

GRAND RIVER COMMUNITY HEALTH CENTRE

FINANCIAL STATEMENTS

For the year ended March 31, 2022

GRAND RIVER COMMUNITY HEALTH CENTRE

For the year ended March 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Grand River Community Health Centre

Opinion

We have audited the financial statements of Grand River Community Health Centre (the 'Centre'), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations 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 Centre as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Centre 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditors' 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 auditors' 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 Centre'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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Centre 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 may identify during our audit.



June 1, 2022
Brantford, Ontario

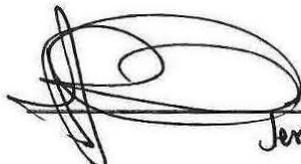
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

GRAND RIVER COMMUNITY HEALTH CENTRE

STATEMENT OF FINANCIAL POSITION

As at March 31	2022	2021
ASSETS		
Current Assets		
Cash and bank (Notes 3 and 9)	6,495,445	5,364,505
Accounts receivable	226,136	190,597
Prepaid expenses	80,127	58,340
	6,801,708	5,613,442
Capital Assets (Note 4)	1,512,173	1,757,039
	8,313,881	7,370,481
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	941,191	827,972
Surplus payable to MOH	125,393	139,469
Funding payable to MOH for capital projects (Note 8)	1,906	1,906
Deferred revenue and donations	1,063,341	408,221
Funds held for disbursement (Note 9)	4,634,511	4,215,248
	6,766,342	5,592,816
Deferred Contributions Related to Capital Assets (Note 5)	1,512,173	1,757,039
	8,278,515	7,349,855
Net Assets	35,366	20,626
	8,313,881	7,370,481

Approved on behalf of the Board:



 _____ Director
 Jennifer Pelchat



 _____ Director

GRAND RIVER COMMUNITY HEALTH CENTRE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31	2022	2021
Balance, beginning of year	20,626	20,626
Excess of revenues over expenses	14,740	-
Balance, end of year	35,366	20,626

GRAND RIVER COMMUNITY HEALTH CENTRE

STATEMENT OF OPERATIONS

For the year ended March 31	2022	2021
Revenues		
Core operations	5,228,770	5,210,367
Community Infrastructure Renewal Fund (CIRF)	7,005	16,763
Less: grant allocated to deferred capital contributions (Note 5)	(114,067)	(302,915)
OH Revenue	5,121,708	4,924,215
Ontario Health Team (Note 10)	1,062,534	-
Less: deferred to next fiscal year	(332,438)	-
Less: deferred for capital contributions	(11,295)	-
OHT Revenue	718,801	-
MOH - TPA fee income (Note 9)	16,283	79,630
Funded projects and community initiatives	226,717	17,295
Donations and other income	103,783	66,156
Recognition of deferred capital contributions (Note 5)	386,450	333,078
	6,573,742	5,420,374
Expenses		
Salaries and wages	2,865,779	2,312,752
Employee benefits	564,725	484,255
Medical staff remuneration	1,152,714	1,119,678
Medical and surgical supplies	30,357	41,832
Buildings and grounds	78,683	94,591
Equipment expenses	68,501	29,218
Contracted services	573,856	340,542
Supplies and sundry	270,897	305,339
Rent	236,800	249,638
Funded projects and community initiatives	226,717	17,295
Donations and other revenue expense	89,043	66,156
Amortization	386,450	333,078
	6,544,522	5,394,374
Excess of Revenues over Expenses Before the Undernoted	29,220	26,000
Surplus repayable to MOH	14,480	26,000
Excess of Revenues over Expenses	14,740	-

See accompanying notes

GRAND RIVER COMMUNITY HEALTH CENTRE

STATEMENT OF CASH FLOWS

For the year ended March 31	2022	2021
Cash Flows From Operating Activities		
Excess of revenues over expenses	14,740	-
Charges (credits) to income not involving cash		
Amortization	386,450	333,078
Deferred contributions relating to capital assets	(386,450)	(333,078)
Increase (decrease) in deferred lease liability	(43,213)	(43,217)
	(28,473)	(43,217)
Net change in non-cash working capital balances related to operations (Note 12)	1,159,413	2,279,457
	1,130,940	2,236,240
Cash Flows From Investing Activities		
Purchase of capital assets	(141,584)	(314,335)
Deferred contributions - OH funded capital assets	125,362	302,915
Deferred contributions - other	16,222	11,420
	-	-
Net Increase in Cash and Bank	1,130,940	2,236,240
Opening Cash and Bank	5,364,505	3,128,265
Closing Cash and Bank	6,495,445	5,364,505

See accompanying notes

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

1. NATURE AND PURPOSE OF THE ORGANIZATION

Grand River Community Health Centre (the 'Centre') is incorporated without share capital under the laws of the Province of Ontario. The Centre is a not-for-profit organization and, as such, no income taxes are applicable. The Centre 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) inclusive of PS 4200 through 4270, which apply only to government not-for-profit organizations.

(a) Revenue Recognition

The Centre 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 grants 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.

(b) Capital Assets

Purchased capital assets are stated at cost. Amortization is provided 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

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments

The Centre 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 instruments 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 (MOH).

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 AND BANK

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

4. CAPITAL ASSETS	Cost	Accumulated Amortization	2022	2021
Building service equipment	252,410	151,736	100,674	122,854
Leasehold improvements	3,560,039	2,552,750	1,007,289	1,261,221
Computer equipment and software	334,604	203,900	130,704	60,564
Major equipment	548,479	274,973	273,506	312,400
	4,695,532	3,183,359	1,512,173	1,757,039

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

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:

	2022	2021
Balance, beginning of year	1,757,039	1,775,782
Add: allocation to deferred contributions - OH/LHIN funding	114,067	302,915
Add: allocation to deferred contributions - OHT funding	11,295	-
Add: additions deferred contributions - other funds	16,222	11,420
Deduct: amortized portion of contributions	(386,450)	(333,078)
Balance, end of year	1,512,173	1,757,039

6. LEASE COMMITMENT

The Centre is committed to the following future minimum lease payments, under terms of operating leases for office premises, which will expire in April 2025 and July 2026.

