Acclaim Health and Community Care Services

Financial Statements

For the year ended March 31, 2013

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Your Community. Your Accountant.

To the Directors of
Acclaim Health and Community Care Services

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Acclaim Health and Community Care Services, which comprise the balance sheet as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of changes in net assets, program operations and cash flows for the periods ended March 31, 2013 and March 31, 2012, 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 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.

Auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Acclaim Health and Community Care Services derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of Acclaim Health and Community Care Services.

Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of receipts over expenditures, assets and net assets for the periods ended March 31, 2013, March 31, 2012 and April 1, 2011.

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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Acclaim Health and Community Care Services as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the periods ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

May 28, 2013

SB Partners LLP
Chartered Accountants
Licensed Public Accountants

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Acclaim Health and Community Care Services

Balance Sheet

March 31, 2013

Assets

	March 31, 2013	March 31, 2012 (Note 17)	April 1, 2011
Current assets			
Cash	**$ 1,133,285**	$ 972,710	$ 250,094
Restricted cash (Note 4)	**300,000**	300,000	300,000
Short-term investments	**1,092,149**	774,856	459,131
Accounts receivable	**1,106,480**	888,291	881,422
Prepaid expenses	**92,671**	105,535	168,860
	3,724,585	3,041,392	2,059,507
Long-term investments (Note 5)	**100,000**	100,000	100,000
Accrued pension benefit asset (Note 11)	**189,900**	74,300	-
Capital assets (Note 6)	**1,401,622**	1,421,834	1,534,530
	$ 5,416,107	$ 4,637,526	$ 3,694,037

Approved on Behalf of the Board

Chair, Board of Directors

Treasurer, Board of Directors

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

Liabilities

	March 31, 2013	March 31, 2012	April 1, 2011
Current liabilities			
Accounts payable and accrued liabilities	**$ 1,025,323**	$ 722,809	$ 582,123
Deferred income (Note 7)	**27,159**	104,603	137,896
	1,052,482	827,412	720,019
Accrued pension liability (Note 11)	**-**	-	58,900
	1,052,482	827,412	778,919

Net Assets

	March 31, 2013	March 31, 2012	April 1, 2011
Net Assets			
Net assets invested in capital assets	**1,401,622**	1,421,834	1,534,529
Net assets restricted for endowment purposes (Bradley Fund) (Note 5)	**100,000**	100,000	100,000
Net assets internally restricted	**33,997**	33,997	33,997
Unrestricted net assets	**2,828,006**	2,254,283	1,246,592
	4,363,625	3,810,114	2,915,118
	$ 5,416,107	$ 4,637,526	$ 3,694,037

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

Acclaim Health and Community Care Services

Statement of Changes in Net Assets

Year Ended March 31, 2013

	Invested in Capital Assets	Restricted for Endowment Purposes	Internally Restricted Reserves	Unrestricted	Total 2013	Total 2012
Balance, beginning of year	**$ 1,421,834**	**$ 100,000**	**$ 33,997**	**$ 2,254,283**	**$ 3,810,114**	$ 2,915,118
Excess (deficiency) of receipts over expenditures	**(238,094)**	**-**	**-**	**791,605**	**553,511**	894,996
Investment in capital assets	**217,882**	**-**	**-**	**(217,882)**	**-**	-
Balance, end of year	**$ 1,401,622**	**$ 100,000**	**$ 33,997**	**$ 2,828,006**	**$ 4,363,625**	$ 3,810,114

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

Acclaim Health and Community Care Services

Statement of Program Operations

Year Ended March 31, 2013

	Fund Type 2 (Note 16)	Fund Type 3 (Note 16)	2013	2012 (Note 17)
Receipts				
Community grants (Note 9)	$ 155,054	$ 21,843	$ 176,897	$ 170,992
Donations	83,784	144,145	227,929	400,006
Fees for service	171,879	13,944,907	14,116,786	12,446,753
Government grants (Note 10)	1,883,460	49,018	1,932,478	1,899,424
Investment income	22,775	-	22,775	19,394
Other income	43,968	99,154	143,122	197,147
	2,360,920	14,259,067	16,619,987	15,133,716
Expenditures				
Salaries	2,287,458	9,770,095	12,057,553	10,624,773
Employee benefits	284,612	1,364,768	1,649,380	1,405,469
Employee pension expense	438,011	323,661	761,672	691,804
Equipment costs	124,887	173,370	298,257	222,687
General expenses	518,240	341,078	859,318	813,388
Occupancy costs	213,742	70,179	283,921	301,442
Office expenses	73,534	65,439	138,973	147,800
Program supplies	88,241	44,761	133,002	164,557
Corporate services allocations (Note 16)	(1,270,670)	1,270,670	-	-
	2,758,055	13,424,021	16,182,076	14,371,920
Excess (deficiency) of receipts before other items	(397,135)	835,046	437,911	761,796
Change in the accrued pension assets/liabilities	-	115,600	115,600	133,200
Excess (deficiency) of receipts over expenditures	$ (397,135)	$ 950,646	$ 553,511	$ 894,996

