

**Acclaim Health and Community  
Care Services**  
Financial Statements  
For the year ended March 31, 2014

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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, 2014 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, 2014.

**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, 2014 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 27, 2014  
Burlington, Ontario

*SB Partners LLP*

Chartered Accountants  
Licensed Public Accountants

# Acclaim Health and Community Care Services

## Balance Sheet

March 31, 2014

<b>Assets</b>		
	<b>2014</b>	<b>2013</b>
<b>Current assets</b>		
Cash	\$ 1,626,300	\$ 1,133,285
Restricted cash	-	300,000
Short-term investments	1,220,423	1,092,149
Accounts receivable	948,434	1,106,480
Prepaid expenses	108,581	92,671
	<b>3,903,738</b>	3,724,585
<b>Long-term investments (Note 3)</b>	<b>100,000</b>	100,000
<b>Accrued pension benefit asset (Note 10)</b>	<b>461,400</b>	189,900
<b>Capital assets (Note 4)</b>	<b>1,605,892</b>	1,401,622
	<b>\$ 6,071,030</b>	\$ 5,416,107
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 946,703	\$ 1,025,323
Deferred income (Note 6)	28,982	27,159
	<b>975,685</b>	1,052,482
<b>Net Assets</b>		
<b>Net Assets</b>		
Net assets invested in capital assets	1,605,892	1,401,622
Net assets restricted for endowment purposes (Bradley Fund) (Note 3)	100,000	100,000
Net assets internally restricted	33,997	33,997
Unrestricted net assets	3,355,456	2,828,006
	<b>5,095,345</b>	4,363,625
	<b>\$ 6,071,030</b>	\$ 5,416,107

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, 2014

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	Invested in Capital Assets (Note 4)	Restricted for Endowment Purposes (Note 3)	Internally Restricted Reserves (Note 7)	Unrestricted	Total 2014	Total 2013
<b>Balance, beginning of year</b>	\$ 1,401,622	\$ 100,000	\$ 33,997	\$ 2,828,006	\$ 4,363,625	\$ 3,810,114
Excess (deficiency) of receipts over expenditures	(283,492)	-	-	1,015,212	731,720	553,511
Investment in capital assets	487,762	-	-	(487,762)	-	-
<b>Balance, end of year</b>	<b>\$ 1,605,892</b>	<b>\$ 100,000</b>	<b>\$ 33,997</b>	<b>\$ 3,355,456</b>	<b>\$ 5,095,345</b>	<b>\$ 4,363,625</b>

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*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, 2014

	Fund Type 2	Fund Type 3	2014	2013
<b>Receipts</b>				
Community grants (Note 8)	\$ 155,566	\$ 21,762	\$ 177,328	\$ 176,897
Donations	125,847	156,776	282,623	227,929
Fees for service	202,637	14,287,862	14,490,499	14,116,786
Government funding (Note 9)	1,902,406	49,018	1,951,424	1,932,478
Investment income	36,226	-	36,226	22,775
Other income	33,928	111,811	145,739	143,122
	<b>2,456,610</b>	<b>14,627,229</b>	<b>17,083,839</b>	<b>16,619,987</b>
<b>Expenditures</b>				
Salaries	2,423,513	9,891,429	12,314,942	12,057,553
Employee benefits	307,113	1,324,484	1,631,597	1,649,380
Employee pension expense	430,513	328,504	759,017	761,672
Equipment costs	116,358	200,489	316,847	298,257
General expenses	552,969	416,660	969,629	859,318
Occupancy costs	224,342	108,077	332,419	283,921
Office expenses	78,488	49,771	128,259	138,973
Program supplies	116,839	54,070	170,909	133,002
Corporate services allocations (Note 15)	(1,477,649)	1,477,649	-	-
	<b>2,772,486</b>	<b>13,851,133</b>	<b>16,623,619</b>	<b>16,182,076</b>
<b>Excess (deficiency) of receipts before other items</b>	<b>(315,876)</b>	<b>776,096</b>	<b>460,220</b>	<b>437,911</b>
Change in the accrued pension assets/liabilities	-	271,500	271,500	115,600
<b>Excess (deficiency) of receipts over expenditures</b>	<b>\$ (315,876)</b>	<b>\$ 1,047,596</b>	<b>\$ 731,720</b>	<b>\$ 553,511</b>

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, 2014

	2014	2013
<b>Cash flows from operating activities</b>		
Excess of receipts over expenditures	\$ 731,720	\$ 553,511
Charges not involving cash		
Amortization	283,492	238,094
Net change in accrued pension benefit asset/liability	(271,500)	(115,600)
Loss on disposal of assets	12,560	16,500
	<b>756,272</b>	692,505
Net change in accounts receivable	158,046	(218,189)
Net change in other current assets	(15,910)	12,864
Net change in accounts payable, accrued liabilities and deferred income	(76,797)	225,070
Cash flows from operating activities	<b>821,611</b>	712,250
<b>Cash flows from financing activities</b>		
Decrease in restricted cash	300,000	-
Cash flows from financing activities	<b>300,000</b>	-
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(500,322)	(234,382)
Cash flows used in investing activities	<b>(500,322)</b>	(234,382)
<b>Net increase in cash and cash equivalents</b>	<b>621,289</b>	477,868
<b>Cash and cash equivalents, beginning of year</b>	<b>2,225,434</b>	1,747,566
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,846,723</b>	\$ 2,225,434
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 1,626,300	\$ 1,133,285
Short-term investments	1,220,423	1,092,149
	<b>\$ 2,846,723</b>	<b>\$ 2,225,434</b>

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, 2014

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### 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
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.



