Grand River Community Health Centre

Financial Statements
March 31, 2019

Independent auditor's report

To the Directors of Grand River Community Health Centre

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand River Community Health Centre (the Organization) as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited
The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 public sector accounting standards, 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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

In preparing the 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.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 20, 2019

Grand River Community Health Centre

Statement of Financial Position

As at March 31, 2019

	2019 $	2018 $
Assets		
Current assets		
Cash (note 3 and 9)	2,316,712	1,982,557
Accounts receivable	268,624	179,331
Prepaid expenses	79,074	32,530
	2,664,410	2,194,418
Capital assets (note 4)	2,065,553	2,357,446
	4,729,963	4,551,864
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	847,357	1,587,225
Surplus payable to MOHLTC	68,603	-
Funding payable to MOHLTC for capital projects (note 8)	1,906	1,906
Deferred revenue and donations	152,042	180,050
Funds held for disbursement (note 9)	1,577,252	419,078
	2,647,160	2,188,259
Deferred contributions related to capital assets (note 5)	2,065,553	2,357,446
	4,712,713	4,545,705
Net Assets	17,250	6,159
	4,729,963	4,551,864

Commitments (note 6)

Approved on Behalf of the Board

_______________________ Director _______________________ Executive Director

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

Grand River Community Health Centre

Statement of Changes in Net Assets

For the year ended March 31, 2019

	2019 $	2018 $
Balance – Beginning of year	6,159	6,136
Excess of revenues over expenses for the year	11,091	23
Balance – End of year	17,250	6,159

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

Grand River Community Health Centre

Statement of Operations

For the year ended March 31, 2019

	2019 $	2018 $
Revenues		
Grant – LHIN (Local Health Integration Network)	4,467,971	4,216,283
Less: Grant allocated to deferred contributions (note 5)	(37,415)	(70,892)
MOHLTC – TPA fee income (note 9)	74,446	72,007
MOHLTC – Other income	-	58,230
Expenditure recoveries	-	84,326
Funded projects and community initiatives	165,613	53,831
Donations and other income	44,279	300
Add: Recognition of deferred capital contributions	337,775	353,060
	5,052,669	4,767,145
Expenses		
Salaries and wages	2,001,822	1,820,120
Employee benefits (note 10)	393,597	401,193
Medical staff remuneration	937,421	1,027,273
Medical and surgical supplies	21,440	16,802
Other supplies	112,911	149,678
Contracted services	259,689	253,280
Other	461,150	396,028
Rent	268,369	211,232
Funded projects and community initiatives	165,613	56,881
Associated expenses	33,188	81,575
Amortization	337,775	353,060
	4,992,975	4,767,122
Excess of revenues over expenses before the undernoted	59,694	23
Surplus repayable to MOHLTC	48,603	-
Excess of revenues over expenses for the year	11,091	23

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

Grand River Community Health Centre

Statement of Cash Flows

For the year ended March 31, 2019

	2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	11,091	23
Items not affecting cash		
Amortization of deferred contributions related to capital assets	(337,775)	(353,060)
Amortization of capital assets	337,775	353,060
Increase in deferred lease liability	67,827	59,614
	78,918	59,637
Net change in non-cash working capital items (note 11)	255,237	(160,523)
	334,155	(100,886)
Investing activities		
Purchase of capital assets	(45,882)	(224,893)
Increase in deferred contributions relating to LHIN funded capital assets	37,415	70,893
Increase in deferred contributions relating to Community Infrastructure Renewal Fund – capital (HVAC project)	-	154,000
Increase in deferred contributions – other funds	8,467	-
	-	-
Increase (decrease) in cash during the year	334,155	(100,886)
Cash – Beginning of year	1,982,557	2,083,443
Cash – End of year	2,316,712	1,982,557

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

1 Nature and purpose of the organization

Grand River Community Health Centre (the Organization) is incorporated without share capital under the laws of the Province of Ontario. The Organization is a not-for-profit organization and, as such, no income taxes are applicable. The Organization provides primary health care, health promotion and illness prevention for Brantford and Brant County.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) including standards that apply to government not-for-profit organizations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants for capital assets.

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in that subsequent year. Where a portion of a grant is repayable as a result of not meeting performance measurements, best estimates of the repayment amount are made and accrued at year-end.

Contributions restricted for the purchase of property and equipment are deferred and amortized to revenue over the same year as the related asset is amortized to expense.

Capital assets

Purchased capital assets are stated at cost. Amortization is provided for in the accounts as follows:

Leasehold improvements	13 years straight-line
Computer software	3 – 5 years straight-line
Computer equipment	3 – 5 years straight-line
Major equipment	4 – 20 years straight-line
Building service equipment	5 – 10 years straight-line

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

Financial instruments

The Organization initially measures its financial instruments at fair value. The Organization subsequently measures all its financial instruments at amortized cost, unless management has elected to carry the instrument at fair value.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities and surplus payable to the Ministry of Health and Long-Term Care (MOHLTC).

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

3 Cash

The Organization's bank account is held at one chartered bank and earns interest at a nominal rate.

