

**Acclaim Health and Community
Care Services**
Financial Statements
For the year ended March 31, 2015

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To the Board of 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, 2015 and the statements of changes in net assets, program operations and retained earnings 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 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 donation and fundraising revenue, excess of receipts over expenditures, assets and net assets for the year ended March 31, 2015.

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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

May 26, 2015
Burlington, Ontario

SB Partners LLP
Chartered Accountants
Licensed Public Accountants

Acclaim Health and Community Care Services

Balance Sheet

March 31, 2015

Assets			
	2015	2014	(Note 3)
Current assets			
Cash	\$ 2,054,328	\$ 1,626,300	
Short-term investments	1,451,828	1,220,423	
Accounts receivable	805,571	948,434	
Prepaid expenses	135,300	108,581	
	4,447,027	3,903,738	
Long-term investments (Note 4)	100,000	100,000	
Capital assets (Note 5)	1,481,938	1,605,892	
	\$ 6,028,965	\$ 5,609,630	
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 6)	\$ 1,003,217	\$ 946,703	
Deferred income (Note 7)	37,429	28,982	
	1,040,646	975,685	
Net Assets			
Net Assets			
Net assets invested in capital assets	1,481,938	1,605,892	
Net assets restricted for endowment purposes (Bradley Fund) (Note 4)	-	100,000	
Net assets internally restricted	33,997	33,997	
Unrestricted net assets	3,472,384	2,894,056	
	4,988,319	4,633,945	
	\$ 6,028,965	\$ 5,609,630	

Approved on Behalf of the Board



Chairman, Board of Directors



Treasurer, Board of Directors

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, 2015

	Invested in Capital Assets (Note 5)	Restricted for Endowment Purposes (Note 4)	Internally Restricted Reserves (Note 8)	Unrestricted	Total 2015	Total 2014 (Note 3)
Balance, beginning of year	\$ 1,605,892	\$ 100,000	\$ 33,997	\$ 2,894,056	\$ 4,633,945	\$ 3,922,425
Excess (deficiency) of receipts over expenditures	(297,741)	-	-	1,054,015	756,274	733,420
Investment in capital assets	173,787	-	-	(173,787)	-	-
Pension remeasurements and other items	-	-	-	(301,900)	(301,900)	(21,900)
Internal transfers	-	(100,000)	-	-	(100,000)	-
Balance, end of year	\$ 1,481,938	\$ -	\$ 33,997	\$ 3,472,384	\$ 4,988,319	\$ 4,633,945

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, 2015

	Fund Type 2	Fund Type 3	2015	2014 (Note 3)
Receipts				
Community grants (Note 9)	\$ 156,174	\$ 21,847	\$ 178,021	\$ 177,328
Donations	62,340	413,501	475,841	282,623
Fees for service	207,415	15,074,767	15,282,182	14,490,499
Government funding (Note 10)	2,583,971	-	2,583,971	1,951,424
Investment income	38,057	-	38,057	36,226
Other income	36,335	109,571	145,906	145,739
	3,084,292	15,619,686	18,703,978	17,083,839
Expenditures				
Salaries	2,446,856	10,636,604	13,083,460	12,314,942
Employee benefits	317,839	1,568,892	1,886,731	1,631,597
Employee pension expense	404,481	330,248	734,729	759,017
Equipment costs	112,909	202,299	315,208	316,847
General expenses	1,134,284	472,290	1,606,574	969,629
Occupancy costs	226,618	104,036	330,654	332,419
Office expenses	73,234	50,910	124,144	128,259
Program supplies	120,358	47,746	168,104	170,909
Corporate services allocations (Note 16)	(1,410,654)	1,410,654	-	-
	3,425,925	14,823,679	18,249,604	16,623,619
Excess (deficiency) of receipts before other pension plan items				
	(341,633)	796,007	454,374	460,220
Defined benefit cost (Note 11)	-	6,700	6,700	(5,300)
Employer contributions (Note 11)	-	295,200	295,200	278,500
Excess (deficiency) of receipts over expenditures				
	\$ (341,633)	\$ 1,097,907	\$ 756,274	\$ 733,420

