



Financial statements

Acclaim Health and Community Care Services

March 31, 2023

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Independent auditors' report

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To the Board of Directors of
Acclaim Health and Community Care Services

Opinion

We have audited the financial statements of **Acclaim Health and Community Care Services** ("the Organization"), which comprise the balance sheet as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of **Acclaim Health and Community Care Services** as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Mississauga, Canada
June 6, 2023

Chartered Professional Accountants
Licensed Public Accountants

Acclaim Health and Community Care Services

Balance Sheet

March 31 2023 2022

Assets

Current

Cash and cash equivalents	\$ 5,949,419	\$ 3,481,815
Short-term investments (Note 3)	479,819	398,773
Accounts receivable	1,802,528	1,859,351
Prepaid expenses	<u>334,550</u>	<u>330,049</u>
	8,566,316	6,069,988

Investments (Note 3)	425,099	215,280
Capital assets (Note 4)	11,804,495	12,458,804
Goodwill (Note 5)	<u>1,270,000</u>	<u>1,270,000</u>
	\$ 22,065,910	\$ 20,014,072

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 2,326,655	\$ 2,226,660
Deferred income	<u>2,104,815</u>	<u>848,393</u>
	4,431,470	3,075,053
Deferred capital contributions (Note 8)	<u>6,750,793</u>	<u>6,683,004</u>
	11,182,263	9,758,057

Net assets

Net assets invested in capital assets	5,053,702	5,775,800
Net assets internally restricted (Note 9)	1,383,997	1,383,997
Unrestricted net assets	<u>4,445,948</u>	<u>3,096,218</u>
	10,883,647	10,256,015
	\$ 22,065,910	\$ 20,014,072

Commitments and contractual obligations (Note 11)

Credit facilities (Note 14)

On behalf of the Board

DocuSigned by:

Cindy Heinz

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Chairperson

DocuSigned by:

Stuart du Kamp

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Secretary

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Statement of Changes in Net Assets

Year ended March 31, 2023

	Invested in Capital Assets	Internally Restricted (Note 8)	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	\$5,775,800	\$ 1,383,997	\$3,096,218	\$10,256,015	\$ 9,015,764
Excess (deficiency) of revenues over expenditures	(736,368)	-	1,364,000	627,632	1,240,251
Purchase of capital assets	82,059	-	(82,059)	-	-
Capital contributions received	(439,789)		439,789	-	-
Capital contributions recognized in revenue	<u>372,000</u>	<u>-</u>	<u>(372,000)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$5,053,702</u>	<u>\$ 1,383,997</u>	<u>\$4,445,948</u>	<u>\$10,883,647</u>	<u>\$10,256,015</u>

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Statement of Operations

Year ended March 31, 2023

	<u>Fund Type 2</u>	<u>Fund Type 3</u>	<u>2023</u>	<u>2022</u>
Revenues				
Fees for service	\$ 352,652	\$ 26,863,542	\$ 27,216,194	\$ 28,532,516
Government funding (Note 9)	5,680,836	-	5,680,836	5,386,609
Donations and community grants	561,487	547,850	1,109,337	1,931,505
Other income	284,989	64,576	349,565	92,972
Amortized deferred capital contributions	272,000	-	272,000	129,317
Investment income	72,904	19,691	92,595	22,751
	<u>7,224,868</u>	<u>27,495,659</u>	<u>34,720,527</u>	<u>36,095,670</u>
Expenditures				
Salaries	5,357,135	19,774,139	25,131,274	26,049,443
Employee benefits	758,619	2,439,716	3,198,335	2,995,021
General expenses (Note 13)	2,258,349	783,077	3,041,426	2,966,710
Occupancy costs	1,330,848	203,919	1,534,767	1,366,404
Employee pension	114,788	275,527	390,315	417,459
Program supplies	203,066	180,730	383,796	456,434
Equipment costs	205,711	54,045	259,756	281,082
Office expenses	133,801	19,425	153,226	122,866
Corporate services allocations	<u>(2,732,030)</u>	<u>2,732,030</u>	<u>-</u>	<u>-</u>
	<u>7,630,287</u>	<u>26,462,608</u>	<u>34,092,895</u>	<u>34,655,419</u>
Excess (deficiency) of revenues over expenditures before other expense	(405,419)	1,033,051	627,632	1,440,251
Other expense				
Impairment loss on goodwill (Note 5)	-	-	-	200,000
Excess (deficiency) of revenues over expenditures	\$ (405,419)	\$ 1,033,051	\$ 627,632	\$ 1,240,251