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

Acclaim Health and Community Care Services

Statement of Cash Flows

Year Ended March 31, 2013

	2013	2012 (Note 17)
Cash flows from operating activities		
Excess of receipts over expenditures	**$ 553,511**	$ 894,996
Charges not involving cash		
Amortization	**238,094**	188,281
Net change in accrued pension benefit asset/liability	**(115,600)**	(133,200)
Loss on disposal of assets	**16,500**	6,263
	692,505	956,340
Net change in accounts receivable	**(218,189)**	(6,869)
Net change in other current assets	**12,864**	63,325
Net change in accounts payable, accrued liabilities and deferred income	**225,070**	107,393
Cash flows from operating activities	**712,250**	1,120,189
Cash flows from investing activities		
Purchase of capital assets	**(234,382)**	(81,848)
Cash flows used in investing activities	**(234,382)**	(81,848)
Net increase in cash and cash equivalents	**477,868**	1,038,341
Cash and cash equivalents, beginning of year	**1,747,566**	709,225
Cash and cash equivalents, end of year	**$ 2,225,434**	$ 1,747,566
Cash and cash equivalents consist of:		
Cash	**$ 1,133,285**	$ 972,710
Short-term investments	**1,092,149**	774,856
	$ 2,225,434	$ 1,747,566

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

1. Purpose of the organization

Acclaim Health and Community Care Services (the "Organization") is a community based health organization dedicated to the provision of quality and cost effective health related services. Services currently provided by the Organization include Nursing, Home and Personal Support, Community Support, Alzheimer Services and Palliative Care Consultation Program.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid short-term investments. Restricted cash and other borrowings to finance capital and operating expenditures are considered to be financing activities.

Financial instruments

The Company's financial instruments consist of cash, restricted cash, short-term investments, accounts receivable, long-term investments, and accounts payable and accrued liabilities. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

Capital assets are recorded at cost. Amortization is provided as follows:

Building	15-40 year straight-line
Office and information technology equipment	4-10 year straight-line
Property and building improvements	5-20 year straight-line
Vehicles	2 year straight-line

Revenue recognition

The accounting for contributions is based on the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Endowment contributions are recognized as direct increases in net assets. Unrestricted investment income is recognized as revenue when earned.

Employee pension plan

The cost of pension benefits related to employees' current service is computed on an actuarial basis and is charged to income annually. Pension plan assets are valued at fair value for the purposes of calculating the expected return on plan assets. Past service costs resulting from plan amendments are amortized on a straight-line basis over the remaining average service life of active employees at the date of amendments. Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets and the expected long-term rate of return on plan assets for a period or from changes in actuarial assumptions used to determine the accrued benefit obligation.

2. Significant accounting policies (cont'd.)

Income taxes

The Organization is a non-profit organization registered under the Income Tax Act (the "Act") and, as such, under paragraph 149(1)(f), is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements 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 revenues and expense during the period. Actual results could differ from those estimates.

3. Adoption of accounting standards for not-for-profit organizations

Effective April 1, 2012, the Organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Organization's first financial statements prepared in accordance with these accounting standards for not-for-profit organizations (ASNFPO) and the transitional provisions of Section 1501 First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2013 and in the preparation of an opening ASNFPO balance sheet at April 1, 2011 (the Organization's date of transition).

The Organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the Organization, and accordingly, no adjustments have been recorded in the statements of financial position, changes in net assets, program operations and cash flows. Certain of the Organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

4. Restricted cash

The Organization has an operating line with a credit limit of $300,000. Drawings upon the line of credit bear interest at prime plus 1% per year and are secured under a general security agreement and Scotiabank deposits with a value of $300,000. As at March 31, 2013, no amounts were drawn on this line of credit.

