

**PORT HOPE COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS
AS AT MARCH 31, 2017**

**PORT HOPE COMMUNITY HEALTH CENTRE
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AS AT MARCH 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Port Hope Community Health Centre

Report on the Financial Statements

We have audited the accompanying financial statements of Port Hope Community Health Centre, which comprise the statement of financial position as at March 31, 2017 and the statements of revenue and expenditures, 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 auditors' 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 Centre'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 Centre'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 Port Hope Community Health Centre as at March 31, 2017 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.

Wilkinson + Company LLP

TRENTON, Canada
June 14, 2017

Chartered Professional Accountants
Licensed Public Accountants

**PORT HOPE COMMUNITY HEALTH CENTRE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017**

	2017	2016
	\$	\$
ASSETS		
CURRENT		
Cash - Note 3	71,619	70,694
Accounts receivable - Note 4	90,298	88,378
HST recoverable	92,162	99,065
Medical supplies	19,430	14,265
Prepaid expenses	27,761	18,686
	301,270	291,088
RESTRICTED CASH - Note 5	671,027	769,148
TANGIBLE CAPITAL ASSETS - Note 6	644,823	928,323
	1,617,120	1,988,559
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	350,342	379,824
Government remittances payable	46,431	3,067
Grants repayable - Note 7	411,575	553,052
Deferred revenue	29,873	85,420
	838,221	1,021,363
DEFERRED CAPITAL CONTRIBUTIONS - Note 9	644,823	928,323
	1,483,044	1,949,686
NET ASSETS		
General Fund - Notes 10 and 11	134,076	38,873
	1,617,120	1,988,559

COMMITMENTS - Note 13

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2017**

	General Fund \$	Capital Fund \$	2017 \$	2016 \$
REVENUE				
Central East Local Health Integration Network - Note 8	4,841,185	-	4,841,185	4,732,455
Federal employment grant	5,783	-	5,783	2,921
Dental Grants - Note 11	45,469	-	45,469	75,657
Dental fees - Note 11	556,512	-	556,512	370,244
Donations	2,741	-	2,741	3,228
Interest	3,343	-	3,343	4,959
Other	27,352	-	27,352	16,574
Deferred capital contributions - Note 9	-	288,549	288,549	285,414
	5,482,385	288,549	5,770,934	5,491,452
EXPENDITURES				
Advertising and promotion	2,413	-	2,413	4,043
Dues and fees	26,957	-	26,957	19,902
Information technology services and support	76,635	-	76,635	132,233
Insurance	13,912	-	13,912	12,378
Office	91,745	-	91,745	97,206
Professional fees	20,175	-	20,175	28,695
Rent	375,562	-	375,562	332,270
Repairs, maintenance and small equipment	95,663	-	95,663	82,204
Salaries and benefits	4,394,772	-	4,394,772	4,120,400
Supplies	72,068	-	72,068	56,133
Telephone	18,585	-	18,585	20,550
Training, conferences and travel	77,502	-	77,502	63,851
Utilities	48,735	-	48,735	47,742
Amortization	-	288,549	288,549	285,414
	5,314,724	288,549	5,603,273	5,303,021
EXCESS OF REVENUE OVER EXPENDITURES	167,661	-	167,661	188,431
AMOUNT DUE TO ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE - Note 8	(72,458)	-	(72,458)	(208,224)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR YEAR	95,203	-	95,203	(19,793)

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017**

	General Fund \$	Capital Fund \$	2017 \$	2016 \$
BALANCE - BEGINNING OF YEAR	38,873	-	38,873	58,666
EXCESS OF REVENUE OVER EXPENDITURES	95,203	-	95,203	(19,793)
BALANCE - END OF YEAR - Note 10	134,076	-	134,076	38,873

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures	95,203	(19,793)
Item not affecting cash:		
Amortization of tangible capital assets	288,549	285,414
	383,752	265,621
Changes in non-cash working capital:		
Accounts receivable	(1,920)	(20,395)
HST recoverable	6,903	11,246
Medical supplies	(5,165)	(1,794)
Prepaid expenses	(9,075)	21,401
Accounts payable and accrued liabilities	(29,482)	(51,576)
Government remittances payable	43,364	(289)
Deferred revenue	(55,547)	45,934
CASH FLOWS FROM OPERATING ACTIVITIES	332,830	270,148
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(5,049)	(13,597)
CASH FLOWS USED IN INVESTING ACTIVITIES	(5,049)	(13,597)
FINANCING ACTIVITIES		
Grants repayable	41,130	233,632
Grants repaid	(182,607)	(508,832)
Deferred capital contributions	(283,500)	(271,817)
CASH FLOWS USED IN (USED IN) FINANCING ACTIVITIES	(424,977)	(547,017)
DECREASE IN CASH	(97,196)	(290,466)
CASH - BEGINNING OF YEAR	839,842	1,130,308
CASH - END OF YEAR	742,646	839,842

