



Financial statements

Acclaim Health and Community Care Services

March 31, 2016

Contents

	Page
Independent auditor's report	1 - 2
Balance sheet	3
Statement of changes in net assets	4
Statement of operations	5
Statement of cash flows	6
Notes to the financial statements	7 - 14



Independent auditor's report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4
T +1 416 366 0100
F +1 905 804 0509
www.GrantThornton.ca

To the Board of Directors of

Acclaim Health and Community Care Services

We have audited the accompanying financial statements of **Acclaim Health and Community Care Services** which comprises the balance sheet as at March 31, 2016 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.

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 auditors consider internal control relevant to the Organization'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 Organization'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.

Based for qualified opinion

In common with many not-for-profit organizations, Acclaim Health and Community Care Services derive 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of receipts over expenditures, and cash flows from operations for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015, and net assets as at April 1, 2014 and 2015 and March 31, 2016 and 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, 2016 and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The prior year financial statements were audited by another firm of Chartered Professional Accountants, with a qualified audit opinion for completeness of donations and fundraising revenue, dated May 26, 2015.



Mississauga, Canada
May 31, 2016

Chartered Professional Accountants
Licensed Public Accountants

Acclaim Health and Community Care Services

Balance sheet

March 31 2016 2015

Assets

Current

Cash and cash equivalents	\$ 802,204	\$	2,133,009
Short-term investments	2,371,783		1,373,147
Accounts receivables	1,027,686		805,571
Prepaid expenses	<u>154,016</u>		<u>135,300</u>
	4,355,689		4,447,027

Long-term investments (Note 3) 100,000 100,000

Capital assets (Note 4) 1,389,209 1,481,938

\$ 5,844,898 **\$ 6,028,965**

Liabilities

Current

Accounts payable and accrued liabilities (Note 5)	\$ 692,515	\$	1,003,217
Deferred income (Note 6)	<u>95,554</u>		<u>37,429</u>
	788,069		1,040,646

Net assets

Net assets invested in capital assets	1,389,209	1,481,938
Net assets internally restricted (Note 7)	1,133,997	33,997
Unrestricted net assets	<u>2,533,623</u>	<u>3,472,384</u>
	5,056,829	4,988,319

\$ 5,844,898 **\$ 6,028,965**

On behalf of the Board



Chairman



Treasurer

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services Statement of Changes in Net Assets

Year ended March 31, 2016

	Invested in Capital Assets (Note 4)	Internally Restricted Reserves (Note 7)	Unrestricted	2016 Total	2015 Total
Balance, beginning of year	\$ 1,481,938	\$ 33,997	\$ 3,472,384	\$ 4,988,319	\$ 4,633,945
Excess (deficiency) of receipts over expenditures	(250,573)	-	516,983	266,410	756,274
Purchase of capital assets	157,844	-	(157,844)	-	-
Pension remeasurements and other items	-	-	(197,900)	(197,900)	(301,900)
Internal transfers	-	1,100,000	(1,100,000)	-	(100,000)
Balance, end of year	\$ 1,389,209	\$ 1,133,997	\$ 2,533,623	\$ 5,056,829	\$ 4,988,319

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Statement of Operations

Year ended March 31, 2016

	Fund Type 2	Fund Type 3	<u>2016</u>	<u>2015</u>
Receipts				
Fees for service	\$ 211,533	\$ 14,956,161	\$ 15,167,694	\$ 15,282,182
Government funding (Note 8)	3,087,943	-	3,087,943	2,583,971
Donations	119,034	122,599	241,633	475,841
Community grants (Note 9)	152,493	21,236	173,729	178,021
Other income	28,942	110,557	139,499	145,906
Investment income	-	43,478	43,478	38,057
	<u>3,599,945</u>	<u>15,254,031</u>	<u>18,853,976</u>	<u>18,703,978</u>
Expenditures				
Salaries	2,660,962	10,771,273	13,432,235	13,083,460
Employee benefits	347,384	1,553,739	1,901,123	1,866,731
Employee pension expense	431,645	279,012	710,657	734,729
General expenses (Note 15)	1,387,914	458,704	1,846,618	1,606,574
Occupancy costs	230,685	104,556	335,241	330,654
Equipment costs	126,629	142,519	269,148	315,208
Program supplies	140,355	49,212	189,567	168,104
Office expenses	65,181	35,696	100,877	124,144
Corporate services allocations	(1,505,803)	1,505,803	-	-
	<u>3,884,952</u>	<u>14,900,514</u>	<u>18,785,466</u>	<u>18,249,604</u>
Excess (deficiency) of receipts				
before other pension plan items (285,007)		353,517	68,510	454,374
Defined benefit cost (Note 10)	-	1,300	1,300	6,700
Employer contributions (Note 10)	-	196,600	196,600	295,200
	-	<u>197,900</u>	<u>197,900</u>	<u>288,500</u>
Excess (deficiency) of receipts				
over expenditures	\$ (285,007)	\$ 551,417	\$ 266,410	\$ 756,274

