

CENTRAL COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS

March 31, 2019

CENTRAL COMMUNITY HEALTH CENTRE

Financial Statements

March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of **Central Community Health Centre**:

Opinion

We have audited the financial statements of **Central Community Health Centre**, which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, 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.

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 *Auditors' 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 the 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.

Auditors' 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

St. Thomas, Ontario

June 25, 2019

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Central Community Health Centre

Statement of Financial Position As at March 31, 2019

| | <u>2019</u> | <u>2018</u> |
|---|----------------|----------------|
| | <u>\$</u> | <u>\$</u> |
| <u>ASSETS</u> | | |
| CURRENT | | |
| Cash (Note 2) | 550,034 | 666,439 |
| Government remittances receivable | 21,336 | 29,024 |
| Accounts receivable | 48,316 | 5,354 |
| Prepays | <u>34,959</u> | <u>50,451</u> |
| | 654,645 | 751,268 |
| PROPERTY & EQUIPMENT (NOTE 3) | <u>50,035</u> | <u>138,911</u> |
| TOTAL ASSETS | <u>704,680</u> | <u>890,179</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 224,195 | 184,098 |
| Deferred revenue - current | 19,750 | - |
| Funds recoverable by Ministry of Health and Long-Term Care (Note 5) | 148,131 | 274,788 |
| Government remittances payable | 35,914 | - |
| Deferred capital contributions (Note 4) | <u>21,843</u> | <u>88,284</u> |
| | <u>449,833</u> | <u>547,170</u> |
| NET ASSETS | | |
| Unrestricted | <u>254,847</u> | <u>343,009</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>704,680</u> | <u>890,179</u> |

Approved by the Board



Director



Director

See accompanying notes to the financial statements

Central Community Health Centre

**Statement of Changes in Net Assets
For the Year Ended March 31, 2019**

| | 2019 | 2018 |
|--|-------------------------|-------------------------|
| | <u>\$</u> | <u>\$</u> |
| NET ASSETS BEGINNING OF YEAR | 343,009 | 469,658 |
| Excess of revenues over expenditures | 59,969 | 148,139 |
| Repayment of prior year operating surplus (Note 5) | <u>(148,131)</u> | <u>(274,788)</u> |
| NET ASSETS END OF YEAR | <u>254,847</u> | <u>343,009</u> |

See accompanying notes to the financial statements

Central Community Health Centre

Statement of Operations For the Year Ended March 31, 2019

| | 2019 | 2018 |
|--|----------------------|-----------------------|
| | <u>\$</u> | <u>\$</u> |
| REVENUES | | |
| Local Health Integration Network | 3,352,456 | 3,259,451 |
| Other funding, interest and donations | <u>81,180</u> | <u>62,543</u> |
| | <u>3,433,636</u> | <u>3,321,994</u> |
| EXPENDITURES | | |
| Staff wages and benefits | 2,751,662 | 2,547,580 |
| Rent | 146,904 | 137,813 |
| Repairs, maintenance and renovations | 98,795 | 93,522 |
| Professional fees - other consulting, training | 71,849 | 121,819 |
| Computer charges, equipment and software | 54,053 | 61,572 |
| Program supplies | 51,577 | 34,384 |
| Telephone and utilities | 43,107 | 43,579 |
| Dues and fees | 25,860 | 20,407 |
| Insurance | 21,120 | 20,983 |
| Office supplies | 17,535 | 16,242 |
| Travel | 14,080 | 15,808 |
| Professional development and staff training | 13,538 | 13,308 |
| Professional fees - legal and accounting | 11,303 | 11,875 |
| Meetings | 9,133 | 7,421 |
| General and sundry | 8,772 | 6,351 |
| Advertising and promotion | 6,803 | 8,566 |
| Bank charges and interest | <u>5,140</u> | <u>5,656</u> |
| | <u>3,351,231</u> | <u>3,166,886</u> |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE ADJUSTMENTS | 82,405 | 155,108 |
| Amortization of capital assets | (88,877) | (95,186) |
| Amortization of deferred capital funding | <u>66,441</u> | <u>88,217</u> |
| | <u>(22,436)</u> | <u>(6,969)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR | <u>59,969</u> | <u>148,139</u> |

See accompanying notes to the financial statements

Central Community Health Centre

Statement of Cash Flow For the Year Ended March 31, 2019

| | 2019 | 2018 |
|--|------------------|------------------|
| | <u>\$</u> | <u>\$</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | 59,969 | 148,139 |
| Adjustment for non-cash items: | | |
| Amortization of capital assets | 88,877 | 95,186 |
| Amortization of deferred capital contributions | <u>(66,441)</u> | <u>(88,217)</u> |
| | 82,405 | 155,108 |
| Changes in non-cash working capital balances: | | |
| (Increase) Accounts receivable and government remittances receivable | (35,274) | 13,840 |
| Decrease (increase) in prepaids | 15,492 | (10,575) |
| Increase (decrease) in accounts payable and accrued liabilities | 40,097 | 57,044 |
| Increase (decrease) in government remittances payable | 35,914 | - |
| Deferred revenue - operating | <u>19,750</u> | <u>(8,400)</u> |
| | <u>158,384</u> | <u>207,017</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repaid to to LHIN | <u>(274,788)</u> | <u>(285,348)</u> |
| NET CHANGE IN CASH | (116,404) | (78,331) |
| CASH, BEGINNING OF YEAR | <u>666,439</u> | <u>744,770</u> |
| CASH, END OF YEAR | <u>550,035</u> | <u>666,439</u> |
| CASH IS COMPRISED OF: | | |
| Cash | 265,595 | 386,779 |
| High interest savings account | <u>284,440</u> | <u>279,660</u> |
| | <u>550,035</u> | <u>666,439</u> |