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, 2015

	2015	2014 (Note 3)
Cash flows from operating activities		
Excess of receipts over expenditures	\$ 756,274	\$ 733,420
Charges not involving cash		
Amortization	297,741	283,492
Loss on disposal of assets	-	12,560
Net change in employee future benefits	-	(251,300)
Pension remeasurements and other items	(301,900)	(21,900)
	752,115	756,272
Net change in accounts receivable	142,863	158,046
Net change in other current assets	(26,719)	(15,910)
Net change in accounts payable, accrued liabilities and deferred income	64,961	(76,797)
Cash flows from operating activities	933,220	821,611
Cash flows from financing activities		
Decrease in restricted cash	-	300,000
Cash flows from financing activities	-	300,000
Cash flows from investing activities		
Transfer of endowment fund	(100,000)	-
Purchase of capital assets	(173,787)	(500,322)
Cash flows used in investing activities	(273,787)	(500,322)
Net increase in cash and cash equivalents	659,433	621,289
Cash and cash equivalents, beginning of year	2,846,723	2,225,434
Cash and cash equivalents, end of year	\$ 3,506,156	\$ 2,846,723
Cash and cash equivalents consist of:		
Cash	\$ 2,054,328	\$ 1,626,300
Short-term investments	1,451,828	1,220,423
	\$ 3,506,156	\$ 2,846,723

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

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

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, 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

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 Organization recognizes the defined benefit obligation, net of the fair value of plan assets on the balance sheet. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The Organization has elected to use an actuarial valuation prepared for funding purposes to measure the defined benefit obligation in respect of its pension plan. The defined benefit obligation is determined using a rollforward technique to estimate the accrued obligation using funding assumptions from the most recent actuarial valuation prepared at least every three years. Defined benefit pension plan assets are measured at fair value at the date of the balance sheet.

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

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 new accounting standards

Effective April 1, 2014, the Organization adopted Section 3462 Employee Future Benefits and Section 3463 Reporting Employee Future Benefits by Not-for-Profit Organizations as set out in Part II and Part III, respectively of the CPA Canada Handbook. In accordance with the requirements of Section 1506 Accounting Changes, the accounting policy set out in Note 2 has been consistently applied to all years presented. Adjustments resulting from the adoption of the new standards have been applied retrospectively.

Under the new standards, the defined benefit plan asset (liability) is recognized on the balance sheet, and is the defined benefit obligation less the fair value of the plan assets, if any, adjusted for any valuation allowance. Deferral of a portion of actuarial gains and losses and past service costs and their amortization in future periods is not permitted. Consequently, remeasurements and other costs, previously recorded in the statement of program operations, are now recorded directly in the statement of changes in net assets and are presented as a separately identified line item. In adopting Section 3463, the Organization has chosen to measure its obligations for employee future benefits using funding assumptions rather than accounting assumptions.

Upon transition, all unamortized gains or losses and past service costs at April 1, 2013 were immediately recognized as a transition adjustment to net assets, a decrease of \$441,200. At March 31, 2014, the accrued pension benefit asset decreased by \$461,400 and net assets decreased by the same. The following table provides a reconciliation of the net assets as at April 1, 2013 and the excess of receipts over expenditures for the year ended March 31, 2014 as previously reported with those computed after adopting Section 3463:

	Net assets as at April 1, 2013	Excess receipts over expenditures for the year ended March 31, 2014
Balance, as previously reported	\$ 4,363,625	\$ 731,720
Employee future benefits:		
Funding valuation	169,800	6,500
Remeasurements and other items	(611,000)	(4,800)
Restated balances	\$ 3,922,425	\$ 733,420

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

4. Long-term investments

In the current year, the Organization undertook two separate investments with the Oakville Community Foundation. The first of these was the transferring of the Bradley Endowment Fund, which had a principal amount of \$100,000. The principal amount of this fund shall remain as an endowed amount with the Oakville Community Foundation, with the Organization being entitled to the income earned on this investment. The second investment was for \$100,000, which was deposited into the Oakville Community Foundation's Investment Pooling Account. This investment can be redeemed at any time by the Organization, with 30 days' notice. There is, however, no intention to redeem this investment within the next fiscal year, and as such it has been classified as a long term investment.