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Statement of Cash Flows

Year ended March 31	2023	2022
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 627,632	\$ 1,240,251
Charges not involving cash		
Amortization (Note 4)	736,368	430,694
Amortization of intangible asset	-	130,000
Loss on goodwill impairment (Note 5)	-	200,000
Unrealized gain on investments	16,802	648
	<u>1,380,802</u>	<u>2,001,593</u>
Change in non-cash working capital items		
Accounts receivable	56,823	628,059
Prepaid expenses	(4,501)	(45,592)
Accounts payable and accrued liabilities	99,995	(2,457,651)
Deferred income	1,256,422	608,795
	<u>2,789,541</u>	<u>735,204</u>
Cash flows from financing activities		
Payment of mortgage payable	-	(1,587,000)
Deferred capital contributions received	67,789	870,456
	<u>67,789</u>	<u>(716,544)</u>
Cash flows from investing activities		
Purchase of investments	(1,440,115)	(799,642)
Maturity of investments	1,132,448	1,284,479
Purchase of capital assets	(82,059)	(4,581,620)
	<u>(389,726)</u>	<u>(4,096,783)</u>
Net increase (decrease) in cash and cash equivalents	2,467,604	(4,078,123)
Cash and cash equivalents, beginning of year	<u>3,481,815</u>	<u>7,559,938</u>
Cash and cash equivalents, end of year	\$ <u>5,949,419</u>	\$ <u>3,481,815</u>

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

Acclaim Health and Community Care Services (Acclaim Health or 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, Personal Support Services, Companion Services, Community Support, Adult Day Services, Overnight Respite and Palliative Care Consultation Program.

The Organization is a registered charitable 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.

2. Summary of significant accounting policies

Basis of presentation

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

Business combinations

Business combinations occur where the Organization (as an acquirer) obtains control over one or more businesses and results in the consolidation of assets, and liabilities on the date of the transaction.

Business combinations are accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. Business combinations are accounted for from the date control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognized in the financial statements. The Organization recognizes acquisition and related costs, in the period incurred, and records these costs to general expenses in the statement of operations.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. Goodwill is recognized as the excess of the fair value of consideration given.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and investments having a maturity of 90 days or less. Restricted cash and other borrowings to finance capital and operating expenditures are considered to be financing activities.

Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, long-term investments, accounts payable and accrued liabilities, and mortgage payable. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost, except investments which are measured at fair value. 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.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Capital assets

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

Building	15-40 years, straight-line basis
Office and information technology equipment	4-10 years, straight-line basis
Property and building improvements	5-20 years, straight-line basis

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of capital assets is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

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. Fees for service revenue is recognized as revenue in the period in which the related service has occurred.

Government assistance received related to current expenses are recognized in the statement of operations. When government subsidies relate to future expenses, the Organization defers the assistance and recognizes it in the statement of operations as the related expenses are incurred.

Fund Type 2 relates to funding received directly from Ontario Health and other revenue such as fee-for-service related to Ontario Health-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 contribution costs relating to the Acclaim Health Pension Plan.

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.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the purchase consideration paid for an enterprise over the net of the fair value of the assets acquired and liabilities assumed. Goodwill is not amortized. Goodwill is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the reporting unit to which the goodwill is assigned may exceed the reporting unit's fair value.

3. Investments

Short-term investments consist of guaranteed investment certificates (GIC) bearing interest at rates ranging 2.7% to 4.2% and maturing between May 2023 to September 2023.

In 2015, 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 and is not disclosed in these financial statements, with the Organization being entitled to the income earned on this investment. The second investment of principal and interest is valued at \$219,565 (2022 - \$215,280) and is held in 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. Additionally, long-term investment also consists of GICs bearing interest at rates ranging 4.4% to 4.6% and maturing between August 2025 to August 2027.

	<u>2023</u>	<u>2022</u>
Oakville Community Foundation	\$ 219,565	\$ 215,280
Term deposits (matures past 12 months)	<u>205,534</u>	<u>-</u>
	<u>\$ 425,099</u>	<u>\$ 215,280</u>

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

4. Capital assets			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,765,659	\$ -	\$ 1,765,659	\$ 1,765,659
Building	10,833,617	1,780,424	9,053,193	9,568,918
Office and information technology equipment	1,512,653	946,731	565,922	621,766
Property and building improvements	<u>809,313</u>	<u>389,592</u>	<u>419,721</u>	<u>502,461</u>
	<u>\$ 14,921,242</u>	<u>\$ 3,116,747</u>	<u>\$ 11,804,495</u>	<u>\$ 12,458,804</u>

Included in equipment costs and occupancy costs is a total of \$736,368 (2022 - \$430,694) of capital asset amortization expense.