4 Capital assets

	2019			2018
	Cost $	Accumulated amortization $	Net $	Net $
Building service equipment	252,410	81,421	170,989	196,896
Leasehold improvements	3,477,901	1,732,124	1,745,777	2,014,358
Computer equipment and software	207,941	132,444	75,497	60,821
Major equipment	260,551	187,261	73,290	85,371
	4,198,803	2,133,250	2,065,553	2,357,446

5 Deferred contributions related to capital assets

Deferred contributions relate to the unamortized portion of capital assets. The balance represents contributions received for capital assets that have been deferred and are being amortized and recognized as revenue at the same rate as the related capital assets are amortized. Changes in the deferred contributions balance for the year are as follows:

	2019 $	2018 $
Balance – Beginning of year	2,357,446	2,485,613
Additions to deferred contributions – LHIN funding	37,415	70,893
Additions to deferred contributions – Community Infrastructure Renewal Fund	-	154,000
Additions to deferred contributions – other funds	8,467	-
	2,403,328	2,710,506
Amortized portion of contributions	(337,775)	(353,060)
Balance – End of year	2,065,553	2,357,446

6 Lease commitment

The Organization is committed to the following future minimum lease payments, under terms of an operating lease for office premises, which will expire in April 2025.

	$
2020	202,692
2021	253,365
2022	253,365
2023	253,365
2024	253,365
Thereafter	253,365
	1,469,517

7 Economic dependence

The Organization is primarily funded by the Local Health Integration Network (LHIN) and its ongoing existence is dependent on continued funding by the agency.

8 Capital projects

The Organization committed to the construction of a new facility (the project) with an estimated cost of $3,811,000. MOHLTC committed to provide a capital grant of up to $3,550,000 for the project. In the event the Organization does not expend all of the funding received, it will be returned to MOHLTC. The construction of the building was completed in a prior year for a total cost of $3,689,919 resulting in the following repayable to MOHLTC, which is outstanding at March 31, 2019 and 2018:

	$
Cumulative cost for permanent site	3,689,919
Cumulative non-MOHLTC funding for permanent site	(393,831)
Net cumulative permanent site costs	3,296,088
Cumulative MOHLTC funding advanced for permanent site	(3,297,994)
Funding repayable to MOHLTC for capital projects	(1,906)

9 Funds held for disbursement

The Organization serves as a midwifery program transfer payment agency (TPA). The revenues and expenses of the midwifery practice groups are not reflected in these financial statements. Activity for the year consisted of:

	2019 $	2018 $
Ontario Midwifery Program revenues		
MOHLTC – Midwifery Program payments	12,131,212	10,253,939
Interest income	20,142	-
Total Ontario Midwifery Program revenues	12,151,354	10,253,939
Ontario Midwifery Program expenses		
Fees		
Base	6,367,919	5,823,681
New registrant	570,838	571,188
	6,938,757	6,394,869
Disbursements		
Base travel	197,220	180,280
Second attendant	-	18,346
Base liability insurance	1,706,890	1,570,767
Clinical Equipment Midwives	42,173	-
Administrative support	-	20,000
Home birth kit	36,855	32,958
Base benefits	987,287	926,782
	2,970,425	2,749,133
New registrant travel	19,880	19,620
New registrant liability insurance	344,261	354,975
New registrant benefits	83,068	82,990
	447,209	457,585
Clinical equipment practice group	42,172	-
Administrative support	20,000	-
Second attendant supplement	18,000	-
	80,172	-
Other		
Office equipment	48,411	24,521
Special request office equipment	8,000	52,470
IT equipment replacement	19,454	-
Midwifery services for physician clients	1,859	-
One-time accommodation special funding	3,200	-
Leasehold improvements	6,328	95,000
TPA support for uninsured clients	60,788	37,551
New registrant equipment	-	75,217
	148,040	284,759

	2019 $	2018 $
Other		
TPA operations fee	74,446	72,007
Other applicable expenses	38,549	-
	112,995	72,007
Total Ontario Midwifery Program expenses	10,697,598	9,958,353
Excess of revenues over expenses	1,453,756	295,586
Accumulated surplus – Beginning of year	419,078	993,690
Less: Amounts paid to MOHLTC	(295,578)	(870,198)
Add: Excess of revenues over expenses	1,453,756	295,586
Funds held for disbursement	1,577,256	419,078

Included in the funds held for disbursement is $123,500 (2018 – $123,500) related to grants for leasehold improvements, which will be advanced to the midwifery practice groups in the subsequent fiscal year. The excess of revenues over expenses will be advanced to the midwifery practice groups in the subsequent fiscal year. If all of the funds are not advanced, they will be returned to MOHLTC.

10 Employee future benefits

Substantially all of the full-time employees of the Organization are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer average of the best five years' pay contributory pension plan, and employees are entitled to certain post-employment benefits. HOOPP is a defined benefit pension plan; however, as the Organization has insufficient information to apply defined benefit plan accounting, it is accounted for as a defined contribution plan, whereby contributions are expensed when due.

Contributions made during the year to HOOPP by the Organization amounted to $168,186 (2018 – $166,753). These amounts are included in employee benefits expense in the statement of operations.

11 Change in non-cash working capital items

	2019 $	2018 $
Accounts receivable	(89,293)	(38,807)
Prepaid expenses	(46,544)	(12,382)
Accounts payable and accrued liabilities	(807,695)	378,004
Surplus payable to MOHLTC	68,603	-
Deferred revenue and donations	(28,008)	87,274
Funds held for disbursement	1,158,174	(574,612)
	255,237	(160,523)

12 Financial instruments

Credit risk

The Organization’s exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered low as the receivables are mainly derived and outstanding from government agencies.