

**COMMUNITY HEALTH CENTRES  
OF NORTHUMBERLAND  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2022**

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND**  
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**AS AT MARCH 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of

### Opinion

We have audited the financial statements of Community Health Centres of Northumberland (the Organization), which comprise the statement of financial position as at March 31, 2022 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, 2022, 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

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### 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.

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.

*Wilkinson & Company LLP*

TRENTON, Canada  
June 28, 2022

Chartered Professional Accountants  
Licensed Public Accountants


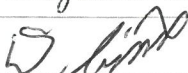
WILKINSON 

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022**

	2022	2021
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - Note 3	129,277	97,734
Accounts receivable - Note 4	180,765	179,651
HST recoverable	117,897	117,336
Medical supplies	28,835	29,169
Prepaid expenses	70,121	64,749
	526,895	488,639
<b>RESTRICTED CASH - Note 5</b>	<b>1,202,778</b>	<b>864,970</b>
<b>TANGIBLE CAPITAL ASSETS - Note 6</b>	<b>246,662</b>	<b>297,012</b>
	<b>1,976,335</b>	<b>1,650,621</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	588,704	520,091
Government remittances payable	53,359	50,311
Grants repayable - Note 7	414,579	331,784
Deferred revenue	651,871	429,418
	1,708,513	1,331,604
<b>DEFERRED CAPITAL CONTRIBUTIONS - Note 9</b>	<b>246,663</b>	<b>297,013</b>
	<b>1,955,176</b>	<b>1,628,617</b>
<b>NET ASSETS</b>		
General Fund - Notes 10 and 11	21,159	22,004
	<b>1,976,335</b>	<b>1,650,621</b>

COMMITMENTS - Note 13

APPROVED ON BEHALF OF THE BOARD

	
Director	
	
Director	

The accompanying notes form an integral part of these financial statements

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
STATEMENT OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2022**

	General Fund \$	Capital Fund \$	2022 \$	2021 \$
<b>REVENUE</b>				
Central East Local Health Integration				
Network - Note 8	6,252,984	-	6,252,984	5,693,677
Federal employment grant/subsidy	15,248	-	15,248	8,366
Municipal grant	47,933	-	47,933	15,259
Dental Grants and donations - Note 11	378,217	-	378,217	247,821
Dental fees - Note 11	531,423	-	531,423	391,471
Undesignated donations	10,133	-	10,133	3,877
Interest	2,729	-	2,729	2,145
Other	42,166	-	42,166	135,958
Deferred capital contributions - Note 9	-	57,337	57,337	71,573
	<b>7,280,833</b>	<b>57,337</b>	<b>7,338,170</b>	<b>6,570,147</b>
<b>EXPENDITURES</b>				
Advertising and promotion	6,863	-	6,863	3,973
Dues and fees	23,367	-	23,367	19,186
Information technology services and support	149,236	-	149,236	114,158
Insurance	17,986	-	17,986	16,439
Office	128,119	-	128,119	142,541
Professional fees	34,686	-	34,686	46,838
Rent	396,411	-	396,411	419,994
Repairs, maintenance and small equipment	91,777	-	91,777	60,724
Salaries and benefits	5,934,393	-	5,934,393	5,417,353
Supplies	284,813	-	284,813	189,832
Telephone	39,227	-	39,227	39,470
Training, conferences and travel	57,248	-	57,248	39,903
Utilities	34,755	-	34,755	27,794
Amortization	-	57,337	57,337	71,573
	<b>7,198,881</b>	<b>57,337</b>	<b>7,256,218</b>	<b>6,609,778</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>81,952</b>	<b>-</b>	<b>81,952</b>	<b>(39,631)</b>
<b>AMOUNT DUE TO ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE - Note 8</b>	<b>(82,797)</b>	<b>-</b>	<b>(82,797)</b>	<b>(60,452)</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>(845)</b>	<b>-</b>	<b>(845)</b>	<b>(100,083)</b>

The accompanying notes form an integral part of these financial statements

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2022**

	General Fund \$	Capital Fund \$	2022 \$	2021 \$
<b>BALANCE - BEGINNING OF YEAR</b>	<b>22,004</b>	-	<b>22,004</b>	122,087
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<b>(845)</b>	-	<b>(845)</b>	<b>(100,083)</b>
<b>BALANCE - END OF YEAR - Note 10</b>	<b>21,159</b>	-	<b>21,159</b>	<b>22,004</b>

The accompanying notes form an integral part of these financial statements

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2022**

	2022 \$	2021 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses (expenses over revenue)	(845)	(100,083)
Item not affecting cash:		
Amortization of tangible capital assets	57,337	71,573
	<b>56,492</b>	<b>(28,510)</b>
Changes in non-cash working capital:		
Accounts receivable	(1,114)	10,238
HST recoverable	(561)	(13,085)
Medical supplies	334	(6,735)
Prepaid expenses	(5,372)	96,996
Accounts payable and accrued liabilities	68,613	135,229
Government remittances payable	3,048	48,573
Deferred revenue	222,453	26,396
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>343,893</b>	<b>269,102</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(6,987)	(244,496)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(6,987)</b>	<b>(244,496)</b>
<b>FINANCING ACTIVITIES</b>		
Grants repayable	82,795	60,452
Deferred capital contributions	(50,350)	172,923
<b>CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES</b>	<b>32,445</b>	<b>233,375</b>
<b>INCREASE IN CASH</b>	<b>369,351</b>	<b>257,981</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>962,704</b>	<b>704,723</b>
<b>CASH - END OF YEAR</b>	<b>1,332,055</b>	<b>962,704</b>

The accompanying notes form an integral part of these financial statements.



