

**BELLEVILLE & QUINTE WEST
COMMUNITY HEALTH CENTRE**

FINANCIAL STATEMENTS

March 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of
BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

Opinion

We have audited the financial statements of **BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE**, which comprise the statement of financial position as at March 31, 2022, and the statement of revenue, expenses and changes in net assets and statement of 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 management 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 management 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 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 the financial statements, management is responsible for assessing the management'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 management or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 company'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 company'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 company 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.



Belleville, Ontario
June 6, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE

Incorporated without share capital under the laws of Ontario

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022


ASSETS

	2022	2021
CURRENT ASSETS		
Cash	\$ 5,824,274	\$ 5,776,584
Accounts receivable	198,739	116,569
Government rebate recoverable	350,418	453,236
Prepaid expenses	74,305	57,772
	<u>6,447,736</u>	<u>6,404,161</u>
TANGIBLE CAPITAL ASSETS - Note 4	13,392,902	9,473,505
INTANGIBLE CAPITAL ASSETS - Note 5	4,734	5,916
	<u>\$ 19,845,372</u>	<u>\$ 15,883,582</u>

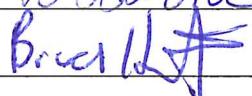
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 370,449	\$ 1,837,853
Government remittances payable	22,305	18,899
Deferred revenue	749,057	1,253,782
Subsidies repayable - Note 6	4,679,397	3,293,627
Line of credit - Note 11	300,000	-
	<u>6,121,208</u>	<u>6,404,161</u>
DEFERRED CONTRIBUTIONS - Note 7	<u>13,147,164</u>	<u>8,962,370</u>
NET ASSETS		
Invested in tangible and intangible capital assets - internally restricted - Note 13	577,000	517,051
Unrestricted	-	-
	<u>577,000</u>	<u>517,051</u>
	<u>\$ 19,845,372</u>	<u>\$ 15,883,582</u>

Approved by the Board:



Director



Director

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022

	Unrestricted	Invested in Tangible and Intangible Capital Assets	2022 Total	2021 Total
REVENUE - per schedule	\$ 7,876,175	\$ 511,974	\$ 8,388,149	\$ 8,012,776
EXPENSES - per schedule	<u>6,481,833</u>	<u>514,223</u>	<u>6,996,056</u>	<u>6,864,899</u>
Excess (deficiency) of revenue over expenses before undernoted item	1,394,342	(2,249)	1,392,093	1,147,877
Gain on disposal of capital assets	-	62,198	62,198	-
Less: Subsidies repayable - Note 6	<u>(1,394,342)</u>	<u>-</u>	<u>(1,394,342)</u>	<u>(1,151,058)</u>
Excess (deficiency) of revenue over expenses - Note 10	-	59,949	59,949	(3,181)
NET ASSETS, beginning of year	<u>-</u>	<u>517,051</u>	<u>517,051</u>	<u>520,232</u>
NET ASSETS, end of year	<u>\$ -</u>	<u>\$ 577,000</u>	<u>\$ 577,000</u>	<u>\$ 517,051</u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
Subsidies - SELHIN/OH-E - base	\$ 7,461,014	\$ 7,461,014
- one-time	182,231	357,845
Hastings County - Home for Good	41,159	52,930
Ontario Trillium Foundation - Note 9	11,000	7,532
Hastings County - Outreach	60,031	-
Other revenue	120,740	80,630
Amortization of deferred contributions relating to capital assets	511,974	52,825
	<u>8,388,149</u>	<u>8,012,776</u>
EXPENSES		
Amortization of intangible capital assets	1,182	1,478
Amortization of tangible capital assets	513,041	54,528
Benefits	821,313	871,998
Buildings and grounds	535,462	530,718
Contracted out	97,865	95,043
Dental expenditures	261,220	227,572
Equipment	53,298	49,855
Hastings County - Outreach	60,031	-
Hastings County - Home for Good	41,159	52,930
Medical supplies and drugs	21,033	19,765
One-time expenditures	145,457	135,256
Ontario Trillium Foundation - Note 9	11,000	7,532
Salaries and wages	4,018,417	4,438,357
Supplies and sundry	415,578	379,867
	<u>6,996,056</u>	<u>6,864,899</u>
OTHER INCOME		
Gain on disposal of capital assets	<u>62,198</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 1,454,291</u>	<u>\$ 1,147,877</u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 59,949	\$ (3,181)
Adjustments for		
Amortization of tangible capital assets	513,041	54,528
Amortization of intangible capital assets	1,182	1,478
Amortization of deferred contributions related to capital assets	(511,974)	(52,825)
Gain on disposal of capital assets	<u>(62,198)</u>	<u>-</u>
	-	-
Change in non-cash working capital components:		
Accounts receivable	(82,170)	(5,855)
Government rebate recoverable	102,818	(271,151)
Prepaid expenses	(16,533)	13,255
Accounts payable and accrued liabilities	(1,467,405)	1,122,353
Government remittances payable	3,406	(61,727)
Subsidies repayable	1,385,770	1,119,905
Deferred revenue	<u>(504,725)</u>	<u>525,965</u>
	<u>(578,839)</u>	<u>2,442,745</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(4,761,992)	(7,163,517)
Proceeds on sale of capital assets	<u>391,753</u>	<u>-</u>
	<u>(4,370,239)</u>	<u>(7,163,517)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of contributions restricted for capital asset purposes	4,696,768	7,163,517
Increase in line of credit	<u>300,000</u>	<u>-</u>
	<u>4,996,768</u>	<u>7,163,517</u>
INCREASE IN CASH	47,690	2,442,745
CASH, beginning of year	<u>5,776,584</u>	<u>3,333,839</u>
CASH, end of year	<u><u>\$ 5,824,274</u></u>	<u><u>\$ 5,776,584</u></u>