5. Long-term investments

The long-term investment represents an endowment contribution to the Organization. Due to the nature of the endowment contribution, only the income earned on the investment can be used for operations. The contribution has been invested in interest-bearing instruments.

6. Capital assets

	Cost	Accumulated Amortization	2013
Land	$ 336,723	$ -	$ 336,723
Building	790,154	386,578	403,576
Office and information technology equipment	1,047,762	458,038	589,724
Property and building improvements	264,217	192,618	71,599
	$ 2,438,856	$ 1,037,234	$ 1,401,622

	Cost	Accumulated Amortization	2012
Land	$ 336,723	$ -	$ 336,723
Building	661,382	368,621	292,761
Office and information technology equipment	1,001,862	297,230	704,632
Property and building improvements	265,014	177,296	87,718
	$ 2,264,981	$ 843,147	$ 1,421,834

7. Deferred income

	2013	2012
Palliative education funding and other	$ 27,117	$ 67,103
Donations	42	-
Ontario Trillium Foundation - dementia training	-	37,500
	$ 27,159	$ 104,603

8. Internally restricted reserves

	Balance, Beginning of Year	Preapproved Transfers	Reserve Reductions	Balance End of Year
Lindsay/Werry Educational	$ 23,997	$ -	$ -	$ 23,997
Matthews Library	10,000	-	-	10,000
	$ 33,997	**$ -**	**$ -**	**$ 33,997**

Individual reserve descriptions are as follows:

(a) Lindsay/Werry Educational Reserve

The Lindsay/Werry Educational Reserve was established to provide resources for continuing education needs.

(b) Matthews Library Reserve

The Matthews Library Reserve was established to provide for the ongoing library resources for the Organization.

9. Community grants

Various individuals and service clubs contributed funds to the Organization to assist in the development and operation of programs providing community support services, palliative care consultation and alzheimer services.

Community grants are receipts from the United Way in the amount of $176,897 (2012 receipts were $170,992).

Details of amounts received from United Way and the allocations of these amounts to various programs are summarized below.

	Hospice Services	Friendly Visiting Services	Alzheimer Services	Tele-Touch	Total
Burlington and Greater Hamilton	$ -	$ 18,922	$ -	$ 3,879	$ 22,801
Oakville	-	46,560	74,472	16,464	137,496
Milton	4,000	4,500	4,500	1,500	14,500
Halton Hills	-	2,100	-	-	2,100
	$ 4,000	$ 72,082	$ 78,972	$ 21,843	$ 176,897

10. Government grants

The grants from the Mississauga Halton Local Health Integration Network (MH LHIN) provide funding for the ongoing operations of Alzheimer Services, Community Support Services, and the Palliative Care Consultation Program.

	2013	**2012**
MH LHIN	**1,932,478**	1,899,424

11. Pension costs and obligations

Acclaim Health and Community Care Services Pension Plan

Effective October 16, 2006, the Organization created its own pension plan when it ceased membership with Victorian Order of Nurses Canada ("VONC") (see Note 12). Similar to the VONC Plan, the plan provides benefits to employees through participation in a contributory, defined benefit plan for all eligible employees. The pension benefits are based on years of pensionable service and final average earnings. The annual funding requirements are determined in consultation with the actuaries to provide long-term stability to the plan.

The plan mirrors the VONC Plan with the addition of a provision that obligates the Organization to make an employee "whole" in the event that pension benefits available to a retiring employee under the new plan are less than what he or she would have received under the VONC Plan.

Effective September 30, 2010, the defined benefit provision of the plan was closed to new members and the services and earnings were frozen for all current plan members as at that date. This event triggered a curtailment resulting in the reduction of the accrued benefit obligation and the recognition of the entire unamortized past service and unamortized actuarial losses. Accordingly, a net curtailment loss of $486,700 was recognized.

An actuarial valuation for funding purposes must be conducted, at a minimum, every three years. The most recent valuation was completed as at September 30, 2011 by Aon Hewitt.

A funding deficit of $449,100 was determined under the assumption that the plan is a going concern which will be funded by continued employer and employee contributions. Aon Hewitt also certified that as at the valuation date, there was a solvency deficit of $338,200 in the plan to be funded over five years.