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Statement of Cash Flows

Year ended March 31	2016	2015
Cash flows from operating activities		
Excess of receipts over expenditures	\$ 266,410	\$ 756,274
Charges not involving cash		
Amortization	250,573	297,741
Pension remeasurements and other items (note 10)	<u>(197,900)</u>	<u>(301,900)</u>
	<u>319,083</u>	<u>752,115</u>
Net change in accounts receivables	(222,115)	142,863
Net change in prepaid expenses	(18,716)	(26,719)
Net change in accounts payable and accrued liabilities	(310,702)	56,514
Net change in deferred income	<u>58,125</u>	<u>8,447</u>
Cash flows from operating activities	<u>(174,325)</u>	<u>933,220</u>
Cash flows from investing activities		
Transfer of endowment fund	-	(100,000)
Purchase of investments	(1,579,336)	(1,373,147)
Maturity of investments	580,700	-
Purchase of capital assets	<u>(157,844)</u>	<u>(173,787)</u>
Cash flows from investing activities	<u>(1,156,480)</u>	<u>(1,646,934)</u>
Net decrease in cash and cash equivalents	(1,330,805)	(713,714)
Cash and cash equivalents, beginning of year	<u>2,133,009</u>	<u>2,846,723</u>
Cash and cash equivalents, end of year	<u>\$ 802,204</u>	<u>\$ 2,133,009</u>

See accompanying notes to the financial statements.

Acclaim Health and Community Care Services

Notes to the financial statements

March 31, 2016

1. Nature of operations

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.

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.

2. Summary of 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 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 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 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

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.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

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.

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. Long-term investments

Last 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 and is not disclosed in these financial statements, 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.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

4. Capital assets		<u>2016</u>	<u>2015</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 336,723	\$ -	\$ 336,723	\$ 336,723
Building	1,077,447	(492,968)	584,479	622,846
Office and information technology equipment	1,344,250	(906,090)	438,160	490,981
Property and building Improvements	<u>265,001</u>	<u>(235,154)</u>	<u>29,847</u>	<u>31,388</u>
	<u>\$ 3,023,421</u>	<u>\$ (1,634,212)</u>	<u>\$ 1,389,209</u>	<u>\$ 1,481,938</u>

Included in equipment costs and occupancy costs is a total of \$250,573 (2015 - \$297,741) of capital asset amortization expense.

5. Accounts payable and accrued liabilities		<u>2016</u>	<u>2015</u>
Accounts payable and accrued liabilities		\$ 676,234	\$ 835,466
Payroll source deductions payable		<u>16,281</u>	<u>167,751</u>
		<u>\$ 692,515</u>	<u>\$ 1,003,217</u>

6. Deferred income		<u>2016</u>	<u>2015</u>
Palliative education funding and other Donations		\$ 54,298	\$ 26,267
		<u>41,256</u>	<u>11,162</u>
		<u>\$ 95,554</u>	<u>\$ 37,429</u>

7. Internally restricted reserves

	<u>Balance Beginning of Year</u>	<u>Preapproved Transfers</u>	<u>Reserve Reductions</u>	<u>Balance End of Year</u>
Lindsay/Werry Educational	\$ 23,997	\$ -	\$ -	\$ 23,997
Matthews Library	10,000	-	-	10,000
Severance Contingencies	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>
	<u>\$ 33,997</u>	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ 1,133,997</u>

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

7. Internally restricted reserves (continued)

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

During the year the amount at \$1,100,000 was internally restricted for severance contingencies.

8. 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.

	<u>2016</u>	<u>2015</u>
MH LHIN	<u>\$ 3,087,943</u>	<u>\$ 2,583,971</u>

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 \$173,729 (2015 receipts were \$178,021).