(See accompanying notes)

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. PURPOSE OF THE ORGANIZATION

Belleville & Quinte West Community Health Centre is a community governed organization that provides primary health care, health promotion and community capacity-building programming and services to the Belleville and Quinte West communities with a focus on population facing barriers to accessing services and health equity.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Tangible Capital Assets and Amortization

Capital assets are stated at acquisition cost. Amortization is provided on a declining balance basis using the following annual rates:

Furniture and equipment	20%
Computer equipment	20%
Leasehold improvements	33.3%
Buildings	4%

Intangible Capital Assets

The costs of intangible assets are capitalized upon meeting the criteria for recognition as an intangible asset; otherwise, costs are expensed as incurred. Intangible assets, consisting of computer software are measured at cost less accumulated amortization. Amortization of computer software is provided for on a declining balance basis at an annual rate of 20%.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated Material and Services

Donated materials and services are recorded at fair market value when the value can be reasonably estimated, the value is greater than \$500 and the Corporation would have paid for the item if it had not been donated.

Volunteers contribute significant time each year to assist the Corporation. These contributions are not recognized in the financial statements.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting year. Management makes accounting estimates when determining the estimated useful life of the Corporation's capital assets, subsidy repayable, accrued liabilities and deferred revenue. Actual results could differ from those estimates.

Income taxes

The Corporation is a not-for-profit corporation and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable, government rebate recoverable and prepaid expenses.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, deferred revenue and subsidies repayable.

Employee Future Benefits

The Corporation is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Corporation has adopted defined contribution plan accounting principles for this plan as sufficient information is not available to apply defined benefit plan accounting principles.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

3. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments and accounts receivable. The Corporation's cash and short-term investments are held with a Chartered bank and therefore it is management's opinion that the Corporation is not subject to significant credit risk with respect to cash and short-term investments. The organization manages credit risk by reviewing accounts receivable aging monthly and following up on outstanding amounts. Management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

Liquidity Risk

Liquidity risk is that risk that the Corporation cannot meet its commitments when they become due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner. The Corporation's management manages this risk by reviewing expected cash flow requirements, anticipating investing and financing activities and holding assets that can be readily converted to cash.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value of instruments or future cash flows associated with the instrument will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Corporation's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

3. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk is minimal.

Fluctuations in market rates of interest on cash do not have a significant impact on the Corporation's results of operations.

Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Corporation manages other price risk by investing in low risk investments.

Changes in Risk

There have been no changes to the Corporation's risk exposure during the year.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2022 Cost	2022 Accumulated amortization	2022 Net	2021 Net
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 190,584	\$ -	\$ 190,584	\$ 520,139
Buildings	13,204,691	439,303	12,765,388	8,760,498
Furniture and equipment	860,891	488,216	372,675	152,210
Computer equipment	118,181	71,359	46,822	14,639
Leasehold improvements	1,057,553	1,040,120	17,433	26,019
	<u>\$ 15,431,900</u>	<u>\$ 2,038,998</u>	<u>\$ 13,392,902</u>	<u>\$ 9,473,505</u>

The new purpose-built building was completed in the current year and occupied in December 2021. In the event that BQWCHC later vacates or seeks to sell the property, Quinte Health Care (QHC) gets first right of refusal as per the terms of the agreement for the donation of the land on which the facility was built. The lower level in the facility remains undeveloped. Ontario Ministry of Health has provided a grant of \$200,000 for the planning of the space for occupancy by community partner organizations for the creation of a 'community health hub'.

5. INTANGIBLE CAPITAL ASSETS

Intangible capital assets consist of the following:

	2022 Cost	2022 Accumulated amortization	2022 Net	2021 Net
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Computer software	\$ 41,579	\$ 36,845	\$ 4,734	\$ 5,916

6. SUBSIDIES REPAYABLE

Subsidies repayable consist of:

	2022	2021
	<u> </u>	<u> </u>
2022 repayable	\$ 1,394,342	\$ -
2021 repayable	1,151,058	1,151,058
2020 repayable	1,159,100	1,159,100
2019 repayable	974,148	982,720
2017 repayable	749	749
	<u>\$ 4,679,397</u>	<u>\$ 3,293,627</u>

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 8,962,370	\$ 1,851,678
Contributions received:		
Ministry of Health and Long-Term Care/SELHIN/OH-E	4,696,768	7,163,517
Less - amounts recognized as revenue	<u>(511,974)</u>	<u>(52,825)</u>
Balance, end of year	<u>\$ 13,147,164</u>	<u>\$ 8,962,370</u>

8. GOVERNMENT SUBSIDIES

Government subsidies are provided by the Ministry of Health and Long-Term Care/Southeast Local Health Integration Network/Ontario Health-East and the Corporation is required to report to the Ministry/SELHIN/OH-E as specified in the relevant agreements. The Corporation has not as yet reported to the Ministry/SELHIN/OH-E regarding the current year. Any adjustments required on final Ministry/SELHIN/OH-E approval will be recorded in the then current fiscal year.

