

CENTRAL COMMUNITY HEALTH CENTRE

FINANCIAL STATEMENTS

March 31, 2015

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Financial Statements

March 31, 2015

Table of Contents	PAGE
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **Central Community Health Centre**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets, and cash flow 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 whether the financial statements are free of 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 statement of financial position of **Central Community Health Centre** as at March 31, 2015, and the statements of operations, changes in net assets, and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. Thomas, Ontario

June 25, 2015

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Central Community Health Centre

Statement of Financial Position
As at March 31, 2015

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT		
Cash	315,550	666,715
Accounts receivable	104,460	103,365
Prepays	<u>56,219</u>	<u>116,160</u>
	476,229	886,240
PROPERTY & EQUIPMENT (NOTE 3)	<u>360,854</u>	<u>530,598</u>
TOTAL ASSETS	<u>837,083</u>	<u>1,416,838</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued liabilities	186,952	185,516
Payable to Local Health Integration Network	-	574,457
Long-term debt (Note 5)	30,819	59,807
Deferred capital contributions (Note 4)	<u>291,238</u>	<u>430,261</u>
	<u>509,009</u>	<u>1,250,041</u>
NET ASSETS		
Unrestricted	<u>328,074</u>	<u>166,797</u>
TOTAL LIABILITIES AND NET ASSETS	<u>837,083</u>	<u>1,416,838</u>

Approved by the Board


Director


Director

Central Community Health Centre

**Statement of Changes in Net Assets
For the Year Ended March 31, 2015**

	2015	2014
	<u>\$</u>	<u>\$</u>
NET ASSETS BEGINNING OF YEAR	166,797	426,010
Excess of revenues over expenditures	75,463	118,112
Increase in net assets	199,593	-
Repayment of prior year operating surplus (Note 6)	<u>(113,779)</u>	<u>(377,325)</u>
NET ASSETS END OF YEAR	<u>328,074</u>	<u>166,797</u>

See accompanying notes to the financial statements

Central Community Health Centre

Statement of Operations For the Year Ended March 31, 2015

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
REVENUES		
Local Health Integration Network	2,993,016	2,944,370
Other funding, interest and donations	<u>138,292</u>	<u>57,555</u>
	<u>3,131,308</u>	<u>3,001,925</u>
EXPENDITURES		
Staff wages and benefits	2,163,427	2,004,332
Repairs, maintenance and renovations	225,353	297,068
Program supplies	104,381	150,872
Rent	183,056	140,548
Professional fees - other consulting, training	106,017	83,605
Computer charges, equipment and software	85,791	42,949
Telephone and utilities	41,948	31,709
Office supplies	22,028	24,279
Dues and fees	14,668	22,575
Insurance	20,163	20,968
Travel	22,710	15,179
Professional fees - legal and accounting	10,268	12,147
Professional development and staff training	23,716	10,695
Meetings	11,622	8,471
Advertising and promotion	7,588	6,200
Administration	7,883	4,878
Bank charges and interest	3,495	3,480
Healthy community fund program	<u>-</u>	<u>200</u>
	<u>3,054,114</u>	<u>2,880,155</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE ADJUSTMENTS	77,194	121,770
Amortization of capital assets	(248,570)	(193,281)
Capital items expensed	110,682	230,649
Capital contributions and funding	(78,828)	(198,769)
Amortization of deferred capital funding	217,851	162,331
Interest on long-term debt	<u>(2,866)</u>	<u>(4,588)</u>
	<u>(1,731)</u>	<u>(3,658)</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>75,463</u>	<u>118,112</u>

