



Financial Statements

**Occupational Health Clinics for
Ontario Workers Inc.**

March 31, 2014

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12



Independent Auditor's Report

Grant Thornton LLP
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

To the Directors of
Occupational Health Clinics for Ontario Workers Inc.

We have audited the accompanying financial statements of **Occupational Health Clinics for Ontario Workers Inc.**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Occupational Health Clinics for Ontario Workers Inc.** as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Toronto, Canada
June 19, 2014

Chartered Accountants
Licensed Public Accountants

Occupational Health Clinics for Ontario Workers Inc.

Statement of Operations

	Twelve month period ended March 31, 2014	Fifteen month period ended March 31, 2013
Revenue		
Ministry of Labour		
Operational funding	\$ 6,687,215	\$ 6,733,449
Thunder Bay Clinic funding	250,704	211,026
Migrant farm worker funding	100,000	138,974
Other program funding		
Service agreement	57,682	162,322
Occupational Health and Exposure Program project	41,949	105,245
Other revenue		
Interest	80,528	111,867
Amortization of deferred revenue – capital assets (Note 6)	7,705	-
Other revenue	4,968	7,066
Recoveries – safety products	1,913	755
Threads of Life fundraising	-	7,947
Conference revenue	-	3,525
Workplace Safety and Insurance Board		
Operational funding	-	1,683,362
Thunder Bay Clinic funding	-	113,838
Migrant farm worker funding	-	37,364
	7,232,664	9,316,740
Expenses		
Salaries – Other operations/support	2,645,807	3,272,951
Employee Benefits	945,423	1,164,655
Salaries – Doctors	930,245	1,122,416
Salaries – Management	724,531	885,121
Occupancy	660,065	764,625
Thunder Bay Clinic project expenses	250,704	324,864
Supplies and services	133,833	135,078
Migrant farm worker expenses	100,000	176,339
Employee future benefits	80,600	103,700
Internet	80,277	60,540
Other business expensés	74,934	111,631
Hardware under \$5,000	70,059	99,802
Equipment and maintenance	65,204	52,474
Windsor Occupational Health Information Service	65,004	81,255
Other personnel costs	63,979	89,225
Telecommunications	61,394	68,981
Services Agreement project expenses	57,682	162,322
Travel – Field consultants/trainers	51,424	60,711
Occupational Health and Exposure program expenses	41,949	105,245
Consultants	35,458	36,045
Other insurance	33,907	32,312
Audit	25,465	48,873
Legal	24,718	1,871
Software	17,587	47,199
Postage, courier and freight	15,757	31,042
Subscriptions and library costs	12,509	19,760
Finance charges and bad debts	12,433	18,053
Vehicle expenses	10,920	4,200
Amortization	8,953	2,078
Board of Director expenses	7,784	15,668
Advertising and promotion	6,453	5,991
Maintenance	5,909	10,126
Travel – Other	1,555	4,182
Licensing	-	20,893
Threads of life fundraising expenses	-	7,947
Conference expenses	-	3,008
	7,322,522	9,151,183
(Deficiency) excess of revenue over expenses	\$ (89,858)	\$ 165,557

See accompanying notes to the financial statements.

Occupational Health Clinics for Ontario Workers Inc. Statement of Changes in Net Assets

Period ended March 31

	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Internally Restricted - severance reserve</u>	<u>Twelve month period ended 2014 Total</u>	<u>Fifteen month period ended 2013 Total</u>
Balance, beginning of period	\$ 339,468	\$ 1,248	\$ 885,369	\$ 1,226,085	\$ 1,060,528
(Deficiency) excess of revenue over expenses	(89,858)	-	-	(89,858)	165,557
Purchase of capital assets	(46,233)	46,233	-	-	-
Amortization of capital assets	8,953	(8,953)	-	-	-
Funding received for capital assets (Note 6)	46,233	(46,233)	-	-	-
Recognition of capital assets (Note 6)	(7,705)	7,705	-	-	-
Severance payments made	16,661	-	(16,661)	-	-
Adjustment to severance reserve	<u>15,047</u>	<u>-</u>	<u>(15,047)</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u>\$ 282,566</u>	<u>\$ -</u>	<u>\$ 853,661</u>	<u>\$ 1,136,227</u>	<u>\$ 1,226,085</u>

See accompanying notes to the financial statements.