Years ended March 31,	2023	267,925
	2024	267,925
	2025	267,925
	2026	14,560
	2027	4,853
		<u>823,188</u>

7. ECONOMIC DEPENDENCE

The Centre is primarily funded by the Ontario Health agency (OH) and its ongoing existence is dependent upon continued funding by the agency.

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

8. CAPITAL PROJECTS

The Centre committed to the construction of a new facility (the project) with an estimated cost of \$3,811,000. The Ministry of Health (MOH) committed to provide a capital grant of up to \$3,550,000 for the project. In the event the Centre does not expend all of the funding received, it will be returned to the MOH. 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 MOH, which is outstanding at March 31, 2022 and 2021:

	2022	2021
Cumulative cost for permanent site	3,689,919	3,689,919
Cumulative Non-MOH funding for permanent site	393,831	393,831
Net cumulative permanent site costs	3,296,088	3,296,088
Cumulative MOH funding advanced for permanent site	(3,297,994)	(3,297,994)
Funding advanced for capital projects	(1,906)	(1,906)

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

9. FUNDS HELD FOR DISBURSEMENT

The Centre 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:

For the Year Ended March 31	2022	2021
Ontario Midwifery Program - Revenues		
MOH - Midwifery Program payments	15,941,636	15,016,203
Interest income	15,059	11,369
	15,956,695	15,027,572
Midwifery Program Expenses		
<u>Fees</u>		
Base fees	8,357,202	7,514,785
New registrant fees	601,342	758,824
	8,958,544	8,273,609
<u>Caseload Variables</u>		
Base CV fees	-	-
	-	-
<u>Disbursements</u>		
Base travel	223,280	205,390
Base liability insurance	2,082,930	1,723,329
Clinical equipment for midwives	46,081	45,031
Home birth kit	43,992	41,418
Base benefits	1,349,735	1,205,951
	3,746,018	3,221,119
New registrant travel	19,440	24,900
New registrant liability insurance	339,251	441,145
New registrant other	92,591	116,202
	451,282	582,247
Clinical equipment for practice group	46,081	45,031
Administrative support	20,000	20,000
Second attendant supplement	18,692	18,000
	84,773	83,031
<u>Other</u>		
Office equipment	-	-
NR clinic equipment grant	38,500	30,778
Special equipment and furniture	-	10,943
Ministry approved adjustments	-	439,250
IT software	24,533	19,909
Midwifery services for physician clients	1,155	6,008
New practice group fees	-	3,183
Leasehold improvements	-	92,129
Uninsured clients third party payment	48,309	50,536
TPA support for uninsured clients	2,415	5,184
TPA operations fee	74,446	74,446
New registrant equipment	-	-
Other Applicable Expenses	16,109	11,300
	205,467	743,666
Total Midwifery Expenses	13,446,084	12,903,672
Excess of Revenues over Expenses	2,510,611	2,123,900

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

9. FUNDS HELD FOR DISBURSEMENT (Continued)

For the Year Ended March 31	2022	2021
Accumulated surplus - Beginning of Year	4,215,248	2,091,348
Less: Amounts paid to MOH	(2,091,348)	-
Add: Excess of revenues over expenses	2,510,611	2,123,900
Funds held for disbursement	4,634,511	4,215,248

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 the MOH.

10. BRANTFORD BRANT ONTARIO HEALTH TEAM

New this fiscal year, the Centre acted as a Transfer Payment Agency (TPA) for the Brantford Brant Ontario Health Team (BB OHT). Gross revenue in the amount of \$1,062,534 (2021 - nil) was received by the Ministry of Health for implementation and start-up costs. Net revenue of \$718,801 (2021 - nil) is being recognized as the BB OHT received approval from the MOH to defer a portion (\$332,438) of the 2021-2022 funding to the following fiscal year, 2022-2023. The Centre is also responsible to report the results of the BB OHT operations to the MOH through its routine reporting deliverables.

11. EMPLOYEE FUTURE BENEFITS

Substantially all of the full-time employees of the Centre 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 Centre amounted to \$291,050 (2021 - \$236,911). These amounts are included in employee benefits expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2021 disclosed net assets available for benefits of \$114,414,000 with accrued benefits obligations of \$85,902,000, resulting in a going concern surplus of \$28,512,000.

GRAND RIVER COMMUNITY HEALTH CENTRE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

12. CASH FLOW FROM OPERATIONS	2022	2021
Accounts receivable	(35,539)	(9,928)
Prepaid expenses	(21,787)	(2,283)
Accounts payable and accrued liabilities	156,414	43,495
Surplus payable to MOH	(14,076)	24,080
Deferred revenue and donations	655,120	100,174
Funds held for disbursement	419,281	2,123,919
	<hr/> 1,159,413	<hr/> 2,279,457

13. FINANCIAL INSTRUMENTS

The Centre has identified the following financial risks:

Credit Risk

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

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade accounts payable and accrued liabilities are generally paid within 30 days.

14. COVID-19 PANDEMIC

During and subsequent to year end, the Centre has been impacted by the effects of the world-wide coronavirus pandemic. The Centre is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impacts of this unprecedented situation.

The impacts to expenses and revenues will carry over to fiscal 2023 and it is not possible to determine the ultimate financial impact to the Centre at this time.

15. COMPARATIVE FIGURES

Certain of the prior year figures, provided for purposes of comparison, have been reclassified to conform with the current year presentation.