**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**1. NATURE OF OPERATIONS**

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, 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.

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**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.

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**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.

**(i) Government Assistance**

Government assistance in the form of non-repayable subsidies and forgivable loans were accounted for using the cost reduction approach, whereby the cost of operating expense is reduced by the assistance received; if assistance received is not for a specific expenditure, the assistance is recorded as revenue. Government assistance is recognized in the period where all conditions of the non-repayable subsidies and forgivable loans are met.

**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:

	2022	2021
	\$	\$
Sundry accounts receivable	118,042	125,718
Dental accounts receivable	74,981	62,209
Allowance for doubtful accounts - dental	(12,258)	(8,276)
	<hr/>	<hr/>
	<b>180,765</b>	<b>179,651</b>
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**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**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 \$414,579 (2021 - \$331,784) amount repayable to the Ministry of Health and Long-Term Care.

**6. TANGIBLE CAPITAL ASSETS**

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Medical equipment	181,349	181,349	-	-
Office equipment	487,673	419,350	68,323	92,050
Automotive equipment	78,506	78,506	-	-
Computer equipment	269,319	264,273	5,046	2,651
Leasehold improvements	2,338,668	2,165,375	173,293	202,311
	<b>3,355,515</b>	<b>3,108,853</b>	<b>246,662</b>	<b>297,012</b>

**7. GRANTS REPAYABLE**

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

	2022 \$	2021 \$
Central East Local Health Integration Network - Note 8	412,733	329,938
Capital	-	-
Operating	1,846	1,846
Ontario Telemedicine Network - paymaster	-	-
	<b>414,579</b>	<b>331,784</b>

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

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**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.

	<b>2022 Grant Received \$</b>	<b>2022 Net Eligible Expenditure \$</b>	<b>2022 Balance Repayable \$</b>	<b>2021 Balance Repayable \$</b>
Physician compensation	1,069,560	1,007,491	62,069	60,416
Ontario Telemedicine Network	68,762	69,699	(937)	(479)
Diabetes	929,899	929,899	-	-
Operations - All other	4,184,763	4,163,100	21,663	515
	<b>6,252,984</b>	<b>6,170,189</b>	<b>82,795</b>	<b>60,452</b>
Balance repayable at beginning of year			329,938	269,486
Repaid during the year			-	-
Balance repayable at end of year			<b>412,733</b>	<b>329,938</b>

**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.

	<b>2022 \$</b>	<b>2021 \$</b>
Grants for capital purposes		
Balance at beginning of year	3,431,299	3,186,803
Received during year	6,987	244,496
	<b>3,438,286</b>	<b>3,431,299</b>
Amortization of capital grants		
Balance at beginning of year	3,134,286	3,062,713
Revenue recognized during year	57,337	71,573
	<b>3,191,623</b>	<b>3,134,286</b>
Balance at end of year	<b>246,663</b>	<b>297,013</b>

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**10. GENERAL FUND**

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

	2022	2021
	\$	\$
Unrestricted	(80,211)	(63,275)
Internally restricted for dental program (Note 11)	101,370	85,279
	<u>21,159</u>	<u>22,004</u>

**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.

	2022	2021
	\$	\$
Dental Program Revenue - fees	531,423	391,471
Dental Program Expenditures	893,549	708,425
	<u>(362,126)</u>	<u>(316,954)</u>
Other Dental Revenue		
Grants and donations	378,217	247,821
	<u>16,091</u>	<u>(69,133)</u>
Excess of Expenditures over Revenue	16,091	(69,133)
Balance at beginning of year	85,279	154,412
	<u>101,370</u>	<u>85,279</u>
Balance at end of year	<u>101,370</u>	<u>85,279</u>

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**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 \$389,335 (2021 - \$373,593) for current services and is included in salaries and benefits on the Statement of Revenue and Expenditures. The amount contributed by employees was \$308,831 (2021 - \$296,502).

**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 December of 2027.

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

	Rent \$	Office Equipment \$
2023	409,490	3,666
2024	307,118	3,348
2025	-	3,348
2026	-	3,348
2027	-	3,348

**14. ECONOMIC DEPENDENCE**

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

**COMMUNITY HEALTH CENTRES OF NORTHUMBERLAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**15. IMPLICATIONS OF COVID-19**

The coronavirus disease COVID-19 developed rapidly in 2021 & 2022, having a considerable impact, both globally and locally. As a result, measures were taken by various governments to contain the virus, including restrictions impacting the operations of non-essential businesses. As an essential business, the Centre continued to operate during the course of the year and did not experience significant changes in operations. In response to COVID-19, management implemented new guidelines and protocols to ensure the safety of all staff and clients.