

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND
COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
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AS AT MARCH 31, 2018**

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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, 2018 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, 2018 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 18, 2018

Chartered Professional Accountants
Licensed Public Accountants

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018**

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash - Note 3	84,670	71,619
Accounts receivable - Note 4	134,908	90,298
HST recoverable	85,469	92,162
Medical supplies	18,539	19,430
Prepaid expenses	57,687	27,761
	381,273	301,270
RESTRICTED CASH - Note 5	635,230	671,027
TANGIBLE CAPITAL ASSETS - Note 6	395,094	644,823
	1,411,597	1,617,120
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	319,558	350,342
Government remittances payable	90,296	46,431
Grants repayable - Note 7	397,625	411,575
Deferred revenue	63,937	29,873
	871,416	838,221
DEFERRED CAPITAL CONTRIBUTIONS - Note 9	395,094	644,823
	1,266,510	1,483,044
NET ASSETS		
General Fund - Notes 10 and 11	145,087	134,076
	1,411,597	1,617,120

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
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2018**

	General Fund \$	Capital Fund \$	2018 \$	2017 \$
REVENUE				
Central East Local Health Integration				
Network - Note 8	5,062,930	-	5,062,930	4,841,185
Federal employment grant	10,358	-	10,358	5,783
Dental Grants - Note 11	5,669	-	5,669	45,469
Dental fees - Note 11	536,402	-	536,402	556,512
Donations	2,686	-	2,686	2,741
Interest	4,449	-	4,449	3,343
Other	35,150	-	35,150	27,352
Deferred capital contributions - Note 9	-	274,492	274,492	288,549
	5,657,644	274,492	5,932,136	5,770,934
EXPENDITURES				
Advertising and promotion	5,077	-	5,077	2,413
Dues and fees	20,151	-	20,151	26,957
Information technology services and support	86,239	-	86,239	76,635
Insurance	14,691	-	14,691	13,912
Office	90,012	-	90,012	91,745
Professional fees	61,997	-	61,997	20,175
Rent	332,839	-	332,839	375,562
Repairs, maintenance and small equipment	43,291	-	43,291	95,663
Salaries and benefits	4,569,255	-	4,569,255	4,394,772
Supplies	77,418	-	77,418	72,068
Telephone	20,188	-	20,188	18,585
Training, conferences and travel	76,222	-	76,222	77,502
Utilities	40,200	-	40,200	48,735
Amortization	-	274,492	274,492	288,549
	5,437,580	274,492	5,712,072	5,603,273
EXCESS OF REVENUE OVER EXPENDITURES	220,064	-	220,064	167,661
AMOUNT DUE TO ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE - Note 8	(209,053)	-	(209,053)	(72,458)
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	11,011	-	11,011	95,203

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018**

	General Fund \$	Capital Fund \$	2018 \$	2017 \$
BALANCE - BEGINNING OF YEAR	134,076	-	134,076	38,873
EXCESS OF REVENUE OVER EXPENDITURES	11,011	-	11,011	95,203
BALANCE - END OF YEAR - Note 10	145,087	-	145,087	134,076

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**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018**

	2018 \$	2017 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures	11,011	95,203
Item not affecting cash:		
Amortization of tangible capital assets	274,492	288,549
	285,503	383,752
Changes in non-cash working capital:		
Accounts receivable	(44,610)	(1,920)
HST recoverable	6,693	6,903
Medical supplies	891	(5,165)
Prepaid expenses	(29,926)	(9,075)
Accounts payable and accrued liabilities	(30,781)	(29,482)
Government remittances payable	43,865	43,364
Deferred revenue	34,064	(55,547)
CASH FLOWS FROM OPERATING ACTIVITIES	265,699	332,830
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(24,763)	(5,049)
CASH FLOWS USED IN INVESTING ACTIVITIES	(24,763)	(5,049)
FINANCING ACTIVITIES		
Grants repayable	209,052	41,130
Grants repaid	(223,005)	(182,607)
Deferred capital contributions	(249,729)	(283,500)
CASH FLOWS USED IN FINANCING ACTIVITIES	(263,682)	(424,977)
DECREASE IN CASH	(22,746)	(97,196)
CASH - BEGINNING OF YEAR	742,646	839,842
CASH - END OF YEAR	719,900	742,646

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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, dietitians, 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
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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:

	2018	2017
	\$	\$
Sundry accounts receivable	61,614	20,046
Dental accounts receivable	97,509	93,166
Allowance for doubtful accounts - dental	(24,215)	(22,914)
	134,908	90,298

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 \$397,625 (2017 - \$411,575) amount repayable to the Ministry of Health and Long-Term Care.

**PORT HOPE COMMUNITY HEALTH CENTRE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Medical equipment	181,349	181,349	-	-
Office equipment	371,321	350,393	20,928	34,348
Automotive equipment	78,506	47,103	31,403	47,104
Computer equipment	254,379	232,367	22,012	24,063
Leasehold improvements	2,185,572	1,864,821	320,751	539,308
	3,071,127	2,676,033	395,094	644,823

7. GRANTS REPAYABLE

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

	2018	2017
	\$	\$
Central East Local Health Integration Network - Note 8	281,513	280,683
Capital	114,266	114,266
Operating	1,846	1,846
Ontario Telemedicine Network - paymaster	-	14,780
	397,625	411,575

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

**PORT HOPE COMMUNITY HEALTH CENTRE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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.

	2018 Grant Received \$	2018 Net Eligible Expenditure \$	2018 Balance Repayable \$	2017 Balance Repayable \$
Physician compensation	888,469	841,223	47,246	59,735
Ontario Telemedicine Network	65,400	64,345	1,055	1,209
Diabetes	889,037	825,454	63,583	8,051
Operations - All other	3,220,785	3,123,614	97,171	3,463
	5,063,691	4,854,636	209,055	72,458
Balance repayable at beginning of year			280,683	390,832
Repaid during the year			(208,225)	(182,607)
Balance repayable at end of year			281,513	280,683

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.

	2018 \$	2017 \$
Grants for capital purposes		
Balance at beginning of year	3,129,134	3,124,085
Received during year	24,763	5,049
	3,153,897	3,129,134
Amortization of capital grants		
Balance at beginning of year	2,484,311	2,195,762
Revenue recognized during year	274,492	288,549
	2,758,803	2,484,311
Balance at end of year	395,094	644,823

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A PORT HOPE NORTHUMBERLAND COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

10. GENERAL FUND

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

	2018	2017
	\$	\$
Unrestricted	9,972	(1,039)
Internally restricted for dental program (Note 11)	135,115	135,115
	145,087	134,076

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.

	2018	2017
	\$	\$
Dental Program Revenue - fees	536,775	556,512
Dental Program Expenditures	542,444	492,299
	(5,669)	64,213
Other Dental Revenue		
Grants and donations	5,669	45,469
Excess of Revenue over Expenditures	-	109,682
Balance at beginning of year	135,115	25,433
Balance at end of year	135,115	135,115

**PORT HOPE COMMUNITY HEALTH CENTRE
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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 \$328,724 (2017 - \$308,952) for current services and is included in salaries and benefits on the Statement of Revenue and Expenditures. The amount contributed by employees was \$260,891 (2017 - \$245,186).

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 December 2018, however an extension is currently being negotiated. 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:

	\$
2019	269,749
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.