Occupational Health Clinics for Ontario Workers Inc.
Statement of Financial Position

As at March 31

2014

2013

Assets

Current

Cash and cash equivalents	\$ 427,603	\$ 1,082,743
Investments (Note 3)	-	992,038
Accounts receivable	151,366	208,843
Prepays	<u>72,832</u>	<u>33,494</u>
	651,801	2,317,118
Investments (Note 3)	2,786,647	1,135,090
Capital assets (Note 4)	<u>38,528</u>	<u>1,248</u>
	<u>\$ 3,476,976</u>	<u>\$ 3,453,456</u>

Liabilities

Current

Payables and accruals	\$ 649,239	\$ 622,485
Deferred revenue (Note 5)	<u>86,982</u>	<u>88,186</u>
	736,221	710,671
Deferred revenue – capital assets (Note 6)	38,528	-
Employee future benefits obligation (Note 7)	<u>1,566,000</u>	<u>1,516,700</u>
	<u>2,340,749</u>	<u>2,227,371</u>

Net Assets

Unrestricted	282,566	339,468
Invested in capital assets	-	1,248
Internally restricted - severance reserve	<u>853,661</u>	<u>885,369</u>
	<u>1,136,227</u>	<u>1,226,085</u>
	<u>\$ 3,476,976</u>	<u>\$ 3,453,456</u>

Commitments (Note 8)

On behalf of the Board of Directors

 Director

 Director

See accompanying notes to the financial statements.

Occupational Health Clinics for Ontario Workers Inc. Statement of Cash Flows

	Twelve month Period ended March 31, 2014	Fifteen month period ended March 31, 2013
Increase (decrease) in cash and cash equivalents		
Operating activities		
(Deficiency) excess of revenue over expenses	\$ (89,858)	\$ 165,557
Items not affecting cash		
Amortization of capital assets	8,953	2,078
Amortization of deferred revenue		
- capital assets	(7,705)	-
Employee future benefits	<u>49,300</u>	<u>66,000</u>
	<u>(39,310)</u>	<u>233,635</u>
Changes in non-cash operating working capital		
Accounts receivable	57,477	(61,261)
Prepays	(39,338)	2,872
Payables and accruals	26,754	(181,917)
Deferred revenue	<u>(1,204)</u>	<u>(65,140)</u>
	<u>4,379</u>	<u>(71,811)</u>
Investing activities		
Purchase of capital assets	(46,233)	-
Proceeds from maturity of investments	1,013,881	158,530
Purchase of investments	<u>(1,673,400)</u>	<u>(96,943)</u>
	<u>(705,752)</u>	<u>61,587</u>
Financing activities		
Deferred revenue – capital assets	<u>46,233</u>	<u>-</u>
Decrease in cash and cash equivalents	(655,140)	(10,224)
Cash and cash equivalents, beginning of period	<u>1,082,743</u>	<u>1,092,967</u>
Cash and cash equivalents, end of period	<u>\$ 427,603</u>	<u>\$ 1,082,743</u>
Cash and cash equivalents are comprised of:		
Cash	\$ 427,603	\$ 921,234
Guaranteed investment certificates	<u>-</u>	<u>161,509</u>
	<u>\$ 427,603</u>	<u>\$ 1,082,743</u>

See accompanying notes to the financial statements.

Occupational Health Clinics for Ontario Workers Inc.

Notes to the Financial Statements

March 31, 2014

1. Description of operations

Occupational Health Clinics for Ontario Workers Inc. (the "Clinics" or "Organization") is a network of inter-disciplinary occupational health clinics in Ontario. The Clinics provide clinical services to workers and groups of workers; prevention services to workers, unions, employers and workplaces; carries out participatory research and prevention tool development; and engages in knowledge transfer and exchange with workplace parties and the community.

Prior to March 31, 2012, the Clinics were designated to carry out this role under Ontario's Workplace Safety and Insurance Act and were primarily funded by the Workplace Safety Insurance Board (WSIB).