	<u>Hospice Services</u>	<u>Friendly Visiting Services</u>	<u>Alzheimer Services</u>	<u>Tele-touch</u>	<u>Total</u>
Burlington and Greater Hamilton	\$ -	\$ 15,674	\$ -	\$ 3,213	\$ 18,887
Oakville	-	46,303	74,486	16,273	137,062
Milton	4,300	4,930	4,700	1,750	15,680
Halton Hills	-	2,100	-	-	2,100
	<u>\$ 4,300</u>	<u>\$ 69,007</u>	<u>\$ 79,186</u>	<u>\$ 21,236</u>	<u>\$ 173,729</u>

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

10. Pension costs and obligations

Acclaim Health and Community 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 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, 2016.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

10. Pension costs and obligations (continued)

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:

	<u>2016</u>	<u>2015</u>
Change in defined benefit plan obligation		
Benefit obligation, beginning of period	\$ 2,325,300	\$ 2,123,100
Interest cost	181,400	93,900
Transfers in	9,002,300	-
Benefits paid	(338,400)	(72,800)
Actuarial loss	<u>120,300</u>	<u>181,000</u>
Defined benefit plan obligation, end of period	\$ <u>11,290,900</u>	\$ <u>2,325,300</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of period	\$ 2,569,700	\$ 2,154,900
Finance credit	199,600	102,000
Gains (losses) on plan assets	(332,800)	90,400
Employer contributions	196,600	295,200
Transfers In (Note 11)	9,993,200	-
Benefits paid	<u>(338,400)</u>	<u>(72,800)</u>
Fair value of plan assets, end of period	\$ <u>12,287,900</u>	\$ <u>2,569,700</u>
Reconciliation of funded status		
Fair value of plan assets	\$ 12,287,900	\$ 2,569,700
Defined benefit plan obligation	<u>11,290,900</u>	<u>2,325,300</u>
Funded status of plan – surplus (deficit)	997,000	244,400
Valuation allowance	<u>(997,000)</u>	<u>(244,400)</u>
Defined benefit pension asset	\$ <u>-</u>	\$ <u>-</u>

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

10. Pension costs and obligations (continued)

	<u>2016</u>	<u>2015</u>
Reconciliation of defined benefit plan asset		
Opening defined benefit pension asset	\$ -	\$ -
Finance cost	1,300	6,700
Employer contributions	196,600	295,200
Remeasurements and other items	<u>(197,900)</u>	<u>(301,900)</u>
Closing defined benefit pension asset	\$ -	\$ -
Remeasurements and other items		
Actuarial losses	\$ (453,100)	\$ (90,700)
Prior service credit (cost)	990,900	-
Change in valuation allowance	(752,600)	(212,600)
Effect of valuation allowance on finance cost	<u>16,900</u>	<u>1,400</u>
Total remeasurements and other items	\$ (197,900)	\$ (301,900)

Effective October 1, 2010, a defined contribution plan was put into place, in which all members now participate. For the year ended March 31, 2016 the pension expense related to the defined contribution plan was \$197,900 (2015 - \$309,867).

11. 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.

Effective November 2015 VONC Plan was amalgamated into Acclaim Health and Community Services Pension Plan, with the assets at \$9,993,200 transferred into Acclaim Health and Community Services Pension Plan.

Acclaim Health and Community Care Services

Notes to the Financial Statements

March 31, 2016

12. 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:

2017	\$	197,179
2018		44,720
2019		21,142
2020		8,264
2021		<u>3,238</u>
	\$	<u>274,543</u>

13. 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 and interest rate risk. However, its is management's opinion 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. Furthermore, it is management's opinion that the Organization is not exposed to significant currency, interest rate cash flow, liquidity or market risks as the Organization does not have financial instruments that are subject to these risks.

14. Charitable annuity

The Organization is the beneficiary of the 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, 2016, the fair market value of the funds held under trust is \$158,711 (2015 - \$161,610). These funds are not reflected in the accounts and will be recorded when received.

15. General expenses

	<u>2016</u>	<u>2015</u>
Purchased services	\$ 758,009	\$ 6,265
Other general expenses	454,088	1,068,697
Telephone	306,250	306,807
Professional fees	193,941	124,208
Data processing and software	<u>134,330</u>	<u>100,597</u>
	<u>\$ 1,846,618</u>	<u>\$ 1,606,574</u>