5. Goodwill

On December 1, 2020, the Organization acquired 100% of the issued common shares of CalaCare Ltd. (CalaCare) for cash consideration of \$1,600,000. CalaCare operated a home health care business in Oakville, Burlington, Milton, Mississauga and Brampton, Ontario. Immediately after the acquisition, CalaCare was wound up, and the operations are continuing within Acclaim Health. The Organization executed the transaction pursuant to its strategy of growth through acquisition. Specifically, the Organization believes the acquisition provided it with the opportunity to diversify its services.

The business combination was accounted for using the acquisition method. The acquisition of employees and access to clients resulted in an intangible asset represented by a customer list of \$130,000 and goodwill of \$1,470,000.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

5. Goodwill (continued)

The balance of the goodwill is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,270,000	\$ 1,470,000
Impairment	<u>-</u>	<u>(200,000)</u>
Balance, end of year	<u>\$ 1,270,000</u>	<u>\$ 1,270,000</u>

In fiscal 2022, the Organization determined that there were indicators that the carrying amounts of goodwill may exceed its fair value due to circumstances regarding the loss of certain employees associated with the acquisition of Calacare, and recorded an impairment loss of \$200,000. For fiscal 2023, the Organization has determined that there are no indicators of impairment.

6. Accounts payable and accrued liabilities

	<u>2023</u>	<u>2022</u>
Accounts payable and accrued liabilities	\$ 1,913,430	\$ 1,769,227
Surplus repayable to Ontario Health	403,709	403,709
Payroll source deductions payable (receivable)	(28,912)	41,440
Pension plan payable	<u>388</u>	<u>12,284</u>
	<u>\$ 2,288,615</u>	<u>\$ 2,226,660</u>

7. Deferred capital contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 6,683,004	\$ 5,812,548
Capital contributions recognized in revenue	(372,000)	(1,348,739)
Restricted capital donations received	<u>439,789</u>	<u>2,219,195</u>
Balance, end of year	<u>\$ 6,750,793</u>	<u>\$ 6,683,004</u>

Deferred capital contributions include amounts collected through the capital campaign and mortgage campaign for the purchase and renovation of a building which house some of the Organization's adult day programs, overnight respite and caregiver supports. As construction was completed during 2022, the building has been put into use and the deferred capital contributions are being amortized into income as the related assets are amortized.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

8. Internally restricted net assets	<u>2023</u>	<u>2022</u>
Lindsay/Werry Educational	\$ 23,997	\$ 23,997
Matthews Library	10,000	10,000
Severance Contingencies	1,350,000	1,100,000
Pension Fund	<u>-</u>	<u>250,000</u>
	<u>\$ 1,383,997</u>	<u>\$ 1,383,997</u>

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.

(c) Severance Contingencies Reserve

The Severance Contingencies Reserve was established to provide for severance contingencies.

(d) Pension Fund Reserve

The Pension Fund Reserve was established for pension fund solvency and wind up. With the wind up of the plan, the reserve funds have been transferred to the Severance Contingencies Reserve.

9. Government funding

The amounts received of \$5,680,836 (2022 - \$5,386,609) from the Ministry of Health provide funding for the ongoing operations of Alzheimer Services, Community Support Services, and the Palliative Care Consultation Program.

10. Defined contribution pension plan

Employees of the Organization participate in a defined contribution pension plan. For the year ended March 31, 2023, employer contributions to this plan were \$390,315 (2022 - \$417,459).

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

11. Commitments and contractual obligations

The Organization has contractual obligations for its services with future minimum payments as follows:

2024	\$ 814,767
2025	807,169
2026	749,088
2027	56,599
2028	58,931
Thereafter	<u>1,712,870</u>
	<u>\$ 4,199,424</u>

12. Financial instruments

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risk that arise from financial instruments include credit, interest rate and liquidity risk. However, its is management's opinion that these do not represent significant risks to the Organization given the nature and creditworthiness of the parties from whom amounts are owing to the Organization and the nature of investments held.

Credit risk

The Organization has determined that the financial assets with credit risk exposure are amounts receivable, since failure of any of these parties to fulfil their obligations could result in financial losses for the Organization.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk with respect to investments in GICs.

Liquidity risk

Liquidly risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its contribution to the pension plan and accounts payable. There was no significant change in exposure from the prior year.

13. General expenses

	<u>2023</u>	<u>2022</u>
Purchased services	\$ 1,054,533	\$ 959,653
Other general expenses	918,339	877,487
Telephone	413,902	376,633
Professional fees	341,919	463,994
Data processing and software	<u>312,733</u>	<u>288,943</u>
	<u>\$ 3,041,426</u>	<u>\$ 2,966,710</u>

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2023

14. Credit facilities

The Organization has a credit facility. The credit facility is a \$1,750,000 revolving demand credit facility. Interest accrues monthly at prime plus 0.25% per annum. As at March 31, 2023, \$Nil (2022 - \$Nil) was drawn from the credit facility.

15. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.