Effective April 1, 2012, the Clinics are designated to carry out this role under the Occupational Health & Safety Act and are primarily funded by the Province of Ontario through the Ministry of Labour through annual funding agreements.

As a not-for-profit organization, the Clinics are not taxable under the Income Tax Act. As is common with other not-for-profit organizations, the Clinics are economically dependent on the continued financial support from the government to meet its ongoing commitments.

2. Summary of significant accounting policies

Basis of presentation

The Clinics have prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Revenue recognition

The Clinics follow the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided in the accounts on a straight line basis at the following annual rate:

Computer software	-	33 1/3%
Computer hardware	-	33 1/3%
Office equipment	-	20%
Medical equipment	-	10%

In the year of acquisition and disposition, the Clinics record amortization at half the above rates. The Clinics review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable and exceeds its fair value. The impairment loss, if any, is the excess of carrying value over fair value.

Occupational Health Clinics for Ontario Workers Inc.

Notes to the Financial Statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturities of three months or less.

Employee future benefits

The Clinics accrue obligations under employee benefit plans as the benefits are earned through employee service. Under the accounting policy:

- The post-retirement benefits earned by employees are actuarially determined using the projected unit credit actuarial cost method, prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.
- The Clinics uses the deferral and amortization method to account for its defined benefits plan. The excess of actuarial experience gains and losses over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the expected average remaining service lifetime (EARSL), estimated by actuaries to be 13.9 years (2013 – 13.9 years).

Financial Instruments

Initial measurement

The Clinics' financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, short and long term investment in guaranteed investment certificates, accounts receivable, and payables and accruals.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Occupational Health Clinics for Ontario Workers Inc.

Notes to the Financial Statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each year end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to (deficiency) excess of revenue over expenses as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts and employee future benefits obligation.

Internally restricted - severance reserve

By resolution of the Board of Directors, the Clinics have provided a reserve in respect of the expected cost of employee severance. Annual estimated severance entitlements are charged to expenses as they are earned by employees through service and a corresponding transfer is made to the reserve. Concurrently, investments in respect of this reserve have been internally restricted, as discussed in Note 3.

3. Investments

	<u>2014</u>	<u>2013</u>
Guaranteed Investment Certificates as follows:		
Interest at 3.17%, maturing December 21, 2015	\$ 387,789	\$ 375,873
Interest at 2.20%, maturing September 20, 2016	1,618,612	-
Interest at 2.77%, maturing October 26, 2016	780,246	759,216
Interest at 4.85%, maturing September 18, 2013	-	992,038
	<u>2,786,647</u>	<u>2,127,127</u>
Less current portion	<u>-</u>	<u>992,038</u>
	<u>\$ 2,786,647</u>	<u>\$ 1,135,089</u>

The Clinics have internally restricted the investments above and a portion of the cash and cash equivalents for the following obligations and reserve balances:

	<u>2014</u>	<u>2013</u>
Employee future benefit obligation (Note 7)	\$ 1,566,000	\$ 1,516,700
Severance reserve	<u>853,661</u>	<u>885,369</u>
	<u>\$ 2,419,661</u>	<u>\$ 2,402,029</u>

Occupational Health Clinics for Ontario Workers Inc.

Notes to the Financial Statements

March 31, 2014

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Computer software	\$ 53,365	\$ 53,365	\$ -	\$ -
Computer hardware	732,115	693,587	38,528	1,248
Office equipment	661,775	661,775	-	-
Medical equipment	<u>149,084</u>	<u>149,084</u>	<u>-</u>	<u>-</u>
	\$ 1,596,339	\$ 1,557,811	\$ 38,528	\$ 1,248

5. Deferred revenue

	<u>Thunder Bay Funding</u>	<u>Other</u>	<u>2014 Total</u>	<u>2013 Total</u>
Balance, beginning of year	\$ 62,987	\$ 25,199	\$ 88,186	\$ 153,326
Funds received	250,000	-	250,000	437,500
Less: revenue recognized during year	<u>(250,704)</u>	<u>(500)</u>	<u>(251,204)</u>	<u>(502,640)</u>
Balance, end of year	\$ 62,283	\$ 24,699	\$ 86,982	\$ 88,186