Future operation of the Corporation depends on the continuance of government funding.

9. ONTARIO TRILLIUM FOUNDATION

During fiscal year ended March 31, 2020, the Corporation received a grant of \$75,000 from the Ontario Trillium Foundation, of which \$11,000 was spent in 2022 (\$7,532 in 2021). The program ended during the year and unspent funds in the amount of \$27,000 were repaid to the Ontario Trillium Foundation.

10. EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

The excess (deficiency) of revenue over expenditures for year consists of two components: operating budget and capital assets. After subsidy repayable of \$1,394,342, the operating budget was in a break even position for the year as shown on the statement of revenue, expenses and changes in net assets as the unrestricted net assets did not change from 2021 to 2022 (\$Nil for both years). The excess of revenue over expenses of \$59,949 relates to a gain on the sale of land during the year.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

11. LINE OF CREDIT

The Corporation has a non-revolving facility line of credit available of \$1,000,000, expiring in December 2022, of which \$300,000 (2021 - \$Nil) was utilized at year end. The line of credit can only be used for capital purposes. The facility bears interest at prime rate.

The Corporation also has an operating line of credit with an authorized limit of \$200,000, of which \$Nil (2021 - \$Nil) was utilized at year end. The line of credit bears interest at prime rate.

12. COMMITMENTS

The Corporation has a commitment under an operating lease for the Belleville site office space. The commitments mainly relate to the Belleville site, for which the lease was renewed effective June 1, 2020. The Balsam and Murphy Leases were terminated during the year due to ownership of a new building in the Trenton area. The minimum payments under the lease is as follows:

2023	\$ 340,481
2024	340,481
2025	340,481
2026	56,747

The Corporation received a total of \$9,781,822 of funding in 2014, 2017, 2018, and 2021 for a capital expansion project. During the year, the Corporation received an additional \$3,896,943 for the project. Of the advanced funding, \$3,896,943 (2021 - \$7,163,517) was paid for expenditures relating to the project and included in deferred contributions. All advances received up to March 31, 2022 have been spent. The Ministry has committed funds to develop the project through Stage 2 of the MOH capital planning process.

In 2020, the Corporation entered into a contract with a contractor to complete the building construction project at a cost of \$10,654,000, excluding HST. There is expected to be approximately \$58,000 remaining on this contract to be paid in 2023.

At the completion of the capital expansion project, a final reconciliation report will be completed for the MOH. As part of the reconciliation, the cash held as the original cost of the land sold in 2022 will be repaid back to the MOH, net of GST/HST incurred by the Corporation on the acquisition of the land. The net figure to be reported is \$325,433.

BELLEVILLE & QUINTE WEST COMMUNITY HEALTH CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

13. INVESTED IN TANGIBLE AND INTANGIBLE CAPITAL ASSETS - INTERNALLY RESTRICTED

Net assets invested in tangible and intangible capital assets consists of the following:

	<u>2022</u>	<u>2021</u>
Tangible capital assets - net	\$ 13,392,902	\$ 9,473,505
Intangible capital assets - net	4,734	5,916
Cash held - original cost of land sold in the year	329,553	-
Capital assets purchased with non-designated funds	(3,025)	-
Less: amounts financed by deferred contributions	<u>(13,147,164)</u>	<u>(8,962,370)</u>
	<u>\$ 577,000</u>	<u>\$ 517,051</u>

During the year, the following changes occurred in invested in tangible and intangible capital assets:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 517,051	\$ 520,232
Tangible capital asset additions	4,761,992	7,163,517
Gain on sale of capital assets	62,198	-
Amortization	(514,223)	(56,006)
Proceeds from deferred contributions	(4,696,769)	(7,163,517)
Assets purchased from non-funded contributions	(65,223)	-
Amortization of deferred contributions	<u>511,974</u>	<u>52,825</u>
	<u>\$ 577,000</u>	<u>\$ 517,051</u>

14. PENSION PLAN

The Corporation makes contributions to the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer plan on behalf of substantially all of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan. The actuarial valuation of the HOOPP at December 31, 2021 indicated a surplus of \$28,512,000,000 (2021 - \$24,131,000,000) in the plan.

The amount contributed to HOOPP for 2022 was \$366,038 (2021 - \$355,658) for current service and is included as an expenditure on the "Statement of Revenue, Expenses and Change in Net Assets".