

**Grand River Community
Health Centre**

Financial Statements
March 31, 2018



June 12, 2018

Independent Auditor's Report

**To the Directors of
Grand River Community Health Centre**

We have audited the accompanying financial statements of Grand River Community Health Centre, which comprise the statement of financial position as at March 31, 2018 and the statements of changes in assets, operations and cash flows for the year then ended, and the related notes, which comprise 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 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.

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 auditor's 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 entity'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 entity'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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grand River Community Health Centre as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants


Grand River Community Health Centre

Statement of Financial Position


As at March 31, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash (note 3)	1,982,557	2,083,443
Accounts receivable	179,331	140,524
Prepaid expenses	32,530	20,148
	<u>2,194,418</u>	<u>2,244,115</u>
Capital assets (note 4)	<u>2,357,446</u>	<u>2,485,613</u>
	<u>4,551,864</u>	<u>4,729,728</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,446,448	1,068,444
Funding advanced for capital projects (note 8)	1,906	1,906
Deferred revenue and donations	180,050	92,776
Funds held for disbursement (note 9)	419,078	993,690
	<u>2,047,482</u>	<u>2,156,816</u>
Deferred contributions related to capital assets (note 5)	<u>2,357,446</u>	<u>2,485,613</u>
Deferred lease liability	<u>140,777</u>	<u>81,163</u>
	<u>4,545,705</u>	<u>4,723,592</u>
Net Assets	<u>6,159</u>	<u>6,136</u>
	<u>4,551,864</u>	<u>4,729,728</u>
Commitments (note 6)		

Approved on Behalf of the Board



Director



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, 2018

	2018 \$	2017 \$
Balance - Beginning of year	6,136	5,688
Excess of revenues over expenses for the year	23	447
Balance - End of year	<u>6,159</u>	<u>6,136</u>

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, 2018

	2018	2017
	\$	\$
Revenues		
Grant - Local Health Integration Network	4,288,290	3,978,366
Less: Grant allocated to deferred contributions (note 5)	(70,892)	(29,426)
Recognition of deferred contributions (note 5)	353,060	334,162
Other income	196,687	185,025
	<u>4,767,145</u>	<u>4,468,127</u>
Expenses		
Salaries and wages	1,877,001	1,703,919
Employee benefits (note 10)	401,193	399,120
Medical staff remuneration	1,027,273	933,475
Medical and surgical supplies	13,740	10,212
Drugs	3,062	4,583
Other supplies	149,678	147,698
Contracted services	253,280	404,294
Other expenses	440,329	321,414
Rent	248,506	208,803
Amortization	353,060	334,162
	<u>4,767,122</u>	<u>4,467,642</u>
Excess of revenues over expenses for the year	<u>23</u>	<u>447</u>

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, 2018

	2018	2017
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	23	447
Items not affecting cash		
Amortization of deferred contributions related to capital assets	(353,060)	(334,162)
Amortization of capital assets	353,060	334,162
Increase (decrease) in deferred lease liability	59,614	(9,348)
	59,637	(8,901)
Net change in non-cash working capital items (note 11)	(160,523)	233,871
	(100,886)	224,970
Investing activities		
Purchase of capital assets	(224,893)	(29,426)
Increase in deferred contributions relating LHIN funded capital assets	70,893	29,426
Increase in deferred contributions relating to Community Infrastructure Renewal Fund - Capital (HVAC project)	154,000	-
	-	-
(Decrease) increase in cash during the year	(100,886)	224,970
Cash - Beginning of year	2,083,443	1,858,473
Cash - End of year	1,982,557	2,083,443

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

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2018

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.

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.

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2018

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

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

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building service equipment	252,410	55,514	196,896	25,603
Leasehold improvements	3,477,901	1,463,543	2,014,358	2,282,940
Computer equipment and software	168,326	107,505	60,821	71,649
Major equipment	254,284	168,913	85,371	105,421
	<u>4,152,921</u>	<u>1,795,475</u>	<u>2,357,446</u>	<u>2,485,613</u>

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:

	2018 \$	2017 \$
Balance - Beginning of year	2,485,613	2,798,018
Additions to deferred contributions - LHIN funding	70,893	29,426
Additions to deferred contributions - Community Infrastructure Renewal Fund	154,000	-
Write-off of contributions related to disposal of capital asset	-	(7,669)
	<u>2,710,506</u>	<u>2,819,775</u>
Amortized portion of contributions	(353,060)	(334,162)
Balance - End of year	<u>2,357,446</u>	<u>2,485,613</u>

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2018

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.

	\$
2019	202,692
2020	202,692
2021	253,365
2022	253,365
2023	253,365
Thereafter	<u>506,730</u>
	<u>1,672,209</u>

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. The Ministry of Health and Long-Term Care (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, 2018 and 2017.

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

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2018

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:

	2018 \$	2017 \$
Ontario Midwifery Program revenues		
MOHLTC - Midwifery Program payments	10,253,939	9,932,001
Total Ontario Midwifery Program revenues	<u>10,253,939</u>	<u>9,932,001</u>
Ontario Midwifery Program expenses		
Fees		
Base	5,823,681	5,243,873
New registrant	571,188	489,826
	<u>6,394,869</u>	<u>5,733,699</u>
Disbursements		
Base travel	180,280	165,700
Second attendant	18,346	10,500
Base liability insurance	1,570,767	1,555,629
Administrative support	20,000	20,000
Home birth kit	32,958	17,922
Base other	926,782	801,059
	<u>2,749,133</u>	<u>2,570,810</u>
New registrant travel	19,620	16,820
New registrant liability insurance	354,975	356,949
New registrant other	82,990	67,276
	<u>457,585</u>	<u>441,045</u>
Grants		
Office equipment	24,521	69,520
Special request office equipment	52,470	63,889
Leasehold improvements	95,000	23,400
TPA support for uninsured clients	37,551	32,555
New registrant equipment	75,217	46,073
	<u>284,759</u>	<u>235,437</u>
Other		
TPA operations fee	72,007	80,812
Total Ontario Midwifery Program expenses	<u>9,958,353</u>	<u>9,061,803</u>
Excess of revenues over expenses	<u>295,586</u>	<u>870,198</u>
Accumulated surplus - Beginning of year	993,690	911,658
Less: Amounts paid to MOHLTC	(870,198)	(788,166)
Plus: Excess of revenues over expenses	<u>295,586</u>	<u>870,198</u>
Funds held for disbursement	<u>419,078</u>	<u>993,690</u>

Grand River Community Health Centre

Notes to Financial Statements

March 31, 2018

Included in the funds held for disbursement is \$123,500 (2017 - \$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 revenue over expenditures 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 \$166,753 (2017 - \$165,583). These amounts are included in employee benefits expense in the statement of operations.

11 Change in non-cash working capital items

	2018 \$	2017 \$
Accounts receivable	(38,807)	(48,565)
Prepaid expenses	(12,382)	520
Accounts payable and accrued liabilities	378,004	188,314
Deferred revenue and donations	87,274	11,570
Funds held for disbursement	(574,612)	82,032
	<u>(160,523)</u>	<u>233,871</u>

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.

Grand River Community Health Centre

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Director

Director

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