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

1. NATURE OF OPERATIONS

The Port Hope Community Health Centre (the Centre) operating as the Port Hope Northumberland Community Health Centre is a non-profit, community governed organization that provides primary health care, health promotion and other services delivered by inter-disciplinary teams of clinicians including physicians, nurse practitioners, dieticians, health promoters, counsellors, dentists, hygienists and others. The mandate of the Centre is to provide effective primary health care treatment and prevention services to our community while respecting the differing needs of the individual. The Centre serves Port Hope, Cobourg, and their neighbouring communities. It was incorporated by Letters Patent dated March 7, 2007 as a corporation without share capital and is exempt from the payment of income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Equipment and leasehold improvements are amortized on a straight-line method over their estimated useful lives:

Medical equipment	5 years
Office equipment	5 years
Automotive equipment	5 years
Computer equipment	3 years
Leasehold improvements	10 years

The Centre regularly reviews its tangible capital assets to eliminate obsolete items.

(c) Pension and Employee Benefits

The Centre accounts for its participation in a multi-employer private pension fund, as a defined benefit plan. The Health Care of Ontario Pension Plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and banked time benefits. These entitlements are accrued as earned and recorded in accounts payable.

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

(d) Revenue Recognition

The Centre follows the deferral method of accounting for externally restricted contributions (grants and donations) which are recognized when they are received in the program corresponding to the purpose for which they were donated. Revenue is recognized in the same period as the related expenditure is incurred. Unrestricted contributions are recognized in the period in which they were received.

Patient and other revenues are recognized as services are provided.

(e) Allocation of Expenditures

The Centre offers patient care through a number of programs. In addition to direct program expenditures, the Centre also incurs a number of general support expenditures that are common to the administration of the organization. The Central East Local Health Integration Network provides a specific dollar amount as contribution towards these common expenditures for the Diabetes program and accordingly common expenditures have been allocated to the Diabetes Net Eligible Expenditure in Note 8.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenue and expenditures during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable, the estimated useful life of tangible capital assets, accounts payable, deferred revenue and deferred contributions. Actual results could differ from those estimates.

(g) Contributed Services

The Centre has many volunteers who donate a considerable number of hours to support the various activities. The fair value of these contributed services is not recognized in the financial statements.

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

(h) Financial Instruments

The Centre has financial instruments which include cash, accounts receivable, HST recoverable, accounts payable, government remittances payable and grants repayable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impaired losses.

3. CASH

The Centre has an approved but unused bank operating line of credit for a maximum of \$50,000 secured by a general security agreement with interest at prime. As well, there is a credit card facility with a maximum limit of \$50,000.

4. ACCOUNTS RECEIVABLE

Included within accounts receivable are sundry accounts receivable and amounts receivable and allowance for doubtful accounts for the dental program:

	2017	2016
	\$	\$
Sundry accounts receivable	20,046	38,209
Dental accounts receivable	93,166	68,514
Allowance for doubtful accounts - dental	(22,914)	(18,345)
	90,298	88,378

5. RESTRICTED CASH

Externally restricted cash is used to fund current restricted liabilities and surpluses from current and prior periods owing to the Ministry as per its various funding agreements. A significant portion of their restricted cash is to be used to repay the \$411,575 (2016 - \$553,052) amount repayable to the Ministry of Health and Long-Term Care.

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

6. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2017 Net book value \$	2016 Net book value \$
Medical equipment	181,349	181,349	-	1,314
Office equipment	371,321	336,973	34,348	43,092
Automotive equipment	78,506	31,402	47,104	62,804
Computer equipment	229,615	205,552	24,063	63,248
Leasehold improvements	2,185,572	1,646,264	539,308	757,865
	3,046,363	2,401,540	644,823	928,323

7. GRANTS REPAYABLE

The grants repayable to the Ministry of Health and Long-Term Care are as follows:

	2017 \$	2016 \$
Central East Local Health Integration Network - Note 8	280,683	390,832
Capital	114,266	114,266
Operating	1,846	1,846
Ontario Telemedicine Network - paymaster	14,780	46,108
	411,575	553,052

These amounts are repayable to the various funders and are maintained in a separate restricted bank account.

