

CENTRAL COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS
March 31, 2021

CENTRAL COMMUNITY HEALTH CENTRE

Financial Statements

For The Year Ended March 31, 2021

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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, 2021, 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, 2021, 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 23, 2021

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Central Community Health Centre

Statement of Financial Position As At March 31, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT		
Cash (Note 2)	672,281	476,088
Government remittances receivable	28,092	32,211
Accounts receivable	7,148	1,416
Prepays	<u>42,499</u>	<u>38,688</u>
	750,020	548,403
TANGIBLE CAPITAL ASSETS (NOTE 3)	<u>175,982</u>	<u>132,584</u>
TOTAL ASSETS	<u>926,002</u>	<u>680,987</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued liabilities	230,019	155,701
Deferred revenue - current	128,733	1,377
Funds recoverable by Ministry of Health and Long-Term Care (Note 5)	143,776	235,457
Government remittances payable	35,033	31,735
Deferred tangible capital asset contributions (Note 4)	<u>95,656</u>	<u>46,928</u>
	633,217	471,198
NET ASSETS		
Unrestricted	<u>292,785</u>	<u>209,789</u>
TOTAL LIABILITIES AND NET ASSETS	<u>926,002</u>	<u>680,987</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, 2021**

	2021	2020
	<u>\$</u>	<u>\$</u>
NET ASSETS BEGINNING OF YEAR	209,789	254,847
Excess of revenues over expenditures	146,423	42,268
Repayment of prior year operating surplus (Note 5)	<u>(63,427)</u>	<u>(87,326)</u>
NET ASSETS END OF YEAR	<u>292,785</u>	<u>209,789</u>

See accompanying notes to the financial statements

Central Community Health Centre

Statement of Operations For The Year Ended March 31, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
REVENUES		
Funding - Ministry of Health and Long-Term Care	3,546,936	3,393,311
Other funding and grants	60,120	36,340
Recoveries	20,939	31,950
Interest and donations	<u>17,174</u>	<u>13,725</u>
	<u>3,645,169</u>	<u>3,475,326</u>
EXPENDITURES		
Staff wages and benefits	2,886,955	2,815,568
Rent	140,927	140,562
Professional fees - IT support, other consulting, training	111,517	80,701
Repairs and maintenance	59,452	106,736
Data processing and equipment charges	50,511	55,792
LHIN funded COVID-19 costs and supplies	45,083	2,451
Telephone and utilities	38,172	43,495
Non-LHIN funded COVID-19 costs and supplies	35,544	-
Dues and fees	24,772	24,832
Insurance	24,016	22,259
Non-LHIN funded programs	19,577	23,050
Professional fees - legal and accounting	10,011	10,000
Program supplies	9,017	27,122
General and sundry	6,839	10,968
Professional development and staff training	6,145	7,512
Office supplies	5,958	19,467
Advertising and promotion	4,927	6,049
Bank charges and interest	2,668	3,556
Meetings	1,619	9,995
Travel	<u>939</u>	<u>8,846</u>
	<u>3,484,649</u>	<u>3,418,961</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE ADJUSTMENTS	160,520	56,365
Amortization of tangible capital assets	(38,777)	(26,047)
Amortization of deferred tangible capital asset contributions	<u>24,680</u>	<u>11,950</u>
	<u>(14,097)</u>	<u>(14,097)</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>146,423</u>	<u>42,268</u>