See accompanying notes to the financial statements

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2019

PURPOSE OF THE ORGANIZATION

Central Community Health Centre (the "organization") is a local organization whose purpose is the delivery of primary healthcare to members of the communities of St. Thomas, Southwold and Central Elgin, with an emphasis on those people experiencing barriers to care. The organization's services complement existing healthcare in these communities, and includes primary healthcare, health promotion and illness prevention.

The organization is a not-for-profit organization and is a registered charity under the Income Tax Act. As such, it is exempt from income taxes and is able to issue donation receipts for income tax purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the financial statements have been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Accounting Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. There are no significant estimates contained in these financial statements.

In particular, the organization uses estimates when accounting for certain items, including:

- Useful lives of tangible assets
- Accrued liabilities

Revenue Recognition

The deferral method of accounting for contributions is followed. Capital contributions for purpose of acquiring depreciable capital assets are deferred and amortized on the same basis and over the same periods as the related capital asset.

Unrestricted funding is recognized as revenue if the amount to be received can be estimated and collection is reasonable assured.

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property & Equipment

Property & equipment are recorded at cost. Maintenance and repair costs are recognized as an expense when incurred. Property and equipment are stated at cost less accumulated amortization and are amortized over their estimated useful lives as follows:

| | |
|------------------------|--------------------------------------|
| Computer equipment | 3 years straight-line |
| Mobile unit | 10 years straight-line |
| Leasehold improvements | Straight-line over life of the lease |
| Equipment | 5 years straight-line |
| Vehicles | 5 years straight-line |

Deferred Contributions

Any amounts received that are used to fund expenditures that are recorded as capital assets are recorded as deferred capital contributions and are recognized over the useful life of the related asset.

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market (if any), which are measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

Financial assets measured at fair value include cash.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2019

2. OPERATING LOANS

The organization has available a \$200,000 operating line of credit that bears interest at prime minus 0.60% and a \$400,000 non-revolving demand installment capital expenditure line of credit available at prime minus 0.40%. At year end there were no amounts drawn on these two facilities.

3. PROPERTY & EQUIPMENT

| | Cost | Accumulated Amortization | 2019 | 2018 |
|------------------------------|------------------|-----------------------------|---------------|----------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Leasehold improvements | 805,843 | 805,843 | - | 55,519 |
| Mobile unit | 140,967 | 112,774 | 28,193 | 42,290 |
| Office and medical equipment | 312,123 | 312,123 | - | 8,339 |
| Vehicles | <u>54,606</u> | <u>32,764</u> | <u>21,842</u> | <u>32,763</u> |
| | <u>1,313,539</u> | <u>1,263,504</u> | <u>50,035</u> | <u>138,911</u> |

4. DEFERRED CAPITAL CONTRIBUTIONS

| | 2019 | 2018 |
|-----------------|-----------------|-----------------|
| | <u>\$</u> | <u>\$</u> |
| Opening balance | 88,284 | 176,501 |
| Amortization | <u>(66,441)</u> | <u>(88,217)</u> |
| Ending balance | <u>21,843</u> | <u>88,284</u> |

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2019

5. SERVICE CONTRACT

The organization has a contract for funding with the Ministry of Health and Long-Term Care. The organization is required to file various quarterly and annual reports to ensure compliance with the funding agreement. At year end the organization was in compliance with this agreement.

During the year the organization was required to repay \$148,131 (2018 - \$274,788) for the 2018 surplus. The organization has not accrued the expected 2019 repayable of approximately \$87,000 which represents the current year surplus.

6. PENSION AND BENEFITS

The organization offers its employees a defined contribution pension plan. The organization pays pension benefits at 5% of all eligible employees gross salary. In the year the organization paid \$103,986 (2018 - \$87,237) in employer contributions to this plan. The organization also offers employee medical and dental benefits.

7. COMMITMENTS

The organization currently leases its facilities and has an agreement for information technology services. After the expiration of the lease for its facilities, it is expected that the organization will lease the premises on a month-to-month basis. The lease payments over the next five years are as follows:

| | |
|------|-----------|
| | <u>\$</u> |
| 2020 | 40,324 |
| 2021 | 12,476 |
| 2022 | 12,476 |
| 2023 | 12,476 |
| 2024 | 12,476 |

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2019

8. FINANCIAL INSTRUMENT RISKS

The organization is exposed to various risks related to these financial instruments as described in the following sections. There were no changes in these assessments from the prior year.

Interest Rate Risk

The organization has no interest bearing liabilities and doesn't view interest rate risk as a significant risk to the organization.

Credit Risk

The organization has limited customers and is mainly dependent upon various levels of government for support and as such is not exposed to any credit risk.

Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. No financial liabilities of the organization were in default during the period and management doesn't consider liquidity risk to be a significant risk.