6. Deferred revenue – capital assets

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ -	\$ -
Funding received for capital assets	46,233	-
Less: revenue recognized during year	<u>(7,705)</u>	<u>-</u>
Balance, end of year	\$ 38,528	\$ -

7. Employee future benefits obligation

The Clinics provide health care, hospitalization, vision care, dental and life insurance benefits to substantially all employees. The Clinics measure its accrued benefit obligation for accounting purposes as at March 31, 2014.

A reconciliation of the Clinics post-retirement benefit plan to the amount recorded in the financial statements is as follows:

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation, end of period	\$ 1,587,900	\$ 1,413,700
Unamortized gain (loss)	<u>(21,900)</u>	<u>103,000</u>
Employee future benefits obligation	\$ 1,566,000	\$ 1,516,700

Occupational Health Clinics for Ontario Workers Inc.

Notes to the Financial Statements

March 31, 2014

7. Employee future benefits obligation (continued)

	April 1, 2013 to March 31, 2014	January 1, 2012 to March 31, 2013
Details of the accrued benefit obligation are as follows:		
Accrued benefit obligation, beginning of period	\$ 1,413,700	\$ 1,423,800
Current service cost	21,500	25,700
Interest cost on obligation	59,100	78,000
Benefits paid	(31,100)	(37,700)
Actuarial loss (gain)	<u>124,900</u>	<u>(76,100)</u>
Accrued benefit obligation, end of period	\$ <u>1,587,900</u>	\$ <u>1,413,700</u>

The benefit expense for the period is determined as follows:

Current service cost	\$ 21,500	\$ 25,700
Interest cost on obligation	<u>59,100</u>	<u>78,000</u>
Benefit expense	\$ <u>80,600</u>	\$ <u>103,700</u>

The significant actuarial assumptions adopted in estimating the Clinics' accrued benefit obligation were as follows:

- Discount rate - 4.5% (2013 - 4.2%)
- Medical benefits cost escalation
 - Supplementary hospital - 15.0% per annum for 4 years then gradually to 4.5% over 10 years
 - Extended health care - 15.0% per annum for 4 years then gradually to 4.5% over 10 years
 - Other health care - 15.0% per annum for 4 years then gradually to 4.5% over 10 years
 - Prescription drugs - 15.0% per annum for 4 years then gradually to 4.5% over 10 years
 - Dental care - 4.5 % per annum

Investments and cash and cash equivalents have been internally restricted by the Board of Directors to fund the balance of the employee future benefits obligation in the amount of \$1,566,000 (2013 - \$1,516,700), as discussed in Note 3.

Occupational Health Clinics for Ontario Workers Inc.

Notes to the Financial Statements

March 31, 2014

8. Lease commitments

At March 31, 2014, minimum payments under operating leases for rental of premises and equipment over the next five fiscal years approximate the following:

2014	\$	366,000
2015		313,000
2016		275,000
2017		212,000
2018		90,000
Thereafter		<u>52,000</u>
	\$	<u>1,308,000</u>

9. Financial Instruments

The main risks the Clinics are exposed to through its financial instruments are credit risk, interest risk and liquidity risk. There were no significant changes in exposure from the prior year.

Credit risk

The Clinics have determined that the financial assets with credit risk exposure are accounts receivable since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Clinics. At March 31, 2014, the allowance for doubtful accounts is \$Nil (2013 - \$Nil). The Clinics are also exposed to concentration risk in that all of its cash and investments are held with one financial institution and the balances held are in excess of Canadian Deposit Insurance Corporation Limits.

Interest rate risk

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate because of market changes in interest rates. The Clinics are exposed to interest rate risk with respect to investments that bear interest at a fixed rate.

Liquidity risk

Liquidity risk is the risk that the Clinics will encounter difficulty in meeting obligations associated with its financial liabilities. The Clinic is, therefore, exposed to liquidity risk with respect to its accounts payable.

10. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.