See accompanying notes to the financial statements

Central Community Health Centre

Statement of Cash Flow For The Year Ended March 31, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	146,423	42,268
Adjustment for non-cash items:		
Amortization of tangible capital assets	38,777	26,047
Amortization of deferred tangible capital asset contributions	<u>(24,680)</u>	<u>(11,950)</u>
	160,520	56,365
Changes in non-cash working capital balances:		
Accounts receivable	(5,732)	46,900
Government remittances receivable	4,119	(10,875)
Prepays	(3,811)	(3,729)
Accounts payable and accrued liabilities	74,318	(68,495)
Government remittances payable	3,298	(4,179)
Deferred revenue - operating	<u>127,356</u>	<u>(18,373)</u>
	<u>360,068</u>	<u>(2,386)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(82,175)	(108,597)
Tangible capital asset funding received	<u>73,408</u>	<u>37,036</u>
	<u>(8,767)</u>	<u>(71,561)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repaid to the Ministry of Health and Long-Term Care	<u>(155,108)</u>	-
NET CHANGE IN CASH	196,193	(73,947)
CASH, BEGINNING OF YEAR	<u>476,088</u>	<u>550,035</u>
CASH, END OF YEAR	<u><u>672,281</u></u>	<u><u>476,088</u></u>
CASH IS COMPRISED OF:		
Cash	380,728	186,038
High interest savings account	<u>291,553</u>	<u>290,050</u>
	<u><u>672,281</u></u>	<u><u>476,088</u></u>

See accompanying notes to the financial statements

Central Community Health Centre

Notes to the Financial Statements

As At March 31, 2021

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, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets

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

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

Deferred Tangible Capital Asset Contributions

Any amounts received that are used to fund expenditures that are recorded as tangible 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 and financial assets measured at fair value include cash.

Financial liabilities measured at amortized cost include accounts payable.

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, 2021

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. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2021	2020
	\$	\$	\$	\$
Leasehold improvements	805,843	805,843	-	-
Mobile unit	140,967	140,967	-	14,096
Office and medical equipment	322,279	312,123	10,156	-
Vehicles	54,606	54,606	-	10,921
Computer equipment	100,288	14,788	85,500	36,007
Construction in process	<u>80,326</u>	<u>-</u>	<u>80,326</u>	<u>71,560</u>
	<u>1,504,309</u>	<u>1,298,751</u>	<u>175,982</u>	<u>132,584</u>

4. DEFERRED TANGIBLE CAPITAL ASSET CONTRIBUTIONS

	2021	2020
	\$	\$
Opening balance	46,928	21,842
Contributions - Ministry of Health and Long-Term Care	73,408	37,036
Amortization	<u>(24,680)</u>	<u>(11,950)</u>
Ending balance	<u>95,656</u>	<u>46,928</u>

Central Community Health Centre

Notes to the Financial Statements

As At March 31, 2021

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 \$56,450 (2020 - \$87,326) for the prior year surplus and \$6,977 of the 2019 surplus. Some of these surplus amounts have not been repaid and remain as a liability of \$143,776 (2020 - \$235,457). The organization has not accrued the expected 2021 repayable of approximately \$211,000 which represents the current year surplus.

6. PENSION AND BENEFITS

During the year, the organization offered employees either a defined contribution pension plan or a defined benefit plan with the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer plan

For the defined contribution plan, the organization contributes pension benefits at 5% of all eligible employees gross salary. In the year the organization paid \$74,754 (2020 - \$83,349) in employer contributions to this plan.

For the defined benefit plan, the organization contributed \$35,314 (2020 - \$-) in employer contributions to this plan. As it is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay, each year an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of HOOPP was conducted for December 31, 2020, and the results of this valuation disclosed actuarial liabilities of \$87.39 billion in respect of benefits accrued for service with actuarial assets at that date of \$104 billion leaving an actuarial surplus of \$16.61 billion. Since any surpluses or deficits are a joint responsibility of all member organizations and their employees, the organization does not recognize any share of the HOOPP surplus or deficit in these financial statements.

The organization also offers employee medical and dental benefits.

Central Community Health Centre

Notes to the Financial Statements

As At March 31, 2021

7. COMMITMENTS

The organization currently leases its facilities month to month and has an agreement for information technology services. The payments over the next three years for facilities and information technology are as follows:

	<u>\$</u>
2022	87,721
2023	25,045
2024	6,238

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 an 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.

9. SIGNIFICANT EVENT - COVID-19

During and subsequent to the year end, the organization was exposed to operational and economic risks associated with the coronavirus pandemic. Although COVID-19 has had an impact on the organization's operations, the organization has sufficient liquidity to maintain current operations as well as the additional operational demands related to COVID-19. The overall impact of these risks cannot be identified at this time but could impact the organization's operations, future excess (deficiency) of revenues over expenditures, cash flows and financial conditions.