5. Capital assets

	Cost	Accumulated Amortization	2015	2014
Land	\$ 336,723	\$ -	\$ 336,723	\$ 336,723
Building	1,077,447	454,601	622,846	634,032
Office and information technology equipment	1,369,685	878,704	490,981	591,778
Property and building improvements	256,299	224,911	31,388	43,359
	\$ 3,040,154	\$ 1,558,216	\$ 1,481,938	\$ 1,605,892

Included in Equipment costs and Occupancy costs is a total of \$297,741 (2014 - \$283,492) of capital asset amortization expense.

6. Accounts payable and accrued liabilities

	2015	2014
Accounts payable and accrued liabilities	\$ 835,466	\$ 800,560
Payroll source deductions payable	167,751	146,143
	\$ 1,003,217	\$ 946,703

7. Deferred income

	2015	2014
Palliative education funding and other	\$ 26,267	\$ 28,883
Donations	11,162	99
	\$ 37,429	\$ 28,982

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

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 \$178,021 (2014 receipts were \$177,328).

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	\$ -	\$ 17,474	\$ -	\$ 3,582	\$ 21,056
Oakville	-	47,243	75,713	16,674	139,630
Milton	4,244	4,700	4,700	1,591	15,235
Halton Hills	-	2,100	-	-	2,100
	\$ 4,244	\$ 71,517	\$ 80,413	\$ 21,847	\$ 178,021

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

10. Government funding

The amounts received 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.

	2015	2014
MH LHIN	2,583,971	1,951,424

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 11). 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, 2013 by Aon Hewitt. A funding deficit of \$486,500 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 surplus of \$277,100 in the plan.

The defined benefit pension plan assets and obligations were evaluated and measured by Aon Hewitt as at March 31, 2015.

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

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

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

	2015	2014
Change in defined benefit plan obligation		
Benefit obligation, beginning of period	\$ 2,123,100	\$ 2,122,000
Interest cost	93,900	97,500
Benefits paid	(72,800)	(138,700)
Actuarial loss (gain)	181,100	42,300
Defined benefit plan obligation, end of period	\$ 2,325,300	\$ 2,123,100
Change in fair value of plan assets		
Fair value of plan assets, beginning of period	\$ 2,154,900	\$ 1,870,700
Finance credit	102,000	92,200
Gains (losses) on plan assets	90,400	52,200
Employer contributions	295,200	278,500
Benefits paid	(72,800)	(138,700)
Fair value of plan assets, end of period	\$ 2,569,700	\$ 2,154,900
Reconciliation of funded status		
Fair value of plan assets	\$ 2,569,700	\$ 2,154,900
Defined benefit plan obligation	2,325,300	2,123,100
Funded status of plan - surplus (deficit)	244,400	31,800
Valuation allowance	(244,400)	(31,800)
Defined benefit pension asset (liability)	\$ -	\$ -

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

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

	2015	2014
Reconciliation of defined benefit plan asset (liability)		
Opening defined benefit pension asset (liability)	\$ -	\$ (251,300)
Finance cost	6,700	(5,300)
Employer contributions	295,200	278,500
Remeasurements and other items	(301,900)	(21,900)
<hr/>		
Closing defined benefit pension asset (liability)	-	-
<hr/>		
Remeasurements and other items		
Actuarial gains (losses)	(90,700)	9,900
Change in valuation allowance	(212,600)	(31,800)
Effect of valuation allowance on finance cost	1,400	-
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Total remeasurements and other items	\$ (301,900)	\$ (21,900)

Effective October 1, 2010, a defined contribution plan was put into place, in which all members now participate. For the year ended March 31, 2015 the pension expense related to the defined contribution plan was \$309,867 (March 31, 2014 expense was \$278,403).

12. Pension 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. As of the latest valuation, January 1, 2014, the Organization's portion of the VONC plan wind-up shortfall is \$876,000. The annual funding requirements are noted in the following table:

	2016	\$	188,616
	2017		188,616
	2018		188,616
	2019		158,727
	2020		69,060
	Thereafter		82,365
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		\$	876,000

Acclaim Health and Community Care Services

Notes to Financial Statements

Year Ended March 31, 2015

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:

	2016	\$	201,068
	2017		177,103
	2018		57,776
	2019		10,163
	2020		2,148
			<hr/>
		\$	448,258

14. Financial instruments

The Organization's financial instruments consist of 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, 2015, the fair market value of the funds held under trust is \$161,610 (2014 value was \$155,090). 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.