

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES
OF NORTHUMBERLAND
FINANCIAL STATEMENTS
AS AT MARCH 31, 2020**

DRAFT

September 15, 2020

9:47 AM

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
TABLE OF CONTENTS
AS AT MARCH 31, 2020**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of
Port Hope Community Health Centre

Opinion

We have audited the financial statements of Port Hope Community Health Centre o/a Community Health Centres (the Organization), which comprise the statement of financial position as at March 31, 2020 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance 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 Auditor's 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 these 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.

INDEPENDENT AUDITOR'S REPORT
PAGE 2

Auditor's 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.

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.

TRENTON, Canada
Upon Approval

Chartered Professional Accountants
Licensed Public Accountants

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020**

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash - Note 3	97,422	87,256
Accounts receivable - Note 4	189,889	175,666
HST recoverable	104,251	92,628
Medical supplies	22,434	20,759
Prepaid expenses	161,745	63,897
	575,741	440,206
RESTRICTED CASH - Note 5	607,301	684,697
TANGIBLE CAPITAL ASSETS - Note 6	124,090	160,616
	1,307,132	1,285,519
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	384,865	376,888
Government remittances payable	1,738	44,812
Grants repayable - Note 7	271,330	520,939
Deferred revenue	403,022	77,465
	1,060,955	1,020,104
DEFERRED CAPITAL CONTRIBUTIONS - Note 9	124,090	160,616
	1,185,045	1,180,720
NET ASSETS		
General Fund - Notes 10 and 11	122,087	104,799
	1,307,132	1,285,519

COMMITMENTS - Note 13

CONTINGENCY - Note 15

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 COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020**

	General Fund \$	Capital Fund \$	2020 \$	2019 \$
REVENUE				
Central East Local Health Integration				
Network - Note 8	5,310,895	-	5,310,895	5,224,735
Federal employment grant	13,288	-	13,288	13,290
Dental Grants and donations - Note 11	53,978	-	53,978	24,096
Dental fees - Note 11	583,757	-	583,757	530,729
Undesignated donations	2,890	-	2,890	186
Interest	10,834	-	10,834	9,250
Other	32,481	-	32,481	31,448
Deferred capital contributions - Note 9	-	61,478	61,478	242,432
	6,008,123	61,478	6,069,601	6,076,166
EXPENDITURES				
Advertising and promotion	7,149	-	7,149	9,260
Dues and fees	21,032	-	21,032	22,069
Information technology services and support	109,150	-	109,150	100,457
Insurance	15,461	-	15,461	14,988
Office	96,995	-	96,995	116,615
Professional fees	26,533	-	26,533	72,584
Rent	394,595	-	394,595	340,625
Repairs, maintenance and small equipment	60,391	-	60,391	71,114
Salaries and benefits	4,932,814	-	4,932,814	4,723,316
Supplies	88,383	-	88,383	99,398
Telephone	24,979	-	24,979	19,113
Training, conferences and travel	78,917	-	78,917	70,410
Utilities	38,286	-	38,286	36,298
Amortization	-	61,478	61,478	242,432
	5,894,685	61,478	5,956,163	5,938,679
EXCESS OF REVENUE OVER EXPENDITURES	113,438	-	113,438	137,487
AMOUNT DUE TO ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE - Note 8	(96,150)	-	(96,150)	(177,776)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR YEAR	17,288	-	17,288	(40,289)

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020**

	General Fund \$	Capital Fund \$	2020 \$	2019 \$
BALANCE - BEGINNING OF YEAR	104,799	-	104,799	145,088
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	17,288	-	17,288	(40,289)
BALANCE - END OF YEAR - Note 10	122,087	-	122,087	104,799

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	17,288	(40,289)
Item not affecting cash:		
Amortization of tangible capital assets	61,478	242,432
	78,766	202,143
Changes in non-cash working capital:		
Accounts receivable	(14,223)	(40,758)
HST recoverable	(11,623)	(7,159)
Medical supplies	(1,675)	(2,220)
Prepaid expenses	(97,848)	(6,210)
Accounts payable and accrued liabilities	7,977	57,331
Government remittances payable	(43,074)	(45,484)
Deferred revenue	325,557	13,528
CASH FLOWS FROM OPERATING ACTIVITIES	243,857	171,171
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(24,952)	(7,954)
CASH FLOWS USED IN INVESTING ACTIVITIES	(24,952)	(7,954)
FINANCING ACTIVITIES		
Grants repayable	96,150	177,776
Grants repaid	(209,053)	(72,462)
Deferred capital contributions	(36,526)	(234,478)
Grants received to offset capital funding repayable	(136,706)	18,000
CASH FLOWS USED IN FINANCING ACTIVITIES	(286,135)	(111,164)
INCREASE (DECREASE) IN CASH	(67,230)	52,053
CASH - BEGINNING OF YEAR	771,953	719,900
CASH - END OF YEAR	704,723	771,953