See accompanying notes to the financial statements

Central Community Health Centre

Statement of Cash Flow For the Year Ended March 31, 2015

	2015	2014
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	75,463	118,112
Adjustment for non-cash items:		
Amortization of capital assets	248,570	193,281
Amortization of deferred capital contributions	<u>(217,851)</u>	<u>(162,331)</u>
	106,182	149,062
Changes in non-cash working capital balances:		
(Increase) Accounts receivable	(1,095)	(64,134)
Decrease (Increase) in Prepaids	59,941	(64,815)
Increase (decrease) in accounts payable and accrued liabilities	<u>1,438</u>	<u>(34,189)</u>
	<u>166,466</u>	<u>(14,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(78,828)	(198,769)
Capital funding received	<u>78,828</u>	<u>198,769</u>
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in payable to LHIN	(488,643)	(81,989)
Repayment of long-term debt	<u>(28,988)</u>	<u>(27,292)</u>
	<u>(517,631)</u>	<u>(109,281)</u>
NET INCREASE (DECREASE) IN CASH	(351,165)	(123,357)
CASH, BEGINNING OF YEAR	<u>666,715</u>	<u>790,072</u>
CASH, END OF YEAR	<u>315,550</u>	<u>666,715</u>
CASH IS COMPRISED OF:		
Cash	112,439	466,397
Guaranteed investment certificates	<u>203,111</u>	<u>200,318</u>
	<u>315,550</u>	<u>666,715</u>

See accompanying notes to the financial statements

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2015

1. 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 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.

2. 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.

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

- Allowance for doubtful accounts
- Useful lives of tangible assets
- Accrued liabilities
- Revenues

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, 2015

2. 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:

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

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 net income.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, government remittances 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 net income.

Central Community Health Centre

**Notes to the Financial Statements
As at March 31, 2015**

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2015	2014
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Leasehold improvements	805,843	572,699	233,144	319,302
Mobile unit	140,967	56,387	84,580	98,677
Office and medical equipment	312,123	268,993	43,130	103,887
Computer hardware	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,732</u>
	<u>1,258,933</u>	<u>898,079</u>	<u>360,854</u>	<u>530,598</u>

4. DEFERRED CAPITAL CONTRIBUTIONS

	2015	2014
	<u>\$</u>	<u>\$</u>
Opening balance	430,261	393,823
Contributions - Local Health Integration Network	78,828	198,769
Amortization	<u>(217,851)</u>	<u>(162,331)</u>
Ending balance	<u>291,238</u>	<u>430,261</u>

5. LONG-TERM DEBT

	2015	2014
	<u>\$</u>	<u>\$</u>
Scotia Capital lease, 6.22% interest, balance payable in monthly blended payments of \$2,990, due March 2016 (secured by equipment)	<u>30,819</u>	<u>59,807</u>

The aggregate amount of principal payments required in each of the next year to meet retirement provisions is as follows:

	<u>\$</u>
2015	30,819

Central Community Health Centre

Notes to the Financial Statements As at March 31, 2015

6. SERVICE CONTRACT

The organization has a contract for funding with the Ministry of Health and Long-Term Care through the Southwest LHIN. This contract is reviewed annually and the organization is dependant on this funding to continue operations. 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 repaid \$113,779 (2014 - \$377,325) for prior years surplus. The organization has not accrued the expected 2015 repayable of approximately \$75,000 which represents the current year surplus. The organization has agreement for the period of April 1, 2014 to March 31, 2017 for continued funding under this agreement. Management doesn't foresee any issues that this funding will not be continuing.

7. PENSION AND BENEFITS

The organization offers its employees a defined contribution pension plan. The organization pays benefits at 3% or 5% of gross salary, depending on terms of individual employee contract. In the year the organization paid \$78,075 (2014 - \$70,839) in employer contributions to this plan. The organization also offers employee medical and dental benefits.

8. COMMITMENTS

The organization currently leases its facilities at a cost of \$5,697 per month, including all applicable taxes the rental agreement expires March 2017. During the year, the organization began to lease additional premises at \$4,500 per month expiring December 31, 2015. The organization currently leases an indoor storage unit to store the mobile medical unit, at a cost of \$1,977 per month, with a month to month term.

9. FINANCIAL INSTRUMENTS

The organization is exposed to various risks related to these financial instruments as described in the following sections.

Interest Rate Risk

The organization has fixed rate long-term debt but doesn't view this as a significant risk to the organization.

Credit Risk

The organization has no customers and is solely dependent upon various levels of government for support as such is not exposed to any credit risk.

No financial liabilities of the organization were in default during the period.