# Acclaim Health and Community Care Services

## Notes to Financial Statements

Year Ended March 31, 2014

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### 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. 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.

### 4. Capital assets

	Cost	Accumulated Amortization	2014	2013
Land	\$ 336,723	\$ -	\$ 336,723	\$ 336,723
Building	1,051,491	417,459	634,032	403,576
Office and information technology equipment	1,244,166	652,388	591,778	589,724
Property and building improvements	256,299	212,940	43,359	71,599
	<u>\$ 2,888,679</u>	<u>\$ 1,282,787</u>	<u>\$ 1,605,892</u>	<u>\$ 1,401,622</u>

### 5. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	\$ 800,560	\$ 837,190
Payroll source deductions payable	146,143	188,134
	<u>\$ 946,703</u>	<u>\$ 1,025,324</u>

# Acclaim Health and Community Care Services

## Notes to Financial Statements

Year Ended March 31, 2014

### 6. Deferred income

	2014	2013
Palliative education funding and other	\$ 28,883	\$ 27,117
Donations	99	42
	<u>\$ 28,982</u>	<u>\$ 27,159</u>

### 7. 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
	<u>\$ 33,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,997</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.

### 8. 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 \$177,328 (2013 receipts were \$176,897).

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	\$ -	\$ 16,774	\$ -	\$ 3,439	\$ 20,213
Oakville	-	47,451	75,921	16,778	140,150
Milton	4,120	4,600	4,600	1,545	14,865
Halton Hills	-	2,100	-	-	2,100
	<u>\$ 4,120</u>	<u>\$ 70,925</u>	<u>\$ 80,521</u>	<u>\$ 21,762</u>	<u>\$ 177,328</u>

# Acclaim Health and Community Care Services

## Notes to Financial Statements

Year Ended March 31, 2014

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### 9. 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.

	2014	2013
MH LHIN	1,951,424	1,932,478

### 10. 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, 2012 by Aon Hewitt. A funding deficit of \$414,200 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 \$224,300 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, 2014.

# Acclaim Health and Community Care Services

## Notes to Financial Statements

Year Ended March 31, 2014

### 10. 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:

	2014	2013
<b>Change in benefit obligation</b>		
Benefit obligation, beginning of period	\$ 2,291,800	\$ 2,100,800
Interest cost	93,300	98,700
Benefits paid	(138,700)	(89,000)
Actuarial loss	(24,600)	181,300
<b>Benefit obligation, end of period</b>	<b>\$ 2,221,800</b>	<b>\$ 2,291,800</b>
<b>Change in plan assets</b>		
Market value of plan assets, beginning of year	\$ 1,870,700	\$ 1,792,800
Actual return on plan assets	144,400	38,500
Employer contributions	278,500	128,400
Benefits paid	(138,700)	(89,000)
<b>Market value of plan assets, end of period</b>	<b>\$ 2,154,900</b>	<b>\$ 1,870,700</b>
<b>Reconciliation of funded status</b>		
Funded status - deficit	\$ (66,900)	\$ (421,100)
Unamortized net actuarial loss	528,300	611,000
<b>Accrued pension benefit asset</b>	<b>\$ 461,400</b>	<b>\$ 189,900</b>

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

# Acclaim Health and Community Care Services

## Notes to Financial Statements

Year Ended March 31, 2014

### 10. Pension costs and obligations (cont'd.)

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

	<b>2014</b>	<b>2013</b>
Interest cost	\$ 93,300	\$ 98,700
Actual return ( loss) on plan assets	(144,400)	(38,500)
Actuarial loss	(24,600)	181,300
<hr/>		
Elements of employee future benefits costs before adjustments to recognize the long-term nature of employee future benefits	(75,700)	241,500
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	47,400	(52,100)
Difference between actuarial (gains) losses recognized for period and actual actuarial (gains) losses on accrued benefit obligation for the year	35,300	(176,600)
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<b>Net benefit cost recognized</b>	<b>\$ 7,000</b>	<b>\$ 12,800</b>

Effective October 1, 2010, a defined contribution plan was put into place, in which all members now participate. For the year ended March 31, 2014 the pension expense related to the defined contribution plan was \$278,403 (March 31, 2013 expense was \$258,527).

### 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. As of the latest valuation, January 31, 2013, the Organization's portion of the VONC plan wind-up shortfall is \$2,259,000 as noted in the following table:

<b>2015</b>	\$ 299,760
<b>2016</b>	299,760
<b>2017</b>	299,760
<b>2018</b>	299,760
<b>2019</b>	269,871
<b>Thereafter</b>	790,089
<hr/>	
	\$ 2,259,000

# Acclaim Health and Community Care Services

## Notes to Financial Statements

Year Ended March 31, 2014

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### 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:

2015	\$	194,103
2016		180,140
2017		156,175
2018		41,543
2019		8,015

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\$ 579,976

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### 13. 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.

### 14. 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, 2014, the fair market value of the funds held under trust is \$155,090 (2013 value was \$157,854). These funds are not reflected in the accounts and will be recorded when received.

### 15. 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.