The accompanying notes form an integral part of these financial statements

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

1. NATURE OF OPERATIONS

The Port Hope Community Health Centre (the Centre) operating as the Community Health Centres of Northumberland 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
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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:

	2020	2019
	\$	\$
Sundry accounts receivable	131,699	108,870
Dental accounts receivable	62,829	81,269
Allowance for doubtful accounts - dental	(4,639)	(14,473)
	189,889	175,666

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 \$271,330 (2019 - \$520,939) amount repayable to the Ministry of Health and Long-Term Care.

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

6. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Medical equipment	181,349	181,349	-	-
Office equipment	396,274	368,958	27,316	7,340
Automotive equipment	78,506	78,506	-	15,702
Computer equipment	262,333	251,527	10,806	21,712
Leasehold improvements	2,185,572	2,099,604	85,968	115,862
	3,104,034	2,979,944	124,090	160,616

7. GRANTS REPAYABLE

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

	2020 \$	2019 \$
Central East Local Health Integration Network - Note 8	269,484	382,387
Capital	-	136,706
Operating	1,846	1,846
Ontario Telemedicine Network - paymaster	-	-
	271,330	520,939

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

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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.

	2020 Grant Received \$	2020 Net Eligible Expenditure \$	2020 Balance Repayable \$	2019 Balance Repayable \$
Physician compensation	936,960	877,208	59,752	81,711
Ontario Telemedicine Network	67,450	67,450	-	-
Diabetes	835,428	835,104	324	47,395
Operations - All other	3,471,056	3,434,982	36,074	48,670
	5,310,894	5,214,744	96,150	177,776
Balance repayable at beginning of year			382,387	281,513
Expenses in excess of revenue allocated as				
Capital Grant repayable			-	(4,440)
Repaid during the year			(209,053)	(72,462)
Balance repayable at end of year			269,484	382,387

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.

	2020 \$	2019 \$
Grants for capital purposes		
Balance at beginning of year	3,161,851	3,153,897
Received during year	24,952	7,954
	3,186,803	3,161,851
Amortization of capital grants		
Balance at beginning of year	3,001,235	2,758,803
Revenue recognized during year	61,478	242,432
	3,062,713	3,001,235
Balance at end of year	124,090	160,616

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

10. GENERAL FUND

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

	2020	2019
	\$	\$
Unrestricted	(32,593)	(24,270)
Internally restricted for dental program (Note 11)	154,680	129,069
	122,087	104,799

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.

	2020	2019
	\$	\$
Dental Program Revenue - fees	583,757	530,729
Dental Program Expenditures	612,124	542,444
	(28,367)	(11,715)
Other Dental Revenue		
Grants and donations	53,978	5,669
Excess of Expenditures over Revenue	25,611	(6,046)
Balance at beginning of year	129,069	135,115
Balance at end of year	154,680	129,069

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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 \$356,890 (2019 - \$344,560) for current services and is included in salaries and benefits on the Statement of Revenue and Expenditures. The amount contributed by employees was \$283,244 (2019 - \$273,917).

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 of 2023 with a clause allowing either party to terminate the lease with a minimum 6-month notice. The office equipment comprises two photocopiers with a single lease expiring in June of 2022.

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

	Rent \$	Office Equipment \$
2021	409,490	4,620
2022	409,490	4,620
2023	409,490	1,155
2024	307,118	-

14. ECONOMIC DEPENDENCE

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

15. CONTINGENT LIABILITY

As of year-end, there remains an outstanding human resources matter. The amount of any potential future liability is not determinable, and as a result, management has not accrued any liabilities in the financial statements regarding this matter.

**PORT HOPE COMMUNITY HEALTH CENTRE
O/A COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

16. SUBSEQUENT EVENTS

During March 2020, the coronavirus disease COVID-19 has had considerable impact, both globally and locally, which has the potential to create financial stress on the Organization. At the time that these financial statements were finalized, the amount of any financial impact could not be determined.

DRAFT