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

8. GRANT - LOCAL HEALTH INTEGRATION NETWORK

Governed by an agreement with the Central East Local Health Integration Network, the Centre receives a grant from the Ministry of Health and Long-Term Care. Unspent funding is repayable. Deficits, if any, arising from each programs' actual operating results for the year is the responsibility of the Centre.

	2017 Grant Received \$	2017 Net Eligible Expenditure \$	2017 Balance Repayable \$	2016 Balance Repayable \$
Physician compensation	909,585	849,850	59,735	63,169
Ontario Telemedicine Network	63,300	62,091	1,209	2,769
Diabetes	858,560	850,509	8,051	62,251
Operations - All other	3,009,740	3,006,277	3,463	80,035
	4,841,185	4,768,727	72,458	208,224
Balance repayable at beginning of year			390,832	675,050
Repaid during the year			<u>(182,607)</u>	<u>(492,442)</u>
Balance repayable at end of year			<u>280,683</u>	<u>390,832</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital asset acquisitions represent the unamortized amount of grants and donations received for the purchase of these assets. The amortization of capital contributions is recorded as revenue in the capital fund revenue, expenditures and fund balance based on the life of the asset purchased.

	2017 \$	2016 \$
Grants for capital purposes		
Balance at beginning of year	3,124,085	3,110,488
Received during year	5,049	13,597
	<u>3,129,134</u>	<u>3,124,085</u>
Amortization of capital grants		
Balance at beginning of year	2,195,762	1,910,348
Revenue recognized during year	288,549	285,414
	<u>2,484,311</u>	<u>2,195,762</u>
Balance at end of year	<u>644,823</u>	<u>928,323</u>

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

10. GENERAL FUND

The General Fund consists of the following unrestricted and internally restricted balances:

	2017 \$	2016 \$
Unrestricted	(1,039)	13,440
Internally restricted for dental program (Note 11)	135,115	25,433
	134,076	38,873

11. GENERAL FUND - INTERNALLY RESTRICTED FOR DENTAL PROGRAM

The Centre tracks certain revenues and expenditures related to the dental program and internally restricts any resulting balance at the end of year to be carried forward to fund future dental program operations. Dental program expenditures represent the total amounts incurred by the Centre in the year relating to the dental program. This balance includes amounts from various expenditure categories presented on the Statement of Revenue and Expenditures.

	2017 \$	2016 \$
Dental Program Revenue - fees	556,512	370,244
Dental Program Expenditures	492,299	468,829
	64,213	(98,585)
Other Dental Revenue		
Grants and donations	45,469	75,657
Excess (deficit) of Revenue over Expenditures	109,682	(22,928)
Balance at beginning of year	25,433	48,361
Balance at end of year	135,115	25,433

**PORT HOPE COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

12. PENSION PLAN CONTRIBUTIONS

The Centre makes contributions to Healthcare of Ontario Pension Plan (HOOPP), a multi-employer plan, on behalf of all permanent members of its staff. Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HOOPP by placing assets in trust and through their own investment policy. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The amount contributed to HOOPP by the Centre on behalf of its employees was \$308,952 (2016 - \$273,897) for current services and is included in salaries and benefits on the Statement of Revenue and Expenditures. The amount contributed by employees was \$245,186 (2016 - \$217,379).

13. FUTURE CONTRACTUAL COMMITMENTS

The Centre has entered into lease commitments for rent and office equipment. The current rental agreement is comprised of a base rent and an additional escalation or de-escalation for common costs and property taxes. This lease expires in July of 2018 and the annual payments include estimates for the additional expenses above the base rent. The office equipment comprises two photocopiers with a single lease expiring in June of 2022.

The minimum annual payments over the next five years are as follows:

	\$
2018	364,285
2019	124,508
2020	4,620
2021	4,620
2022	4,620

14. ECONOMIC DEPENDENCE

The Centre is economically dependent on continued funding from the Ministry of Health and Long-Term Care.