The defined benefit pension plan assets and obligations were evaluated and measured by Aon Hewitt as at March 31, 2013.

11. Pension costs and obligations (cont'd.)

The following table summarizes the changes in benefit obligation and plan assets of the Organization's defined benefit pension plan:

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of period	**$ 2,100,800**	$ 1,929,900
Interest cost	**98,700**	108,000
Benefits paid	**(89,000)**	(135,900)
Actuarial loss	**181,300**	198,800
Benefit obligation, end of period	**$ 2,291,800**	$ 2,100,800
Change in plan assets		
Market value of plan assets, beginning of year	**$ 1,792,800**	$ 1,876,200
Actual return (loss) on plan assets	**38,500**	(71,800)
Employer contributions	**128,400**	124,300
Benefits paid	**(89,000)**	(135,900)
Market value of plan assets, end of period	**$ 1,870,700**	$ 1,792,800
Reconciliation of funded status		
Funded status - deficit	**$ (421,100)**	$ (308,000)
Unamortized net actuarial loss	**611,000**	382,300
Accrued pension benefit asset	**$ 189,900**	$ 74,300

The accrued benefit asset (obligation) related to the pension plan is included in other long-term assets (liabilities).

11. Pension costs and obligations (cont'd.)

Net benefit plan costs: The components of the Organization's net benefit costs are as follows:

	2013	2012
Interest cost	$ **98,700**	$ 108,000
Actual return (loss) on plan assets	**(38,500)**	71,800
Actuarial loss	**181,300**	198,800
Elements of employee future benefits costs before adjustments to recognize the long-term nature of employee future benefits	**241,500**	378,600
Adjustments to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for the year	**(52,100)**	(188,700)
Difference between actuarial (gains) losses recognized for period and actual actuarial (gains) losses on accrued benefit obligation for the year	**(176,600)**	(198,800)
Net benefit cost recognized	$ **12,800**	$ (8,900)

Effective October 1, 2010, a defined contribution plan was put into place, in which all members now participate. For the year ended March 31, 2013 the pension expense related to the defined contribution plan was $258,527 (March 31, 2012 expense was $214,483).

12. Contingent liability

Victorian Order of Nurses Canada Pension Plan

Prior to October 16, 2006, the Victorian Order of Nurses Canada Pension Plan ("VONC Plan") provided benefits to the Organization's eligible employees through participation in a contributory, defined benefit plan. The pension benefits are based on years of pensionable service and final average earnings. The annual funding requirements were determined by VON Canada with the VONC Plan's actuaries.

The Organization ceased its membership with VON Canada effective October 16, 2006 and the Organization's pension benefit contributions to the plan ceased on that date. In October 2010, VON Canada and the Organization agreed to settle the amount of arrears in special payments to the VONC Plan in respect of benefits accrued by plan members employed with the Organization for a total of $742,777.

12. Contingent liability (cont'd.)

The latest draft valuation of the VONC Plan as of January 1, 2012 requires future solvency payments as follows:

2014	$	225,036
2015		225,036
2016		225,036
2017		225,036
2018		225,036
Thereafter		921,585
	$	2,046,765

13. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

2014	$	131,580
2015		93,487
2016		78,149
Thereafter		81,671
	$	384,887

14. Financial instruments

The Organization's financial instruments consist of cash and restricted cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, liquidity, interest, market, or currency risks.

15. Charitable annuity

The Organization is the beneficiary of a charitable annuity established in 1984 in the amount of $50,000. The funds are invested with the Investors Group Trust Co. Ltd. under a trust agreement established at the time of the donation. The Organization is entitled to receive the accumulated principal balance of the funds upon the death of the donor. As at March 31, 2013, the fair market value of the funds held under trust is $157,854 (2012 value was $156,917). These funds are not reflected in the accounts and will be recorded when received.

16. General information

Funding

Fund Type 2 relates to funding received directly from LHINs and other revenue such as fee-for-service related to LHIN-funded programs, grants and donations. Fund Type 3 relates to revenue received from all other sources.

Corporate Services Allocations

Corporate services are allocated to various departments within the Organization based on each department's proportionate share of operating expenses, with the exception of Pension costs relating to the Acclaim Health Pension Plan.

17. Comparative information

The comparative figures for 2012 have been reclassified where necessary to conform with the 2013 financial statement presentation.