responsibility for service management and delivery from all CCACs to the LHINs by dissolving the CCACs in Ontario. As of May 25, 2016 there have been no additional details released related to timing and method of this proposal.

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.

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.

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

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.

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.

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (continued)

Post-employment and Compensated Absences 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.

Retirement Benefits

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, 2016, 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

	2016	2015
Due from the Local Health Integration Network	\$ 6,500,000	\$ 570,885
HST Recoverable	996,493	1,982,080
Other	470,507	498,054
	<u>\$ 7,967,000</u>	<u>\$ 3,051,019</u>

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 1,722,420	\$ 1,671,023	\$ 1,722,420	\$ 1,607,562
Furniture and fixtures	2,197,245	2,175,143	2,177,445	2,166,499
Leasehold improvements	924,849	535,668	906,428	477,956
Computer software	93,280	93,280	93,280	90,012
	\$ 4,937,794	\$ 4,475,114	\$ 4,899,573	\$ 4,342,029
Net book value		\$ 462,680		\$ 557,544

5. Accounts Payable and Accrued Liabilities

	2016	2015
Trade accounts payable	\$ 4,827,630	\$ 5,311,367
Accrued liabilities	6,452,777	4,889,937
	\$ 11,280,407	\$ 10,201,304

6. eHealth Connections Project

	2016	2015
Balance, beginning of year	\$ 1,488,958	\$ 1,488,958
Expenses incurred	(63,908)	-
Balance, end of year	\$ 1,425,050	\$ 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. This amount is interest free and will be offset against future project expenses to be incurred.

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

7. Operational Funding Repayable

	2016	2015
Nurse Practitioner Program - 2014	\$ -	\$ 3,807
Nurse Practitioner Program - 2015	-	3,994
Nurse Practitioner Program - 2016	2,177	-
Local Health Integration Network - 2014	-	686,776
Local Health Integration Network - 2015	19,513	19,513
Local Health Integration Network - 2016	93,539	-
LHIN - Access and Restore - 2016	290,865	-
9000 Nurses Initiative - 2014	-	1,546
9000 Nurses Initiative - 2015	280,779	280,779
	\$ 686,873	\$ 996,415

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:

	2016	2015
Balance, beginning of year	\$ 4,870	\$ 6,279
Less amount recognized as revenue in the year	(89)	(1,409)
Add amounts received related to future years	53,500	-
	\$ 58,281	\$ 4,870

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

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, 2016 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. An actuarial extrapolation of the March 31, 2015 actuarial valuation was prepared as of March 31, 2016.

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:

	<u>2016</u>	<u>2015</u>
Inflation	2.0 %	2.0 %
Discount on accrued benefit obligation	3.6 %	3.7 %
Compensation increase	3.0 %	3.0 %
Dental cost trends	4.0 %	4.0 %
Health care cost trends	8.0 %	8.0 %

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

	<u>2016</u>	<u>2015</u>
Obligation, beginning of the year	\$ 878,222	\$ 761,129
Current period benefit cost	157,231	151,184
Interest on obligation	61,818	63,131
Amortized actuarial loss	68,355	66,305
Benefits paid	(163,500)	(163,527)
Obligation, end of the year	<u>\$ 1,002,126</u>	<u>\$ 878,222</u>

The actuarial valuation on March 31, 2015, and the extrapolation on March 31, 2016 resulted in actuarial losses of \$888,609. These actuarial losses are being amortized over the expected average remaining service life of the related employee group, which is 13 years. At year end, there were unamortized actuarial losses of \$753,949 (2015 - \$795,664) not recorded in the financial statements.

Waterloo Wellington Community Care Access Centre Notes to Financial Statements

March 31, 2016

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, 2016 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:

	<u>2016</u>	<u>2015</u>
Inflation	1.5 %	2.0 %
Discount on accrued benefit obligations	3.6 %	5.0 %

The liability below was calculated using the average annual usage rate and the above assumptions. This resulted in a \$6,348 decrease in the accrual in the current year, which was recorded in other revenue on the statement of operations.

	<u>2016</u>	<u>2015</u>
Sick leave benefits accrual	<u>\$ 31,071</u>	<u>\$ 37,419</u>

11. Interfund Transfers

In order to fund the cash outlays for capital asset acquisitions, \$38,221 was transferred from the Operating Fund to the Capital Fund during the year.

Waterloo Wellington Community Care Access Centre Notes to Financial Statements

March 31, 2016

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 \$2,485,844 for current service (2015 - \$2,320,636) 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, 2015. The plan reported a \$10.8 billion regulatory surplus (2014 - \$6.9 billion) at that time based on liabilities of \$53.1 billion (2014 - \$53.9 billion) and assets of \$63.9 billion (2014 - \$60.8 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
2017	\$ 1,343,536
2018	1,259,519
2019	1,149,088
2020	969,280
2021	870,399
Thereafter	<u>1,301,802</u>
	<u>\$ 6,893,624</u>

14. Economic Dependence

Approximately 98.8% of the organization's funding is from one source. The loss of this funding could have a material adverse affect on operations.

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

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	\$ 7,839,184	\$ 98,446	\$ -	\$ -
Other receivables	10,689	18,681	-	-
Net amount receivable	\$ 7,849,873	\$ 117,127	\$ -	\$ -

Waterloo Wellington Community Care Access Centre

Notes to Financial Statements

March 31, 2016

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	\$ 4,827,611	\$ -	\$ -	\$ -
Accrued liabilities	2,467,970	-	2,209,826	1,775,000
Operational funding repayable	-	686,873	-	-
Total financial liabilities	\$ 7,295,581	\$ 686,873	\$ 2,209,826	\$ 1,775,000