

**CENTRAL COMMUNITY HEALTH CENTRE**  
**FINANCIAL STATEMENTS**  
**March 31, 2018**

# **CENTRAL COMMUNITY HEALTH CENTRE**

## **Financial Statements**

**March 31, 2018**

---

<b>Table of Contents</b>	<b>PAGE</b>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flow	5
Notes to the Financial Statements	6 - 10



## **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, 2018, 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, 2018, 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 27, 2018

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

Central Community Health Centre

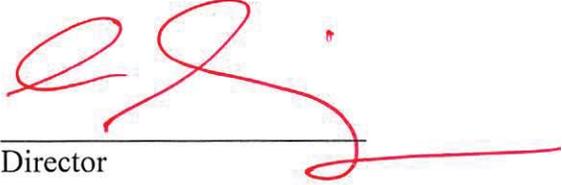
Statement of Financial Position  
As at March 31, 2018

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
<b><u>ASSETS</u></b>		
<b>CURRENT</b>		
Cash (Note 2)	666,439	539,313
Short-term investments	-	205,458
Government remittances receivable	29,024	27,621
Accounts receivable	5,350	20,592
Prepays	<u>50,451</u>	<u>39,876</u>
	751,264	832,860
<b>PROPERTY &amp; EQUIPMENT (NOTE 3)</b>	<u>138,911</u>	<u>234,099</u>
<b>TOTAL ASSETS</b>	<u>890,175</u>	<u>1,066,959</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	184,094	127,052
Deferred revenue	-	8,400
Funds recoverable by Local Health Integration Network (Note 5)	274,788	285,348
Deferred capital contributions (Note 4)	<u>88,284</u>	<u>176,501</u>
	<u>547,166</u>	<u>597,301</u>
<b>NET ASSETS</b>		
Unrestricted	<u>343,009</u>	<u>469,658</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>890,175</u>	<u>1,066,959</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, 2018**

---

	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
<b>NET ASSETS BEGINNING OF YEAR</b>	<b>469,658</b>	504,715
Excess of revenues over expenditures	<b>148,139</b>	250,291
Repayment of prior year operating surplus (Note 5)	<u><b>(274,788)</b></u>	<u>(285,348)</u>
<b>NET ASSETS END OF YEAR</b>	<u><b>343,009</b></u>	<u>469,658</u>

---

See accompanying notes to the financial statements

# Central Community Health Centre

## Statement of Operations For the Year Ended March 31, 2018

---

	2018	2017
	<u>\$</u>	<u>\$</u>
<b>REVENUES</b>		
Local Health Integration Network	3,259,451	3,163,951
Other funding, interest and donations	<u>62,543</u>	<u>99,702</u>
	<b><u>3,321,994</u></b>	<b><u>3,263,653</u></b>
<b>EXPENDITURES</b>		
Staff wages and benefits	2,547,580	2,330,706
Rent	137,813	147,809
Professional fees - other consulting, training	121,819	117,997
Repairs, maintenance and renovations	93,522	84,102
Computer charges, equipment and software	61,572	103,187
Telephone and utilities	43,579	46,296
Program supplies	34,384	37,281
Insurance	20,983	20,853
Dues and fees	20,407	19,873
Office supplies	16,242	15,971
Travel	15,808	14,358
Professional development and staff training	13,308	12,034
Professional fees - legal and accounting	11,875	11,936
Advertising and promotion	8,566	7,061
Meetings	7,421	7,416
General and sundry	6,351	25,697
Bank charges and interest	<u>5,656</u>	<u>3,387</u>
	<b><u>3,166,886</u></b>	<b><u>3,005,964</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE ADJUSTMENTS</b>	<b>155,108</b>	<b>257,689</b>
Amortization of capital assets	<u>(95,186)</u>	<u>(95,615)</u>
Amortization of deferred capital funding	<u>88,217</u>	<u>88,217</u>
	<u>(6,969)</u>	<u>(7,398)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<b><u>148,139</u></b>	<b><u>250,291</u></b>

---

See accompanying notes to the financial statements

# Central Community Health Centre

## Statement of Cash Flow For the Year Ended March 31, 2018

---

	2018	2017
	<u>\$</u>	<u>\$</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	148,139	250,291
Adjustment for non-cash items:		
Amortization of capital assets	95,186	95,615
Amortization of deferred capital contributions	<u>(88,217)</u>	<u>(88,217)</u>
	155,108	257,689
Changes in non-cash working capital balances:		
(Increase) Accounts receivable and government remittances receivable	13,840	25,274
Decrease (increase) in prepaids	(10,575)	4,977
Increase (decrease) in accounts payable and accrued liabilities	57,044	2,006
Deferred revenue - operating	<u>(8,400)</u>	<u>(21,506)</u>
	<u>207,017</u>	<u>268,440</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repaid to to LHIN	<u>(285,348)</u>	<u>(74,328)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(78,331)	194,112
<b>CASH, BEGINNING OF YEAR</b>	<u>744,770</u>	<u>550,658</u>
<b>CASH, END OF YEAR</b>	<u><u>666,439</u></u>	<u><u>744,770</u></u>
<b>CASH IS COMPRISED OF:</b>		
Cash	386,779	253,252
High interest savings account	<u>279,660</u>	<u>491,518</u>
	<u><u>666,439</u></u>	<u><u>744,770</u></u>

---

See accompanying notes to the financial statements

# Central Community Health Centre

## Notes to the Financial Statements As at March 31, 2018

---

### 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, 2018

---

### 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, 2018

---

### 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 no-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	2018	2017
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Leasehold improvements	805,843	750,324	<b>55,519</b>	114,728
Mobile unit	140,967	98,677	<b>42,290</b>	56,387
Office and medical equipment	312,123	303,784	<b>8,339</b>	19,299
Vehicles	<u>54,606</u>	<u>21,843</u>	<u><b>32,763</b></u>	<u>43,685</u>
	<u><b>1,313,539</b></u>	<u><b>1,174,628</b></u>	<u><b>138,911</b></u>	<u><b>234,099</b></u>

### 4. DEFERRED CAPITAL CONTRIBUTIONS

	2018	2017
	<u>\$</u>	<u>\$</u>
Opening balance	<b>176,501</b>	264,718
Amortization	<u><b>(88,217)</b></u>	<u>(88,217)</u>
Ending balance	<u><b>88,284</b></u>	<u><b>176,501</b></u>

---

# Central Community Health Centre

## Notes to the Financial Statements As at March 31, 2018

---

### 5. 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 was required to repay to the LHIN \$274,788 (2017 - \$285,348) for the 2017 surplus. The organization has not accrued the expected 2018 repayable of approximately \$155,000 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 \$87,237 (2017 - \$77,488) in employer contributions to this plan. The organization also offers employee medical and dental benefits.

### 7. COMMITMENTS

The organization currently leases its main facilities with the rental agreement expiring April 2019 and additional facilities with the rental agreement expiring November 2019. The expected payments over the next two years are as follows:

	<u>\$</u>
2019	114,168
2020	27,848

# Central Community Health Centre

## Notes to the Financial Statements As at March 31, 2018

---

### 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 no customers and is solely 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. Management doesn't consider liquidity risk to be a significant risk.